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Chair

The Honourable Mark Eyking

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•(0845)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Good morning, folks. As usual we try to start on time. It's good to see everybody here.

This morning we're going to have two sections of presenters. I'm going to do 50 minutes for each segment because we have quite a few things we need to discuss in our last 15 minutes. We're going to have the Canadian Manufacturers and Exporters and the Business Council of Canada for the first 50 minutes, and then we're going to go to the Chamber of Commerce and the Federation of Independent Business for the last 50 minutes. We're going to leave 15 minutes at the end to talk about some new business, just to give me a lay of the land of what we have on the table.

Without any further ado, we're going to start off with Brian Kingston—

Sorry?

Mr. Randy Hoback (Prince Albert, CPC): I'm just curious. If Mr. Wilson isn't here, are there any other witnesses who could fill up the first hour in case Mr. Wilson shows up late?

The Chair: Mr. Hoback, if we finish earlier with Mr. Kingston we could take our new business and pump it in there, if you are willing.

An hon. member: We're flexible.

The Chair: We'll stay busy. Good idea.

Mr. Van Kesteren.

Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC): I do know he's on the Hill, so is there any way he can be contacted just in case there's been some confusion?

The Clerk of the Committee (Mr. Rémi Bourgault): I don't have a cellphone number so I'll try to—

The Chair: Okay, we'll be flexible.

Mr. Kingston, you have the floor. Thank you for coming.

Go ahead.

Mr. Brian Kingston (Vice-President, International and Fiscal Issues, Business Council of Canada): Mr. Chairman, committee members, thank you for the invitation to take part in your prestudy of the Trans-Pacific Partnership.

The Business Council of Canada represents the chief executives and entrepreneurs of 150 leading Canadian companies from all sectors and regions of the country. Our member companies employ

1.4 million citizens, account for more than half the value of the Toronto Stock Exchange, contribute the largest share of federal corporate taxes, and are responsible for most of Canada's exports, corporate philanthropy, and private sector investments in research and development.

We have recently changed our name. We were the Canadian Council of Chief Executives, just for those of you who hadn't noticed the name change.

Trade has long been a powerful engine of Canada's economy, and the Business Council is a strong proponent of Canada's participation in the TPP. In an era of slower global growth and increased volatility, it is critical that Canada do everything possible to create new economic opportunities and improve our long-term prosperity.

The TPP is a groundbreaking agreement that will support Canada's standard of living and create high-value jobs. If both the TPP and Canada's agreement with Europe were implemented, Canada's trade network would cover more than 60% of the global economy, giving Canadian companies preferential access to nearly 90% of existing export markets.

This would make Canada the only G7 nation with free trade access to the United States, the Americas, Europe, and the Asia-Pacific region, including three of the world's four largest economies. This wide-reaching trade agreement network would position Canada as a global export platform, attracting investment and jobs to communities across the country.

As with the North American Free Trade Agreement and pre-existing trade agreements, the TPP will spur innovation and productivity by giving Canadian companies new market opportunities, all while providing Canadian consumers with a wider variety of goods and services at more competitive prices.

There are three main reasons I'm going to go through today as to why TPP is critical to Canada's long-term economic prosperity.

First, Canada must diversify its trade relationships. According to the Bank of Canada the growth potential of emerging market economies is projected to be about four times that of the world's advanced economies. Emerging markets now account for 80% of global growth, but only 12% of our exports go directly to fast-growing emerging markets, while 85% go to slow-growing advanced economies.

If Canada's exposure to emerging markets matched that of the United States, demand for our exports would increase by \$60 billion. Japan alone offers Canada significant new market potential as the country has an average MFN applied tariff of 4.2% and low import penetration, 21.9% of GDP. While Canada currently sells \$4 billion of agrifood products to Japan—that's nearly 10% of our total agrifood exports—tariff reductions in the TPP will significantly boost our exports into that market.

Second, the TPP builds on the North American partnership. NAFTA is the cornerstone of Canada's international trade policy and is by far our most important trade agreement. Ratifying the TPP improves upon the North American platform that has driven Canada's economy since NAFTA's conclusion over 20 years ago. Even with the growth of emergent economies, the U.S. and Mexico are our most important markets in the TPP. As our largest and third-largest merchandise trade partners, nearly 78% of Canada's exports go to these two countries.

We must implement the TPP to deepen these strong commercial ties, enhance North American competitiveness, and ensure our countries are on the same footing when it comes to international trade standards. Failure to take part in a trade agreement with such important trading partners would be disastrous for Canadian companies integrated into North American supply chains. Whereas NAFTA has given Canada a leg up on global competition by building a strong North American platform, being left out of the TPP would see the erosion of that advantage to participant countries. Signing on ensures that Canada maintains strong relations with our North American partners.

Third and finally, the TPP sets a new standard in regional trade agreements. By setting reciprocal and forceful trade rules and establishing disciplines in key areas of interest to Canada, a high-standard TPP agreement will promote Canadian economic growth and jobs.

One example is in the services sector, which accounts for 13.6 million jobs and 70% of Canada's GDP. Canadian companies that excel at providing knowledge-intensive services, such as the financial services sector, will benefit from enhanced obligations covering a broad range of services. Through its potential expansion to new members the agreement will also provide the architecture for market-based rules to the growing economies in the Americas and Asia. For example, Indonesia and the Philippines have already indicated their intention to join the TPP. These two countries alone would add 354 million people to the TPP market and they would grow GDP by \$1.17 trillion U.S.

• (0850)

With that I conclude my remarks and I'd be happy to take any questions.

Thank you very much.

The Chair: Thank you very much, Mr. Kingston. You represent a lot of our GDP, you and your group across this country. Thanks for being on time there.

We're probably going to do one round with you, Mr. Kingston.

I'm going to start off with Mr. Hoback. We'll have six minutes for the Conservatives.

Mr. Randy Hoback: Yes, sure.

Thank you, witness, for being here. It's the top of the morning to you for sure.

Could you give us just a little bit of background information on the consulting process that you went through in this agreement? Could you give us a little bit of a description of how well you are consulted and how you are involved throughout the entire process?

Mr. Brian Kingston: Thank you for the question.

We found that the consultation process was quite thorough. The government, when they first indicated that they were entering into negotiations, were open to conversations and consultations. Throughout the process we've written letters to the minister, for example, stating our position. We've had the opportunity to consult with negotiators on a number of occasions as we've approached the conclusion.

From our perspective, it's been quite comprehensive.

Mr. Randy Hoback: There are no secrets here. You were very aware of what was in the agreement as it was being negotiated and involved in the process all the way through. Is that fair to say?

• (0855)

Mr. Brian Kingston: Absolutely.

The one thing I'll note is that any negotiation has to have a certain level of secrecy because you have to protect your negotiating position. While we knew the broad strokes of what was going on in the negotiations, of course, we had no knowledge of the actual closed door discussions between the countries. Frankly, that's the way it has to be during the end game in any negotiation.

Mr. Randy Hoback: Sure.

Again, this committee also had consultations in the previous government. I'm just curious. How many times has your association been in front of committee on this issue?

Mr. Brian Kingston: On TPP...?

Mr. Randy Hoback: Yes.

Mr. Brian Kingston: I believe this is our third appearance on TPP, but we've probably mentioned it in multiple other committee appearances.

Mr. Randy Hoback: Okay.

You talked about low import penetration in Japan. What do you see for strategies there as far as getting that penetration and actually getting that market access? Would it be with or without the TPP?

Mr. Brian Kingston: To get the market access into Japan...?

Mr. Randy Hoback: Yes.

Mr. Brian Kingston: TPP is absolutely critical to doing that. It will eliminate the tariffs, and then it will address things like non-tariff barriers. In the event that there was no TPP, we would hope that our bilateral agreement with Japan would advance and that would give us the access into the market.

But I think in the absence of a trade agreement it would be very difficult to envision Canada getting into that market in a real way.

Mr. Randy Hoback: The business community here in Canada has some concerns on state trading enterprise, of course. What are your feelings on the negotiations and how we dealt with state trading enterprise?

Mr. Brian Kingston: Yes, this is a groundbreaking chapter. We've never seen this before in a trade agreement. It's an early attempt at how you address SOEs. I think it's a bit too soon to tell how effective it will be, but I think it's important that Canada is a part of this because we're going to be shaping the rules going forward in the region on SOEs.

Mr. Randy Hoback: You have those rules being shaped. I guess Vietnam would be one country that would come into consideration at this point in time. Lurking in the background is this government talking about negotiating a deal with China and trying to finish off that deal with India.

When you look at that, do you feel that TPP is a good starting point or a must starting point to launch off toward a China agreement or an agreement with India?

Mr. Brian Kingston: I think it's definitely a good starting point for further integration into the Asia-Pacific region. I think it's a little bit difficult to tell right now if China would be able to meet some of the standards of the TPP as negotiated. I think it would be a good template, but I'm not sure if you would be able to apply this agreement exactly to an FTA with China.

Mr. Randy Hoback: The reality is that dealing by ourselves with China on a bilateral wouldn't give us a lot leverage, whereas with TPP behind us we would have a lot of leverage. Is that correct?

Mr. Brian Kingston: Absolutely. That's why, for example, we got that access to Japan. It was because we were part of the TPP. We probably had more leverage being there with our partners in the U.S., whereas if we were on our own, it would be harder to get that type of access.

Mr. Randy Hoback: Is it fair to say that NAFTA also brought strength to TPP negotiations by having our partnership with the U.S. and Mexico already done and in place?

Mr. Brian Kingston: Definitely, yes.

Mr. Randy Hoback: So it's very important that we have our ducks in a row in an appropriate order before we proceed with other trade agreements. Is that fair to say?

Mr. Brian Kingston: Yes, I think so. As I said in my remarks, the North American partnership has been critical to Canada's prosperity, so anything we can do together as three countries and build on that platform will only enhance our economic competitiveness.

Mr. Randy Hoback: I'm going to give my two minutes to Mr. Ritz.

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): It's good to see you, Brian. Thank you for your presentation.

You made the comment that trade, both import and export, drives innovation and efficiencies. I couldn't agree more. You also had a figure of about \$60 billion in gains through the TPP framework.

Have you put any dollars to the fact that we would face a severe erosion of trade agreements if we didn't do this? Is there a dollar figure that you would put to that?

Mr. Brian Kingston: That's an excellent question. We don't have that dollar figure. I've been trying to see if anyone has looked into that, but I think it's one of the huge things that we need to be aware of with the TPP. Yes, there's the benefit to doing it, but I think that the bigger downside is what happens if we're not a part of this.

I don't know what the dollar figure is, but I imagine that the erosion of supply chains would be significant.

Hon. Gerry Ritz: From an agricultural perspective, before we had our agreement with Korea, which is also now sniffing around the edges of the TPP, we lost \$1.5 billion of pork access because we weren't a part of that supply chain.

When we look at global supply chains across the board under the TPP, I would be very interested if you could quantify those numbers. We could take a guess at it, but you would probably have the ability to do that. If you do, would you send that in to this committee?

Mr. Brian Kingston: Absolutely.

Hon. Gerry Ritz: Good. Thank you.

The Chair: You still have a half a minute, if you have anything else. No?

Okay, we're going to move over to the Liberal Party for six minutes.

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

Thank you, Mr. Kingston.

You mentioned that it's very important for us to have deep ties with the U.S. and Mexico. What will the consequences be if we are not part of the TPP?

• (0900)

Mr. Brian Kingston: Our whole economy has oriented itself to trade with the U.S. and Mexico, with 70% of our exports going there. By not being part of the TPP, we suddenly erode that special preference that we've had with the U.S. and Mexico, and we enlarge the North American platform, if you will, to this larger TPP group.

One example would be that if you're a company and you're looking to build a new facility, say in North America, and you have a choice between Mexico and Canada, if Canada's not part of the TPP, you have all kinds of rules of origin implications. If you put that plant in Mexico, you can use inputs from all of the TPP partners, and those inputs can come in duty-free. If Canada's outside of the TPP and you put that factory here, you can only take inputs from Mexico and the U.S. duty-free—and our other trade agreements—but not the broader TPP network.

That right there, I think, would have a significant impact on Canada's economic outlook.

Mr. Sukh Dhaliwal: I come from a professional engineering background. On the second front, you mentioned only two sectors that will benefit from this. One is the financial sector, and the second that you touched upon is the architectural sector.

How would it negatively affect many of the trades and technical fields out there? You talked about positives for these two sectors, but are there negatives that you want to bring to the table?

Mr. Brian Kingston: With regard to sectors that would be negatively affected, I can't think of any off the top of my head. Canada has generally low tariff protection as is, so we would be getting rid of those tariffs. I can't see it having a major impact on particular sectors.

Every trade agreement is going to have its pros and cons, of course. I can't think of any—

Mr. Sukh Dhaliwal: Say, 10 years down the road, how would it help our young people coming out of university to be competitive in the international scene? That is my question.

Mr. Brian Kingston: I think what it does in helping our young people.... For example, we've been looking at the Asia-Pacific region for the past five years as an area of aggressive growth. By Canada being a part of this deal, we're giving our companies and our young people access to that market in a way that they've never had before.

If you ask me, that's the future of the global economy. That's where we're seeing the rise of the middle class. I think that it creates huge opportunities for our young people.

Mr. Sukh Dhaliwal: Countries like India expressed interest to get into the TPP, but out of 189 countries, India ranks 130 for ease of doing business, and 178 out of 189 when enforcing agreements.

How can we, our businesses and companies and young people, manage these situations if we have those countries as part of the TPP?

Mr. Brian Kingston: In terms of enforcing rules and so on?

Mr. Sukh Dhaliwal: Right.

Mr. Brian Kingston: That can be a huge challenge.

I think that's why it's important to have trade agreements in place. It allows companies to use a dispute mechanism, and if there are issues in terms of enforceability or non-tariff barriers, the agreement sets that legal framework so you can try to enforce the rules.

I think that it's critical. I'd much rather have this framework in place than not have it at all.

Mr. Sukh Dhaliwal: I'm going to pass my time on to Madam Lapointe.

[*Translation*]

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

Mr. Kingston, thank you for joining us this morning.

You talked about diversifying our economy and, if I'm not mistaken, increasing our exports. In which fields would that benefit us and in which ones would we run into problems, in other words, a decline in market share?

[*English*]

Mr. Brian Kingston: In terms of export opportunities, there are a couple of things. I'd mentioned agriculture. I think that's an area where there would be an immediate gain, simply because there's traditionally been high tariff protection in a lot of these sectors and for a lot of these products.

Services would be huge. They're a huge part of our economy that rarely gets mentioned, but the interesting thing about TPP is that it's actually GATT-plus, so it goes beyond our WTO services commitments. I think that creates a huge opportunity for, as I said, financial services, but we have real strength in things like engineering services, so there's a big opportunity there.

I think a lot of our manufactured products could do very well and we have some top-class auto parts manufacturers, for example, that export all over the world. Increasing access through reduced tariffs would make a big difference there as well.

Those were just a few off the top of my head.

● (0905)

[*Translation*]

Ms. Linda Lapointe: What you're saying, then, is that the benefits would lie in the sectors where market share would increase.

When you were carrying out your consultations, I imagine that some of your members were 150% in agreement, while others had reservations. Could you tell me which ones were hesitant and what their reservations were about the TPP?

[*English*]

Mr. Brian Kingston: This is not an example from my membership, but one area where we obviously saw some rather strong reservations was in the dairy sector in supply-managed goods. As I'm sure you know and you've heard, Australia and New Zealand are obviously extremely powerful in that industry, so that's a pretty significant competitive threat to Canadian producers. That's an area where you could see some concern, absolutely.

The Chair: There's going to be one more round for your guys, anyway, if you need any more.

We're going to the NDP. As I said, we're just doing one round and the NDP has six minutes.

Go ahead, Ms. Ramsey.

Ms. Tracey Ramsey (Essex, NDP): Thank you.

Thank you for presenting to us today.

I have a question for you. Under the TPP, Canada and other countries have made commitments to facilitate the movement of business people. From a business perspective, which Canadian sectors will likely benefit from increased labour mobility, and would any sectors be negatively affected by increased labour mobility?

Mr. Brian Kingston: Labour mobility was a big issue. Particularly with the U.S. and NAFTA, we've had a list of professions that are provided with enhanced access into the U.S. It hasn't been updated for some years, so we are hoping that this agreement would update that and facilitate the movement across the Canada-U.S. border. I know we did secure some additional access, I believe, in architectural services and a few other professional services, so that's a very positive outcome of the agreement, to allow professional service providers to move with more ease into TPP markets.

Ms. Tracey Ramsey: From a business perspective, then, do you think the increase in labour mobility will result in a net inflow of workers to Canada or a net outflow of workers from Canada?

Mr. Brian Kingston: That's a good question.

I'm not sure what the net figures would look like. We were looking at it more from a temporary service provision aspect, so you could go, for example, to Australia on a contract to provide a professional service for a fixed period of time. I don't know if there would necessarily be a net outflow. It would be on a temporary basis more so than a permanent one. It's a good question that I haven't seen an answer to.

Ms. Tracey Ramsey: Since the release of the TPP text, various organizations have published studies that provide information about the potential impact that the agreement would have on particular sectors.

For example, the Automotive Industries Association of Canada has published a report on the impact of the TPP on the automotive market. Have business organizations or companies in various sectors analyzed the costs and benefits of a free trade agreement with the TPP countries, and if so what were the results of these analyses?

Mr. Brian Kingston: The main study I have seen on this, which was a broader Canadian economy study and not a particular sector analysis, was released recently by the Peterson Institute in the U.S. It estimated a national income gain of about \$37 billion by 2030. That's the main study I've seen. I'm hoping we'll see something here in Canada soon that applies the same type of methodology but from more of a Canadian perspective as opposed to the methodology of the Peterson study.

Ms. Tracey Ramsey: Your particular organization has not done any reports or any analysis of the potential gain or loss for Canada then.

Mr. Brian Kingston: We have. We released a study two years ago. I'd be happy to share it with you.

Ms. Tracey Ramsey: Can the committee have that?

Mr. Brian Kingston: Absolutely. The only thing I'll note, though, is that in that study we didn't do economic modelling. We did our own analysis, but we didn't actually use a model to look at the sector benefits. I would be happy to share it with you.

Ms. Tracey Ramsey: Okay.

You mentioned the consultation process. I'm wondering if you can elaborate for us on the consultation process that you've been through with our current government and if you can give us some indication of how that process went.

Mr. Brian Kingston: With the current government, so far we have seen the call for input, so we've submitted our position to the government on that, and then, frankly, we are here at committee. Those have been our consultations to date.

Ms. Tracey Ramsey: Okay.

I also want to ask you about small and medium-sized enterprises. According to a survey conducted by StatsCan in 2015, 11.8% of small and medium-sized enterprises exported in 2014, and of the SMEs that exported during that year, 89.2% reported that they exported to the United States. Europe was the second most popular export destination. To what extent do Canadian SMEs know about the full range of trade promotion services that are available to them?

● (0910)

Mr. Brian Kingston: That's a great question.

I don't think that SMEs necessarily know about the full range of services available. We've actually done a recent study on this among our members, and we found that a lot of the time large companies are helpful in bringing small companies into market. On average, our members use about \$750 million in inputs from SMEs, and then they can help introduce them to new companies abroad. I think it's a combination of both. You obviously have to help SMEs learn about the opportunities and work with our trade commissioner service to take advantage of those, but I think there's also an interesting angle here by working with large companies to access these new markets and then having the protection and know-how of a large company that's sophisticated and that has been in the market for some time.

Ms. Tracey Ramsey: To what extent would the TPP likely lead to diversification in the export markets for Canadian SMEs on their own?

Mr. Brian Kingston: I think there's huge potential. With the right government support, I think there's huge potential. The market alone is enough to drive an SME to look at it, and then they simply need to know that our trade commissioner service, which is top class, is there to help them and to help them access that market. I don't have an estimated figure, but I think there's a huge upside there.

Ms. Tracey Ramsey: You also mentioned the service sector. I just want to ask you quickly which Canadian service sectors would benefit the most from the agreement provisions regarding trade and services? Are there any Canadian service sectors that would be adversely affected by these provisions?

Mr. Brian Kingston: I have to go to financial services again as the one that I think can really benefit, but other areas including engineering services and architectural services are areas in which we have a really distinct advantage. Another sector, for example, is infrastructure and transportation.

Ms. Tracey Ramsey: Are there any adversely affected?

Mr. Brian Kingston: I'm not aware of any.

The Chair: Ms. Ramsey, your time is up.

Welcome, Mr. Wilson. It's a good thing you're here. We're going to bring you in with the second round if that's all right with you, because right now we're just going to deal with Mr. Kingston. You're going to be in the second round with the second group, and we might start a little earlier, at around twenty minutes to. That way you can give a proper presentation. Are you fine with that?

We're going to continue on. I think the Liberals have the last six minutes with Mr. Kingston. Then we're going to go in camera for about 15 minutes, and then we're going to do a big round with the four.

We'll go over to the Liberals.

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

Thanks, Mr. Kingston, for being here. We appreciated your presentation.

I just have a couple of questions about your organization. How many companies did you say you represent?

Mr. Brian Kingston: There are about one hundred and fifty.

Mr. Kyle Peterson: There was a consultation process for you to come up with your position on the TPP. Was the result of that process unanimous or was there some dissension?

Mr. Brian Kingston: Do you mean amongst our membership?

Mr. Kyle Peterson: Yes.

Mr. Brian Kingston: There are always going to be concerns with certain sectors and industries, of course. I don't know if you'd find any major trade agreement of this size for which you'd get unanimous approval.

Mr. Kyle Peterson: I didn't expect it to be unanimous at all. What sorts of concerns or issues did your members raise with you through that process?

Mr. Brian Kingston: I think the most high-profile one, which you obviously would have heard about already, was from the automotive sector. There have been some concerns there particularly with the rules of origin. We're going from 62.5% to 45% originating content, so that has been one area that's been an issue.

Mr. Kyle Peterson: Still talking about the auto sector, I take it that the big three are in there, but are the Japanese auto manufacturers part of your organization as well?

Mr. Brian Kingston: The auto sector is still a huge component of the Canadian economy, of course, and it's reflected in our membership through both original producers and auto parts manufacturers as well.

Mr. Kyle Peterson: What provisions were made for those concerns, or how were they addressed by your organization? You're obviously here speaking on behalf of the organization as a whole.

Mr. Brian Kingston: Absolutely.

To give you an example, we would have worked with our auto manufacturers and relayed some of the concerns around the rules of origin and the fact that it had come to such a low 45%, as opposed to 62.5%. That was one area where we raised that concern with negotiators and made it clear that we would have liked to have seen a higher threshold.

● (0915)

Mr. Kyle Peterson: So we're not to assume that every member of your organization is necessarily a supporter of TPP.

Mr. Brian Kingston: No, of course not. You'll always find particular issues that a company will have with an agreement.

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

I'm going to give the remainder of my time to Ms. Ludwig.

The Chair: There's lots of time, almost four minutes.

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

Thank you for your presentation. It was excellent. I really appreciated your facts and figures.

Of the 150 companies, Mr. Kingston, how many of those are small businesses?

Mr. Brian Kingston: We actually only represent large companies, so we're a bit unique in that sense.

Ms. Karen Ludwig: Looking at the export markets, I think we all know that the most common destination is the United States.

How prepared would you say, even though you're not representing specifically small businesses, are they to be looking at other export markets in the U.S., or emerging markets?

Mr. Brian Kingston: Small businesses...?

Ms. Karen Ludwig: Yes.

Mr. Brian Kingston: It's not my area of expertise, but I think it's about capacity building, frankly. I think there are some SMEs that are globally focused and prepared to do that. I think there are others that may not be aware of the size and the scope of the opportunity, and that's where I think there's a role for our government to help prepare them.

Ms. Karen Ludwig: I have a couple of questions on the importing side, so the flip side of this.

We know we are focusing here on the opportunities for exports. Of the 150 businesses that you represent, what opportunities do you see with the imports coming to Canada for them to be more innovative in opportunities here?

Mr. Brian Kingston: That's a great question. I think there is huge opportunity for companies that use a number of inputs.

We did a study prior to TPP that looked at just getting rid of Canadian tariff protection completely, unilaterally. We found that there are huge benefits to the Canadian economy, through two channels. First, you lower prices for consumers in all kinds of sectors, and one obvious area is dairy, of course. Secondly, you reduce the cost of inputs into manufacturing goods. The government did some unilateral cuts previously, but there are still gains to be made there.

I think that's a huge area where we'll see benefit.

Ms. Karen Ludwig: If you've answered some of this already, I thank you.

Which Canadian markets will be the destination for the TPP signatories?

Mr. Brian Kingston: Sorry...?

Ms. Karen Ludwig: With regard to the TPP countries that are being represented, which Canadian markets do you think they might be most interested in?

Mr. Brian Kingston: I would look to anywhere that you see tariff peaks, to where those are coming down.

Unfortunately, I don't have the data in front of me on which areas still have high tariffs. I believe there are a few. I keep going back to dairy, and that's a particular area. I know that we have a couple in some distinct specific manufactured products. That would be the natural place where a company would see an opportunity.

Ms. Karen Ludwig: Thank you. I have one more question.

If you were recommending to a young person or to a business person today on a third language, what language would that be?

Mr. Brian Kingston: That's a great question. I would have to say Mandarin.

We've just released a paper on a Canada-China FTA, and the market potential there is huge.

The Chair: Thank you.

Thank you, Mr. Kingston.

There was a minute left on the table by the Conservatives, and they informed me that they would like that minute.

Hon. Gerry Ritz: Thanks, Mr. Chair.

Brian, I have a couple of last points. One is on the timing of the ratification.

It's a two-year cycle. How important is it to get in sooner rather than later when you see that Japan is going to have this done in June, and the Americans are in an election cycle? We need to be driving them as well. What are your comments on that?

The other point is that since you represent predominantly large businesses, how important is the ISDS chapter for you in having the security to invest in some of these other countries and do your job?

The Chair: Make it a short answer, please, Mr. Kingston.

Mr. Brian Kingston: On ratification, I think it's very important. I think we should make every effort to ratify this as quickly as possible. I know there's a tendency to want to wait for the Americans, but I think it's really good if we show a strong sign of support to, for example, our Japanese partners, that we're serious about this and we want to get this done.

On ISDS, it's critical. It's been a huge component of NAFTA. It provides companies with certainty when investing in a market. Particularly when you look at some of the markets that are in TPP where there is some regulatory uncertainty, having ISDS will be absolutely invaluable.

● (0920)

The Chair: Thank you, Mr. Kingston, and thank you for coming.

That wraps up our first round.

I'm going to go in camera now, and we're going to have 15 minutes to do future business. Then we're going to go back and have

a bigger round, probably in 15 or 20 minutes, and Mr. Wilson will be part of it.

[*Proceedings continue in camera*]

● (0920)

_____ (Pause) _____

● (0940)

[*Public proceedings resume*]

The Chair: Before we get started with our committee, I'd like to welcome, sitting in our back row, the Harvard law caucus, Canadian section, who are here to watch us and take notes. Can we give them a round of applause to welcome them?

Some hon. members: Hear, hear!

The Chair: We're going to have to be on our best behaviour here today.

We changed this around a little bit. We're starting a little early and are going to have four witnesses. We're going to give them each five minutes and then we'll go into our rounds of questions.

We have Mr. Wilson, from the Canadian Manufacturers and Exporters; Mr. Beatty, who is not new to this place—a former MP and minister—from the Canadian Chamber of Commerce; we have Corinne, from the Canadian Federation of Independent Business; and from this morning's meeting we have Mr. Everson, who is with Mr. Beatty.

Are you two splitting the time, or is just one of you speaking?

Mr. Warren Everson (Senior Vice-President, Policy, Canadian Chamber of Commerce): No. Mr. Beatty will speak.

The Chair: Okay. Let's get started. Who wants to go first?

Mr. Wilson, are you all ready to go?

Go ahead for five minutes, sir. Welcome.

Mr. Mathew Wilson (Senior Vice-President, Canadian Manufacturers and Exporters): Thank you again for your flexibility this morning concerning my scheduling challenges.

First off, my name is Mathew Wilson. I'm the senior vice-president with Canadian Manufacturers and Exporters. I'm pleased to be here on behalf of Canada's 60,000 manufacturers and exporters and our association's 2,000 direct members to discuss the TPP.

CME is the largest industry and trade association in Canada. We also chair the Canadian Manufacturing Coalition, which represents 55 sectoral and manufacturing associations. More than 85% of our members are small and medium-sized enterprises, representing every industrial sector, every export sector, and all regions of the country.

Manufacturing is the single largest business sector in Canada. Canadian manufacturing sales surpassed \$600 billion last year, directly accounting for 11% of Canada's GDP. The sector employs 1.7 million Canadians in highly productive, value-added, high-paying jobs. Their contribution is critical to the wealth generation that sustains the standards of living of each and every Canadian.

Simply put, Canada's domestic market, however, is just too small for manufacturers to thrive. Manufacturing is an export-intensive business. More than half of Canada's industrial production is directly exported, either as part of global supply chains or integrated manufacturing or as finished consumer products in almost every product category. Manufactured goods account for roughly 70% of all Canadian exports and are growing in importance as natural resource prices remain weak.

While Canada and the U.S. markets remain a top priority for most Canadian exporters, a growing proportion of our members are looking to take advantage of newly emerging opportunities beyond NAFTA, especially with those countries represented by the TPP. Today this collective market represents more than 650 million people and \$20 trillion in opportunities.

CME strongly believes that no trade agreement is worth signing unless the deal is principled and fair. First off, we think every deal should create a fair and level playing field for manufacturers and exporters, to make sure that they have an equal opportunity to access foreign markets as our competitors have to access Canada. Second, the TPP allows value-added exports from Canada, not just the export of natural resources. Finally, it does not undermine existing manufacturing supply chains developed through existing FTAs, especially the NAFTA.

CME has supported Canada's entry into and the signing, in principle, of the Trans-Pacific Partnership because of Canada's small domestic market, the export orientation of our manufacturers, and the deal's inclusion of our major trading partners and the significant opportunities this inclusion affords.

However, this support is not without reservation from many CME members. Concerns over certain elements of the proposed deal remain significant. Lowering content on automotive rules of origin, lack of additional measures to curb Buy American policies for government procurement in the U.S., and uneven tariff phase-out in certain sectors compared with those of our American counterparts are just some of the concerns that I hear about directly from our members.

However, despite those reservations we continue to encourage negotiators to work through these issues to ensure fair treatment of opportunities for Canadian exporters. It is critical to keep in mind that export opportunities start at home and are propped up by the strength of our domestic market, the innovativeness of our private sector, and the supports that Canadian exporters receive in accessing and succeeding in foreign markets.

To be blunt, Canada has a poor history of success in trade agreements. Aside from NAFTA, very few if any of the agreements have led to an increase in exports. On the flip side, we've also typically not seen massive increases in imports either. FTAs are signed, and business generally continues as before.

This time it will be different. We are entering into an agreement with many aggressive export-oriented and coordinated countries. If we don't have similar domestic strategies for success, Canada has the potential to lose. We need a national strategy that aims to support domestic competitiveness first and global exports second.

These trade agreements will open the door to increased competition. This can and should be perceived as a good thing. However, we need to be ready for that competition. While the private sector is willing and ready to compete on a level playing field, our business environment is often not level. While our corporate tax regime is world class, many other areas are not. Canadian companies face higher input costs, a much more costly regulatory burden, higher labour costs, and higher energy costs. Meanwhile, domestic supports for manufacturing investment and advanced technologies significantly lag those of our international competitors. We need to recognize that Canada is not an island and that these trade agreements make us less so. Our business environment must be world class at home to succeed internationally.

Second, while our trade support network is strong, it can and should be significantly strengthened. To start with, we need to do a better job of educating Canadian companies about offshore potential. Despite our success and high level of exports, very few Canadian companies are looking internationally. We need to set up programs to educate companies in new market opportunities and to increase their internal capacity and expertise for global trade—an export-intensive accelerator program similar to what is available in other markets, for example. Expanded foreign trade missions to connect companies with foreign buyers should also be supported. Exporters also need to have better market intelligence and improved connections to international business partners through an expanded trade commissioner service.

● (0945)

The TPP can and should be a major step towards achieving these objectives. CME recognizes and applauds the government's leadership in helping Canadian manufacturers grow their business in global markets through agreements such as TPP and CETA as well. However, we must remain focused on a principled approach to trade that grows value-added exports and does not undermine existing supply chains, while implementing a strong support network to allow companies to take advantage of these new market opportunities.

Thank you for your time this morning.

The Chair: Thank you, Mr. Wilson, for that information.

Just so everybody in the room knows, there's translation. There's always translation in both languages.

We're going to go to Mr. Beatty for five minutes.

Welcome.

[Translation]

Hon. Perrin Beatty (President and Chief Executive Officer, Canadian Chamber of Commerce): Thank you very much, Mr. Chair, for inviting me to speak to the committee today about the Trans-Pacific Partnership Agreement.

The Asia-Pacific region is an increasingly important market for Canadian businesses.

[English]

Trade is only one of the levers that we have to boost economic growth, but unfortunately this is an area where Canada has not been performing particularly well of late. In many parts of Canada, we have fewer companies exporting today than we did 10 years ago. Part of the problem has been our failure to diversify trade towards high-growth markets like the Pacific Rim.

Many of you will remember the warning of Mark Carney, when he was still Governor of the Bank of Canada, that our country was over-dependent on trade with mature economies like the U.S. and Europe, where growth will be modest for the foreseeable future. The TPP takes a huge step to correcting that dependence. A TPP that eliminates trade barriers will open up new opportunities for Canadian businesses in the Pacific.

Mr. Chairman, as a member of the cabinet that approved the most hotly debated trade deal in our history, the Canada-United States Free Trade Agreement of 1988, I know very well the political pressures that emerge. Each agreement does contain tough choices. There are workers and companies who face challenges, and those concerns deserve respect, but if we stop doing trade negotiations except in cases where no one is affected, we stop negotiating at all.

We believe that the work of this committee is not about “should we ratify the agreement?” We should and we must. The work of this committee must be about understanding who the challenged sectors are and what can be done to support their response to changing circumstances.

We've talked to those who will gain, those who will face new challenges, and those who are still trying to figure out what the TPP will mean for their businesses. That's why, at our AGM back in October, just days before the federal election, hundreds of chambers of commerce from across Canada passed a resolution calling for our country to implement the TPP, in a near-unanimous vote.

I'll give you three reasons why, but before we get into that, let me make this clear. None of the reasons I'm about to list are about the costs of being outside the TPP. Having the deal go ahead with our NAFTA partners of Mexico and the United States in, while we remain outside, would be catastrophic for Canada. None of the concerns we hear raised about autos, for example, are likely to be improved by walking away from the deal. If we do that, these other 11 nations will offer each other privileged arrangements, which we'll be locked out of.

However, framing the TPP as something that we're being dragged into sells the deal short. I believe that Canada is actually much better off in a TPP world.

Let's start first with the hard gains.

Various economic studies put the benefits for Canada at somewhere between \$5 billion and \$10 billion per year. What we do know today is that companies doing business with Japan, Vietnam, and Malaysia, countries where we currently lack trade agreements, will be big winners. Japan is still the world's third largest economy. Vietnam and Malaysia together make up 120 million people, and those economies have been growing between 5% and 10% annually.

Today, companies in agrifood, seafood, wood, chemicals, machinery, and equipment have to pay hundreds of millions of dollars each year in tariffs. Many of them have told us that they would be able to increase exports as a result of the TPP. Beef producers and processors, for example, expect to double or triple their exports to Japan alone, and more trade means more business for railroads, ports, and air freight.

That brings me to my second reason. The TPP makes some long-overdue updates to our trade rules. The World Trade Organization and NAFTA are over 20 years old now, and they're no longer adapted to today's realities.

Think about how much has changed since then, such as the Internet, for instance. Nobody could imagine 20 years ago how all-encompassing it would become. Today, over 10% of goods trade and 60% of services trade happens online. Knowledge industries like financial services, management consulting, and information technology are among Canada's top five fastest-growing export sectors, yet there's nothing in our current trade agreements that prevents countries from blocking data flows or imposing local data storage obligations. That's where TPP comes in. Simply put, it extends free trade into the online realm.

Let's also remember that the TPP requires participating countries to maintain and enforce strong environmental laws and regulations under the threat of economic sanctions. When the deal was announced, one environmental group went so far as to say that the TPP has the strongest environmental provisions of any trade agreement in history.

There are other meaningful innovations in areas such as state-owned enterprises, regulatory transparency, and small business.

My third and last—and perhaps most compelling—reason for Canada to back the TPP is strategic.

● (0950)

For a mid-sized, trade-dependent economy like ours, going toe-to-toe with giants like China, India, and Japan is a terrible alternative to our traditional leading role in multilateral negotiations. We generally fair best when we're working with others and we already have a wave of countries lining up at the front door wanting in.

I was at APEC last year in Manila when the presidents of the Philippines and Indonesia announced that they intended to join TPP. Overnight that would add another 350 million people to the TPP's market, increasing the size of the group by nearly 50%.

Taiwan and South Korea also want in. I like to call this the TPP multiplier. We have a once-in-a-lifetime opportunity here to work with our partners and to shape the future of the global trade regime. This is more than in our economic interest, it's in our national interest.

• (0955)

The Chair: Thank you very much, Mr. Beatty.

We're going to the Canadian Federation of Independent Business, of which I was a proud member for 20 years.

Ms. Pohlmann, you have five minutes.

Ms. Corinne Pohlmann (Senior Vice-President, National Affairs, Canadian Federation of Independent Business): Thank you, and thank you for the opportunity to be here today.

As mentioned, my name is Corinne Pohlmann. I'm the senior vice-president of national affairs for the Canadian Federation of Independent Business, and I'm pleased to be here to share CFIB's perspective on the Trans-Pacific Partnership.

Let me start by saying, though, that I'm not a trade expert nor has CFIB been as involved in discussions around TPP as some of the other groups that you have before you here today may be. However, I can tell you a little about small and medium-sized businesses in Canada and provide you with some of their reflections on international trade and how this deal may impact them.

You should have a slide deck and presentation in front of you that I'm hoping to walk you through over the next few minutes.

First, CFIB is a not-for-profit, non-partisan organization that represents more than 109,000 small and medium-sized businesses across Canada. Our members represent all sectors of the economy and they're in every region of the country.

It's important to remember that Canada's small and medium-sized enterprises employ 70% of Canadians in the private sector labour force. They're responsible for the bulk of new job creation and represent about half of Canada's GDP, so addressing issues of importance to them can have a widespread impact on job creation in the economy.

I want to remind you that CFIB takes its directions solely from our members through a variety of surveys, and we do this throughout the year. In all previous members' surveys around free trade, a strong majority of members have been supportive of free and fair trade. This is because most of them understand that trade is good for Canadian small business, for the economy, and for jobs.

We also know that many of our members appear to be in a position to benefit from TPP. A few others, including supply-managed producers and small auto parts manufacturers may have strong concerns. We continue to carefully listen to our members as more details unfold and will communicate any of their concerns to the government. One concern we have already expressed, for example, is the importance of ensuring that any economic harm to supply-managed producers as a result of the trade deal be fully compensated.

First, though, it's important to know how much small and medium-sized businesses in Canada currently trade. About one in

five have sold goods or services to other countries, while about half have purchased from other countries, with another 6% planning to do more trade in the future. Where do those that trade do their business? The U.S.A. remains by far the most likely place that Canadian small businesses trade, followed by the EU, Mexico, Australia, New Zealand, and China. In fact, three of the top five are TPP countries, so those businesses would benefit from the lessening of trade barriers and tariffs that may be making it difficult for them to expand their markets in those countries.

Of those that are not currently involved in any kind of trade, a good proportion of them do not believe that their products or services are exportable. However, that still leaves about 38% of those that are not involved in exporting that could be, so making sure that trade deals like TPP address the barriers they face and that greater effort to highlight what the benefits of exporting can bring to their business in the community may result in more of them taking the plunge into new markets.

Ultimately what smaller businesses want to see in any free trade agreement is clear understanding of regulations and standards, simpler border processes, less paperwork and red tape, and lower costs. It would seem that the TPP does try to address many of these issues in some form.

Of the many features we understand the TPP will offer, those listed here are among the most important if we want to see more smaller firms engage in trade or expand their markets. They include lower taxes and tariffs; greater transparency around customs procedures; streamlining trade barriers, especially regulations and standards, by reducing paperwork and being more transparent about what is required; greater access to new markets, which is especially important for service providers, which is a growing and important segment of the small and medium-sized business community interested in trade; as well as a chapter dedicated to small and medium-sized businesses.

We're pleased to see a chapter dedicated to small and medium-sized enterprises, as it does indicate that the various TPP countries recognize that smaller businesses have unique needs and may need additional or different tools to successfully trade across borders. We also like that the chapter suggests that each country will have accessible websites that will be designed and tailored for small and medium-sized businesses. It will be very important that these websites be done in plain language and that they easily interconnect with each other where it makes sense.

Finally, that the committee on small and medium-sized businesses with representatives from each country will meet within one year to discuss small business issues is a positive sign. However, we also see some uncertainties, mostly concerning the fact that the committee will only be composed of government officials. We believe it should also have some representation from smaller businesses to ensure that it is truly addressing their needs and concerns.

Also, we hold out a lot of hope, but we do have some concerns that this law looks great on paper, but will small and medium-sized enterprises feel the impact on the ground and will it truly make a difference?

In summary, a strong majority of CFIB members has been supportive of free and fair trade. Many of our members appear to be in a position to benefit from the TPP, but a few do have strong concerns. We have communicated these concerns to government and have already stressed the importance of finding ways to mitigate any economic harm to sectors that may be adversely affected as a result of the trade deal.

We are encouraged, however, to see that the agreement has a dedicated chapter with specific measures to help small and medium-sized businesses take full advantage of the opportunities created by the TPP, but action must follow the words in order for it to have an impact on the ground for smaller companies.

As I mentioned at the outset, CFIB's position on issues is solely determined by our members, so we continue to carefully listen to them as more details unfold. We will continue to communicate any feedback shared by our members to the federal government as it moves through its consultations.

•(1000)

Thank you for the opportunity to present.

The Chair: Thank you very much for that presentation and thank you all for the presentations.

We're going to open it up. As the committee members know, I'm pretty flexible with time, but since you have three witnesses, try not to throw in a question in your last five seconds and make it awkward for the presenters. Use your judgment on your questions, because there's going to be lots of time to go around a second time and I don't want to cut off the witnesses, if they're on the run.

We're going to start with Mr. Hoback for six minutes.

Mr. Randy Hoback: Thank you, Chair, and thank you, witnesses, for being here this morning.

The first thing I want to get at the start is the process of the negotiations and the consulting process. Have you all felt that you've been part of the process? Have you been excluded from any of the meetings? Do you feel the consulting process was adequate? Let's have your opinion on that.

Hon. Perrin Beatty: Perhaps I'll take a crack at that, Mr. Chairman.

There was a good deal of dialogue between us and government during the process. Could there have been more? Yes, there certainly could have been.

If you go back to the Canada-U.S. Free Trade Agreement in 1988, where we had SAGIT, the sectoral advisory committees, that's something I would like to see us bring back to have much more intensive discussions between business and government. I think from time to time the secrecy that surrounds negotiations is too great, particularly when affected interests don't have an opportunity to participate. Now, it's certainly better than—

Mr. Randy Hoback: You felt that you were left out of the consulting process.

Hon. Perrin Beatty: No, not left out, but I believe it could be improved upon.

Mr. Randy Hoback: Okay.

Mathew.

Mr. Mathew Wilson: Thank you.

We felt fairly well consulted throughout the process, both here in Ottawa as we were invited into sessions by ministers and department officials as well as across the country through consultation. There was lots of opportunity. As Perrin said, there are always ways to make things better, but through this process we always felt we were fairly included.

Mr. Randy Hoback: As far as the manufacturers were concerned, they felt they were part of the process.

Mr. Mathew Wilson: They didn't like some of the outcomes sometimes, but yes, we felt at least we had a voice at the table, absolutely.

Mr. Randy Hoback: When you talk about timing and ratification of this agreement—now there are different theories on that, of course—where do you feel Canada should be? In front leading, or should we be waiting and sitting in the corner? What do you guys think we should be doing?

Hon. Perrin Beatty: Do you want me to take a shot at that, or Corinne do you want to?

Ms. Corinne Pohlmann: Go ahead.

Hon. Perrin Beatty: I think we should be leading. It's abundantly clear that in the United States this is becoming enmeshed in election-year politics. That's unfortunate, because it creates issues where otherwise there would not be key issues. My understanding is that Japan intends to go ahead and ratify. I think it would be useful for Canada to do the same.

I would hope that this committee, and that Parliament as a whole, would take the position that our policy is clear; we favour taking down barriers to trade with the world. We understand that any time there are trade negotiations it's a process of give and take, and the consultative process that we have should be focused on how we mitigate any of the downsides for sectors in Canada, as opposed to getting into discussions about whether we should go ahead at all.

Ms. Corinne Pohlmann: I would agree. I think we need to take a lead on this.

I did want to comment on the last question about whether we were consulted. I would say we were probably not consulted as much as I would have liked, to be completely honest with you. We were brought in probably later on in the process when most of this had been completed. I just want to put that on the table.

It's not as if we felt we needed to be there right from the beginning, because as I said earlier we're not as focused on trade issues as some of these other organizations are; however, I think we would have liked to have seen a bit more consultation. I did want to add that to the mix, but I believe from the second question that we should be taking the lead, and I agree with everything Perrin said.

Mr. Randy Hoback: Okay.

Mr. Mathew Wilson: We're probably a little bit more cautious on taking the lead than other business associations. Given the integrated nature of supply chains in manufacturing, the dominance of manufacturing in the export markets, if we get outside and ahead of our key trade partners, that negatively impacts integrated supply chains in manufacturing. That could impact trade not only in the GDP markets, but also—

•(1005)

Mr. Randy Hoback: Could you not see the opposite when you do your two- or five-year planning, you're building a new facility, wouldn't you want to have some bankability as you're doing that planning to know where we're going to be, rather than waiting and watching?

Mr. Mathew Wilson: I think the preference for most manufacturers is still to do it in coordination with the U.S., rather than outside the U.S. just because of the integrated supply chains. I'm not saying that's not a valid point. I think that's the reality for most companies, given the integration.

Mr. Randy Hoback: Moving on to intellectual property—we've heard some concerns on that—do you see anything on intellectual property in this agreement that's different from any previous agreements? Is there any concern there?

Hon. Perrin Beatty: My answer would be a short one, not substantial differences from what exists today. What is striking to us as we look at it is how little will be required in changing Canadian domestic law. By and large it brings in an international regime that's consistent with what we have in Canada today.

I don't know whether Mr. Everson wanted to add to that.

Mr. Warren Everson: Yes, thank you.

There is almost no change to Canadian law as a result of TPP, an extension of authors' rights from 50 to 70 years, which at the Chamber of Commerce we would probably have supported anyway. We're very hawkish on IP.

There is, as you know, a big debate about whether or not the TPP is somehow letting us down in respect of crafting the innovation culture that we need. As we look at it, we don't see anything in TPP that speaks to that. Of course, the question is always going to come around. How does pulling out of TPP or failing to ratify it get you any further on that front? It clearly does not.

Mr. Randy Hoback: Exactly. In your presentation you talked about creating that culture and mentoring. Where do your organizations, for example, the CME and the mentorship program, help your manufacturers get into a situation where they can be traders?

What are you guys doing as far as associations to take them to that next level to explore those opportunities that are created for them?

Mr. Mathew Wilson: I'll start with that.

We have launched several initiatives to help companies understand global opportunities, so we host, with the trade commissioner service on a weekly basis, conference calls with our members across the country, and frankly, anyone who wants to join the call, talking about new market opportunities.

We launched something last year, with the trade minister at the time, called Enterprise Canada Network, which is a direct link to business opportunities in the European market, but also goes beyond Europe into about 80 countries totally around the world.

We also lead a bunch of trade missions to key markets in conjunction with Global Affairs Canada. Throughout the year we'll run three or four of them, as well as technology visits to ensure the companies understand what other countries are doing in terms of supporting technology adoption and what is available out there in the market for them to adopt back here at home.

We're quite aggressive in terms of supporting those things, but again, much more could be done to help small companies out especially.

The Chair: Thank you, Mr. Wilson.

Mr. Fonseca.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Mr. Chair, and thank you to the presenters here today. They were very broad presentations from different areas of our economy.

I want to follow up on some of the things Mr. Hoback was bringing up in terms of the consultation process, and then from the consultation process into your own analysis. From the three of you, how did your members analyze the TPP?

What insight did you have, what opportunities were you given, and did you strike a committee or did you just survey your members? How exactly did you analyze the TPP and how would it be a good deal for Canada?

Ms. Corinne Pohlmann: We have not specifically asked about TPP at this point. Most of the feedback we've received has been through.... We get about 28,000 phone calls a year from members on a variety of different subjects, so it's been coming in through that source.

We have surveyed on international trade, generally speaking, but we haven't specifically asked about TPP. Every time we've asked about free trade agreements in the past, our members have been strong supporters of free and fair trade. The concerns we've been raising are those concerns that have been raised individually by various business owners from across the country, so that's how we've been assessing as it's been going along.

As new information comes out, we do try to feed that back to our membership to find out what it is they're hearing. We have 109,000 members. We don't have committees. We don't have conferences. We try to get to them through the survey process, so it may be a little bit different and more spread out in that regard, and it can be a little more complicated to get their feedback right away.

My sense is that many smaller companies don't really know much about TPP or what's going on. Those that do will definitely give us their feedback and input, and we encourage them to do that.

• (1010)

Mr. Mathew Wilson: Similarly, we haven't surveyed either, but we've done many small round tables with members of Parliament, ministers, and officials across the country with our members, talking about TPP and other trade agreements to get their feedback, as well as conference calls with members and officials who are negotiating as the negotiation process is going on, so that our members could be informed and provide feedback. There is constant dialogue with our members. Any time there is a concern raised, we are able to feed that to the officials.

It's through multiple different channels on an ongoing basis through the development of the process as well as when the deal is ratified. It is fairly in-depth, face to face or over the phone, whatever way we could, to engage companies to ensure they were aware of the opportunities.

I agree with Corinne. The challenge is.... I bet that if you went out and polled companies, 90% of them would have no clue. Large sophisticated companies get it, they understand it, and they know what's going on. The vast majority of smaller companies in Canada would have no clue about what the deal is and what the impacts are despite, frankly, the best efforts from all of us and every other association's officials. It's a reality of small business that they're a bit disconnected.

Hon. Perrin Beatty: We met with the negotiators periodically, probably as many as 10 times throughout the course of the negotiations, so we received briefings. They responded to questions that we had. We were in touch from time to time with the minister as well, directly, and with his office, so that we were kept apprised broadly of the direction in which things were going.

Obviously, an agreement like TPP is very detailed. It reaches into an enormous number of areas, and there were elements there that we weren't directly involved in, but directionally, yes, we were plugged in. I think the negotiators made an effort to reach out.

What have we done in addition to having our own expert scrutiny of the provisions of TPP? We also have an international trade committee with experts on it that we reach out to, and our policy is set at our AGM. It was literally just days before the election that delegates from across the country, from chambers across the country, came to strongly endorse the concept of TPP.

Mr. Peter Fonseca: Thank you.

One of the things that have come up often is talk about levelling the playing field. I can't recall who brought up that a principled and fair agreement is what we're looking for.

We've heard from the U.S., and we can't find that there's any consensus from the U.S., be it from Republicans, Democrats, congressmen, senators, etc., on this, but one thing that was brought up just recently was the concern about a currency devaluation by countries as developed as Japan, but also a Vietnam or a Malaysia. Do you have any thoughts on that in terms of the levelling of the playing field?

It doesn't have to necessarily be focused only on the currency devaluation concern, but about levelling of the playing field when it comes to our labour standards and other standards that we have in a very developed country like Canada, as opposed to some of the other countries that are a part of the agreement.

Mr. Mathew Wilson: I think I raised that, and maybe others did as well, so why don't I start?

On currency, currency is just one example. Regulatory issues are another example. Often what we see in trade agreements is that countries that want our natural resources aren't really too fond of getting our finished goods. It's a reality, and especially in a lot of Asian markets we compete with them in a lot of manufactured, value-added goods sectors.

They can use and have used very efficiently a wide variety of regulatory measures to block the import of value-added to preference their own domestic supply chains, and then re-export goods using our natural resources on the finished products back into North America.

We've seen it. It has been studied. I don't think that's largely up for debate. The question is, what do we do with it through a free trade agreement? It's something we pushed for back before CETA was started. We needed to make sure the regulatory environment is open and fair and transparent. Oftentimes in the past it hasn't been. This agreement goes a long way through the TPP process with those countries to level the playing field.

Currency is one area that wasn't covered off in the agreement. I know there are different groups out there pushing for different solutions, including in the automotive sector. I know in a study that I did about a decade ago that looking at just Japan's currency fluctuation versus the Canadian dollar, it made a difference of \$5,000 on the price of a vehicle.

It was an additional \$5,000 going into Japan and a savings of \$5,000 coming into Canada on just a mid-sized, average Camry that was produced. That's a pretty big impact on an average product that someone would buy.

Currency can have a big impact on trade. We're seeing it now with our own dollar dropping and new export opportunities, but I'm not sure. I know there are solutions out there for challenges. I think we wish there would have been some mechanism put into the TPP to look at currency in more detail, because I don't think enough has been done around that, to look at the root causes of it and the challenges that it causes. But it's not there and it's maybe something that this committee could look at or other sources could look at going forward, because it is a significant problem.

• (1015)

The Chair: Thank you, Mr. Wilson.

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

Ms. Tracey Ramsey: Thank you, Mr. Chair.

Thank you for your presentations today. I would like to touch upon the manufacturing aspect. I'm from southwestern Ontario, which is obviously quite heavy in manufacturing. There's a Tufts University study out that says that we could see 58,000 jobs lost throughout the whole TPP, but upwards of 20,000 of those jobs could be in manufacturing.

You mentioned that we need domestic policies and strategies in order to ensure the success of Canadian manufacturing. I'm wondering, Mr. Wilson, if you could speak further to where you think we lack in Canada in terms of those domestic policies. What do you feel would put us on a level playing ground with the TPP partners?

Mr. Mathew Wilson: I guess I'd start by saying that economic studies can be made to say all kinds of things. It depends on the economist you hired at any given time. I have a lot of respect for economists, but I don't put a lot of faith in any numbers they throw out. They use a variety of input and output models that are frankly guesses at best. There is no solid model.

We haven't seen any number that we actually believe is true. We think this will provide real opportunities if we get the framework right and that it could grow jobs and investment in Canada. I'm not really sure I buy into the job-loss numbers.

On the other side of things, in terms of support network, if you look at South Korea, which isn't in the deal right now but, as Mr. Beatty said, might be in the future, it has an entire manufacturing strategy that focuses on a couple of core sectors of the economy. We talk about not picking winners and losers, but they picked a couple of winners and they're winning. They picked technology and transportation as the areas they wanted to focus on. Their entire government support network went into supporting companies in those areas and allowing them to export value-added products out of South Korea.

They supported them through direct investment supports. People can call them subsidies or anything else, but investment supports happen in most sectors around the world. The regulatory system was set up to support them. The education system was set up to support them to make sure they're getting the talent they want. Then a trade commissioner service type of body was set up specifically to help those companies in those sectors find new market opportunities abroad and they are very active in finding and connecting South Korean companies with those opportunities.

The same thing has happened in Vietnam. I've met with Vietnamese officials on a regular basis, and now they can trade with Canada more. In Japan it's the same thing.

We have bits and pieces of those types of support in Canada, but they've never really been pulled together into a complete package. There are a lot of things—

Ms. Tracey Ramsey: Would you like to see a stronger domestic policy?

Mr. Mathew Wilson: I'd like to see a lot stronger domestic policy. We can't go global if we're not competitive at home. We won't be competitive internationally, so I think we need to start at home first and then support them going global.

Ms. Tracey Ramsey: Speaking of studies, you know the government has presented to us and said that they don't have an economic impact study. For those of us on the committee who are looking at the benefits of this for Canadians and Canadian businesses, it's really difficult to do when we're dealing with ideas that are just floating for which there are not necessarily solid concrete numbers.

I know you mentioned that a lot of economists release studies and use varied models. I'd like to ask each of you specifically whether any of your business organizations or the companies in your sectors have analyzed these costs through a study and if so whether you could share that with us.

Hon. Perrin Beatty: Maybe I can take a crack at that one.

Rather than looking at it in terms of a study, individual companies have looked at it in terms of their business plans.

You were citing, for example, manufacturing particularly in southwestern Ontario. My home area, where I was raised and lived, was Fergus, which is 12 miles from Guelph, where Linamar is located. Linda Hasenfratz has been very clear in terms of the critical nature of the TPP for her automotive parts manufacturing company. Each company is going to look at it in its own way.

Government needs to take a look at the impact sector by sector and in an aggregate sense across the board for Canada.

We have certainly seen figures suggesting potentially billions of dollars of economic impact for Canada. It is also clear that a failure by Canada to participate if Mexico and the United States were to be part of TPP would be disastrous for Canada.

Why? Because when your area or my old area is looking to locate new plants, one of the issues investors will look at will be, if they want to put their NAFTA plant in one of the three countries, which one or which ones will have access to the TPP market? If Mexico and the United States have access to that market and Canada doesn't, an investor will go somewhere else.

• (1020)

Ms. Tracey Ramsey: I think my question is more specifically about which studies you've looked at. There are a variety of studies and certainly there are as many of them saying that we will have potential loss and a very low amount of GDP growth as there are those saying otherwise.

I'm just wondering, specifically within your organizations, which studies you focused on.

Mr. Beatty, I think you mentioned one in your presentation.

Hon. Perrin Beatty: I would be glad to supply you some information about the studies.

The bottom line is that these business associations wouldn't be here today if they didn't believe there was a net good for Canada. We would not be working against the interests of the Canadian business community. What we hear from our members is that it's critical for us to be participating in the TPP.

There will be a significant net plus for Canada if we're there or a significant net minus for Canada if we're not.

Ms. Tracey Ramsey: Do any others want to respond to that?

Mr. Mathew Wilson: We haven't done our own economic study. We primarily looked at the government and at some of the work the government was initially doing around the modelling on this. We looked at other private sector studies that have been done through think tanks and other places and a wide variety of union-sponsored ones as well as private sector-sponsored ones.

I think Mr. Beatty is right in terms of companies having their own economic studies. My guess is that you could call companies up here from within the same sector and they would each tell you they had a very different outcome largely because of where their manufacturing footprint is and where their customer base is. Those vary quite a bit and they are hard to pin down.

The Chair: Ms. Pohlmann, if you have something to add, go ahead.

Ms. Corinne Pohlmann: No, I was just going to say that we haven't done any work in this area, so we wouldn't have anything further to add.

Ms. Tracey Ramsey: Thank you.

The Chair: Thank you for the questions, Ms. Ramsey.

We'll move to the Liberals now.

I think you're splitting your time here? You have six minutes. Go ahead.

Mr. Sukh Dhaliwal: Yes. Thank you.

Thank you to the witnesses.

Mr. Wilson, you mentioned that we should not be moving forward ahead of our key trade partners, particularly the U.S. With the election year in the U.S., what do you think. Should we push it through or should we have more consultations?

Earlier the honourable Mr. Beatty and Ms. Pohlmann mentioned that they were not part of the discussion, and that we should get more companies and people involved in the decision-making once the minister makes the final decision. Do you think we should push it through?

Mr. Mathew Wilson: Luckily, I'm not a politician and I don't have to figure that out for you.

Honestly, yes, we're a little bit more cautious in terms of Canada's leadership versus our alignment with the U.S., largely because of the manufacturing supply chains. I think asking more questions about the impacts, and frankly not just talking about the negative side of it but about the importance of the deal and the new opportunities it can create, is not a bad thing.

The process of ratification will go on in the U.S. clearly for a little bit longer than maybe some other places, but that process of going out and talking to people about the opportunities that exist, and about how the TPP deal can create new business for them at home as well as abroad, I think that's a good thing. If that includes consultation on specific aspects of the deal and getting more input, that's okay too. We just need to be careful in terms of the timing and not getting too far out of line with where our other key trade partners are.

Mr. Sukh Dhaliwal: Thank you.

To the honourable Mr. Beatty, as a Liberal member, I belong to a party that believes in free trade and free entrepreneurship. How should our young people and companies be prepared to do business in the emerging markets that we are not used to, so that we are not taken over by those giants in the emerging markets?

Hon. Perrin Beatty: You raise an excellent question.

Trade agreements open the door; they don't guarantee that somebody will go through the door. The challenge for us, and one of the areas that I hope this committee will focus on, is that once we have the agreement in place, how do we ensure that Canadian business takes advantage of it? For example, do we have people with the skills and experience to be able to go internationally to market Canadian services?

We have been mesmerized with the U.S. market over the course of the last several decades. We still do, and we will do in the future, most of our trade with the U.S. We need to be able to look beyond that, to look at the opportunities in fast-growth markets, often on the other side of the world.

One thing that's distressing is that fewer than, I believe, 4% or 5% of Canadian students have any part of their education outside of Canada. As a consequence, they don't have the same sort of multicultural and multilingual experience that people in other parts of the world may have. We need to build and put into place an environment that makes it attractive and efficacious for people to be involved in terms of going international and succeeding.

We had the same concerns when we brought in the Canada-U.S. free trade agreement, that the Americans would eat us alive. We found that once those barriers came down, Canada's market share went up significantly. I think we'll find the same here.

If I were to give a pitch to the members of this committee, I would say there's one area where I think there's a real deficiency in terms of our trade strategy. We have a great competitive advantage in Canada. We have a pluralistic, multicultural, multilingual society, with every country's first-generation diaspora coming to Canada, speaking the language, working well with others, having family and friends back home, understanding those cultures, and by nature being entrepreneurial. They've left everything behind to come to Canada. Yet we don't have a strategy for seeing this as an economic resource to enable us to be far more successful in terms of cracking international markets.

One area where I think this committee could be helpful would be to help encourage government to include the global diaspora that we have in Canada as a key strategic advantage to us in going global.

● (1025)

Mr. Sukh Dhaliwal: Thank you.

Madame Lapointe.

[*Translation*]

Ms. Linda Lapointe: Thank you, Mr. Chair.

I'd like to thank the witnesses for joining us today. I appreciate their time, as well as their presentations.

Mr. Wilson and Mr. Beatty, both of you referred to NAFTA. Mr. Beatty, I'd like to hear your thoughts on e-commerce.

You said that NAFTA was out of touch with today's reality. It's 20 years old and predates e-commerce. If I understood correctly, you said that the TPP could fix that by providing better opportunities and a better regulatory environment. I'd like to hear your thoughts on that. We all know that e-commerce will continue to grow.

Hon. Perrin Beatty: Thank you for that very important question.
[English]

At the time the FTA was done, the big issue was tariff barriers between Canada and the U.S., and when NAFTA was done, that was the same focus. We weren't looking at these new, fast-developing areas of the global economy. Increasingly, trade is being done as a result of information technologies over the Internet and through our ability to connect ourselves electronically with one another.

We are seeing inconsistent standards being brought in around the world. This makes it very difficult for Canadian businesses to be able to do business globally. What TPP does is bring in one set of standards. It helps to ensure openness in terms of borders so we don't find the global economy partitioned in terms of the ability to do business over the Internet, and it also helps to bring the intellectual property regime of the other members of TPP more in line with what Canada has today as well.

It's a more modern agreement. It reflects the contemporary realities of operating the global economy today, and as a consequence, then, with Canadian companies ready to take on the world through these new technologies, it's an advantage for us.

[Translation]

Ms. Linda Lapointe: Thank you.

I have—

[English]

The Chair: Your time is well up.

[Translation]

Ms. Linda Lapointe: E-commerce is such an important area.

[English]

The Chair: Thank you. When you're splitting your time, you lose a little.

Anyway, that ends our first round.

We have time for another round, not full time for another round but I'm thinking we'd have time for three questions probably at five minutes, if the committee is agreeing with that, because it's hard to have two and a half questions.

Shall we go for five minutes?

Some hon. members: Agreed

The Chair: Okay. We're going to start off with the Liberals. It's only five minutes.

Mr. Peterson or...?

A voice: Let Madame Lapointe go.

[Translation]

Ms. Linda Lapointe: Since I still have some time, Mr. Chair, can I go on?

[English]

The Chair: You use your five minutes how you want to.

[Translation]

Ms. Linda Lapointe: Very well.

In short, Mr. Beatty, you support the agreement because it will regulate the e-commerce industry.

What opportunities could e-commerce generate? There are a number of sectors. In your view, what improvements could e-commerce bring?

[English]

Hon. Perrin Beatty: Increasingly, growth in our GDP in Canada comes from the services sector. What we're seeing is a significant shift in terms of what generates economic activity in Canada, and that's the case in the world as well.

It's an area where Canada does it well, where we have the opportunity to provide services in other parts of the world as a consequence, as long as we don't find that the global marketplace is partitioned.

Also, by having better protection for intellectual property, it will also make it easier for Canadian businesses going abroad into markets where there is less certainty today.

I don't know whether Mr. Everson might want to add to that because he's been looking at that.

● (1030)

Mr. Warren Everson: Many nations are involved now in the very parochial regulation of Internet, the data storage requiring local storage of data. There are privacy concerns for us, and it essentially nullifies the whole economic advantage of the cloud that we're all employing now. We're fairly aggressive promoters of free movement of data, and the TPP allows a framework that will lead that.

[Translation]

Ms. Linda Lapointe: Thank you.

I'm going to turn the floor over to my colleague.

[English]

The Chair: Did you want to...?

Ms. Corinne Pohlmann: I just wanted to add that e-commerce is essential for smaller businesses. This is a key aspect of the trade deal because that's how they can reach those new markets much more easily. The big feature for a lot of small companies and why they don't get involved in international trade is cost, and part of that cost is the cost of movement. E-commerce allows them to do that much more easily. It's important that these factors are a part of the TPP agreement, so there is a framework where they can work on a level playing field with other countries very much more easily and access those markets much more easily.

[Translation]

Ms. Linda Lapointe: Thank you.

[English]

Mr. Kyle Peterson: I have a quick question.

Thank you, first of all, everyone, for being here. We appreciate the time and your contribution to this process.

My question is for each of you.

You all represent diverse organizations. I'm wondering what sort of opposition you might have heard to the deal, what concerns were raised, and how you think they perhaps are adequately addressing the deal—or whether or not they are—just so we can get a cross-section on what you're hearing from your members.

Thank you.

Ms. Corinne Pohlmann: As I mentioned, the areas that we've heard the most from are for specific sectors that feel like this could have a negative impact and those are the supply-managed industries as well as the small auto parts manufacturers.

Certainly, on the supply-managed industries, we have been pushing for compensation for those types of industries that are going to be affected negatively. Some of the proposed compensation that came up as part of the deal that was announced was going a long way in helping to address some of those issues that many of those businesses were concerned about.

We haven't heard as much of a concern since those particular measures were announced. On the auto parts manufacturing side, the small ones are nervous, certainly, about what this means for them going forward. Those are definitely the areas that we've heard the most from.

Mr. Mathew Wilson: Very quickly, we've heard the same. I'm not sure there has been any resolution, specifically, on some of the auto provisions that are out there. It's a political decision that needs to be made with maybe some better economic data than we have right now on what the true impacts are going to be. Again, what are the impacts if we're not involved regardless? I don't think anyone has a really good handle on that yet.

Hon. Perrin Beatty: We are also hearing, obviously, from the automotive sector and it varies. Some elements of the automotive sector are very strongly in favour of TPP; others are concerned about it. It's important to pull back though and take a look.

The first decision that you have to make as parliamentarians is what the net interest for Canada is, on balance. When you add up the advances we make and the trade-offs that are there, is it in Canada's net interests? I think the answer strongly is, yes, it is.

The second one is what the sectors are that are adversely affected and what measures can be put in place to assist them. You will remember at the time of the Canada-U.S. Free Trade Agreement there was a belief that Canada's wine industry was going to be wiped out. We were producing wine with labrusca grapes, which are better suited for making jam than making wine. We discovered that others could produce poor quality goods at a lower price than we could.

Leaders in the sector came forward and asked the government for assistance in a transitional program that allowed them to upgrade their quality and today there are more acres under cultivation than ever before, they're winning awards, and the sector is more profitable

than ever before. The focus of government should be how do we work with those sectors to ensure that they can successfully make the transition.

The Chair: Mr. Ritz.

Hon. Gerry Ritz: Thank you, Mr. Chair, and thank you for the presentations. It's always interesting to chat with you.

I'm in a little bit of quandary. The last presenter we had from the Business Council of Canada said that their modelling showed a \$60 billion gain with TPP. I asked, "What's the downside, what's the erosion factor on jobs and investment if we don't ratify TPP?" Does anybody have a comment on that?

• (1035)

Hon. Perrin Beatty: If you're looking for a quantified figure, I can't give you a quantified figure.

Hon. Gerry Ritz: No. I'm not looking for a quantified figure, Perrin, I'm just looking for—

Hon. Perrin Beatty: The downside is very clear and it was what I alluded to earlier.

We're looking to attract investment into Canada, particularly in our manufacturing sector. We want plants located in Canada. Part of our pitch is that we have a free trade agreement with Europe, we're in NAFTA, and a plant located in southwestern Ontario has access without tariffs to those markets.

If our NAFTA partners, the United States and Mexico, go into TPP and we do not, somebody looking to locate a plant in North America to get the advantage of NAFTA is going to look at those jurisdictions that can give it access to the TPP markets, which are massive, as opposed to going to Canada.

Hon. Gerry Ritz: Our auto sector could actually destabilize faster by not taking part in these global supports through TPP.

Hon. Perrin Beatty: Absolutely.

Hon. Gerry Ritz: I know Honda has mused about building a CRV plant here in Canada that could access the European Union. That's the type of thing that we're looking for.

Hon. Perrin Beatty: Yes. Let's just come back for one second to automotive, in particular, and manufacturing. We've had an issue in Canada long before any discussion of TPP where we have not been able to attract those new manufacturing plants. We need to have a manufacturing strategy for Canada.

Core to that has been an automotive manufacturing strategy. Our starting point has to be that we will not only ensure that the sector does not die, but we'll ensure that it prospers and that we do that in the case of TPP, within TPP. Walking away would not solve our problems. It would exacerbate our problems.

Hon. Gerry Ritz: Yes, the last two Magna plants were built outside of Canada. That's the point you're making.

A couple of things have come under fire, and I take Mr. Wilson's point about the U.S. and our working jointly with them. I get that. One of the largest manufacturing sectors, of course, is agriculture and food production. From my perspective, we have too many eggs in the American basket.

We saw, when we were arguing with them over country of origin labelling, what got their attention more than anything was us renewing and invigorating markets into China and Japan, and pulling product out of the U.S. That got their attention.

I don't necessarily buy the fact that we're tied to them, joined to them at the hip, and can't move unilaterally. One of our strengths is Japan looking at us, the Mexicans looking at us, and the Australians looking at us to help buffer them against some of that U.S. forcefulness that they bring to these trade agreements.

There's a role for us to play in helping the Americans drive to the finish line on this sooner rather than later, so I think we need to play a leadership role in getting it ratified.

Mr. Mathew Wilson: Could I just comment in terms of the integrated supply chain?

Yes, looking for new markets is important but there's a limit to how much you can diversify outside of a North American environment. If you're supplying auto parts to an assembler in Detroit, you're not going to be able to send them to South Korea, for example, or Japan. They have their own supply chains, which are local.

Agricultural equipment is the same thing. Mr. Hoback and I talked about a lot of suppliers in the Saskatchewan area that are suppliers to Case New Holland, for example. They tend to be regionalized supply chains, which are not all suddenly going to diversity outwards. On the other hand, there are companies that are able to do that. Magna, Linamar, Martinrea, those global companies have expanded their footprint.

My point is that you're not going to get someone with an existing production capacity in southern Ontario to start diversifying their markets automatically when they're already at, say, 95% or 100% capacity, which is typical of manufacturing plants today. What you need to do is help them grow overseas and invest more in Canada so that they can export more and seize those new opportunities. But right now, given the way we're set up, that's not going to happen. It's just a reality.

Hon. Gerry Ritz: The point was made that there's not a tremendous amount of change in the IP sector from what we already have in Canada. How do you see that with ISDS when it comes to TPP?

Please give us just a quick answer because I know my colleague has a question for you.

Mr. Warren Everson: I think trade remedy solutions are going to be part of every trade agreement. We're seeing a big fight in Europe and it's an odd one because Canada was not the *demandeur* on that one. I'm not quite sure how to handle your question.

As long as a national government intends to deal with all players fairly regardless of their national origin, there's no particular concern. As you know very well, the problem comes when someone says they'll treat a Korean investor in Canada differently from a Canadian investor with the same application, regulation, or law, just because they're foreign. That gives them cause of action. It has not been the tradition in Canada to do that, so I don't quite see the foofaraw about this.

Hon. Gerry Ritz: It's to protect our investments abroad.

• (1040)

Mr. Warren Everson: On the offensive side, of course I believe Canadians will benefit from having recourse to the law, especially in the TPP nations that have not been all that respectful of property rights.

The Chair: Thank you.

We have five minutes for Liberals and I want to try to get in a couple of minutes for Ms. Ramsey, if there's any time.

That's just the way the rounds go.

Ms. Tracey Ramsey: I thought we were doing five, five, five. Isn't that what you said before?

The Chair: Yes, five, five, five. That's just the way it goes here, Liberals, Conservatives, Liberals, five.

Mr. Randy Hoback: It should come back to the Conservatives before it goes to the NDP.

The Chair: There might not be any time because it's twenty minutes to the hour. I'm just trying to...

If there's anybody that needs to—

Mr. Randy Hoback: It's not fair to us.

The Chair: Okay, there are only five minutes left.

We'll go to the Liberals for the last five minutes.

Ms. Karen Ludwig: Good morning, thank you.

Thank you for your excellent presentations. As an educator, my heart was warmed to listen to the comments of your committee. One of the comments I believe you made, Mr. Beatty, was on the preparation and planning of Canadian businesses with the signing of the TPP. Would you recommend that universities, colleges, and even some advanced high schools now start preparing more readily for trade, rather than waiting for the signing?

Hon. Perrin Beatty: In a word, yes.

Ms. Karen Ludwig: Great, thank you. I have a couple more questions.

Looking at Canada's trade export reports, I know from teaching trade that we probably had the most accessed reports internationally, far beyond Canadians' use of the reports. Other countries and businesses recognized that we probably have some of the best data collection in the world and they're accessing it. How do we best prepare our Canadian companies, and how do we better integrate universities and colleges into the stream? So many colleges and universities still separate business and international business, but as you know from working with businesses, we can't really do one without the other.

My other question concerns the low Canadian dollar. There are so many Canadian businesses now that are saying they should get involved in exports because of the low Canadian dollar. But as soon as the Canadian dollar starts to rise the export market is not sustainable because they only relied on the low Canadian dollar. What recommendations would you have, any of you, for businesses in any one of these areas?

Mr. Mathew Wilson: Can I start with that last one? That's actually a massive concern we have right now. If you look at what happened a decade ago when the dollar rose, we lost thousands of manufacturers and other businesses in Canada, but specifically export-focused manufacturers. In southern Ontario, especially in the auto sector, which frankly had priced contracts into a 70¢ dollar and had no chance of competing when the dollar rose, when the dollar rose by 30% in a few months, you saw the impact in thousands of job losses.

One of the things we're certainly preaching to our members and we're talking to parliamentarians about is that there needs to be a focus on supporting investment in manufacturing now while the dollar's low so they'll be competitive when the dollar rises. It's not going to stay at 70¢ forever, and if they don't do that, the same cycle that happened 10 years ago is going to happen again.

On the education side of things, very quickly, I think you're right. Something that really frustrates us is the lack of business skills that are taught to youth. I'm not talking about in universities; I'm talking about down in the primary grades. I have kids in grade 5 and grade 3 and they know nothing about business and what goes on in the real world. I think we need to start earlier teaching them to be entrepreneurs, teaching them about global business and about how things work, and make that a core part of our curriculum right across the country. Then when they get to university, they can start understanding it in more detail, and then they'll be more useful to the business community when they graduate and they won't have to learn on the job all the time.

Hon. Perrin Beatty: I might just add a word to that, if I may. I'm also a university chancellor, and one of the things we need is a much better dialogue between the business sector and our educational sector in terms of looking at what the demands are going to be in the future, what sorts of needs there are, how we can better prepare people for entry into the workforce, how we ensure that the skills we're producing are skills that we can use productively. That dialogue is something that can't be mandated by government, but it's something that those of us in the academic sector and the business sector have to show leadership on.

You're absolutely correct that increasingly international business needs to be an essential part of people's education. The world is

globalizing and this is ultimately the fundamental decision that you're called upon to make. To look at TPP, it comes down to world view. Is it possible to build a wall around Canada and for us to go back to the good old days where we were free from competition?

Ms. Karen Ludwig: It is if you're Donald Trump.

Voices: Oh, oh!

Hon. Perrin Beatty: We'll get him to pay for it.

Our future lies in the global stage. We either go out after global markets or else the world is coming here after our markets. It means then that we have to prepare ourselves both in terms of the training of young Canadians and in terms of the business strategies that businesses have.

● (1045)

Ms. Karen Ludwig: Thank you.

Ms. Corinne Pohlmann: I was just going to add that I agree with all of that from the education perspective. I think the other piece of this is that those who are already out of school who are looking for assistance and advice on how to enter into new markets are another key piece of this. I think we need to do a lot more work and better work at trying to open those doors for them and educate them better on what they need to do and what the barriers might be.

In the numbers of surveys we've done in which we've asked about the barriers to trade, so often they just didn't know how to go about it in the first round. Many give up because it's so difficult. We have to make sure to educate the folks who are going through school, but we also need to make sure there's some way to help those who are already running their own businesses on taking that next step.

The Chair: Our time is up.

That ends today's session. Thank you, witnesses, for coming in and for all the information. We probably are going to need more information. With the number of people and companies you all represent, there will be a wealth of information that we can tap into anytime, I guess.

The meeting is adjourned.

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