



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on International Trade**

---

CIIT • NUMBER 011 • 1st SESSION • 42nd PARLIAMENT

---

**EVIDENCE**

**Tuesday, April 19, 2016**



**Chair**

**The Honourable Mark Eyking**



## Standing Committee on International Trade

Tuesday, April 19, 2016

• (0905)

[English]

**The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):** Good morning everybody. It's great to be in Alberta, in Calgary. You guys have the weather on the west coast. We still have icebergs on the east coast. It's good to be here, and this is the second province our committee is visiting.

Our committee has been doing a study on the TPP and having consultations across the country. We are going to go to every province. This is our second stop. We will probably do the territories through a video conference.

Of course, we're probably going to be talking to some of our trading partners in Ottawa, from some of the embassies; but besides those, we'll also be getting many submissions from the general public. I think last week we had 6,000 and on the weekend it was 10,000, and I think it's up to 15,000 now, so there is a lot of interest out there, and that's good.

We've extended our deadline to the end of June because there's such an uptake. What will happen then is that our analysts will go through those submissions over the summer. These have to be translated and put together for us to go through them upon our return in September.

We are probably also going to do central Canada this spring and then probably Atlantic Canada in the fall.

This is a very ambitious task that we're embarking on, and we're hoping to have our report ready for the House of Commons before the end of the year. That would bode well for the House of Commons, because MPs will want to look at this before we vote on the agreement, which will probably be sometime in the first part of next year.

It would also work well because we'll be more in step with where the Americans are going.

With us on our committee, we have members from right across the country. Yesterday, I started with those from west, but I'll start with those from east today. I'm from the farthest east on our committee. My name is Mark Eyking and I'm from Cape Breton. We have Karen Ludwig and she's from New Brunswick. We have two members from Quebec who are back holding the fort in Ottawa. We have Mr. Lametti and Madame Lapointe. Then we have four members from Ontario, two from the Toronto area, Mr. Fonseca and Mr. Peterson, and we have Madam Ramsey from the Windsor area and Dave Van Kesteren from the south, down in the Leamington area. Of course,

we have two westerners with us, Mr. Ritz and Mr. Hoback from Saskatchewan. We're from right across the country.

**An hon. member:** There's one more, Mr. Chair.

**The Chair:** We have Mr. Dhaliwal from British Columbia. He set us off yesterday.

I'm sorry about that, Mr. Dhaliwal. I have to watch my notes more closely.

The way we're doing it is that we have four panels and we usually have three groups presenting to us on each panel. Then we try to give five minutes for each member to ask questions and have some dialogue. Yesterday it went really well in British Columbia.

That said, we're going to start with our witnesses. We have with us today the Alberta Beef Producers, the National Cattle Feeders' Association, and the Western Barley Growers Association. You're the first panel.

Gentlemen, who wants to start, the beef producers? I'm sure all members here had a good steak last night.

Rich, you may go first for five minutes, sir.

**Mr. Rich Smith (Executive Director, Alberta Beef Producers):** Thank you.

On behalf of Alberta Beef Producers, I thank you for the opportunity to make a presentation to you today. Being a somewhat uncommon second-generation Calgarian, I welcome you to Calgary today.

A lot of what I will be saying I'm sure you will hear from others of our colleagues across the country, and Bryan and John this morning, but I wanted to bring you a bit of an Alberta perspective.

Alberta Beef Producers is the democratic and representative organization that speaks and works on behalf of close to 20,000 cattle and beef producers from all sectors of the industry—cow-calf, backgrounding, and cattle feeding—in Alberta. We are an organization of producers, run by producers, working for producers.

With all respect to our colleagues in other provinces, we see Alberta as one of the dominant parts of the Canadian beef industry, with 40% of the cows in Canada, 70% of the cattle-feeding capacity, and 70% of the beef processing and packing capacity. We are the largest single commodity in the Alberta agriculture industry, representing over \$4 billion a year in farm cash receipts out of a total of about \$12 billion. A third of the farm cash receipts in Alberta come from our industry. Agriculture is the second-largest industry in Alberta, and we think of it as our largest renewable industry as well.

Trade is vitally important to producers in Alberta. Certainly trade is important to the Canadian beef industry. About 36% of Canadian beef is exported. From Alberta, between interprovincial and international exports, 86% of the beef is exported out of this province. You can see that trade is important to the whole industry, but for us it's absolutely vital.

We also look for diversity in trade. Three-quarters of the Canadian exports go to the United States. The United States is our largest and best customer, but it's certainly not healthy for any industry to be so dependent on a single export market.

We see the same challenges in our industry that the oil and gas industry faces. The recent Alberta budget talked about the differential of \$15 a barrel between the price of Western Canadian Select oil and West Texas Intermediate oil. In the beef industry we face a similar differential. We call it "basis", the difference between the price here and the price in the United States. Certainly many factors contribute to the basis, but having more markets and broader access to markets certainly tends to reduce the basis.

For many years, the past seven years, a primary priority of our industry was the repeal of the country of origin labelling legislation in the United States. That was costing our industry close to a billion dollars a year. We spent seven years and \$4 million in legal fees on fighting COOL. We certainly appreciated the support we received from federal and provincial governments, the previous government and the current government, with support on COOL. Of course we celebrated with the repeal of COOL in December, and want to be sure we retain the ability to impose retaliation if the United States starts to go down that path again.

With COOL repealed, then of course we're looking to broader horizons west and east—east to the Comprehensive Economic and Trade Agreement with Europe, and west of course to the topic of today, which is the Trans-Pacific Partnership.

The Canadian cattle industry and the Alberta Beef Producers strongly support the Trans-Pacific Partnership agreement, and we want to see ratification of the agreement quickly. We believe ratification of the agreement here will continue momentum towards implementation of the agreement more broadly. Furthermore, if Canada ratifies the agreement, we think it will put us in a stronger position if other countries start to waver in their support for it or try to look at making changes.

Japan was our primary target in the TPP agreement, and really the big win for the Canadian beef industry, because the TPP would put Canada back on a level playing field in Japan with our primary competitors, the United States and Australia. We see it as being very good for the industry and very good for Canada.

Australia has a free trade agreement with Japan. This has created a significant competitive disadvantage for our beef. From 2014 to 2015 there was a 9% drop in the value of our exports to Japan and a 24% drop in the volume of our exports to Japan. This was as a result of the advantage of other countries with that free trade agreement. Without the Trans-Pacific Partnership or some other agreement with Japan, we'll see a continued decline in our exports there.

With the TPP, we believe we could double or triple our exports to Japan to the order of \$300 million a year, which would represent a 10% increase in the value of our exports.

• (0910)

Without the TPP or some form of bilateral agreement with Japan, we could lose 80% of the value of our exports to that country. It is a very critical market for us, and we need to continue to be able to be competitive there.

Certainly, there is concern that the TPP might not be implemented and uncertainty over the U.S. position on it. As a result of that, we think that Canada also needs to continue to work towards a bilateral trade agreement with Japan. We started work on a free trade agreement in 2011. We would like to see that continue.

Thank you.

**The Chair:** If you have a final comment....

**Mr. Rich Smith:** Yes, I do have a final comment.

I want to thank you again for the opportunity to present today. I appreciate having the chance to tell you about the Alberta perspective on it and make sure you understand, as I am sure you do, how important the Trans-Pacific Partnership is to the prosperity of our industry and, we think, the future prosperity of Canadian agriculture.

Thank you.

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

I see we have some audience here.

We're going to move over to the Cattle Feeders' Association with Mr. Walton and Mr. Weekes.

**Mr. Bryan Walton (General Manager, National Cattle Feeders' Association):** Thank you, Mr. Chairman. It's nice to see you here from Atlantic Canada. Maybe we can do a little surf and turf after we're done today.

A bit of what I'm going to say was touched on by Rich Smith, so there might be a little repetition and maybe some reinforcement of points made. Thank you for coming to Calgary.

My name is Bryan Walton. I am the general manager of the National Cattle Feeders' Association. Our members are provincial cattle feeders associations across the country, essentially the feedlot operators. I'm joined today by Mr. John Weekes, who is working with the National Cattle Feeders on trade matters and providing us advice on things such as the TPP. Mr. Weekes is a former Canadian ambassador to the WTO and was the chief negotiator on NAFTA. We get good advice from Mr. Weekes.

To reinforce what Mr. Smith has said here, you are in the heart of cattle country. Between Alberta and Saskatchewan, we have about 80% of the beef herd in Canada. In this province of Alberta, we have about 70% of the cattle on feed. The second largest feeding jurisdiction in Canada is Ontario, with 23% of the fed production. The cows from the ranches that Rich represents come to the feedlots from across the country. Those cattle are in turn shipped to the big plants: in Ontario to Guelph, in the West to Cargill Meat Solutions in High River, and JBS in Brooks. We're pleased to see that a fourth plant, a large plant, is expected to reopen at Balzac some time in July. That's called Harmony Beef.

We also ship live cattle to the United States. A significant part of our production does go to the U.S., but nationally the beef industry counts for about \$33 billion in sales of goods and services. We have an integrated system that's been built over a generation. We have a natural advantage with grass. Cattle produced on land that might not otherwise be used, and is unsuitable for cropping, is where it starts. We have the climate, we have the grass, we have the infrastructure, we have the know-how, and the genetics. We have the plants, and now we just need those export markets and market access. That's why this agreement is so important to us. We think we have a great opportunity to excel. We are a sustainable industry, and we are renewable. Put all of that together and you can see why the TPP represents such an enormous opportunity for Canada and Asia. Mr. Weekes will explain that in a bit more detail. I can tell you that you should be proud of this industry, as Canadians, because we're world class. We're innovators, and we are employing modern technology in the production of cattle in Canada.

I thank you for your attention. You have a copy of our written brief that was submitted in advance.

John.

• (0915)

**Mr. John Weekes (Trade Consultant, National Cattle Feeders' Association):** Thank you, Mr. Chairman.

Let me make just a couple of additional points. One that I thought I might make is to say something about implementation of the TPP in the United States, because that's been a source of a lot of speculation. Until about two or three weeks ago, I thought it was quite unlikely that the TPP would be approved in the United States this year. Then I went to a conference in Cleveland about 10 days ago, and I talked with some Washington insiders, mostly lawyers, who used to be senior people in the administration. They believe that the chance of the TPP being passed in the lame-duck session of Congress later this year is greater than 50%. I found that quite surprising. I can go into some of this in more detail about what this might mean, but I won't in my initial comments.

I think this is something that Canadian policy-makers should take into account when we're thinking about our approach to the TPP. This may mean that various things will happen later this year, including the United States starting to go around to see how their partners are going to implement it, really looking at how they will try to deal with the problems identified by various congressmen with the existing agreement. I think we need to have our response ready in terms of how we'll react to those sorts of approaches.

This is a classic situation of what happens in competitive trade liberalization. Competitive trade liberalization is a phrase that's been coined to describe what goes on now in the world of trade negotiations. It used to be that we did all of this in the GATT, and then the WTO. Everybody was negotiating at the same time; everybody got the same result at the end. The playing field was relatively even between different players, insofar as market access was concerned. However, now we have a situation, which has been going on for over a decade, in which major trading countries are all rushing to try to negotiate agreements with their major partners that will give a preferential advantage to their suppliers. This becomes a game in which you're either ahead or you're behind.

You've heard some description here about the problem that this poses for the beef and cattle industry. Barriers are still very high in the tariff world in a lot of agricultural products. In Japan, for instance, if its 38.5% tariff on beef comes down very substantially, as it would under the TPP, we would improve our chances for better access to that market. It's a real opportunity. If, however, we don't go along with TPP and our other partners do, then they'll all be getting these advantages and we won't. Our industry will be at a significant competitive disadvantage in the Japanese and other Asian markets.

**The Chair:** I'm sorry, but you're going to have to wrap up. Your time is well over.

**Mr. John Weekes:** I will just say that I also think that working on TPP gives us opportunities for improving the management of a number of files with our two North American partners, and also, of course, in planning the next steps beyond TPP. If we're part of it, we're part of the planning team. If we're not, it's a little hard to be in the game.

**The Chair:** Thank you very much, both of you, and especially for your insight on what's happening down in the States. It's very concerning for us, to say the least.

Now we're going to go over to the barley growers.

Mr. Robertson, you have the floor for five minutes.

**Mr. Doug Robertson (President, Western Barley Growers Association):** Good morning.

My name is Doug Robertson. I'm a farmer from Carstairs, Alberta, and the president of the Western Barley Growers Association. Thank you to the committee for our opportunity to present.

This year will mark our 40th anniversary as a farm organization that concentrates on marketing, trade, and other policy initiatives that concern farmers in the ag industry, especially on the prairies. We're voluntarily funded by a membership of farmers. In 1991, we founded the Alberta Barley Commission in order to expand the use of barley in Canada and encourage increased exports.

We have a great interest in the ratification of this TPP agreement. It's no secret that the Western Barley Growers would prefer to have a comprehensive world trade deal in place. Since that seems elusive, we've encouraged past free trade agreements that Canada has made, which increased agriculture's access to the world markets. Canada is a trading nation. We must export to survive. In fact, we're the fifth largest ag exporter in the world.

Some critics of this TPP agreement have suggested that we already have enough FTAs and we can get by without a more comprehensive agreement like the TPP. We would point out that not only does the TPP enhance our existing FTAs, but our major competitors in the growing Asian market, like Australia and the U. S., already have preferential access, as has been mentioned, and we don't have that. Without the TPP, Canada would be at a bigger disadvantage than we already are in these markets.

We face high tariffs and barriers, not just for barley and other crops, but for our meat exports as well, as you've heard. The WBGA has always been a big supporter of adding value to our crops, which adds jobs at home and revenue from the increased value over the raw material price.

Asia uses a lot more barley in its food than we do in North America, and food use for barley is an important addition to traditional barley markets. This agreement would encourage this expansion by lowering food barley tariffs in Japan by 45% over the next eight years. This is a high-value market and it keeps and expands processing jobs in Canada.

Until now, it's been hard to get prairie farmers to grow a lot of food-grade barley because of the small market for it. This agreement could change that. Health Canada has said that North Americans should be eating more barley in their diets for health reasons, and having additional food barley being produced to meet the established demand in Asia also makes it more available for more products in the North American market.

On the malting side, in Japan both roasted and unroasted malt quotas increased to 4,000 metric tons on the roasted side and 89,000 metric tons on the unroasted malt side. This is good news for our malt barley growers and our malting industry in Canada.

On the feed barley side, Japan typically imports about 250,000 tonnes from Canada per year, but this has been under pressure from our competitors who have better access than Canada does. Canada currently pays \$113 per tonne tariff on feed barley going into Japan. This would drop to \$0 when the TPP is implemented. Not only would this tariff reduction make Canada more able to compete and regain market share that we are losing, but it would increase the value of that feed barley up to \$25 million per year.

On the other hand, should we fail to implement the TPP, we would see at a minimum the loss of 50% of current sales of barley into Japan, valued at over \$50 million. That loss is not easily recoverable, especially since some of our main competitors are already TPP members who already enjoy freer access to Japan than we do.

On the feed barley side at home, the TPP would pave the way for increased barley feeding, especially for pigs and cattle. Trade restrictions in the past have really hurt our pork and beef industries. Having a healthy livestock industry in Canada means that off-grade grains, grain waste from processing, and feed grains can be used to add value to that grain through livestock, as well as providing jobs and additional buyers for our crops. Their ability to export their meat products keeps both of our industries healthy, and they are the largest feed grain buyer in our market right now.

The TPP agreement would enhance their access into the growing Asian market. In Japan alone, improved access for our processed

pork and beef adds from 400,000 to 500,000 more tonnes of feed barley use in Canada, worth \$100 million. That benefits both grain and livestock producers.

In conclusion, agriculture in Canada is a critical industry contributing \$100 billion to the country's annual GDP, and one in eight jobs is ag related. Canadian farmers have consistently expanded their production to meet export opportunities when they arose, and the TPP is a great opportunity, which I know we as farmers would be happy to meet.

• (0920)

Ratification of the TPP will ensure the economic health of Canada well into the future, and will encourage future FTAs as well, as has been mentioned.

Trade is something else that I feel is important. It's kind of hard to justify fighting with countries you have trade deals with. I believe that peaceful relationships in this world start and continue with trade.

Thank you.

• (0925)

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

I thank all the witnesses for your briefs.

Now we're going to go into questioning. Our question and answer session is five minutes per member.

We're going to start off with the Conservatives, Mr. Ritz, who is no newcomer to agriculture, to say the least. He knows his file.

Go ahead, Mr. Ritz.

**Hon. Gerry Ritz (Battlefords—Lloydminster, CPC):** These gentlemen have forgotten more than I've ever known.

It's great to see the full value chain represented at a panel, because you guys are very synergistic in the way you work. You raise the cow calf, then the barley comes together under the feed lots, and of course then we sell the product overseas. I think that also speaks to the point you made, Rich, on diversity and trade. You talk about our tendency over the years to slide everything south. They had the processing capacity and they sold out the finished goods, but we're seeing some of that change now. We're pulling away from and starting to do more development on our own. I think that's a good thing, but it does take trade deals like TPP, CETA, and so on to make that work. It draws the investments to us for more processing.

You talked about the plant at Balzac opening. I know they're looking with interest at the Japanese market. Of course, everything for Japan has to be age-verified. Sunterra has a Japanese investor I think, and Harmony is looking at that as well. It's important we get this right.

We heard from a few folks so far in different panels that if this were only about tariffs, they'd have no problem supporting it, but the devil is in the details on a number of other clauses. You and I know, and Doug you mentioned this, that rules-based trade is what keeps friends as friends. It's like a good fence. The negotiations on TPP certainly are about tariffs. That's the front line. How concerned are you about non-tariff trade barriers as we saw with country of origin labelling? There are a lot of other issues in TPP, and John you would have seen this too in your negotiations on NAFTA.

How much of a concern is it to you to get beyond the tariff walls and make sure that we have good science-predictable, rules-based trade?

**Mr. John Weekes:** As we note in our brief, there have been advances made in this agreement in the area of technical barriers to trade—which are really product regulations and sanitary and phytosanitary measures, which are the same thing, but in the agriculture sector—which quite often have arisen for reasons that are a bit suspect. They're supposed to be based on science, or for the genuine protection of human, animal, or plant health. We think, in certain cases, countries have been tempted to put in place barriers that are more designed to shield their domestic market than meet these legitimate objectives.

We think this agreement moves in the direction not of taking away the right to regulate, but of making it more likely that the regulations that are put in place are designed to achieve their objectives and not inadvertently designed to be protectionist. That's a very important aspect of this undertaking.

**Hon. Gerry Ritz:** Absolutely.

You also talked in your response, John, about being in the U.S. and meeting with former Washington insiders, who think there's an opportunity. I've had those same discussions with my former colleague Tom Vilsack and a few others I stay in contact with down there. I'm of the opinion that it's going to take other countries...and I've had discussions with the Mexicans, Japanese, Australians and New Zealanders. They are all bringing their products forward, hopefully this spring. Japan may be backing off a little, but everybody else is in process.

Is it important for Canada to do the same thing, so that we put pressure on the U.S. to move forward?

**Mr. John Weekes:** Again, on this, I've sort of swung... I've begun thinking that the idea of waiting until after the United States goes certainly makes some political sense in Canada, because you don't have to bite the bullet until you actually see what's happening south of the border.

**Hon. Gerry Ritz:** Well, the cat is out of the bag already, though.

**Mr. John Weekes:** I think you can make quite a strong argument that if we view ourselves and want to be viewed as a Pacific nation and as a country that's really interested in liberalizing trade in the area, then why are we waiting until the United States implements it? Why don't we go ahead and do it ourselves, if that's what we want to do? Why don't we show that's our intention, that's where we stand?

If the TPP then does not go through in the United States, I think that would put us in a much stronger position for picking up the pieces, with Japan, for instance—

**Hon. Gerry Ritz:** I agree.

**Mr. John Weekes:** —which buys, by the way, more agrifood products from Canada annually than the entire European Union.

**Hon. Gerry Ritz:** It's a premium market.

The other two clauses that are quite interesting to most people are the separate labour and environmental clauses. Agriculture relies on a good strong labour base and also has a great story to tell on the environment. The footprint is a lot lighter now than it ever was before.

Are you concerned about labour standards in an agreement like this? I mean, a high tide floats all boats, and where 80¢ an hour is a good wage in Vietnam, of course, that doesn't even buy you a coffee here. The idea behind those labour standards is to make sure that everybody is trading at the same level, and it's going to raise the labour standards in Vietnam, not lower ours.

• (0930)

**The Chair:** Sorry, your time is up, Mr. Ritz. If you want to finish up answering in the next round, that's fine.

The time is up, so we'll have to move over to the Liberals and Mr. Dhaliwal.

**Mr. Sukh Dhaliwal (Surrey—Newton, Lib.):** Mr. Chair, one thing I'd like to add to my introduction is that this is the city that 32 years ago welcomed me to Canada. I came here speaking very little English at that time, and this has been the place of birth to two of my three children, and also my second degree in engineering and post-grad diploma were from here.

**The Chair:** Well, it was a good omen.

**Mr. Sukh Dhaliwal:** I'm happy to be back here.

My question goes to Mr. Robertson.

My concern is about small family farms, because bigger companies can protect themselves. I would like to know your view on how they will be able to benefit from this TPP agreement.

**Mr. Doug Robertson:** I think there's a great tendency when we talk about farming anywhere in Canada to try to split off these nasty corporate farmers. I haven't met any of them yet.

About 98% of the farms in Canada are family farms; they're run by families. They may be bigger farms, but they're still run by families.

The same concerns that drive a small family farm, of say 500 acres, which in Alberta would not be economically possible to run, drive those larger farms. There's an extreme need to try not to make a mess because you have to sell that land again if you do go broke.

Farmers are a couple of things. Farmers are really cheap. This always gets a laugh from the green groups who claim that we're over-spraying things and over-applying things, but I guarantee you that farmers don't put a dollar more on the land than they have to. In fact, we cheat. We try to put on 75% of the label amounts. We try all kinds of things to put as little input money into getting a living as possible.

It's expensive to do this work. When it comes to dealing with our livestock, we try to treat them as well as possible, because mistreating livestock costs you money too. Their performance goes down, and it really costs you money. I think if more environmental groups understood that I, as a farmer, cannot afford to abuse what I've been given to work with....

I've found, actually, that bigger farms have been able to hire more people to do the work for them because they have more acreage for staff to cover. The smaller farmer is doing that on his own. He's out there walking the fields, looking at his own weeds.

We're starting to get to the place where these kinds of technicians you can hire are getting relatively inexpensive for what it costs to do the job right. Most small farmers now are using exactly the same technology; they're just using it on a smaller number of acres.

I'm not concerned about the difference between the two of them. The concern I have is about making agriculture unaffordable through regulation. That's what really concerns me. Trade agreements have a tendency to open things up rather than close them up. This is the problem that we've had in the past. It's been talked about, especially under the table. Europe has a tremendous number of unassigned trade barriers. We've taken them to court and we've beat them in court, and it didn't matter anyway.

Smaller farmers actually have more to lose from not getting a good trade agreement than I think the bigger ones do. Bigger farmers have a little more manoeuvring room, and bigger farms tend to be in the better producing areas. Where I'm producing, I'm an hour and a quarter from Banff, which is great for skiing, but it's really crappy for growing crops. I have to get a crop in 90 days, so I can't afford to mess around.

That's the reality of what we're dealing with.

● (0935)

**Mr. Sukh Dhaliwal:** To the whole panel, do you have any concerns about limiting food labelling? I ask because other countries say that their standards are equivalent to Canadian standards. Would that be good enough, or do you think we should go further on those?

**The Chair:** The answers will have to be quick. You only have a half a minute, Mr. Dhaliwal.

**Mr. Bryan Walton:** I think labelling should deal with the ingredients and food safety issues. I think if it's not going to be an impact for human health or the consumer, then I'm not sure that extreme labelling beyond that is necessary.

**Mr. John Weekes:** We've just been through a lengthy labelling dispute with the United States on beef and cattle, so we've experienced how it can be abused to restrict trade.

**Mr. Rich Smith:** From our perspective, we don't believe labelling should be a trade barrier. One of the misconceptions with country of origin labelling is that we're opposed to labelling beef as Canadian beef, which we're not at all. When we sell beef in other countries, we're proud to call it Canadian beef. The way that country of origin labelling was implemented, it was implemented as a trade barrier, not as true labelling.

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

Mr. Robertson commented about some people saying that farmers were cheap, but my dad said, "They call us cheap, but we're just thrifty". It's a different word. I don't know if it changes or makes a difference, but yes, we're thrifty.

Okay, we're going to move to the NDP for five minutes, with Ms. Ramsey.

**Ms. Tracey Ramsey (Essex, NDP):** Thank you for your presentations. I also represent a rural riding with many farmers in it. I appreciate the work you do and the effort you put into being stewards of the land and ensuring not just that you're frugal but that you're leaving the land and the environment in good shape when you're done with it. I thank you for that.

I think this morning it's been touched on that trade deals have changed dramatically from where we were. The concerns in this deal aren't around the tariff reductions that would obviously benefit your sector, and we see that. We know the opportunity is there for the beef industry. That's been clearly highlighted to us on numerous occasions. We do recognize that for your particular group it would be a positive thing to sign the TPP. But of the 30 chapters in the TPP, six are really about trade in that traditional sense where we talk about removing those barriers and reducing tariffs.

I want to speak a little bit about the studies we have currently. We don't have a study from Global Affairs Canada. By their own admission, they don't have one available. When we're looking at economic impact studies on Canada, we have a few that we can reach to. One of them is from Tufts University, which shows 58,000 job losses.

I wonder if you could speak a little bit about how many people are employed in your sector and what opportunities you see for employment, with the understanding, of course, that spinoff jobs could be created from the work you produce.

**Mr. Bryan Walton:** As a global number, I guess, in Canada our industry is directly or indirectly responsible for 228,000 jobs. As I said, the important thing to remember here is that it's an integrated industry, and an impact on one element of the supply chain can ripple across the others. We're challenged by getting labour in our meat plants here and that affects cattle feeders, because it disrupts our ability to get the cattle, or we're held back because they can't process it at the level they need to. That affects us.

In terms of jobs, I alluded to the Balzac meat plant. The construction of a meat plant is a rare event these days. We're down to three large plants, or four, we'll say, as there are some other small ones, but these are federally inspected plants. That Balzac plant will have a direct impact on unemployment of about 300 to 400 jobs, so that's positive. It's also about moving product offshore, reducing our dependency on the United States. As was mentioned, it's not only for Japan. The operators of that plant will be looking at Europe as well as the other plants in the country. If they can move product to more markets, that means more employment opportunities.



**Mr. Rich Smith:** The Canadian agriculture industry is chronically short of labour. The shortage is probably most acute in the processing plants, but it goes right through the farming and ranching sector. We're missing opportunities now because of lack of labour. Our ability to prosper as an industry will increase significantly the amount of jobs that are available and will increase job opportunities for Canadians.

● (0940)

**Ms. Tracey Ramsey:** You've mentioned some numbers that you think would be potentials in going into the Japanese market. It's interesting, because the positive that we hear from folks is really about that access to Japan, right, and that need for, if not this agreement, then a bilateral agreement, which may make more sense to have with them versus the Trans-Pacific Partnership.

When you talk about that access and those numbers, you're saying that you would have an increase of a certain amount or hundreds of million of dollars in access. Do you have a study that you're basing those figures on or is that just based on your market knowledge?

**Mr. Doug Robertson:** Speaking from any numbers I gave, mine are based on market work that we've done through the Alberta Barley Commission, through the different grain organizations, and now with the Barley Council of Canada.

We're constantly looking at any of these agreements to see if they are positive for our industry. We're not going to support something that doesn't do something for agriculture.

But the critical thing, I think, is the following concern that we're now running into. We're seeing Bill 6 in Alberta, for example, which is supposed to help agricultural labour, but it's really scaring a lot of people who are employing agricultural labour, because the rules aren't set out. If you have unsure rules and unsure situations, it really messes up an industry, and it cascades down through the whole industry. That's why good, clear trade rules and good, clear trade agreements are important. I think we have a chance here to put some better rules in place, and that's basically why we're supporting this.

Japan is terrible for having lots of neat little things that keep our products out of its market, just to protect its own domestic industry. It's bad that way.

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

The time is well over, Ms. Ramsey, and we have to move on now to the Liberals.

We have Mr. Peterson, for five minutes.

**Mr. Kyle Peterson (Newmarket—Aurora, Lib.):** Good morning, gentlemen, and thank you for being here and participating in the panel. I find it insightful and informative so far.

I have a few questions, not surprisingly. I'm going to start with Mr. Smith.

You mentioned the decline in your market share in Japan from 2014 to 2015. I think you said there was a 9% drop in value and a 23% or 24% drop in volume.

I take it Australia picked up that market difference, or were there other factors at play?

**Mr. Rich Smith:** I believe most of it was a result of the free trade agreement Australia has and the tariff advantage it provided to Australia. When we look at the potential benefits of the trade, I think part of our information goes back to history and the values of exports that we had before there were disadvantages based on tariffs and other market restrictions.

**Mr. Kyle Peterson:** Thanks for that.

With those numbers—you said there was a 24% decrease in volume, but only a 9% decrease in value—I take it that the Japanese market was more profitable over those two years as well.

**Mr. Rich Smith:** One of the great advantages of export markets is the ability to sell products to an export market for greater value than you would receive selling those products within North America—taking each cut of beef and selling it to the best market for that cut. Japan and the Asian markets represent very good markets for cuts of beef that aren't as valuable here. That's one of the significant benefits, and that's why there was a greater drop in volume than in value.

**Mr. Kyle Peterson:** It seems like a lucrative market for you.

Now, I have some concerns about the declining cattle herd in Canada, in Alberta. We have heard of this from panellists and from other information sources. If the TPP comes to fruition and there is that great market for you, are you going to be able to meet those market needs?

**Mr. Rich Smith:** Certainly we are concerned about a declining cattle market, and the other members of the supply chain, the processing and feeding sector, are concerned about that too.

I think reversing the decline in the cattle market—and we hope that it is starting to take place right now—is based on overall economic factors, one of which is increased export market access and reduced basis for cattle. That encourages people to take a longer-term view.

What is happening is that we are seeing younger people who were not coming into our industry starting to see a bright future in the industry. These are people who like the industry but simply weren't coming back to farms and ranches, or acquiring farms and ranches, because they weren't certain about the economic future. Stronger prices—and part of that signal is increased export market access and agreements such as the TPP—will encourage people to raise more cattle.

We have a large land resource and the ability to raise the cattle, if the market signals are there.

● (0945)

**Mr. Kyle Peterson:** Okay. Thank you.

Turning to Mr. Robertson, can you give me an idea of the size of your market? You didn't really mention the size. Coming from Ontario, I'm not necessarily aware of the size of the western barley market.

**Mr. Doug Robertson:** It depends on which province you're in, but I think between Alberta and Saskatchewan we're probably about 90% to 95% of the total barley market in Canada. Saskatchewan has been expanding mostly on the malted side. Malting barley is mostly what Saskatchewan has always grown. Saskatchewan's climate works better with warmer weather stuff like wheats and lentils and pulses and things like that. Barley likes it a little bit cooler, so Alberta is absolutely the prime place to be producing barley.

This why I mention the States. They don't grow a lot of barley in the States because it's too hot, not just because corn is ridiculously easy to grow in the areas where they can grow it. There's quite a good market down into the Pacific northwest for barley, into dairies and things like that, that we have not been able to access in the past.

We have to get better north-south trade routes working. We have a terrible railway agreement right now. We're especially having a heck of a time with CP this year—I don't know what they're doing—but we need to get that figured out and fixed. We need to put our railways a little more under our thumb here for underperformance. Let's call it that.

**Mr. Kyle Peterson:** Okay. I—

**The Chair:** That's it, Mr. Peterson.

**Mr. Kyle Peterson:** Okay. I'll let that go.

Thank you, gentlemen.

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

We'll move now to Mr. Fonseca for five minutes.

**Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.):** Thank you, gentlemen, for your presentation.

What I love is that you're fully integrated, that you came here together as a team and talked about your strategy and the investments you've made over the long term and the jobs you've been able to create in that value-added chain. Rarely do we see this, that a sector comes in like yours together, joined as a team, and is able to put forth your vision and how that would help Canadians with jobs and with growing a great industry. I think that was terrific.

With that diversification—and here I'm moving away somewhat from the United States, following up a little on what Mr. Peterson was asking you, and not understanding the industry well—what is your capacity? What do you see as your capacity?

Does anything get left on the table back in Canada, or is everything sold to the United States, around the world, and exported? Where do you see that growth?

**Mr. Rich Smith:** The things that get left on the table are cattle coming to the processing plants and the utilization rates in the processing plants.

Partly as a result of shortages of cattle and shortages of labour, but also market access elements as we expand the market access here, our processing plants are able to compete more aggressively for cattle against plants in the United States that might be taking cattle south.

We're not leaving meat on the table once it's turned into beef, but we're not taking full advantage of the opportunities to turn cattle into

beef and full advantage of our value-added opportunities. At the plants themselves, due to shortages of labour, there are certain cuts they're not able to produce because they don't have labour that's able to do those cuts. We're leaving opportunities not fulfilled in that area.

**Mr. Peter Fonseca:** Could you explain to me why in your trade with Japan, with the extremely high trade tariffs they have right now and non-tariff types of barriers, the Japanese want this Canadian beef so badly?

I can tell you, we had some great steaks yesterday at the Alberta Hotel, and they were mighty tasty. We looked on the menu, and they were actually promoting the Alberta beef, and they talked about the exports. We thought you were doing a plug on us, some marketing.

What is it about Japan and the Canadian beef?

● (0950)

**Mr. Bryan Walton:** It's a high-quality product. They recognize high quality and they're prepared to pay for it. That's why it's a lucrative market. It's the jewel in the crown in this agreement.

Another thing that hasn't been touched on here is that if the TPP is implemented, which we're hopeful of, other countries like Korea may come knocking on the door. Korea was the fourth-largest market for us before BSE hit, and Indonesia, and then China, but China's a different ball game. Those are big and lucrative markets. We can't be the top shipper in every market, but we can do a good job. We have the best beef in the world, and even our competitors will admit that.

**Mr. Peter Fonseca:** Bryan, a 2015 publication on the CCA website identified both Vietnam and Malaysia as potential markets in the beef industry, but in the past neither country has been a significant beef consumer, so why do you say that would be an untapped market that you think—

**Mr. Bryan Walton:** I think with Vietnam's 89 million people, income is on the rise and that it's an emerging economy. Rising income correlates with more consumption of protein and the ability to pay for what we produce.

**Mr. Peter Fonseca:** That's where you saw Vietnam and Malaysia as opportunities.

**Mr. Bryan Walton:** Did you have anything you wanted to add, John?

**Mr. John Weekes:** No, that's right.

**Mr. Peter Fonseca:** Okay, great.

Mr. Robertson, what subsidies have reduced Canadian barley farmers' access to markets in the TPP countries, and how would the TPP address the barriers created by some of these subsidies?

**Mr. Doug Robertson:** It's more the tariffs they use to protect their domestic industries. As I said, one of the ones we're facing just on feed barley, which is kind of the lowest class of barley going into Japan, is \$113.00 per metric tonne right now, which would become zero. That's a pretty significant whack there.

They're very restrictive on the food barleys, on anything that's considered to be food. It's a real tough slog getting into Japan and a lot of the Asian countries. You have to spend years and years. It's all about relationships. That's kind of what the Alberta Barley Commission has been working on since about 1993, I believe. We've spent a lot of money going over there and trying to develop those relationships. It's a slow, hard slog trying to get into those, but once you develop the relationship, then you can't get in there, because you have the tariff barriers against the food-grade grain.

The good thing is that we have the quality and the type of product they want. There's a difference between what the government's trying to do to protect domestic producers—they don't have a lot of them—and what the industry would like to import.

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

We're going to move over to the Conservatives now.

Mr. Van Kesteren, you have five minutes, sir.

**Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC):** Mr. Weekes, Mr. Ritz asked you a question earlier. I wonder if you could maybe answer that question at this point.

**Mr. John Weekes:** Do you mean the one on labour and environment?

**Mr. Dave Van Kesteren:** Yes.

**Mr. John Weekes:** I have some experience with this because the first trade agreement that we started getting into labour and environment issues was the North American Free Trade Agreement, where it was done in side agreements rather than in the main body of the agreement. I think since that time you can see a considerable amount of progress in putting in disciplines, which have more teeth in them, in terms of both labour and environment—on labour, for instance, referencing the need to respect a number of the international labour agreements, and then, of course, for each country to be respecting the implementation of its own laws.

One important feature of the TPP as compared with the NAFTA is that the dispute-settlement provisions of the agreement itself apply to those areas of the agreement. That's not the case in the NAFTA. The side agreements had their own separate provisions.

I think this is moving in the direction of making it less likely that other countries are going to be able to engage in unfair practices in either labour or environment, to try to steal business from Canada.

• (0955)

**Mr. Dave Van Kesteren:** You were chief negotiator for the NAFTA agreement, and what I'm gathering from you is that we're getting better at this. This is a leading question, and you can tell me whether I'm wrong or not, but is that the case globally?

We always want to have the best deal for Canada, and that's natural. That's your job. But is this something that is evolving throughout the globe so that trade agreements are getting it right more often? I want a real honest evaluation of what we can foresee will be the future for all of us.

**Mr. John Weekes:** Yes, I think these elements are becoming more important components of modern trade agreements.

Let me put it this way. The developed countries, generally speaking, attach more importance to provisions on these matters than do some of the developing countries. It's been harder, for instance, in the World Trade Organization agreements, to get major progress on these issues. But in terms of these free trade agreements and regional free trade agreements, where major developed countries are prepared to open their markets in a major way for developing countries, then they're prepared to take on these additional commitments.

**Mr. Dave Van Kesteren:** To build on that, today we had representatives from mostly small to medium-sized businesses, small family farms, and the dialogue we all would agree is advantageous to all of us. It's something we want to do. The charge, as we've heard repeatedly, is that it's the major corporations that are driving this, that they're the ones who are going to benefit.

Maybe you can just elaborate on that and give the committee some....

**Mr. John Weekes:** When people make that case about major corporations benefiting from this and I ask them in friendly conversations exactly what they mean, normally they seem to get back to the investment provisions of the agreement and the investor-state dispute settlement provisions in particular. As you can see on these provisions—which were in investment agreements before, but were put into a trade agreement for the first time in the NAFTA—we have been making some refinements since then in trying to make it clearer what these provisions mean, to get around any problem with these agreements potentially impeding legitimate regulatory activity by governments to protect their citizens or their environment. You can see in the provisions that are incorporated now in the CETA with Europe that there has been a sea change there. The provisions in the TPP are a major improvement in clarity on this matter, when you compare them with those of the NAFTA.

**Mr. Dave Van Kesteren:** How much time do I have, Chair?

**The Chair:** You're almost out of time.

**Mr. Dave Van Kesteren:** Very quickly then, would it be a fair analysis to say that we're getting better at this?

**Mr. John Weekes:** I'd hate to think we're getting worse. I think the world is getting better, frankly. If you look at the GATT in 1947 and what was included in that and then look at all the agreements that have been negotiated since, we're identifying where more of the problems are. You look at where the trade disputes are, and that's where we have to put more focus on how to negotiate better agreements to deal with those issues. Both our negotiators are getting better and more experienced—and I'll admit that the TPP is an improvement on the NAFTA in many respects—and so are other countries' negotiators. This is really a reflection of what their populations want, of the kinds of agreements that the political process needs to produce. That is the major incentive for the negotiators to do what their political masters and electorates wants.

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

We've been doing pretty well for everybody to get a question in, but we're down to the end on time and we have about four minutes left. We're going to split two minutes between Mr. Hoback and Ms. Ludwig.

Do you want to go first, Ms. Ludwig? Go ahead.

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

Good morning, and thank you very much for being here today.

I'll be very quick. I'm going to ask the questions that have not been asked to have a balance here. What threats and opportunities are you anticipating from imports?

**Mr. Bryan Walton:** You know, if you just start with the North American context, a few years ago we imported almost \$1 billion worth of U.S. beef. We send twice that much south. In that context, we are doing that right now.

• (1000)

**Ms. Karen Ludwig:** What about imports from the Asian market?

**Mr. Bryan Walton:** In terms of imports of beef, we are not too concerned about the Asian market. The Australians are world traders. The Americans are our biggest customer and our biggest competitor.

I think it comes back to picking the market that works best for us. The importance of this is not so much a concern over imports as it is to provide more opportunities for more parts of that animal to go to more places more often, and bring that money back into this country.

**Ms. Karen Ludwig:** Okay.

I have a question for Mr. Smith. You mentioned the difficulty with food processing plants and getting enough employees. How would your sector likely benefit from increased labour mobility, and which sectors would likely benefit?

**Mr. Rich Smith:** Well, all of our sectors of agriculture would benefit from any increased labour mobility, particularly in Alberta. Alberta is a relatively lightly populated province. Certainly the ability of workers from other parts of Canada or other parts of the world to come to Alberta, become employed, and become citizens here would be a great benefit right through the supply chain. It would be noticed first of all at the processing level, because that's where the shortages are the most acute, but right through.

The common misconception is that there are two types of farms—the really small, quaint family farms and the big, arrogant corporate farms. The reality is that almost all farms are in-between. They're family operations. Some of them are quite large, and some of them do require employees.

So labour mobility and access to labour would be a tremendous benefit for our whole sector, right across it.

**The Chair:** We'll have to stop at that. Thank you very much.

Mr. Hoback.

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

Thank you, gentlemen, for being here this morning.

Mr. Weekes, I'm going to take advantage of the fact that you were part of NAFTA negotiations. One of the complaints with ISDS was that it allowed these big multi-corporations to sue Canadians or Canadian governments. How do the new rules in TPP override NAFTA in the form of ISDS?

**Mr. John Weekes:** They're somewhat different. Exactly. I think it's still an open question. You hear about people still examining

implementation issues. I think this is one area where it still has to be clarified, frankly.

In a Canada–U.S. dispute, for instance, if a Canadian company is bringing a case against the U.S. government or vice versa, can they have their choice of doing that under NAFTA or the TPP? Or do they have to do it under the TPP? That's not entirely clear to me. I think it would be useful to clarify that, frankly.

**Mr. Randy Hoback:** With COOL, we used the WTO as the regulator rather than NAFTA.

**Mr. John Weekes:** Well, COOL wasn't an investor-state dispute settlement. That was an intergovernmental dispute.

**Mr. Randy Hoback:** That's right. Okay.

**Mr. John Weekes:** We used the WTO because—well, I can't say why, as I wasn't an official—the WTO dispute settlement process, backed up by a team of legal experts in the WTO secretariat, tends to work better, frankly, than the dispute settlement processes under bilateral agreements.

**Mr. Randy Hoback:** Then again, it comes back to saying that there is a mechanism to settle these disputes without these trade agreements. Mr. Robertson talked about some of the non-tariff barriers and other barriers they have in Japan. Right now, we have no really strong dispute settlement mechanisms other than government-to-government ones. Is that fair to say?

**Mr. John Weekes:** Yes, except for the investment provisions. Of course, there is this choice a government has between whether they're going to use the WTO or a bilateral agreement.

If you're going to the WTO it has to be about a dispute that's covered by the WTO provisions. If it's one of these new provisions in TPP, for instance, then obviously you'd have to use the TPP because you can't litigate something if it's not part of the system.

**The Chair:** Thank you.

It was a good panel, and it was a good dialogue. We ran about 5 minutes over the time. On that point, I don't want to cut into the next panel. We're going to have a short break of 10 minutes at the most, and then we'll get back to it.

Thanks again, folks, for coming and presenting here, and good luck with what you're growing.

• (1000)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1015)

**The Chair:** We're starting our second panel here this morning in the wonderful province of Alberta.

For anybody who has just joined, we are the Standing Committee on International Trade from Ottawa and we're travelling across this country. This is our second stop. We were in Vancouver, British Columbia yesterday and we're going to try to do every province within the next few months. We are also going to do the territories, probably via satellite from Ottawa.

The other thing is that we are hearing witnesses in Ottawa but also from Canadians across this country who can give us submissions up until the end of June. We'll be analyzing and putting them together so we can see them all in the fall when we go back. We're trying to get this report done this year; it's an ambitious report. Trade is so important to Canada and it affects everybody.

We have a couple of housekeeping items. This is like the House of Commons, so we have both official languages. We have headphones on the side if you want them. If you cannot hear us properly, the headphones also help. We have tea and coffee here for anybody who wants some.

When we're in session, you cannot take pictures, but when I hit the gavel in between, you're free to take pictures of whomever.

Welcome, everybody. We're going to start our second panel right now, and each witness has five minutes. With us, on this panel, we have the Alberta Federation of Labour, we have Friends of Medicare, and we have the Council of Canadians.

Welcome, folks. We're going to start off with the Federation of Labour, with Mr. McGowan for five minutes.

Welcome, sir. You have the floor.

**Mr. Gil McGowan (President, Alberta Federation of Labour):** Good morning. My name is Gil McGowan. I am president of the Alberta Federation of Labour, which is Alberta's largest worker organization.

I don't have to tell you this committee has been getting an earful from Canadians. You have been hearing about how the Trans-Pacific Partnership will affect important Canadian industries. You have been hearing about health care and prescription drugs, about intellectual property and environmental protection, and about procurement policies and investor-state provisions. We at the AFL share many of these concerns, but I am not actually going to talk about those concerns today.

Instead, I am going to spend my time discussing an issue that most people are not talking about, but should be. Specifically, I want to talk about how the labour mobility provisions laid out in chapter 12 of the TPP are going to distort the Canadian labour market and seriously undermine the interests of Canadian workers.

Like other Canadians, we at the AFL got our first look at the full text of the TPP in the fall. One of the first things that caught our attention was the section of the agreement pertaining to temporary foreign workers. The way we read it, at the time, the agreement seemed to give sweeping new powers to employers, powers that would allow them to dramatically expand the use of TFWs to displace Canadian workers and suppress wages.

We almost couldn't believe what we were reading, so we reached out to a prominent Canadian labour and trade law firm to ask for their expert analysis. I am tabling that legal opinion for the committee today. I have given copies to your assistants. According to the team of trade and labour specialists at Goldblatt Partners, chapter 12 is even worse than we had feared. Based on their analysis, the effect of the TPP's labour mobility [*Technical difficulty—Editor*].

**The Chair:** Okay, try it again. Go ahead.

**Mr. Gil McGowan:** I'll quote from the legal brief. The effect is essentially "to prohibit Canada from imposing any limit on the number of foreign workers entitled to enter the country so long as they fall under one of the broadly defined categories of workers Canada has agreed to admit".

What are the categories of workers that would fall under the TPP labour mobility provisions? There are four: business visitors, intra-corporate transferees, investors, and professionals and technicians. For three of these four categories, and I quote directly from the TPP text, it says that Canada has agreed that it will not (a) "require labour certification tests" for these workers; and (b) they've agreed to not "impose or maintain any numerical restriction relating to temporary entry".

For the other category, business visitors, and again I quote from the agreement, Canada has also foresworn the right to "impose or maintain any numerical restriction relating to temporary entry".

According to our legal opinion, these constraints effectively remove the ability of Canadian governments to impose a needs test on employers wanting to bring temporary workers into the country. This means that foreign workers covered by Canada's commitments under the TPP will be entitled to take jobs in Canada even if Canadian workers are readily available to fill those jobs and regardless of the prevailing unemployment rate.

Some might say, "Don't worry, it's only four categories. We'll only be taking a few temporary workers", but that's simply not the case. Under the agreement, business visitors are defined as any citizen from a signatory nation, hardly a narrow definition. Similarly intra-corporate transferees are defined as "anyone who has worked for a company in the signatory nation for more than a year, again, hardly a narrow definition. The category of professionals and technical workers is made up of an extremely long list of occupations that includes everything from nurses and lawyers to construction and trades people and oil field workers.

To make matters even worse, TPP-sanctioned workers in all of these categories will be able to have their so-called temporary permit renewed indefinitely, and most of them will be able to bring their spouses, who will also be able to work in the country under similar conditions.

At this point, I want to make two things abundantly clear. First, these TPP-sanctioned workers will not be immigrants. There will be no paths to citizenship for them. We submit that this is not how we build our country and it is not how we should structure our labour market going forward.

Second, it's important to understand that these workers will not fall under the existing temporary foreign worker program. People who know me know that I've been a leading critic of the TFWP. The program's rules to protect the interests of Canadians workers are weak, but at least they exist. With the TPP-sanctioned workers, even these minimal rules, designed to protect the interests of Canadians and stop the abuse of foreign workers, won't apply. Employers bringing workers into Canada under TPP will not have to prove that they've offered the job first to Canadians; they will not have to pay a prevailing Canadian wage; and in most cases they will not have to demonstrate that the workers in question have been properly trained.

The trade lawyers we hired say that there's even some question as to whether Canadian minimum wage and basic employment standard laws could be applied to these workers, because it would be hard to enforce these rules on companies that operate outside Canada. For me, one of the most frustrating aspects of this situation is that the current federal government has signed this agreement and is seriously considering ratifying it at exactly the same time that they say they have announced a comprehensive review of the TFWP.

•(1020)

**The Chair:** Sorry, you'll have to wrap it up. You're over time.

Go ahead, sir.

**Mr. Gil McGowan:** If the TPP is ratified, the TFW program will be the least of our worries. That's because the labour mobility sections of TPP are like the TFW program on steroids. The TPP will take the worst aspects of the TFW program, magnify them, and make them effectively irreversible, because they will be entrenched in a complex and binding international treaty. There won't be any room for redos or reviews. It will be a done deal and a disaster.

We urge you, for the sake of Canadian workers, to reject this agreement.

Thank you.

**The Chair:** Thank you very much, sir, for that presentation.

We'll move now to Friends of Medicare. We have with us Sandra Azocar.

Go ahead, ma'am. You have five minutes.

**Ms. Sandra Azocar (Executive Director, Friends of Medicare):** Thank you.

Good morning, Mr. Chair and committee members. Thank you for allowing us to take part in this very important discussion.

Since 1979, Friends of Medicare have been advocating for an improved and expanded universal health care system here in Alberta and nationally with our partners in the Canadian Health Coalition.

We believe the TPP limits Canadians' ability to find democratic and public solutions to ongoing health care issues, most notably on pharmaceutical costs. The intellectual property provisions for pharmaceutical companies fundamentally subvert the health systems and policies and the role of government in countries with public health care systems like Canada's.

The ability of drug companies to maintain the high prices seen in the United States will be expanded to other countries with public

health care systems. By preventing the ability of governments to bulk-buy drugs, the TPP significantly impedes the ability of governments to manage costs. For example, Lipitor costs a Canadian \$800 per year, but it's only \$15 per year in New Zealand, where bulk purchases and price negotiations have dramatically lowered the price.

Based on estimates of similar provisions in CETA, the patent term extension for time spent in the regulatory approval period will cost Canadians an additional \$850 million to \$1.6 billion in drug costs. Estimates of the additional effect of the TPP amount to \$636 million annually, or a 5% increase in the cost of patent drugs.

From 2007 to 2013, partially as a result of many patents expiring, Canada's spending on drugs slowed considerably. Consider the experience of Ontario's spending on Lipitor. In 2009-10 this single product cost Ontario \$360 million. Once the patent expired and generics were available, the cost dropped in 2010-11 to \$133 million.

Depending on whether the TPP or a very similar CETA is ratified first, drug costs are expected to rise between 5% to 12.9%, starting in 2023. There is little evidence that this will increase innovation and spending on R and D. Though patent rights have been strengthened and expanded through a variety of free trade agreements over the past decade, the ratio of R and D spending to sales has fallen to 5%, well below the target of 10% and the lowest rate since 1988 when this data started to be recorded.

The investment settlement dispute provisions also tie the government's hands in regard to making any regulations to protect or promote the health of Canadians if that might result in the loss of profit for or in interference with the business of mega-multinational companies. For example, corporations might now attempt to challenge drug safety processes and policies.

A recent example is that of Eli Lilly issuing a \$500-million U.S. NAFTA challenge after they failed at the Supreme Court of Canada level to overturn court decisions invalidating drug patents. Eli Lilly claimed these court decisions invalidating patents pursuant to principles of intellectual property law violated chapter 11 of NAFTA. In other words, by turning to the investor arbitration provisions of NAFTA, we're now at risk of having foreign corporate-chosen arbitrators overrule our own Supreme Court.

Aside from the \$500-million tab we may now have to pay for enforcing our own laws, this case might also have a chilling effect on the ability of other pharmaceutical research institutes, manufacturers, and companies in their attempt to challenge patent and exclusivity rights that may not meet the standards of existing intellectual property law.

With every trade deal there will always be winners and losers, but in this case, the losers will be Canadians who rely on health care and prescription drugs. Already, Canada has the fourth-highest per capita drug costs in the OECD and is the only OECD country with single-payer health care that does not include drug coverage. Nearly a quarter of all Canadians are unable to fill their prescriptions and follow their treatment plans because of the high cost of drugs. Only eight years ago, that number was 10%, meaning the problem is already exploding without the devastating effect of the TPP.

Ninety-one per cent of Canadians support a national pharmacare program, and many of the provisions of the TPP will prevent any current or future government from being able to implement one. Almost half of all Canadians are worried about their ability to pay for medically necessary drugs or treatments.

Over 50 years ago, at the birth of medicare, we made a pledge as a nation that no Canadian would ever go without health care because they couldn't afford it. The TPP puts this principle at risk. We hope our presentation better informs our government decision-making.

Thank you.

• (1025)

**The Chair:** Thank you, and thanks for being on time and being concise with your submission.

We're going to move to the Council of Canadians now, with Matthew Young.

Our agenda says that you're a member for the Prairies and the Northwest Territories.

**Mr. Matthew Young (Member, Prairies and Northwest Territories, The Council of Canadians):** That's correct.

**The Chair:** Welcome, and for five minutes, go ahead, sir.

**Mr. Matthew Young:** Thank you. I am Matthew Young, a member of the Council of Canadians.

I saw and heard a lot while fighting in Afghanistan. There was a distinct difference between the reality I saw and what the public was hearing, much like with the trans-Pacific partnership. When I went back to university, I was working three days a week selling insurance and mutual funds. That was during the 2008 financial crisis. I recall the story of a certain investment bank selling garbage investments to the public pension funds and betting against them. As an auditor, I have seen fraud ignored and illegal activity undisclosed. I learned that money changes people's perspective. It's kind of how the Sarbanes-Oxley Act started with good intentions but was weakened by lobbies when it threatened the profit and security investors enjoy.

I recall, while running the back office of a \$10 billion pension fund, the United States threatened punishing taxes on the assets of the Canadian public so that it could get the information it needed to tax American pensioners, while doing little about tax havens.

I'm not here as a soldier, an auditor, or a salesman. I am here as a concerned citizen. I am here to make you aware of the offence to Canadian sovereignty and our rights in the political economy. The TPP is a deal for investors. That's where the money goes. The ultimate issue at stake here is the balance between public protection and private profit. Imbalance in power and access to government has

allowed the interests of investors to pervert the outcomes of Canada's laws and our agreements with foreign countries. Thus the outcomes of globalization have benefited few, harmed many, and done little or nothing to resolve trade conflicts.

If the TPP were expected to resolve trade conflicts, I suppose the Prime Minister would not have publicly asked the Minister of International Trade to focus on resolving the softwood lumber dispute earlier this year. It was negotiated behind closed doors. Most MPs were alienated from the process. Strong corporate lobbying engagement was allowed, and there was minimal access for civil society. One result is the investor-state dispute settlement, which allows foreign companies to sue the Canadian government, which is indirect taxation of the public.

Travelling in Alberta, I have met people affected by fracking, people poisoned and people struggling to keep their land and water in its natural condition. I myself was in a hunting party up near Zama City, where I harvested a wild buffalo in the same place where CN Rail spilled 10 million litres of poison. Regulations to protect the public in Alberta have not been updated to reflect advances in our understanding of the dangers posed by fracking. Quebec put up a temporary moratorium on fracking because it understands the risks and the new science. Quebec is putting public safety before private profit, and now Canadians are being sued through ISDS by Lone Pine Resources Incorporated. The public has a right to protect itself. The public is the only party with the right to choose the appropriate balance between jobs and safety. Political uncertainty has always been part of the model when investing globally. The ISDS is a trick to get the public to insure foreign corporations' investment—it's a fool's deal, in my opinion.

Globalization has positive potential. So far, the outcomes have been extremely lopsided. So to allow the public to re-assert a degree of power in society that is dignified, I have the following recommendations.

The federal government ought to abandon the investor-state dispute settlement in all trade agreements in force and in the future. Until that is achieved, I recommend the federal government commit to pay no damages arising from judgments related to regulatory issues.

The federal government ought not ratify the TPP. I say again, the federal government ought not ratify the TPP.

I recommend amendment to the Canada Business Corporations Act to require all corporations to have a separate audit board. Of course, then opt out clauses appropriate for small business. I think simple majority is too few. This would be a good start toward improving transparency in our system.

My last recommendation is that the Government of Canada reach out to allies, with an agenda of developing consensus for a new vision of globalization that attends to tax havens and corporate secrecy and provides strong protection to the public.

Thank you.

• (1030)

**The Chair:** Thank you, Mr. Young, for being well under time and getting all your points across

And thanks to all the witnesses for your submissions.

We're going to start off the questioning. I think we're going to get all members in there today.

So, we'll start off with the Conservatives, Mr. Hoback, for five minutes.

**Mr. Randy Hoback:** Thank you, Chair. Thank you, witnesses, for coming this morning.

We're probably going to agree to disagree on a lot of things that have been said here among your groups, but you have raised my curiosity about some things, which I'd like to talk about a little more.

Sandra, you talked about generic drugs and how important it is that we get those on the market as quickly as possible to keep our drug costs down. How important is it to get the new drugs that we need, that are going to keep people out of hospital beds, the facilities? Have you done any work on that?

Then, when a company brings in these new drugs, how do you allow them to have the appropriate period to recover the costs in the research and development of maybe six drugs that don't go to market, and all of a sudden they do get one that does go to market. How do you find that balance?

**Ms. Sandra Azocar:** I think you're right. We're always looking for something new that could potentially save a life. The problem that I talked about in my presentation is that the investment in research and development is not there. The pharmaceutical companies made a pledge to invest 10% of their sales in developing new drugs and research and development, but that's not happening. The most that we—

**Mr. Randy Hoback:** You are talking about the Canadian...? I agree that maybe we need more research and development.

I know that in the agriculture sector we changed some rules to allow them to do research and development in Canada. Out of Saskatoon, you look at the biotech companies that are coming, and it's phenomenal.

On the drug side, I don't know it as well, maybe, as you do. My question, as somebody who needs drugs, is that I'm in a situation that I'd love them to be produced and researched and developed in Canada, but in the same breath I want to have access to top-tier drugs from around the world.

If that means we have to allow some protections so that those drugs do get developed, even if they're developed in Japan or another country like Australia, wouldn't that still be beneficial for the society of whole?

• (1035)

**Ms. Sandra Azocar:** That's what I'm trying to get across, the fact that's not happening at the speed that we need it to be happening. When we only have 5% being invested in those new drugs outside of Canada, then it becomes a problem because we're not going to see real movement in our being able to access new drugs. We need—

**Mr. Randy Hoback:** How do you see that move toward our being able to access drugs happening? They're available through TPP and if one is developed in Australia, I assume that Canadians are going to have access to that new drug. Are they not? What's going to restrict them? Is the province going to restrict them?

**Ms. Sandra Azocar:** Provincially, at least in Alberta, we're trying to lower the cost of drugs by bringing in—

**Mr. Randy Hoback:** But you want to lower the cost of health care too, right? When you look at lowering the cost of health care, it may mean you're spending more on one particular drug that saves you from being in a hospital for three weeks.

**Ms. Sandra Azocar:** For sure.

**Mr. Randy Hoback:** Is that not a fair comparison?

**Ms. Sandra Azocar:** But drugs are the highest-cost—

**Mr. Randy Hoback:** Do drugs cost more than hospital beds?

**Ms. Sandra Azocar:** Actually, in Alberta right now, the two highest cost factors in our health care system are drugs and physician compensation.

What we're trying to do is actually be able to provide our populace with the right amounts of drugs so that we can do that preventative work when it comes to keeping people out of hospitals. That has always been a goal. It's not a matter of just cutting the costs of drugs. It's a matter of having the right types of drugs that are indicative of what the population needs in Alberta.

**Mr. Randy Hoback:** I agree. So if we want to see that research happening, if we want to make sure that companies are investing money, then it's fair to say that we need to allow those investors... because there are investors. There are pension funds and a whole pile of people who invest in these pharmaceutical companies or biotech companies. They're investors, pension funds included. Do they not have a right to have a little bit of a guarantee of return on investment?



**Ms. Sandra Azocar:** The guarantee on investment is the point of dispute here, and that's something they do use to try and sell this TPP. Right now, in Canada, we have eight-year patent protection and so forth. What we don't need is a longer protection period so that the investment can happen. I think companies have a right to make a return on whatever investment they make, but you're talking about pharmaceuticals that could potentially....

**Mr. Randy Hoback:** You say only eight years, but let's say we go out to 10 or 12 years. Wouldn't that allow those drugs more time to be brought to the market at a cheaper price, because they don't have to recover their costs in such a short time period? Isn't it better to have it over a longer period?

**Ms. Sandra Azocar:** I think it does the opposite. I don't believe that would be the case. If we make it longer, they would have more control over the price, and the supply as well. When you give them that possibility of protecting their investment for a longer period of time, that's what becomes a problem in terms of our getting to the point where generic drugs can be developed, or bio-similar drugs can be developed as well.

**The Chair:** Your time is up. Thank you, sir.

That was a good dialogue back and forth, but I have to remind members to sometimes give the witnesses some breathing room to answer the questions. Also, witnesses, keep the answers short, and then we can get everything in there in five minutes.

Now we're going to move over to Mr. Peterson, for five minutes for the Liberals.

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

Thank you, everyone, for being here. Those were some informative presentations, and we appreciate it.

I have a question for Mr. McGowan.

You have some grave concerns about the labour provision in this agreement. The top TPP negotiator, I think even before our committee at one time, indicated that any foreign workers would have to be paid the prevailing wage in the jurisdiction where they're working.

Obviously, you have a difference of opinion on that. Can you maybe elaborate where that's coming from, or do you disagree with the chief negotiator?

**Mr. Gil McGowan:** Yes, actually, I do fundamentally.

I know that this committee and members of Parliament have been provided with reassurances from people like the chief negotiator. In fact, the technical summary on negotiated outcomes, which was distributed through Global Affairs Canada, explicitly says that the concerns I've raised will not come to pass.

We've looked at this. This is not just the Federation of Labour saying this. We've reached out to trade and labour law experts for legal opinions. Those people have looked at the text, and they've turned to people who have expertise in trade law. I don't mean to offend anyone here, but they've come to the conclusion that those people who are providing reassurances that the labour mobility provisions will not open the floodgates for temporary foreign

workers are simply wrong. I might go as far as to say that they're misleading people.

The technical summary, which I'm sure you've all read, explicitly ignores all of the adverse outcomes which we're convinced are written into the agreement. I would take those reassurances with a grain of salt.

I think the priority for people like the chief negotiator is to sign a trade agreement, and the implications of the agreement on the labour market are secondary. If they're considered at all, they're not given the same priority as trade issues and intellectual property issues, and certainly not given the sort of attention and priority that we think they should be given.

● (1040)

**Mr. Kyle Peterson:** Thank you for that.

On the flip side, we've heard from some professional organizations here in Canada that are eager to provide their services in other countries that are part of the TPP trade agreement. This labour mobility cuts both ways.

Do you think the detriments to Canadians would be offset by the benefits that Canadians working overseas would have?

**Mr. Gil McGowan:** I'm skeptical that the agreement would be truly reciprocal, and I say that based on our experience with other trade agreements.

The federal youth exchange program, for example with countries like Australia, has been skewed heavily towards workers coming to Canada with only a handful going the other way. While this may open some opportunities for a handful of professionals, I think there is a real risk that we're going to see an adverse impact on our labour market.

As union leader here in Alberta, I represent literally tens of thousands of people in the broadest category, professionals, technical workers, and tradespeople especially. We saw what happened here in Alberta during the most recent energy boom when the temporary foreign worker program was dramatically expanded to facilitate more workers to come into the province. In fact, we had some fast-track streams within the temporary foreign worker program specifically for tradespeople, and they didn't have to offer the jobs to Canadians first or prove they were paying a prevailing market wage. What we saw when those kinds of safeguards were eliminated was a tidal wave of people coming into the country as temporary foreign workers. They displaced Canadian workers and they were used to drive down wages. We saw it with iron workers and we saw it with welders. You're playing with fire.

This is even worse because the temporary foreign worker program was a program of the federal government, so if we change the government or if we put pressure on our elected officials, they could fix the program, and some Conservatives might argue that they did in response to Canadians' concerns. The problem with this trade agreement is that, even if we could convince our elected officials that there is a problem that needs to be fixed, because it's entrenched in an international agreement, they won't have the same latitude and ability to respond.

**The Chair:** Thank you. Your time is up. That's it for the Liberals in this section.

We're going to move on to the NDP and Madam Ramsey for five minutes.

**Ms. Tracey Ramsey:** I'd like to drill down further into labour mobility because we haven't studied it in depth in this committee, and I think the implications are very real.

Sitting here in Alberta, I certainly don't have to tell you how fraught with problems the temporary foreign worker program has been, especially with the unemployment rate you currently have in Alberta and the number of temporary foreign workers who are working here in your province. It's a real issue for working people to be able to seek that work and not have to face the issue of whether it will be them or a temporary foreign worker, because of the serious problems with that program.

It's clear that you feel that the assessment by the chief negotiator is not accurate, in particular around the fact that people coming in would receive a wage that's commensurate with the prevailing wage.

If you can, I want you to speak a little about how chapter 12 of the TPP will reduce the wages of Canadians.

**Mr. Gil McGowan:** The mechanisms that will allow the TPP to suppress wages are similar to the mechanisms that allowed employers to use the temporary foreign worker program to suppress wages. But I think it's worse, and that's why in my presentation I said that the TPP is essentially the temporary foreign worker program on steroids.

The labour mobility provisions in this agreement could be used by employers to suppress wages simply because they will be able to bring in a significant number of foreign workers, and in many cases, as I said, in unrestricted numbers and for indefinite periods of time.

Those safeguards that were in place under the temporary foreign worker program were not particularly well enforced. The record clearly shows that, but at least the rules were there. There was a rule that employers had to pay temporary foreign workers the prevailing wage in order to stop employers from using them as pawns to drive down wages. However, for every single category of worker that will be allowed to be brought into the country under this program, those same safeguards simply do not exist. There's no protection for prevailing wages. There's no requirement that employers will have to offer the jobs first to Canadians. There are fewer requirements about training. This is going to be a system that's rife for abuse.

As an Alberta trade union leader, I'm particularly concerned about how these provisions will be used in the construction trades. We've seen it with the temporary foreign worker program, and I should point out that in many countries around the world, construction trades, which used to provide well-paid, family-sustaining, community-sustaining jobs, have been degraded by labour mobility. Whether in the Middle East or in South America or even increasingly in Europe, what used to be good jobs in construction have been degraded because people from around the world, the cheapest workers, can be grabbed and plugged in there. I don't want to see the same thing happen to our construction trade sectors here in Canada.

● (1045)

**Ms. Tracey Ramsey:** We've heard here at the committee that this only affects business persons, but you were breaking that down a bit in your presentation. Can you speak a little more about what that definition of business person is, because I think you said that it's essentially anyone from a TPP country.

**Mr. Gil McGowan:** Yes, in many ways the categories that have been outlined in the TPP agreement are misnomers. They talk about business persons and investors, but as I said in my presentation and as we outline in our legal opinion, it's clear that the business category actually includes or could include many more people than just those coming to Canada to conduct business.

In fact, the definition is so broad that it basically says that any citizen of a signatory nation could be considered a business person for the purposes of the labour mobility section of the act. The definitions are so broad under this agreement as to be almost completely meaningless, and they certainly don't provide the kind of safeguards that I think Canadians would expect from this kind of agreement.

**Ms. Tracey Ramsey:** Could this apply to people with permanent jobs as well? In the past, with the temporary foreign worker program, they tried to say it was about only temporary jobs, but could this end up displacing Canadians in permanent jobs with these workers coming in?

**Mr. Gil McGowan:** Yes. When the agreement explicitly provides for the indefinite extension of what are ostensibly temporary permits, then you run the risk of actually having people coming here indefinitely, and they would be in a position to fill jobs permanently as opposed to on a temporary basis.

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

Thank you, Madam Ramsey. Your time is up.

We're going to move over to the Liberals.

Mr. Fonseca, you have five minutes. Go ahead, sir.

**Mr. Peter Fonseca:** Thank you, Mr. Young, Ms. Azocar and Mr. McGowan for your presentations.

We've been delighted with the demand and interest from the public members who have wanted to come in to speak to our committee. That's what we're doing. These are public consultations. The number one job of parliamentarians is to hear from you and to be voices for our ridings and our communities but also for Canadians, and to look at the TPP to see if it is of net benefit to Canada and to Canadians.

Mr Young, you brought up many concerns with the TPP. I don't want you to go through all of them, but if you could prioritize, what would be your major concern for Canadians and for Canada with ratifying this agreement?

•(1050)

**Mr. Matthew Young:** My major concern about the Trans-Pacific Partnership is that it is an improvement on NAFTA from one perspective, and not an improvement from another perspective. It's an improvement from an investor perspective. The concern is the fact that the ISDS mechanism is a mechanism that's placed in the governance system, and it shouldn't be there. It doesn't improve the system. Information flow in governance often isn't improved by creating control points in that system, and that's what it is. The ISDS mechanism is a control point between legislators and enforcement of regulation.

Now, I understand that it doesn't actually prevent us from creating legislation, but when I know that I can get a traffic ticket for speeding, that does affect my behaviour. In the past the government has changed regulation when they were faced with lawsuits over ISDS. This is about sovereignty and our ability to protect ourselves.

**Mr. Peter Fonseca:** Mr. McGowan, in your presentation you talked about the temporary foreign worker program. I agree with you, it is a mess, and it has to be fixed.

You talked about how within that temporary foreign worker program, companies would bring in what would be an unlimited number of temporary foreign workers. Looking at it through that lens or with that premise, what kind of provisions do you think would need to take place to avoid this happening?

**Mr. Gil McGowan:** I could spend some time talking about provisions to protect the interests of Canadian workers and to make sure that these provisions in the agreement weren't used to distort the Canadian labour market. However, and correct me if I'm wrong, I'm told that the government now is facing essentially a yes or no proposition. There is no room for renegotiation. The parties that got together behind closed doors over several years have done their work, so this government has to ratify it or not.

From our perspective, on balance, because of the tremendously negative impact this agreement would have on the interests of working people and the structure of our labour market, you just need to say "no".

I would like to say, go back to the table and renegotiate, but that's not in the cards. Given the choice between thumbs-up and thumbs-down, it's clear to us that it should be thumbs-down in order to protect the interests of working people.

**Mr. Peter Fonseca:** You think it was poorly negotiated at that time when it—

**Mr. Gil McGowan:** I think it was poorly negotiated. I think that a lot of these problems could have been dealt with if the previous government, the Harper government, had taken a different approach to negotiations. We know, for example, that during that whole multi-year period when they were negotiating with other TPP nations, there were all sorts of people other than governments behind closed doors with the negotiators. There were as many as 400 corporations and business organizations. There wasn't a single member of civil society there. There wasn't a single representative or spokesperson from a union or the labour movement.

If that had been the case, we could have flagged this early on and wouldn't be facing the prospect of either turning a thumbs-up or

thumbs-down to this agreement. This could have been avoided if civil society had been behind those closed doors. They were not, and this is the mess that we have to deal with now.

**The Chair:** Thank you very much. Your time is up, Mr. Fonseca.

That's the first round, so we're going to start off with our second round now and we're starting off with the Liberals and we've Madam Ludwig first.

**Ms. Karen Ludwig:** All I can say is, wow! They were very interesting presentations, all slightly different, but certainly spoke directly to the complications and issues around the TPP.

I'm just going to pull the discussion back a little bit from Alberta and take it from the Atlantic-Canadian perspective. As my committee colleagues can vouch, I don't typically do this.

Regarding the temporary foreign workers program, that program is under review. I'm pleased to say that there's another parliamentary committee that is looking at it and the direction of that ministry. But certainly in some areas of the country, foreign workers are essential. When we look at bringing in people either through immigration or the temporary foreign workers program, if we're only looking at it from a numbers side... Let's say we're looking at Atlantic Canada—and lots of people do—we see that the unemployment rate there is 10% or 11%. Taking into consideration the fact there's no public transit to some of our fish-processing plants—you have to have a car to get to a ferry landing, and there has to be a ferry to get to an island—it's not pretty work. As a result, we have been very fortunate with foreign workers.

The challenge for us in a local perspective has been that there's no path to citizenship for temporary foreign workers. That would probably be a common complaint that we hear about the temporary foreign workers program.

We also live in a region of Canada that is desperate for immigration because our population is stagnant. We are not expanding.

So I do hear your concerns, certainly, regarding temporary foreign workers, and that they should never be brought in to displace local workers. Working together with the provinces through the LMIA, there is that provision there for protection. If it's not working, we should be working more diligently in looking at that.

In terms of suppressing wages, are there studies that have been done on that, Mr. McGowan, that you could present to the committee?

•(1055)

**Mr. Gil McGowan:** The short answer is, yes, there have been many studies, and I can provide them to the committee. I won't go through the whole list, but I can provide you with probably seven or eight studies done by credible academic sources that demonstrate quite conclusively that the temporary foreign worker program has been used to suppress wages, and that it has increased unemployment rates in areas of the country where employers have used that program most aggressively.

To your earlier point, in defence of the temporary foreign worker program, I want to make it clear that we in the labour movement recognize there is a place for a program like the temporary foreign worker program, as long as it's used sparingly and that the workers brought into the country are used only to supplement the Canadian workforce as opposed to replace it. We are talking about the TPP right now and the labour mobility provisions included in that agreement. We're not talking about the temporary foreign worker program. The distinction I make—and there's a big one, a very important one, that should be front and centre in the minds of legislatures such as yourselves—is that this is a question of control.

We've seen previous governments not get the temporary foreign worker program right. We see the current government struggling with it, but at least you can control it, because it's a federal program. You get to fix it. You get to tweak it. You get to respond to Canadians' concerns. That will not be the case with the labour mobility provisions of the TPP. Once the agreement is signed, then this new approach for bringing temporary foreign workers into the country will no longer be under the control of the federal government. It will be subject to the terms of the Trans-Pacific Partnership, an international agreement that's binding. You won't be able to fix it.

Please, if you're going to bring temporary foreign workers into the country, do it sparingly, and do it in small numbers, but keep it under the control of our elected representatives rather than handing it over to an international treaty that we cannot fix or amend—certainly not easily.

**Ms. Karen Ludwig:** Okay, thank you.

**The Chair:** You have a minute left.

**Ms. Karen Ludwig:** My other question is for Ms. Azocar regarding the pharmacare program. If the federal government did introduce pharmacare, as well as work together with the provinces on a national health care strategy, do you think that would be a benefit?

**Ms. Sandra Azocar:** That's what we have been asking for. Around 91% of Canadians support a national pharmacare program. However, the reason we support a national pharmacare program is that it will lower the costs, but if the TPP is implemented, we're not going to see the kind of savings we were hoping to see under a national pharmacare program.

**The Chair:** Thank you.

We're going to move to the Conservatives now. We have Mr. Van Kesteren, for five minutes.

**Mr. Dave Van Kesteren:** Thank you, Chair, and thank you for being here.

Mr. Young, thank you for your service.

[*Technical difficulty—Editor*] on both sides. We've heard the pros, and we've heard the cons, and that's life. You're going to look at both sides.

Yesterday we had testimony from an architectural association that saw the need for this free flow of workers to outside of Canada. Of course, you're representing the side that is going to be coming to

Canada. It's a different perspective, and I think it's something we have to examine as well.

Going back to the temporary foreign workers, if I follow your line of argument—and I want you to make this clear to me, because this is something that I want to be.... The opposition, in both instances, talked about the fish workers in Atlantic Canada, when there is a high unemployment rate in the region. Wouldn't it follow from that line of reasoning that we should be opposed to that as well?

• (1100)

**Mr. Gil McGowan:** Yes.

**Mr. Dave Van Kesteren:** All right, good. I'm glad you said it. Maybe you can just address that.

**Mr. Gil McGowan:** Without a doubt.

I was trying to be diplomatic.

**Mr. Dave Van Kesteren:** Don't be diplomatic.

**Mr. Gil McGowan:** I don't think there's any good reason why temporary foreign workers should be brought into the country to work in regions of the country where we have high rates of unemployment.

I know one of the reasons the Liberal government has now agreed to a review of the temporary foreign worker program is that they're being pressured by employers. Fish plants in the Maritimes say they can't find workers. I say bunk.

**Mr. Dave Van Kesteren:** I'm glad you brought that up, because there seemed to be a disconnect.

**Mr. Gil McGowan:** Yes, I was trying to be diplomatic.

When there are high levels of unemployment and an employer's still not able to attract people to fill those jobs, then instead of looking for government to introduce programs that will allow them essentially to defy the economic laws of gravity, the employers should pay more. They should make the jobs more attractive. If there's a problem with public transit, they should get buses and vans to take people from population centres to the fish plants, or they should consider moving the fish plants closer to a population centre where they could find some workers.

I think it's an illegitimate use of government power to allow businesses to operate when their business model is flawed. In this case, I think the business model is flawed, if they're saying they can only operate when they can only pay people \$10 an hour, or the business model is flawed if they set up in a jurisdiction where there is no natural pool of labour. Move the fish plant.

**Mr. Dave Van Kesteren:** You're being consistent now, and I appreciate that. It was just that region.

I'm going to push it a little further. What would you term a high level of unemployment?

**Mr. Gil McGowan:** There's a debate among labour economists on what would constitute full employment. Some say 4%. Some say it's lower. Certainly, as it stands in Canada right now, we are not at full employment, even in areas of the country that traditionally have had the most robust labour markets. You're in Alberta. The number of unemployed people in this province has literally doubled in the last year.

**Mr. Dave Van Kesteren:** It has now.

We've established what you think should be the case in Atlantic Canada.

Let's talk about my region. We have a number of foreign workers as well. We have the farm workers program. Would you say that should be scrapped as well? We're at about 7.2%.

**Mr. Gil McGowan:** The farm workers program is an example of what can happen over long periods of time in eroding the quality of jobs.

**Mr. Dave Van Kesteren:** Do you think it should be scrapped?

**Mr. Gil McGowan:** I think we should take a look at it.

There was a time in Canada when Canadians filled agricultural jobs. I think of Stompin' Tom Connors, who was famous for singing and stomping, but before that he was—

**Mr. Dave Van Kesteren:** He worked in agriculture.

**Mr. Gil McGowan:** —an itinerant agricultural worker, and he made a living at it. Because we made it so easy for agricultural employers to get access to cheap and exploitable workers from places like Mexico, we transformed what had been an occupation that provided a living wage for Canadians into an occupation that paid so little that no Canadians wanted to do it. If we continue down this road of relying on foreign workers to supplement our market, we're going to transform many more occupations in the occupational pyramid into jobs that Canadians don't want.

**The Chair:** Thank you.

Your time is up, Mr. Van Kesteren.

We're going to move to Mr. Dhaliwal for five minutes, sir.

• (1105)

**Mr. Sukh Dhaliwal:** Mr. McGowan, I personally see immigration policy not only as a social justice policy, but as an economic policy as well. If we look at history, Canada was built by immigrants, people from different backgrounds. I'm one of them.

When you talk about the TPP, it is my understanding that labour mobility will only be in technology and trades, but not the way Mr. Van Kesteren was saying it would. When it comes to farm labour, the hospitality industry, things like that would not be affected. In your view, would those be affected as well?

**Mr. Gil McGowan:** In order to illustrate our point about the large number of occupations and job categories that would be affected by the TPP, we attached to our legal opinion one of the annexes to the agreement. Basically, there is an annex related to labour mobility for every TPP signatory partner.

The example we attached was the annex that outlines the kinds of workers that employers would be allowed to use the agreement to bring workers into the country under. This is the one between Canada and Chile. It basically mentions all health, education, and social services occupations, and all the NOC B technicians—machinists, mining and quarrying workers, oil drilling services workers, manufacturing workers, textile workers—just about every construction trade you can think of. The point is that this is a lot bigger than you have been led to believe. These are not narrowly defined categories. In fact, it's quite the opposite. We think that if this

is ratified, it will open the floodgates, allowing employers to bring workers into the country under a vast number of occupational categories—more than you have been led to believe.

On your point about immigration, this goes back to my point about control. I didn't like the temporary foreign worker program as it was constituted under the Harper government, and I didn't like it as it was constituted under the last Liberal government, but at least elected legislators, people who are accountable to Canadians, ran the program. It was yours and if there were a problem, you could fix it. If the public were concerned about it, you could respond to those concerns.

What I am saying is that if you pass this agreement, you will hand over that ability to control the movement of temporary workers in and out of the country. You will hand that over to an agreement that is entrenched and will be difficult to fix, and you will hand it over to some faceless panel.

I'd rather have people like you, who have to respond to people like me and to your constituents, with the real authority, rather than vest authority in an international agreement.

**Mr. Sukh Dhaliwal:** That tells me that you will be okay if we amended that. If we ratify the agreement and this clause is amended so that the TPP countries don't take the control of this, but control stays with the Ministry of Immigration, Refugees and Citizenship—

**Mr. Gil McGowan:** I would encourage the Liberal government to refuse to ratify this agreement and demand that it be renegotiated. If there is an agreement among other signatory nations to engage in renegotiation, open the doors, let the sunlight in, let civil society in, and perhaps you'll come up with an agreement that doesn't create so many problems for ordinary Canadians.

The final point I'll make on immigration is that with the temporary foreign worker program, one of our big concerns is that we're not pathways to citizenship. That's not the way we build our country.

We used to have a social compact with immigrants: "You come here. You work hard. You set down roots. You become part of the community. And in exchange for your hard work, you get the right of citizenship." That social contract was broken under previous incarnations of the temporary foreign worker program.

With the TPP provisions for labour mobility, there will be no ability to build bridges from these workers who were brought into the country under TPP. You won't be able to build bridges to real citizenship.

• (1110)

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

Mr. Dhaliwal, your time is up. I know you were itching for another question, but the last five minutes is for the Conservatives.

We have Mr. Ritz up, for five minutes.

Go ahead, sir.

**Hon. Gerry Ritz:** Thank you, ladies and gentlemen, for your presentations today. The great thing about and the strength of a democracy is that we can all have our say and try to hammer out something that's better at the end of the day.

Ms. Azocar, on your concerns about buying, we've had those same concerns as a government for years, as did the Chrétien government before that and the Paul Martin government. Health care is a provincial issue, and they're very territorial. I haven't been privy to some of the meetings; I've been privy to some of the discussions with provinces like mine in Saskatchewan about why they won't entertain bulk buy. We all know, when you go to Costco, you get a better deal than if you buy one item, as an example, so why won't they entertain that? For some reason, their own little territories seem to be more important for them than saving a few dollars on bulk buying. I think that's the way to go in the end.

The same thing happens every time we talk about a national pharmacare program: we hit the wall. Every province says yes, but they want flexibility too. As soon as you have that, you don't have a national program.

Have you got a road map or an idea of how you can bring a confederation of provinces and territories to agree? The meeting has been going on for the 20 years that I've been involved in federal politics with really no outcome so you can say, "Eureka". If you've got an idea, I'd be happy to hear it.

**Ms. Sandra Azocar:** I think it goes back to having real federal leadership to begin with. I see negotiations around a national pharmacare program, the same type of negotiations that we had when we brought in medicare. Not all the provinces were happy about it; not all the provinces saw a need for it. They were quite happy with what they had in their little area, but I think when you're talking about the national good, you should be able to sit down and come up with some kind of national agreement that will benefit the majority of Canadians with the same intent as medicare did.

**Hon. Gerry Ritz:** I don't disagree with the end result, but the problem is always in the mechanics of it and how you get there. We have a confederation that means, yes, you have federal leadership, but it's not a dictatorship; we're not a benevolent dictator.

Do you go with willing partners? Is that the way you start? Medicare started in Saskatchewan and then gradually.... Do you start with willing partners and then branch out from that after you show success? How do you get the thin edge of the wedge to start the process?

**Ms. Sandra Azocar:** I think it all depends, again, on the ability of the leadership to come together and come to some joint agreement around a very important issue.

When you have 91% of Canadians saying that they want this national pharmacare program, then the politicians need to be responsive to that want and need.

**Hon. Gerry Ritz:** I don't disagree with that.

This is a democracy. It's driven from the grassroots up. But I can count the number of calls I've had on the national pharmacare program on one hand, so it's not 91%. I could solicit my friends here too, and they would probably say the same thing.

Anyway, that aside, Mr. McGowan, thank you for your presentation.

I don't disagree with a lot of what you're saying about the temporary foreign worker program. The problem is that there are three different streams, and you're sort of intermingling a bunch of them.

On the the low-skilled work, absolutely, there's a lesser wage paid, and so on, because they are filling a niche. However, they are very temporary.

As for the skilled trades and high-tech work, where they bring in someone to set up a computer program because they are skilled at it, and go back as part of that company....

On the skilled trades, the other stream, everything is still in place. The company bringing in a person has to prove that they tried to buy Canadian work first. They have to pay the prevailing rate. They also have to pay the air freight, or whatever it costs to bring the person in, and have a ticket to go back out again. They supply housing, health care, and all of that. It actually costs more to bring in a skilled temporary foreign worker than it does to hire a Canadian, if you can find them.

As far as my opinion—and I really look forward to looking at your legal synopsis—I haven't seen anything in TPP that says Canada doesn't still have the right to adjudicate that stream of workers, which is really what the TPP is about.

**Mr. Gil McGowan:** Actually, the TPP explicitly says that all of those safeguards that you've just talked about would no longer apply for workers being brought in under the professional technical stream, which is the stream that employers would use to bring tradespeople into the country. They wouldn't apply.

We can have a debate about the temporary foreign worker program as it existed under the Harper government and as it exists now—

•(1115)

**Hon. Gerry Ritz:** It's been around since 1986 or something like that.

**Mr. Gil McGowan:** Actually, it's much longer. The temporary foreign worker program has been around for almost 50 years in one form or another.

**Hon. Gerry Ritz:** But it's the current iteration that we're asking about.

**Mr. Gil McGowan:** With the current iteration, the big change started in 2002. The big change was that the Chrétien government turned it from what had been a sleepy corner of the federal bureaucracy that was used by employers to bring in just a few thousand workers every year, mostly in the highly skilled, highly paid trades, as you said, technicians who had specialty skills that Canadians didn't have. They were coming in to install some products from Germany; the German technicians had to come in and out. It was used even for CEOs and high-flying accountants and professors.

That's what it was for, but in 2002 the government blew the doors off and said it would allow employers to use this program to bring in lower-skill workers, and then the skill level got lower and lower to the point that employers, especially in the service sector, were turning to it as a first choice for recruitment rather than a last choice, a last resort.

But the point is that what we're talking about here is something entirely different from the temporary foreign worker program.

**Hon. Gerry Ritz:** I look forward to seeing your legal synopsis.

**The Chair:** Thank you, Mr. Ritz. Your time is up.

I thank the witnesses. This ends this panel. Thank you very much.

For the audience, I'm just going to give a quick rundown of who's going to be here in the next couple of hours. Many of you are welcome to stay with us for the next couple of hours.

We're going to have the Alberta Canola Producers Commission, then the Alberta Pulse Growers Commission, and the Alberta Wheat Commission. That will be for the next hour.

Then in the last hour we're going to have the Alberta Chicken Producers, the Canadian Association of Petroleum Producers, and the Canadian Federation of Musicians. That's what we're going to run through today, but right now we're just going to break for 10 minutes, so we can get right back at the next panel.

Thank you very much, folks.

•(1115) \_\_\_\_\_ (Pause) \_\_\_\_\_

•(1125)

**The Chair:** Welcome, everybody, to our consultation process.

This is our third panel today, on our second day of our trip across the country. We'll be going to every province. In Ottawa we'll also be hearing from the territories through Skype. We've already met many witnesses in Ottawa.

We're also getting submissions from the public. We had 5,000 last week, and I think we're up to 15,000. We'll be open to many more till the end of June. Then we'll pull it all together.

To the folks here, we're going to try to do this report this year. It's ambitious to do it. As many of you know, I think it's 6,000 pages. We're going to try to reach out to the whole country and everybody, but we also have to go through the report ourselves, draft it, and put it in front of Parliament. Our general idea is to have this before Parliament before the end of the year so that other members of Parliament can see it before there's any vote in the House of Commons. I'm sure there'll also be lots of debate in the House of Commons.

That's the lay of the land in terms of how we're operating.

Today we'd like to give each witness five minutes. We have with us the canola producers, the pulse growers, and the wheat commission: that's multi-grain, so we're good to go.

**Voices:** Oh, oh!

**The Chair:** We will start with the canola producers.

Janelle.

**Ms. Janelle Whitley (Manager, Policy Development, Canadian Canola Growers Association, Alberta Canola Producers Commission):** Hello. I will start, and then I will pass it over to Greg.

**The Chair:** No problem. You can split the time, but if you can keep it under five minutes, we'd appreciate it.

Away you go, and thank you very much for coming.

**Ms. Janelle Whitley:** Thank you, Mr. Chair and members of the committee. It is an honour for us to appear before you to discuss the importance of TPP to canola farmers.

My name is Janelle Whitley, and I am with the Canadian Canola Growers Association. CCGA is the national association of canola growers, representing 43,000 canola farmers from Ontario to British Columbia on issues and policies that impact their livelihood.

The canola sector is highly trade-dependent: 90% of what is grown in Canada is exported. Free trade agreements like the TPP are critical to our long-term competitiveness. The TPP is home to both our largest customers for canola but also our largest competitors. In 2015 canola exports were valued at \$8.9 billion, and \$5.3 billion, or some 60% of the total value, came from TPP markets. The tariff reductions secured under the TPP are expected to boost demand for canola, increasing canola's \$19.3-billion contribution to the Canadian economy and the 250,000 Canadian jobs it creates.

The TPP offers four main benefits: new market opportunities for canola through tariff reduction, retention of our competitiveness vis-à-vis our primary competitors, new provisions to improve the trade of biotech products, and the ability to capitalize on any expansion of the TPP footprint.

Greg will further break these down.

**Mr. Greg Sears (Chair, Alberta Canola Producers Commission):** Good morning.

My name is Greg Sears. I am a farmer from Sexsmith, Alberta, and chair of the Alberta Canola Producers Commission.

ACPC works to increase the long-term profitability of our 14,000 members by investing levies in research, market development, and extension programming. ACPC also advocates on behalf of its members in the area of government policy to ensure that the needs of agriculture, and specifically the canola industry, are met.

For farmers like me, canola is the number one source of income from our operations. In 2014, the sale of canola generated \$2.5 billion or 22% of the farm cash receipts in this province. By establishing fair, long-term, and predictable trading environments, agreements such as the TPP are critical to our long-term success.

Farmers grow and sell canola seed, but we're just one part of the Canadian canola value chain that includes everyone from input suppliers to those who process and package this premium vegetable oil product for customers around the world. Canola provides a prime example of how talented Canadians compete and prosper in the world marketplace.

The Asia-Pacific region plays a critical role for Alberta farmers. Vancouver and Prince Rupert are the closest ports, and Asia is the primary destination for much of our canola. As the economies in Asia continue to expand and disposable income grows, demand for our healthier oil and meal is expected to increase.

Under the TPP, the five-year phase-out of oil tariffs on Japan and Vietnam will create new opportunities. Once the TPP is fully implemented, Canadian canola exports could grow by up to \$780 million per year, or by roughly one million tonnes of additional canola oil and meal exports.

As a result of the current tariff structures in Japan, Alberta sold \$357 million of canola seed but only \$4 million of canola oil in 2015. Once again, Canadians have been called on to supply the primary commodity, but other countries have captured the benefits of the value-added activities.

Keeping canola processing at home creates a greater economic benefit for Alberta, for both farmers and those employed in the downstream sectors. Alberta is home to a strong processing industry with facilities that provide delivery options for farmers and support for the communities in which they operate while generating high-quality jobs for Canadians. Furthermore, a strong domestic canola value chain supports growth of our sector and ensures that canola remains a viable cropping option for our producers.

It's important to develop new markets, but it's also important to retain our current ones. The TPP ensures that canola producers remain on a level playing field in our top markets. Failing to ratify this agreement places Canadian canola producers at a significant risk as the United States and Australia would enjoy trade concessions not available to Canada.

The oilseed and vegetable oil trades are highly competitive, and any tariff differences deter users from buying Canadian canola. We see this threat already under an existing free trade agreement between Australia and Japan. Japan applies a lesser tariff on Australian canola than on Canadian canola. As the tariff is gradually phased out and the market has time to adjust, Canada's trade

disadvantage will continue to grow. The TPP will end this disadvantage and again place Canadian producers on a level playing field in the marketplace.

The story of canola is one of innovation and farming practices born of Canada's leading edge research and development capabilities. For various agronomic, economic, and sustainability reasons, canola farmers overwhelmingly choose to use the products of modern plant-breeding techniques.

As important as tariff reductions are the provisions the TPP contains to address numerous non-tariff trade barriers. Inconsistent and unpredictable approvals for innovations in crop-protection products and biotechnology continue to cause challenges for Canadian agriculture.

• (1130)

**The Chair:** Can you wrap it up? You have only a few seconds left.

**Mr. Greg Sears:** You bet.

The TPP provides a platform to address many of these pressing issues.

I do have a brief comment about the importance of a transportation system, but in consideration of the time—

**The Chair:** You might be able to inject that in one of your answers. Be creative and you can get it in.

**Mr. Greg Sears:** In conclusion, the Canola Producers of Alberta strongly endorse the TPP. We believe that, like most Canadians, we have the strength to compete on the world marketplace, given an equal-playing field.

Thank you.

**The Chair:** Thank you, canola growers.

We're going to go over to the pulse growers. We have with us D'Arcy Hilgartner and Leanne Fischbuch.

Welcome, and for five minutes, go ahead, folks.

**Mr. D'Arcy Hilgartner (Vice-Chair, Alberta Pulse Growers Commission):** Mr. Chairman and committee members, thank you for the opportunity to speak today.

My name is D'Arcy Hilgartner. I'm a farmer from Camrose, Alberta, which is 45 minutes southeast of Edmonton. I'm also the vice-chair of the Alberta Pulse Growers.

This is the first time I have the pleasure to present at committee; however, I know you've heard from members of Alberta pulse industry several times over the years.



Our organization is part of that industry and a member of Pulse Canada. We represent over 5,000 producers of field peas, dry beans, lentils, chickpeas, faba beans, and soybeans in this province. We're a producer-funded organization, collecting service fees or check-offs from 1% of cash sales on pulse crops from producers to support research, marketing, and learning opportunities for our growers, as well as to support our national organization.

Since the inception of the Alberta Pulse Growers 27 years ago, we've seen growth in our industry, and more significant growth in the past three years. This year, thanks to strong prices and market demand, we project a record year for pulses in Alberta, with an estimated two million acres.

What about processing pulses? Currently, there's limited value-added processing occurring in Alberta, but we anticipate processing of pulse flours. In fact, it should begin in the next couple of years. This will help to further develop our industry, to diversify the rural economy, and to provide high-quality products for processors and consumers. We still recognize that the bulk of our Alberta production continues to be moved as export, and that is why trade agreements such as the Trans-Pacific Partnership are so important to our industry.

As you know, 2016 is the International Year of Pulses, and we see a future filled with opportunities to develop human, environmental, and economic health outcomes, and increase global growth of pulses.

The TPP is critical to the long-term growth strategy of the Canadian pulse industry. Members of the TPP are some of Canada's largest trading partners in pulses and special crops. Combined, these members will be Canada's third-largest market for pulses. The TPP is an opportunity to eliminate tariffs where pulses do not already have duty-free access, to provide a resolution of sanitary and phytosanitary issues between countries, and to provide an alignment between members on trade tolerances for the use of technology in food production.

The TPP also represents an opportunity to increase value-added processing within Canada by eliminating cases where higher tariffs are applied to pulse flours and fractions, more so than the whole product, and an opportunity to gain a tariff advantage over competing pulse exporters that are not part of the TPP and will face higher tariffs than member countries such as Canada.

The Canadian pulse industry would suffer severe consequences with respect to this competitiveness if Canada were not to implement the TPP. Two of the Canadian pulse industry's largest competitors, Australia and the United States, are members and would benefit from duty-free access, while Canadian growers would continue to face tariffs from TPP countries.

With me is Leanne Fischbuch, executive director, who can elaborate on specific opportunities.

• (1135)

**Ms. Leanne Fischbuch (Executive Director, Alberta Pulse Growers Commission):** Thank you, D'Arcy.

We trust that Parliament can implement this agreement as soon as possible to enhance the competitiveness of the Canadian industry exporting to TPP countries.

As our time is limited, I have a few points to make in summary. While the TPP will eliminate certain pulse tariffs ranging from 5% to 30%, it is an opportunity to improve the predictability of trade between TPP members concerning trade tolerances for the use of technology in food production.

It is critical that the scientific committees created under TPP are used to align pesticide maximum residue limits and policies on low-level presence of GM crops that are fully approved in exporting countries but not yet approved in the importing country.

Under the TPP Canada has the ability to lead the dialogue on recognition of scientific standards, recognition by regulators of other regulators' risk assessment work and MRLs for technologies used in agriculture. If an importing country accepted another country's tolerance in cases where it would otherwise apply a zero threshold because an MRL has not yet been set or approved, a large majority of MRL-related trade risk would be eliminated.

Canada has the opportunity to work within the TPP to utilize recognition of scientific standards to help ensure that food can continuously and predictably cross borders as it moves from world food surplus regions to food deficit regions.

Sound science-based processes can travel across national boundaries and the principle of sharing risk assessment work and tolerances where appropriate must be included in future trade agreements.

While the potential for disruption of food shipments due to regulatory gaps is not new, I would emphasize that we have the potential to utilize the TPP to get in front of this problem.

With the residue testing becoming less expensive, capable of detecting lower levels and being more prevalent, if we succeed we have addressed an otherwise growing potential trade disruption.

Thank you and we appreciate the opportunity to speak to you today.

**The Chair:** Thank you, and thanks for being on time and moving that presentation forward.

Now we're going to go on to the Alberta Wheat Commission. We have Kevin Bender and Caalen Covey.

Go ahead.

**Mr. Kevin Bender (Vice-Chairman, Alberta Wheat Commission):** Thank you, Mr. Chairman, and thank you to this committee for the opportunity to present to you on this important issue.

My name is Kevin Bender. I farm in the west-central part of the province in the Bentley-Sylvan Lake area together with my dad, my brother, and brother-in-law. We grow all the crops represented here at the table as well as some barley and oats.

I'm a director with the Alberta Wheat Commission and have been for the past three years.

The Alberta Wheat Commission, along with my colleagues here, encourages the government to ratify and implement the TPP as soon as possible. This important agreement holds potential for expanded market opportunities in key wheat export markets.

Among the 12 signatories to the TPP, Japan, the United States, and Mexico are major buyers of Canadian wheat. Three others, Peru, Chile, and Vietnam, buy significant quantities annually. The U.S. and Australia are also major competitors of ours in the international market.

Over 70% of Canadian wheat is exported, meaning that western Canadian farmers depend heavily on foreign markets. To be left out of this historic agreement would be detrimental to Canada's wheat industry. We cannot afford to remain on the sidelines and risk losing ground in these key markets.

Australia and the U.S., as I mentioned, two of our major competitors, would see preferential access to key Canadian wheat markets within the TPP zone in countries such as Japan, Vietnam, Peru, Mexico, Chile, and Malaysia. These major wheat importing countries have annual imports from Canada that make up 27% of Canada's total wheat export market and more than \$1.5 billion in annual farm revenues.

Japan is a premium market for Canadian wheat, with average sales in excess of one million tonnes per year. The TPP agreement will provide Canada with additional access through the Japanese state trading enterprise, with improved market access for both food and feed wheat through elimination of duties and increased quotas.

Vietnam, which is a growing market for Canadian wheat, will eliminate its 5% tariffs as a part of the TPP agreement, allowing Canada to compete for the two million tonnes of wheat it imports per year in this country.

With the implementation of the TPP agreement, Canada will also remain competitive in major markets of Peru and Mexico, which both import more than a million tonnes annually. These markets are important to Canada, as the U.S. is attempting to gain market share in these countries with its logistical advantage and would receive preferred access as a participating country in the TPP agreement.

The TPP agreement also creates a framework to prevent biotechnology-related trade barriers and protect Canada from sanitary and phytosanitary non-tariff trade barriers that are applied unfairly, as committees would be developed to address these issues. These trade barriers could create potential market risk and have a negative impact on the agriculture industry.

Several countries have expressed interest in joining with the 12 countries participating in the TPP agreement, including key Canadian markets such as Indonesia, Colombia, South Korea, and India, which would set the stage for unprecedented trade structures and return value back to Canada and its agricultural producers.

On behalf of the Alberta Wheat Commission and the 14,000 Alberta wheat farmers that I'm representing today, again, I'd like to thank you for this opportunity to present, and we encourage the

Canadian government to move quickly in ratifying this important agreement.

Thank you.

• (1140)

**The Chair:** Thank you, sir.

Do you have any more comments, or is that good to go?

**Mr. Caalen Covey (Manager, Business Development and Markets, Alberta Wheat Commission):** Yes, that's good to go.

**The Chair:** Well, thank you very much for all the submissions here.

We're going to start our rounds of questioning with Minister Ritz. Minister Ritz, do you like that appellation?

**Hon. Gerry Ritz:** Yes. It's great, thanks. I'm not sure that Lawrence will like it that much.

**The Chair:** Mr. Ritz, for five minutes, go ahead.

**Hon. Gerry Ritz:** Ladies and gentlemen, it's good to see you again today. Thank you for your presentations.

Discussions on tariffs aren't the only thing we want to tackle in a trade agreement. There are always hurdles that get thrown up behind the tariff walls, and we've seen a number of those, even from some of the countries in the TPP. Japan is great at popping in to look after their own industries every once in a while.

As much as we could possibly get done on MRLs and low-level presence—all of those little sticking points—has been done. However, there's always more to do. There's a real backlog at Codex on MRLs, for instance, and I think it's incumbent on us, as industry and as government, to tackle that list, because I don't think Codex is ever going to keep up let alone catch up. That limits our ability to draw generics into the mix, because they'll never get the MRLs done on those. As they become generics, they're focused on the new products. That's just an aside on a lot of what you were talking about.

Of course, agriculture is a major trading part of Canada. It's a valuable part—the third largest contributor to GDP—and it all relies on stability or predictability of market access. The trade corridors give you market indications on crop rotations, inputs, a lot of things that go into the science of running a farm.

Have you done any work on investment that could be drawn from these TPP countries now with access, when it comes to logistics and handling? We always have shortfalls there. Do you see the ability of, say, companies in Japan to come in and start to make investments in our cropping cycles here?

**Mr. D'Arcy Hilgartner:** Well, I can speak to what I've seen in my travels in Southeast Asia. I've had the opportunity to go to China and India over the last few years, which aren't TPP countries, but they're in that area. They're all looking for areas of investment. Like you say, they're looking for predictability and access to the supply. Of course, for my farm, I have 1,300 kilometres before I hit the water that gives me that access.

• (1145)

**Hon. Gerry Ritz:** Yes, the average is 1,600.

**Mr. D'Arcy Hilgartner:** Yes, they are looking for those opportunities to invest in Canada that can facilitate that and get that product in place. It may be in smaller quantities, less bulk, more fractions, more flours, look at different options, and then facilitate it through an agreement that removes those concerns such as you mentioned earlier, the non-tariff trade barriers, that we run into more often than not. Canola may have spoken to to that on some more recent opportunities there, but that is where I see it as eliminating some of those issues.

**Hon. Gerry Ritz:** For years we were known as hewers of wood and drawers of water, and a lot of that changed with the Wheat Board moving out of the picture. They are still viable and vibrant under G3, but at the end of the day that's going to start to draw some value-added as we look for selling countries around the world, buyers around the world—and what they want, not what we have.

We're looking at blends of a lot of the products that you guys are growing. Of course, we want to put it all in canola oil, but at the end of the day we're starting to see pulses, pea flour mixed in with durum, to give us a protein in a pasta—there's a huge demand for those types of things—food-grade barleys and so on going into the Japanese market to supplant some of the rice.

Do you foresee that type of investment being available, that type of project starting to move forward so we can address those growing niche markets?

**Ms. Leanne Fischbuch:** With respect to Alberta, D'Arcy mentioned in his presentation that we know that in the next two years we probably are going to have somebody within the province who will do further value-added processing. For us this is really critical. We have obviously been putting forward mostly commodities for export, and the opportunity for our farmers to have a choice to go beyond the export borders into something more highly valued; you mentioned the pea proteins, the fibres, and the starch opportunities. It's just a matter of getting the people set up in Alberta to get it moving. We know that across other parts of Canada there is a greater interest in those types of products.

With TPP, the advantage for us if we sign that agreement is that some of those non-tariff trade barriers on the further valued-added product will be reduced. For pulses specifically, I think there could be a good opportunity there.

**Hon. Gerry Ritz:** Should we wait for the Americans to ratify, or should we move forward and put pressure on them to move?

**Ms. Leanne Fischbuch:** I would say move forward as soon as possible; be a leader in it.

**The Chair:** Thank you for those questions and the answers.

Now we're going to move on to the Liberals and Mr. Fonseca. Go ahead for five minutes.

**Mr. Peter Fonseca:** Earlier today, we heard from the Alberta beef producers, who were telling us about these high-value markets. They were talking about places like Japan that maybe use parts of the animal that we wouldn't—the tongue or the stomach or whatever.

I want to ask you about your high-value countries. What would be high-value countries for canola? Is that the market you'd be looking at, or is it that canola as a whole is....

**Mr. Greg Sears:** As far as high-value countries are concerned, the perspective we like to take with canola is that we are a high-value product. We compete favourably, with our health profile quality, with a lot of the oilseeds and vegetable oil products out in the world. Japan is certainly a high-value country, but it is also a very stable country. The demand doesn't change a whole bunch for the canola. We'd like to see the processing being done in Canada for that market. The TPP offers access to a lot of the growth countries, and that's, I think, where canola definitely benefits. In Vietnam, the preferential tariff situation that we would get, or the detrimental tariff treatment we would get with this agreement relative to Vietnam, which is a hugely growing market, is something that definitely benefits us.

As far as premium markets are concerned, we have a very high-quality product, like the beef, that does demand a higher price in the marketplace.

**Mr. Peter Fonseca:** Ms Whitley, in your remarks did you say that 99% is exported or that 90% is exported?

**Ms. Janelle Whitley:** It is 90%. I did almost trip up on that, but it is 90%.

**Mr. Peter Fonseca:** Well, 99% is just about everything.

How big is the canola market for us in dollars? You told me that it would grow by \$780 million per year if the TPP were ratified. Is that what you said?

• (1150)

**Ms. Janelle Whitley:** Yes, what we predict, based on studies we have done, is we could grow our exports up to \$780 million annually or one million tonnes extra of oil and meal exports.

**Mr. Peter Fonseca:** How big is it today?

**Ms. Janelle Whitley:** In terms of dollar values, our total exports, I believe, are \$8.9 billion. It would be a significant increase on what we have today.

**Mr. Peter Fonseca:** It's about 8%.

Earlier today, the Alberta Federation of Labour was here. Their major concern and focus is on good quality jobs. If Canola exports increase by \$780 million per year under the TPP, how many jobs would that represent, and would these be well-paying jobs that are brought to Canada?

**Ms. Janelle Whitley:** By increasing the added value of our exports, we're also creating jobs in the processing facilities we have in Canada. We have processing facilities across the Prairies; in Alberta they are based both in rural and urban areas. These processors support their communities at their operating end. They provide high-value jobs for Canadians. They provide services for the areas they're in. By growing these markets further, we see that as the ability to create jobs and not just detract from the jobs that we currently have.

**Mr. Peter Fonseca:** Can you quantify that? Did you get a good number?

**Mr. Greg Sears:** If I might add, it's not necessarily the number of jobs but the quality of the jobs.

The processing of canola is completed in a refinery-type setting. It's process equipment. These are highly technical, well-paid positions. We are not talking about menial work, we're talking about jobs where a single job could support a family in a reasonable lifestyle, which I think is a good testament. I don't have any absolute numbers.

**The Chair:** The time is getting short.

**Mr. Peter Fonseca:** Okay, Mr. Chair.

To the wheat commission, in March 2016 the Alberta Wheat Commission made it known that they plan to quantify the benefits that the TPP would provide for the Canadian value chain. Have these benefits been quantified? If so, what are the results of the analysis?

**The Chair:** It has to be short, okay?

**Mr. Caalen Covey:** As far as the benefits within the TPP region are concerned, those amount to about \$1.5 billion in annual farm revenues. If we look at our key competitors within the TPP region, the U.S. exports about 22 million tonnes into these markets. Australia is about 18 million tonnes. I guess as far as the benefits go, if we are left out and have our key competitors—the U.S. and Australia—shipping into these markets, then Canada may be at a disadvantage. That's our key benefit.

**The Chair:** For not being a farm boy, those are pretty good questions you're doing over there.

**Voices:** Oh, oh!

**The Chair:** A wannabe farm boy.

**Mr. Peter Fonseca:** I garden in the backyard.

**The Chair:** That's it for the Liberals.

We're going to go to the NDP now. Ms. Ramsey, for five minutes. Go ahead.

**Ms. Tracey Ramsey:** I'm not a farm girl, but I come from a rural riding and I live in the county, so there are a lot of farmers, but not farmers necessarily who are farming in the sector you represent here today.

I thank you for your presentations and what you do to provide us with food in Canada and around the world.

I would like to add to what my colleague was saying and ask, do you actually have or can you share with us that analysis that you did around the Alberta Wheat Commission, the one that you mentioned? Can you provide it to the committee at a further time, not right this minute? Perhaps you can share it with us at a later time.

**Mr. Caalen Covey:** Yes, that's fine.

**Ms. Tracey Ramsey:** Thank you.

Also, I have a question on canola. If there were any studies were done as well, could you share that information with the committee? It would be very helpful for us to have that.

According to the Alberta Canola Producers Commission, the TPP includes commitments to prevent biotechnology-related measures from being trade barriers. It improves co-operation and transparency

around the approval of new biotech traits and prevents low-level presence of approved biotech traits from being used as a barrier.

Are there specific biotechnology measures that have been adopted by the TPP countries that have impeded Alberta's canola exports, and if so, what are they?

• (1155)

**Mr. Greg Sears:** On the biotechnology end of things, one of the more recent traits is a stack of traits for herbicide resistance, and the approval process is required in many different countries. Japan, Mexico, the U.S., and China, being our four core areas, currently all have to have synchronized approvals before something can be brought to market.

**Ms. Tracey Ramsey:** Are those countries that you have had difficulty entering because of harmonization?

**Mr. Greg Sears:** Yes. It delays implementation of those technologies.

As important is the MRL issue for crop protection products. Again, it comes down to synchronization in the world markets of how the approvals are in place. One country can have an approval; another one doesn't. As a commodity market in Canada, we sell a blended stream, so that boat could be going to Japan or to China. It is critical that our MRL approvals, our biotech approvals, are in place for all of our markets at the same time. Having a mechanism to get those approvals in a region, as opposed to individual countries, significantly benefits us in our ability to get those products and traits to market, but also in the costs that the farmers absorb because of the development time and paperwork that is associated with getting those approvals in every single market.

**Ms. Tracey Ramsey:** I think if we're going to enter into markets, we don't want a barrier to be in place there.

So you feel that the TPP has addressed all of those, then, with the TPP countries. There would be harmonization. You'd be able to enter those markets based on those provisions.

**Mr. Greg Sears:** I think that's certainly the goal.

Janelle, can you comment on that further?

**Ms. Janelle Whitley:** I think the provisions contained in the TPP agreement provide a mechanism to share information. They provide a commitment to science-based regulations. They provide more predictability and collaboration as to which data is shared back and forth. The question is whether it addresses all of our market-access issues. It probably doesn't but it definitely provides us with a platform for discussion and with a platform to proactively address some of the issues that we are talking about in terms of MRLs or LLPs in canola. Particularly beneficial is that right now there are individual discussions within every one of your exporting markets, whereby we have access to 11 or 12 members of the TPP through one platform. So it's more that platform for dialogue. There's also a working group on biotech products and STS that's going to be created, so it's really those mechanisms that are in the agreement that provide us with the opportunity to address some of the issues that we're facing at the end of the day.

**Ms. Tracey Ramsey:** Clearly all of you would benefit from the TPP, and you've brought that forward today. Our concern is whether you would actually be able to access that market, and I think if there were stronger language around that within the TPP, you might feel more reassured that that would actually end up being the result. I do recognize that there are some mechanisms in place.

My next—

**The Chair:** You're all done.

That's the first round done. We're moving back over to the Liberals.

We have Madam Ludwig. We have one more round in this round. Okay, go ahead.

**Ms. Karen Ludwig:** Good morning and thank you, panel, for excellent discussions.

I have a number of questions surrounding capacity. How prepared are you for the increased capacity in land technology and labour if a TPP was ratified?

**Mr. Greg Sears:** I would say we are well positioned. Land is land. They're not making any more of it and that's why it's such a great investment for all sorts of pension funds and—

**Ms. Karen Ludwig:** They don't need any more land—

**Mr. Greg Sears:** As far as canola is concerned, we have a strategic plan of 25 million by 2025. Very little of that plan has to do with land. Most of it is about efficiency, about adopting technology so that we can get more productivity out of the same land.

I would suggest that our biggest impediment right now is our transportation system. Right now we are a land-locked industry. We count on two railways to provide us with timely, efficient service at a reasonable cost. Except for a narrow swath across western Canada, it's a monopoly situation. We need the assistance of regulators to help us create competition in that marketplace so that it generates efficiency. The cost is almost secondary in my mind relative to the inefficiencies in the market and the need to deliver products on time to our consumers.

•(1200)

**Ms. Karen Ludwig:** Great. Thank you.

How prepared is your sector if Canada does not ratify TPP and the United States does?

**Mr. D'Arcy Hilgartner:** Right now in Canada we export 75% of the pulses we grow. Canada is not world leader in the marketing of many products, but we are do lead in pulses. The world looks to us to give direction to where the next year's production is going to be. Land is land, and farmers are businessmen. They will adjust to where the market suggests they should go. It gives us opportunities for more rotation with our other commodities, and we welcome opportunities such as fractionation and flowers. It allows increased efficiencies where you're exporting pea protein or starch to a market that's looking specifically for that product.

**Ms. Karen Ludwig:** If Canada was not a member country in TPP, how would that impact your operations?

**Mr. D'Arcy Hilgartner:** Then we're at a disadvantage. Crops that grow in southern Alberta and southern Saskatchewan also grow in

the northern United States. So if they ratify and we don't, they have preferential treatment.

**Ms. Karen Ludwig:** Would you also be for protecting significant job losses?

**Mr. Greg Sears:** It's almost like a chronic illness versus an acute illness. Is it going to kill agriculture in Canada? No. But it is going to significantly downgrade it. It's a steady path down to the point where it becomes not economically sustainable for the farmers. Fortunately, it's something we can address through this agreement.

**Ms. Karen Ludwig:** Thank you.

**Ms. Leanne Fischbuch:** We had an example of this in the past. It was a later signing on South Korea. In that agreement the U.S. was already into the marketplace, and it cost the pulse industry a lot getting in. For us to be late in signing or have the U.S. go ahead of us would bring us more of the same disadvantages. We see the potential with the TPP and we think it's an opportunity for us to be leaders.

**Mr. Kevin Bender:** We would be playing catch-up. If we are late to the game or don't sign on at all, we're going to face the same tariffs we have now, tariffs that would come off under the agreement. So countries that import our products, they're going to buy a cheaper product that doesn't have the tariffs we would have on our product.

**Ms. Karen Ludwig:** Thank you very much.

**The Chair:** Thank you.

We've finished that round.

We're going to start the next round with the Liberals.

Mr. Dhaliwal, five minutes.

**Mr. Sukh Dhaliwal:** Thank you, Mr. Chair. Thank you to the panel members.

Mr. Sears, you mentioned in your presentation that when the tariffs are fully eliminated in five years with Japan and Vietnam, the canola exports will rise by \$780 million per year—that's what you mentioned. How did you come up with those numbers? Could you tell us, please.

**Mr. Greg Sears:** If you don't mind, I'll defer to Janelle on that one.

**Ms. Janelle Whitley:** We arrived at the \$780 million from the analysis done by the Canola Council of Canada, the value chain organization in the canola sector, that we hired as a consultant to do some economic modelling and assumption analysis. They looked at different scenarios under TPP and what the potential gains and potential losses would be. That number is from their economic impact study.

•(1205)

**Mr. Greg Sears:** I believe the Canola Council is one of your witnesses in the Winnipeg session as well.

**Mr. Sukh Dhaliwal:** Ms. Whitley, Mr. Fonseca asked a question about quantifying the number of new jobs that you will create, but you did not address that. Would you be able to do that, or no?

**Ms. Janelle Whitley:** Perfect. While we don't have a study that says how many jobs would be created through TPP, we do have a study that shows how many jobs are created by the canola sector and its contribution to the Canadian economy. Right now we create about 250,000 jobs in Canada throughout our complete value chain, from input suppliers to sales and marketing. That's the contribution right now, but we don't have a study that says how many new jobs would be created through TPP.

**Mr. Sukh Dhaliwal:** I was recently in India, and lots of business people approached me. As you mentioned, 27% of the export market is to India these days. India is not a TPP country, so I'd ask everyone on the panel if it would be beneficial if India joined the TPP?

**Mr. D'Arcy Hilgartner:** Anytime you have a trade agreement with another country that facilitates trade, and thus eliminate barriers and set standards, we'd always welcome that. Obviously, that's a choice India would like to make. India, for pulses, is obviously a huge market for us. Anytime we can increase our trade with another country, absolutely....

**Mr. Sukh Dhaliwal:** Isn't the demand in India basically going to continue apart from all these agreements? The way I see it out there, right now, is that they are very hungry to find out how they can import expeditiously and, of course, economically, all those commodities they need. That is what I'd like to see. What has to be done so we can help, even if the TPP is not ratified? In the meantime, what is it that government can do to facilitate this so that the farmers can get the benefits they would love to have?

**Mr. D'Arcy Hilgartner:** I had the opportunity to travel to India in February of this year and meet with various pulse millers and people in the trade there. There's lots of interest. They want to increase imports of our product. They love our product. It's a high-quality product they can use readily.

The big question I have is related to transportation and the availability of supply. Infrastructure is key to the ability to get that product.

The two biggest questions I was asked was, number one, how can they buy it directly from my farm? Again, they're looking for those efficiencies.

**Mr. Sukh Dhaliwal:** They were asking me the same question.

**Mr. D'Arcy Hilgartner:** Exactly. How do I get it from your farm? They just don't understand the concept that it's 1,300 or 1,600 kilometres to the water. That's key. Anything that can facilitate transportation to get that product there, that's a key part for us.

**The Chair:** Your time's up, sir.

**Mr. Sukh Dhaliwal:** Thank you, Mr. Chair.

**The Chair:** Those were good questions.

We'll now go to the Conservatives for five minutes.

Mr. Hoback.

**Mr. Randy Hoback:** Where to go? There are so many questions, and I'd like to get into an effective stream here.

I think what I would probably like the committee to hear about is what happens to your industries when you don't have market access. We can look at BSE, for example, and what happened to the Canadian beef sector when all of a sudden they lost market access.

In a scenario where we don't have market access into Japan, how does that impact the canola price, right back to the farm gate, when all of a sudden they say they're not buying and you end up with an extra two million metric tons of supply?

**Mr. Greg Sears:** I think you've referenced a very important issue. Farmers are the price-takers. We get what's left after everybody in the value chain has taken their nibble. A lot of the issues regarding biotechnology, phytosanitary concerns, or any risk associated with the trade gets carried in the basis, and eventually comes out of what the producer gets at the end of the day. That's a huge issue.

Mr. Ritz probably knows how much the value of canola dropped with our little blip in China. It was a significant amount. At the farm gate, just the rumour that China might not import canola probably dropped it 50¢ a bushel. Our price dropped probably 5% to 10% from just a rumour. Being able to establish rational, understandable, repeatable methodologies for addressing a lot of those issues takes that risk out, and it all ends up coming back to the Canadian economy.

• (1210)

**Mr. Randy Hoback:** That comes back to why you need a diversity of markets. If you do see an issue with one country, you have the other 10 or 11 countries to deal with, plus other areas outside of TPP, to access your product.

Again, more buyers is definitely good for the farmers. Is that fair to say?

**Mr. Greg Sears:** Very much so. Especially for canola, and I'm sure for the other products here as well, we see the Asia-Pacific region as one of the great growth opportunities for our product. As I mentioned earlier, Japan has been buying two million tonnes of canola every year for Lord knows how long, and they will continue to do so. However, it's the Vietnams and the Indonesias that are really the opportunity for us to market our products and bring that money back into Canada.

**Mr. Randy Hoback:** Let's say the TPP isn't signed. Let's go down that road. I hope it is signed, don't get me wrong, but let's say it's not. What position do you expect the government to be in, if it's not signed, with regard to our relationship with Japan, Malaysia, and other countries in the TPP? With some of them, we do already have bilateral agreements. Do you think it's prudent that we'd be still negotiating a bilateral agreement with Japan at this point in time?

**Mr. Greg Sears:** I think, yes, ultimately if the TPP fails to be ratified, we need to continue to pursue bilateral agreements with Japan, but also with a suite of countries in that region. Australia is our primary competitor on the canola market, as is Indonesian palm oil and soybeans from the U.S. We can't be put at a disadvantage with regard to any of those other major oil-producing countries.

**Mr. Randy Hoback:** Putting it in a perspective that Canadians can understand, let's say there's a 20% price drop based on a rumour. Roughly 40 bushels an acre is probably.... Well, that's what Terry Youzwa grows. Everybody else grows about 50 or 60 now.

**Voices:** Oh, oh!

**Mr. Randy Hoback:** It's roughly \$8 an acre, and since the average farmer has about 1,000 to 1,200 acres, bang, in one day they would lose \$8,000 to \$10,000 to the marketplace. Now, let's take that \$10,000, roughly, and put it into the community of Red Deer. Once you multiply it by the many farmers who farm around Red Deer, or in the province of Saskatchewan, or in the province of Alberta, you can see how quickly that impacts the economy.

Is that another justification as to why these types of agreements have to be looked at in terms of a whole sector's net benefit to Canada, because of the trickle-down effect? You can't buy that new Ford truck if you don't get that \$10,000.

Is that a fair statement, a fair comment?

**Mr. Greg Sears:** I think it's a very fair comment. Somebody once told me that if a farmer has a dollar, he'll spend the dollar. It supports the rural communities. It supports the Saskatchewan potash mining. It supports the seed development companies in Chatham, in Fort Saskatchewan, and all over western Canada and eastern Canada. It's a huge, huge value chain that generates value for the economy.

**Mr. Randy Hoback:** Let's look at the other scenario, where you have people who yesterday—

**The Chair:** I'm sorry, Mr. Hoback. Nice try, wise guy.

**Voices:** Oh, oh!

**The Chair:** That's okay. We're going to move on to Mr. Peterson for five minutes.

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

Thank you, everybody, for your informative presentations, and thanks for being here.

I'm trying to wrap my head around some of the operations of your value chain and your export markets and even looking at margins and things like that.

Currently, obviously, a big component of what you do in getting product to market relies on transportation. Is it just as profitable to take your product to these Asian markets as it is to where you ship them now? Are there some efficiencies there? Is the margin going to go up or down? Will these markets be more profitable for you than your current markets?

•(1215)

**Mr. Kevin Bender:** I would say yes. Again, on the tariff front, there will be reduced tariffs, which will provide a higher net price to our bottom line. Just on that front alone, yes, it would be beneficial.

Again, as you alluded to and as has been talked about here, probably the biggest barrier is transportation. We can make all these agreements and have these sales, low tariffs, and good prices, but if we can't get our product to port, we're stuck.

Two years ago, we saw that very evidently, when Canada actually lost wheat sales because we had a bunch of boats at the west coast and couldn't get the grain there to load it. People went to Portland and took some American wheat.

**Mr. Kyle Peterson:** Maybe we need a pipeline for grain to B.C.

D'Arcy, go ahead.

**Mr. D'Arcy Hilgartner:** Further to that, we talked about this earlier. In our case, for whole pulses, you're starting to ship fractions, so the protein, starch.... Food ingredients are huge right now, and that's where a lot of the talk is, whether it's using them on their own or in supplementing another product, a local product. That's what they're looking at.

If you can ship a container of a specific portion of that food in grade as opposed to a Panamax freighter of the bulk product, there's always the combination of value-added locally, as well as the opportunity to extract a higher price in those markets.

**Mr. Kyle Peterson:** What I think I'm hearing—if I'm wrong, correct me—is that by expanding the export market there will arise a possibility of doing more value-added in Canada, which will have, of course, a multiplier effect on the benefits for Canada. Is that fair to say?

**Mr. D'Arcy Hilgartner:** Exactly, yes, and like we said, it also opens up those opportunities in countries outside of the TPP. If you're somebody that's not into it, well, you're going to want to get in. You want to make it into the cool kids' club, right? You want to get into the TPP. It creates that culture of free trade and letting business work the way it's designed.

**Mr. Kyle Peterson:** I don't know if Greg or Janelle wanted to pipe in on that.

**Ms. Janelle Whitley:** Yes, that's definitely that's how we see it. We see that right now in Japan the seed goes in tariff free, but there's roughly 15% on oil. With the removal of that tariff over five years, we do hope that more of that value-added processing would come back to Canada and that we would move away from being just a primary supplier of a commodity.

**Mr. Kyle Peterson:** That's on the operation side, but would there be other barriers existing, even with this TPP? What other challenges is the industry facing? Is the TPP going to save all your problems? I presume there will be some residual problems even if the TPP is ratified.

**Ms. Janelle Whitley:** I can take a first crack at that.

I think you've heard some of the barriers we're facing right now from the testimony we've had, specifically on crop input products in terms of the different timing of approvals, and some of the problems we're having on the maximum residue limits. Right now, we're dealing with a patchwork of regulations instead of one common standard that would maybe be available through Codex. That's definitely one of the issues we face as an industry.

The second issue is for canola, and more on the biotech side. About 98% of the canola grown in Canada is from a biotech variety, and we have a market access policy in our industry, which means that without prior approval in our export markets, we will not bring it to commercialization in Canada. We will not see that product available.

It's the same thing on the crop input side. We will not see that product available to producers until we secure the regulatory approvals in our export market.

The time it takes to do that is time that farmers don't have access to that technology. It's time that we don't have for the innovations on farms.

Those would probably be the two largest non-tariff barriers that we would be addressing.

**The Chair:** Your time is up.

**Mr. D'Arcy Hilgartner:** It's just something short I will say.

Will it address all of our issues? Probably not. However, it gives you that forum, that panel, that spot to have that discussion, as opposed to having that discussion with China, Japan, or Myanmar. Do you know what I mean? They are efficiencies.

**The Chair:** We just have one more questioner left, and that will end the round.

Go ahead, Mr. Van Kesteren, for five minutes.

• (1220)

**Mr. Dave Van Kesteren:** Thank you, panel, for being here. I have to say I get excited when I listen to people like your organizations. I guess I'm a little bit of an amateur farmer myself too.

However, the one thing that stands out is the opportunity. I love that entrepreneurial spirit that you all generate, that you show.

We were talking earlier to Mr. Hilgartner and Ms. Fischbuch about the pulse industry and how that has mushroomed. Sometimes when I get the opportunity, I love to explore in my own mind the unguided hand and how that just feeds and goes into so many different directions.

When we talk about pulses, I must confess that before I got into politics, I had never heard of pulses. I had heard about beans and all these other things.

Tell me, where is that market going, and where is the possibility for expansion? I think we as North Americans are beginning to consume more pulse products, but obviously, across the globe, tell us a bit about the possibilities of that.

**Mr. D'Arcy Hilgartner:** Well, I can tell you a little bit about what I know, and it's as you said. I'm excited, too. The opportunities are huge.

Pulses have been well established in the Middle East, and they've been eating them for centuries. It's kind of new to us. We can grow them well. We don't consume a lot of them here in North America, so when you look for opportunities for expansion, right here at home is part of that. Part of the TPP agreement is with the United States and harmonization of some of those rules.

With a lot of these areas that we have entered in with our products, we've looked at the market and started there as a filler for some of the local production. That gives us the "in", and then it expands from there. They find a fit for this and then we develop it from that point.

Any time you can get into a country and start developing a product and working with them—the producers, the pulse mills, the bakers, and the ingredient companies—it allows you to expand and say, "Well, have you thought about using it here?" We work with them through our organizations, commissions, and our national bodies to facilitate some of that research in agronomics as well as in the utilization of the product. How can we make this product work better for you? It's about staying in touch with our customers.

**Mr. Dave Van Kesteren:** Do you want to add to that?

**Ms. Leanne Fischbuch:** Yes, I could add something.

With the International Year of Pulses, we have an opportunity to promote the pulse industry globally. The way we're talking about it is through sustainability messaging, health messaging, market access to trade, and a variety of things and awareness.

There are certainly health issues in multiple countries, and I think this also gives us that opportunity to talk about pulses and the advantages and the benefits we can get. Even within the TPP countries, there could be a myriad of benefits from eating more pulses, and growing those marketplaces via the health benefits. That's one of the great opportunities that we have this year with the international year.

**Mr. Dave Van Kesteren:** I am from southern Ontario and I remember the pictures of western Canada when it was opened up. For the pioneers who came here, my goodness, it really wasn't the sort of place where.... Most people took the best lands, or what we thought were the best lands, but today I see the west as this enormous place that seems to be expanding further and further. Do you think we've reached our full potential?

Maybe I'll go to you, Mr. Sears, since you know about my area and understand where I'm coming from. Have you reached your potential, or is there still more? You said that we've only got so much land, but are there areas that can still be developed?

**Mr. Greg Sears:** I will briefly talk about your first comment.

My grandfather came from Michigan in 1911 and homesteaded. He took the train over here, walked from Edson, which is west of Edmonton, to Grand Prairie, and settled. I live in the exact same spot as his original log cabin.

Do we have potential? I think the potential has less to do with land. It has more to do with using the tools that are available to improve the productivity of that land, be it drought resistance traits or better agronomics, and just generally improving the knowledge base of those people who are producing the products. On the farmer's end, that is what I think about. We still have great opportunities for value-added processing, as everybody has talked about. We do have some issues to overcome, but in a few years we are going to be one of the few net food exporting countries of the world. That's a great opportunity.



•(1225)

**Mr. Dave Van Kesteren:** This is exciting stuff. It is great to see that spirit that you have here.

**The Chair:** Thank you, Mr. Van Kesteren. That was a good question, and it was a good end to our panel here.

We'd like to thank all the witnesses for coming. You not only produce a lot of food, you represent a lot of people who produce food, whether it's growing it or processing it or shipping it. We really appreciate your comments here with us today.

Have a good growing season. Thank you very much.

•(1225)

\_\_\_\_\_ (Pause) \_\_\_\_\_

•(1245)

**The Chair:** Welcome, witnesses and anybody in the audience who just came in.

As many of you know, we are the international trade committee of the House of Commons. We are represented by all parties. The study we are doing right now is on the TPP, and we're travelling across the country. We're going to go to every province and we're also going to Skype with the territories.

We have heard lots of witnesses in Ottawa, and we're also getting a lot of submissions from the general public. We started off with 5,000 last week, or 10,000 by the weekend, and now we have over 15,000, so there is a lot of interest. Of course, it is a big deal. There's \$1 trillion worth of trade in this TPP. One way or another, it will affect every Canadian to a certain extent, whether you are buying goods or selling them. It is a big deal and is something that is very concerning, so we are out here travelling. We did British Columbia yesterday. Today we're in Alberta, and we're just going to keep going east from here.

We now have our last panel from Alberta. For the next hour we are going to have the Alberta Chicken Producers, the Canadian Association of Petroleum Products, and the Canadian Federation of Musicians. We will begin with Erna Ference of the Chicken Producers.

Welcome. You have five minutes. Go ahead and state your case.

•(1250)

**Mrs. Erna M. Ference (Chair, Alberta Chicken Producers):** My name is Erna Ference. I'm with Alberta Chicken Producers. I'm also a producer just south of the city of Calgary, so I do know about chicken farming as well.

Chicken Farmers of Alberta represents 250 farmers, and it's a member of the national organization that you're familiar with, Chicken Farmers of Canada, which represents 2,700 active farmers.

While our Board of Directors is made up of farmers, the national organization is made up of farmers, processors, further processors, and restaurant representatives.

The chicken industry here in the province is a growth and value-added success story. We have three processors in the province. We have a farm gate revenue of \$221.3 million. We pay taxes in the neighbourhood of \$176 million, and our sector contributes \$830 million to Canadian GDP. Our farmers are located throughout the

province, from Grande Prairie right down to the U.S. border. We have more farms around today than we did when we were first formed 50 years ago. This is our anniversary year. Production has steadily grown more than 20% in the past 15 years and 2015 marked the sixth consecutive year of growth. Here in Alberta, in the last year, we grew by 7% and we have 25 new entrants.

Contrary to the popular misconception, Canada's chicken market is not a closed system. Everyone focuses on the high over-quota tariff for supply-managed product, but nobody pays it. Their sole purpose is to provide certainty to the amount of imports. People avoid talking about tariffs that everybody pays for.

From every one of our free trade partners, chicken comes in duty free. From all other countries, the tariff is a miniscule 5.4%, and this is not applied to just a small amount of chicken. In 2015, Canada imported 214 million kilograms of chicken. Just to put it in perspective, Canada is the 17th largest importer of chicken in the world. It's the second most important market for our neighbours to the south, the U.S. Among the 12 Trans-Pacific Partnership member countries, Canada imports more chicken than the United States, Peru, New Zealand, Australia, Malaysia, and Brunei combined.

Only 10% of the world's chicken production is traded, and the United States and Brazil supply approximately 75% of that traded amount.

Alberta chicken producers believe that we can increase our contribution to the Canadian economy despite the concessions provided for chicken access under the TPP.

At the end of TPP's implementation period, 26.7 million kilograms of new access will be provided annually. This is the equivalent of losing 61 chicken farms generating annual sales of \$57 million. On an industry basis, it equates to a loss of more than 2,200 jobs and a reduction in our contribution to Canada's GDP of \$150 million annually. The additional TPP access will be on top of our already significant WTO and NAFTA access of 7.5% of the previous year's production. This access was 80.2 million kilograms in 2005.

Together the existing WTO and NAFTA access and the new TPP access will be more than 9.6% of our production, right in line with the percentage that's traded worldwide. Every single kilogram of this access will enter Canada duty free. On its own, this would be a hard hit for the Canadian chicken industry. However, the displacement of our production resulting from additional TPP access can be mitigated by the elimination of import control circumvention.

We've been working with the government for several years to address these areas.

Three specific measures were announced by the government on October 5, 2015, at the conclusion of the TPP talks. It's critical that the government implement them without delay.

First is to exclude chicken from the duty relief program. This is a Canada Border Service Agency program that permits chicken processors to import, process, and re-export chicken. They can keep the chicken in Canada for up to four years and re-export lower value chicken if they wish: 96 million kilograms were imported in 2015. That represents 9% of our production.

• (1255)

Second is to implement mandatory certification for all spent fowl imports. Old laying hens that are not subject to Canada's TRQ can be imported in unlimited quantities. Imports of 103 million kilograms, representing another 9.5% of our production, are robbing Canada of 8,900 jobs and \$600 million in GDP. In fact, right now we're importing more spent fowl breast meat than is actually produced in the United States. This is fraud.

Third is to stop creative packaging by modifying the specially defined mixture rule. This is commonly referred to as the 13% rule. It stipulates that you can just add a simple pack of sauce to a box of chicken, and then it's no longer considered chicken and is not subject to import controls. The solution is simple: the government needs to reinstate the sauce and cooking requirements that we agreed to in the WTO commitments we negotiated, and put that into the customs tariff.

In addition to the elimination of import controls—

**The Chair:** Excuse me, could you please wrap up?

**Mrs. Erna M. Ference:** In conclusion, the Alberta chicken industry, and by extension, the Canadian chicken industry continues to be a significant contributor to the Canadian agricultural industry.

We are an agricultural community that is continually innovating and investing to grow our industry and evolving our system to meet the changing world requirements and consumer demands. Even though it will be a hard hit for us, we do support the way it is, and feel that it's critical. We support a rules-based and enforced trading system, and call upon the government to re-establish the integrity of import controls and trading agreements by eliminating the import circumvention practices so we can fully seize the growth opportunities that we see coming.

Thank you.

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

We're going to move over to the Canadian Association of Petroleum Producers with Tim McMillan.

**Mr. Tim McMillan (President and Chief Executive Officer, Canadian Association of Petroleum Producers):** Thank you, Mr. Chair.

Thank you to the panel members for putting these hearings on. I know it's no small imposition to do a cross-Canada listening and engagement tour, but I think it's very important when we talk about something as important as a trade agreement like this that would have a profound effect on all Canadians for many years into the future.

At CAPP we represent the upstream oil and gas producers in Canada. We don't represent pipelines or the downstream side, just the upstream side. That said, the ability to get our products to market

is crucial to the ongoing success of not only our industry but also of many parts of the Canadian economy. With that principle in mind, we're very supportive of trade and free trade.

I'm going to highlight a few points where I think there will be a direct overlap with the Trans-Pacific Partnership and where it can enable Canada to be more competitive on specific parts of what we've seen of the agreement.

In a general sense, I did want to comment that some of our stakeholders we work with very closely are challenged and have put forward concerns that I think are legitimate and, certainly, need to be thoughtfully approached.

One concern would be the labour force. Our industry hires about 500,000 Canadians—today it's slightly less than that at 450,000—who are integral to the ongoing success of the oil and gas industry. At times, labour shortages are one of the biggest challenges facing our industry and labour mobility is something that we have and will continue to advocate for. I don't think it's one or the other. I think we need to ensure that even within Canada, we can make labour mobility a priority so that we can utilize Canadians as much as possible in any project that will go forward into the future.

I wanted to put on the table that there are a lot of aspects here that are certainly important.

If I shift to where I see the Trans-Pacific Partnership having direct impact on Canada's competitive position, one of the most obvious is diluent. In Canada we produce a lot of heavy oil or very heavy oil that requires diluent to dilute it so it can flow easily in pipelines. We don't produce enough diluent in Canada, so we have to import much of it. We do produce a substantial amount, but much of it is imported from the U.S. and from offshore. In any given year that could amount to about \$40 million worth of tariffs, which decreases the economics of investing in Canada and, of course, affects the creation of Canadian jobs. If the TPP were to allow a freer flow of diluent, that would be very helpful.

Our industry is a technology leader. If you look at where oil and gas is produced around the world, Canada is out in front in almost every regard—in environmental standards and production techniques, and in many different ways. Our ability to export those high standards and new technologies around the world will have benefits around the world.

When we look at some of the challenges we're facing today in eastern Canada, we are seeing western Canadian gas being displaced by gas coming out of the U.S. In western Canada we have a carbon price on the gas produced in British Columbia on the compressor stations while the gas coming out of the eastern seaboard of the U.S. does not. I guess one approach would be to say that maybe we should have a tariff on gas coming into Canada that doesn't have the high environmental standards or the incentives to always be improving performance.

I think a better approach from our industry's point of view is that we make everybody better. If we can export our technology, not just to the U.S. but around the world, that will benefit countries that are also producing, and Canada can maintain its leadership position.

I also wanted to talk a little bit about the market access piece. That is something we continue to work on, getting our products to those new markets around the world, be it natural gas and the LNG facilities, or oil through new pipeline infrastructure. I think the commitments that the governments have made on market access, both provincial and federal, are important and the Trans-Pacific Partnership would be a further reflection of that imperative of Canada's role in the world as an exporter of energy, of products, and of the resources that we produce.

• (1300)

In a general sense, I think that Canada can compete, that we will continue to be innovators, and that the Trans-Pacific Partnership will enable us to be competitive in this new world.

Thank you for your time today.

**The Chair:** Thank you, Mr. McMillan, for that briefing.

Last but not least, all the way from Cape Breton, the home of not only many good politicians, of course, but many good songwriters and singers, we have Mr. Elliott. He's not from Cape Breton, but he was a Cape Bretoner for a week, I guess.

It's good to see you, Mr. Elliott. Welcome. You're representing the Federation of Musicians. Go ahead, sir, for five minutes.

**Mr. Allistair Elliott (International Representative, Canada, Canadian Federation of Musicians):** Thank you, Mr. Chairman.

The Canadian Federation of Musicians is a Canadian division of the American Federation of Musicians of the United States and Canada with a membership of 90,000 people across North America, 17,000 of whom are Canadian. The AFM-CFM is the leading professional organization of its kind to musicians in North America. The Canadian Federation of Musicians' headquarters oversees all matters of national importance to musicians and governs its 25 local offices coast to coast in Canada. There are just over 200 offices in the U.S. as well.

As a distinctly Canadian division of AFM and under its federal status of the artist recognition, the CFM negotiates fair agreements and working conditions covering all musical services within Canada. CFM diligently works to protect ownership of recorded music, secure benefits such as health care and pension for its members, and actively lobbies in copyright reform and other matters of interest to all professional musicians working and/or living in Canada.

The Canadian Federation of Musicians helps thousands of musicians who need assistance with any number of issues related to the recording and live performance of their craft with various departments covering an array of services important to musicians, including cross-border work. We're a P2 petitioner. We do a lot of work for P2s for musicians travelling across the border: medical care, insurance programs, etc.

Our agenda today is addressing some issues with regard to intellectual property and the temporary entry for foreign business

persons. Intellectual property talks about several treaties, but it leaves out a very important treaty, the Beijing treaty, which was recently signed off on in 2012. We would like to see the Beijing treaty added as a reference document here.

We would also like to bring up the topic of national treatment. While national treatment is good, our concern with national treatment is that Canada has, in some cases, reduced the level of protection below what is recommended in the WCT and the WPPT. We would like to see a higher level of compliance there. The Beijing treaty and also the Rome Convention would be reference documents we would like to bring forward.

Regarding temporary entry business persons, there seems to be a recognition—and we applaud that—that there should be an application procedure and licence. We would like to push for recognition that musicians entering Canada on a temporary basis must submit to contract to the certified organization—that's us, the Canadian Federation of Musicians—to ensure that conditions of employment meet or exceed the recommended minimums for that particular classification of work. We're federally certified to represent all musicians in this country, and immigration is definitely a federal topic.

With regard to this committee, we would like to also bring up an overall request to recognize the need to clear all musicians entering Canada through our office. Without scrutiny by our national office and the enforcement of a fair wage in all sectors, there's very likely to be a huge influx of foreign musicians under this treaty, which makes the market more competitive. It drives wages down unless they are controlled and floods the market with non-Canadian culture. We would like to uphold Canadian culture in this country, and we need to do that by fair competition and fair wages.

Thank you.

• (1305)

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

Thank you to the panel for their briefs.

We're going to go into questioning now by members of Parliament for five minutes each.

We're going to start off with Mr. Van Kesteren for five minutes.

**Mr. Dave Van Kesteren:** I want to go to Mr. McMillan first. We all know your industry has taken quite a hit. I'm curious; you mentioned some talk about the foreign workers program. You seem to be either in the best of times or the worst of times. It's like a Dickens story.

At a time like this, you wouldn't have any call for any foreign workers, would you?

**Mr. Tim McMillan:** I would say in very specific skill sets, potentially. I don't know the details on that. We have seen our capital expenditure drop from about \$81 billion in 2014 to today, when we are expecting 2016 to be about \$31 billion. We've lost \$50 billion worth of capital expenditure, so the requirements of the workforce have diminished substantially as well, and that's not a good news story.

But if I were to extrapolate out of that, when we were growing substantially at \$81 billion, our need was for very specific skill sets, a lot of them very large, and it wasn't always possible to source them within Canada. We think we, as Canadians, can do a better job of clearing barriers so we can access as easily as possible. There likely will be opportunities or need for accessing beyond the borders into the future, but that need today would be far less than it was in 2014.

**Mr. Dave Van Kesteren:** When times were good your industry had some enormous growth. I would suspect there was a lot of innovation, especially with the type of oil extraction Canadians, and specifically Albertans and Saskatchewanians, are involved with in the oil sands.

Is that technology being exported, and would this trade agreement give you better access to other markets where Canadian mining companies could find some employment and investment?

**Mr. Tim McMillan:** Yes, I would certainly say that some of the unique challenges that are overcome in Canadian mining in situ, or even on the conventional side of the business, are often innovated first here in Canada.

We have some of the harshest climates, some of the biggest resources, and some big challenges. As Canadians unlock those, it sends an opportunity not just to utilize them here, but also in other places around the world where the climate might also be harsh, or maybe less so. That technology being unlocked here can be used there.

• (1310)

**Mr. Dave Van Kesteren:** Is that starting to happen? Can you expand on that and tell the committee about that?

**Mr. Tim McMillan:** Absolutely. Knowing the oil and gas business and speaking on their behalf, our entrepreneurs do branch out around the world. Some of the modern drilling techniques that we are using here are today.... We have Canadian-based companies, not always Calgary-based, that have the majority of their operations around the world.

One example would be Vermilion Energy. It is the largest oil producer in France. They are headquartered here in Canada. In South America, developing some of the resources there, they are taking Canadian expertise and Canadian values. They are taking the standards of what we think is acceptable to countries around the world that may not share those standards and don't have access to the technology locally. That benefits Canada in the long run.

**Mr. Dave Van Kesteren:** I suspect the same would be true with fracking. You have developed techniques that our front-line... Would this agreement help you to make a move into some other countries? Could you give us examples of some of these different countries? I don't think Japan would be one of these, but any of the others, the South American countries possibly.

**Mr. Tim McMillan:** Potentially, if I stray too far into the geology world, I will not be speaking from knowledge. Each clay has uniquely different characteristics. We have horizontal drilling and multi-stage fracking, which are different completion techniques. Fracking is just one completion technique, and though it may be very effective in the Montney, it may need tweaks slightly in the Duvernay, and it may be different from what they're doing in Pennsylvania. However, it's all built off a similar platform. The

innovation is an ongoing process. We do it differently today than we did a few years ago.

Nowhere in the world has unlocked multi-stage fracking and horizontal drilling in the way that North America has. Potentially, are there "plays" that would allow other countries to unlock their resources? In all likelihood, yes. Different completion techniques will be used around the world, and maybe fracking and maybe horizontal drilling will be part of that.

**The Chair:** Thank you, Mr. Van Kesteren. Your time is up.

I see some new faces in the back. Welcome to our committee.

Now we're going to move on to the Liberals for five minutes.

**Ms. Karen Ludwig:** It's great to hear the diversity on the panel. It's quite interesting.

Regarding the chicken farmers, we have heard from other panellists in Ottawa in similar veins of conversation. In terms of importing, I think it would be quite surprising to Canadians at the grocery store if they actually knew the level of imports on the chicken side. What has been done to date, in terms of labelling and packaging, that we could learn from as we ratify different agreements?

**Mrs. Erna M. Ference:** I'm not an expert in the labelling issue, but I understand that it's under the purview of the CFIA and Canada Border Services.

Gerry, you'd probably know more about that than I would, I'm sure.

As far as TPP is concerned, I don't know what the ramifications are on that. We would welcome that labelling for the spent fowl, as I indicated, which is part of something that we think is already available. It just hasn't been implemented.

**Ms. Karen Ludwig:** Okay. I'll ask Gerry about this afterwards.

In terms of the implementation of trade agreements, what has been your experience with CFIA and CBSA?

**Mrs. Erna M. Ference:** I can't even comment on that except to say that the government does regulate the amount of tariff rate quota on chicken imports. They do try, I believe, to regulate the amount of chicken coming in that could possibly be illegal, or not up to specifications, but I don't think they have the manpower or the capacity to be able to do what a lot of the trade agreements say.

• (1315)

**Ms. Karen Ludwig:** Do you think, based on past experiences, that if the TPP were ratified there is potential to raise the standards and the expectations for chickens grown or produced elsewhere, and then imported to Canada?

**Mrs. Erna M. Ference:** I don't believe so, because then you're going down a line of phytosanitary measures, which I think are one of the things these trade agreements are trying to get away from, that is, preventing imports based on those sorts of limitations.

**Ms. Karen Ludwig:** I asked because we heard from other panellists in Ottawa about phytosanitary measures, and what they were suggesting was more of a harmonized standardization for implementation.

**Mrs. Erna M. Ference:** That would be wonderful if it could be accomplished, because I know that even with antimicrobial use, there's a difference between what we call an antimicrobial and what the United States does. That's a major concern for our interests, as we're going down that revised requirements of consumers.

So that would potentially be one benefit.

**Ms. Karen Ludwig:** Okay, thank you.

Mr. McMillan, living in Atlantic Canada, we have seen many Atlantic Canadians move west for employment. We are definitely starting to see a shift towards them returning. Unfortunately, when they return, the incomes are not there, and neither, for the most part, are the jobs. You have mentioned—and I hope I say this correctly—diluent.

**Mr. Tim McMillan:** Yes.

**Ms. Karen Ludwig:** In terms of NAFTA, if you're importing that from U.S., you said you're paying the equivalent of, potentially, \$40 million in tariffs. How does that not qualify as a tariff exemption or at least a reduction under NAFTA?

**Mr. Tim McMillan:** That's a great question.

We are bringing in diluent from the west coast. As well, it's coming in from the U.S. Some of what comes into the U.S. is likely imported into the U.S. and then is flowing through a diluent pipeline into Canada. It is a challenge, a structural challenge. The tanks it might stored in may be commingled with different products. There's quite an accounting of what tariff is paid on what diluent and where it comes out of the tank. There are some complexities on top of....

You're absolutely right. If the diluent is sourced out of the U.S., it would be treated differently than if it came from a country covered by the TPP.

**Ms. Karen Ludwig:** Thank you.

My last question is to you, Mr. Elliott. First, thank you for working to maintain Canadian culture. We all appreciate that.

You mentioned the Beijing accord. Could you give us some explanation of that?

**Mr. Allistair Elliott:** I'm sure glad I printed this out before I came.

**Voices:** Oh, oh!

**The Chair:** You have to be quick.

**Mr. Allistair Elliott:** The Beijing treaty is on audiovisual performances. It was adopted by the Diplomatic Conference on the Protection of Audiovisual Performances, which took place in Beijing in June 2012. It grants four kinds of economic rights: the right of reproduction, the right of distribution, the right of rental, and the right of making available. It also grants moral rights.

I can go into more details, if you want.

**The Chair:** Thank you. We would appreciate a copy of it. Maybe we can get it, or if it's in your submission that's fine too, and then we can draw from it there, sir.

**Mr. Allistair Elliott:** I'll forward that.

**The Chair:** We appreciate that.

Now we're going to move over to the NDP for five minutes. Ms. Ramsey.

**Ms. Tracey Ramsey:** Mr. Elliott, I echo my colleagues' sentiments and appreciate your strong commitment to Canadian culture, telling our stories through music and the art that everyone in your association provides for Canadians.

I would like to speak a little bit about the intellectual property.

The TPP would require countries to protect a work, performance, or phonogram for a minimum of 70 years after the death of the author, or 70 years after the first publication or the first performance, as the case may be. For the most part, current Canadian legislation provides protection for a period of 50 years after the author's death.

What would be the benefits and drawbacks associated with this extension of 20 years?

**Mr. Allistair Elliott:** I think it is a benefit. It's a step in the right direction. We would like to see even more solidification with reference to the things in the Beijing treaty that are not covered.

**Ms. Tracey Ramsey:** Currently, we are not part of the Beijing treaty, so that is what you are requesting, that we sign onto that.

**Mr. Allistair Elliott:** I am not sure if Canada signed off on it. It hasn't been adopted yet.

**Ms. Tracey Ramsey:** I don't think so.

My second question goes to Ms. Ference.

We were talking about supply management, and we have seen others come and present to us as well. I think it is general knowledge that a package was offered to supply-managed farm industries in Canada by the previous government. The assistance package was quite large, starting with CETA and continuing with the Trans-Pacific Partnership.

If this compensation is there, do you feel it will be sufficient to offset the negative impacts of the TPP and CETA on Canada's chicken sector?

● (1320)

**Mrs. Erna M. Ference:** I think it was something that was agreed to based on the fact that didn't want to hold up any negotiations for any trade agreement. We've always stated that vocally.

I want to be clear that even though that is a compensation package, it's apparently going to be paid out over a 10-year period.

**A voice:** Fifteen years.

**Mrs. Erna M. Ference:** Fifteen years. That's it. We lose that production forever, and we also know there are loopholes. There have been loopholes that haven't been addressed by the government, and we need those fixed.

If they fix those loopholes, that will benefit us as Canadian farmers. We get to grow that chicken in Canada and promote...have more jobs and industry, and further processing.

**Ms. Tracey Ramsey:** Actually, it's very unclear whether or not that money exists under the current government. The agricultural minister has said that the money may be there after the ratification, so it's really unknown, I think, at this point, whether that money even exists under the current government.

You mentioned some other changes. Are there any other changes that the chicken producers would like the government to make to this assistance package? Is there anything? Currently it is unknown whether or not that exists. Are there any changes you feel you could implement around that with the current government?

**Mrs. Erna M. Ference:** There are none that I can think of off the top of my head.

**Ms. Tracey Ramsey:** The minister has a strong mandate to ensure that she is consulting widely, and so I would ask each of you whether or not, under the current government, you've been consulted by the minister's office.

**Mrs. Erna M. Ference:** Our provincial organization has not been consulted.

**Mr. Tim McMillan:** It's possible that our organization has been in contact on this issue, but I couldn't tell you off the top of my head.

**Mr. Allistair Elliott:** I don't believe so, but I'm not sure.

**Ms. Tracey Ramsey:** Thank you.

Do I still have time?

**The Chair:** You've got over a minute and 15 seconds.

**Ms. Tracey Ramsey:** My goodness. What else can I think of? Yes, the labour mobility. Let's talk about labour mobility.

We just had the Alberta Federation of Labour in here discussing labour mobility and implications of the Trans-Pacific Partnership for that, and how they really differ from the TFW.

It's a legitimate concern to say that we could end up having musicians come from all the TPP countries into our country and that there would be fewer provisions around the work they do and, actually, no length of stay, and no pathway to citizenship either. Chapter 12 of the TPP on labour mobility has been identified to us today as a flawed process. Can you speak some more about that?

**Mr. Allistair Elliott:** I would agree with that, specifically on the fact that there's not parity. If you look at Canadian musicians trying to go to the U.S., for example, our closest neighbour, it's a lot more difficult. The P2 process has become laborious, and what's supposed to take 25 days is taking up to 90 days right now.

It's an expensive process for Canadians to go across the boarder. It's a lot simpler and less expensive process for an American to come into Canada.

We'd just like to see parity and be involved in the control aspect of that.

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

Your time is up, Ms. Ramsey.

We're going to move over to the Liberals for five minutes.

Mr. Dhaliwal, please go ahead.

**Mr. Sukh Dhaliwal:** Madam Ference, almost 78,000 Canadians are employed in the chicken industry. I come from British Columbia. We have over 330 chicken farms, employing 3,800 people.

They say that the chicken industry is closed to imports. Would you like to comment on that?

If the TPP is ratified in its present form, how would it affect the Canadian chicken market when it is taken up by the imports?

• (1325)

**Mrs. Erna M. Ference:** As I said in my presentation, the chicken imports quite substantial. It's not a closed market. We're the 17th largest importer in the world and we take more than our fair share of imports compared to countries that purport to be large free traders but are not. They don't take any chicken into their own countries. For instance, we couldn't export even one piece of chicken to Australia unless it were heated to 180 degrees for something like six hours. It would be virtually non-edible. They have some barriers that we cannot abide by.

When it comes to allowing more imports into Canada, it would displace some of our products. That's why we would encourage the government to make sure that any agreement has provisions that are adhered to. They are not being adhered to right now.

**Mr. Sukh Dhaliwal:** If we follow the three recommendations that you made in your presentation, would that take care of the situation the chicken farmers would be in, or is there something else that you would like to see become part of the treaty?

**Mrs. Erna M. Ference:** If those three were settled, we would be very happy with that.

**Mr. Sukh Dhaliwal:** Are the chicken farmers exploring other markets like India and China, which are not part of the TPP?

**Mrs. Erna M. Ference:** Because of the trade agreements we have—we have supply management—we're limited as to how much we can export, so we do not pursue that.

**Mr. Sukh Dhaliwal:** To Mr. McMillan, expanding on Madam Ramsey's comments on labour movement, it is my understanding that we already have an agreement in place among the provinces that technical and trades people can easily move around.

Do you see anything further that should be incorporated to make it easier for labour mobility within Canada?

**Mr. Tim McMillan:** Absolutely. I think that's a work in progress. It's better today than it was 20 years ago. I think, though, our ambition here should be high. As the committee member Ludwig said, some of the experts and technical folks from her part of Canada have contributed to Alberta and Saskatchewan and British Columbia in the past few years, and right now they're going back. I think doing that serves Canada well. At different times we have different labour needs, and if we can utilize that expertise more effectively, it benefits us all in the long term. I think we're better today than we have been, but I really think our ambitions should be high.

**Mr. Sukh Dhaliwal:** The industry forecast in January 2015 showed over one million barrels per day of future production cutting that growth. If we had the TPP agreement in place, do you think those numbers would stay or would they fluctuate?

**Mr. Tim McMillan:** I think you're referencing CAPP's June forecast, where we look out to 2030, and the production forecast.

**Mr. Sukh Dhaliwal:** Right.

**Mr. Tim McMillan:** With the lower prices and the lower investment we saw last year and into the future, we thought that instead of growing with a curve of this slope, we would be down by about a million barrels a day in 2030, albeit still growing. We'll bring out an updated forecast in June again. I think the TPP's effect on that curve would probably be far less than if we were to get pipeline and LNG access. That would fundamentally position Canada to be more competitive, whereas TPP would be a more incremental piece, making smaller pieces more efficient.

**The Chair:** I'm sorry, Mr. Dhaliwal. I know you're on a roll, but I have to cut you down there. Your colleague is going to be up next, and you can throw him a few hints.

We're going to go to the second round. The Liberals are going to start off.

We have Mr. Peterson for five minutes.

**Mr. Kyle Peterson:** *Merci, monsieur le président.*

**Some hon. members:** Oh, oh!

**Mr. Kyle Peterson:** That will be it. Get your headphones on....

Thank you, panellists, for being here. We appreciate your insight and your information, because we're here as an information-gathering tour.

I'm going to try to work through this quickly, because I have a couple of questions.

Maybe I'll start with chicken. Erna just told me that her sister actually lives in my riding, so I'm going to have to ask her nice questions.

Thanks for being here. I have a quick question. Don't take the compensation into consideration right now, but just for the TPP on its own, how will that affect your industry? Absent compensation, will it be beneficial or detrimental, in your opinion?

• (1330)

**Mrs. Erna M. Ference:** It would be detrimental. It's going to allow over two per cent access to chicken, unless the government takes action to enforce some of the rules on previous agreements that it says it will. Then that would mitigate that.

**Mr. Kyle Peterson:** For you to do a full analysis on whether or not it's a positive or negative, you'd have to know the quantum of that compensation—

**Mrs. Erna M. Ference:** That's correct.

**Mr. Kyle Peterson:** —including the length of time and other factors that haven't been determined yet, or not agreed upon in any event.

Let's say that the compensation is satisfactory. What markets among the TPP countries would you be able to grow the most in? Where would your key markets be?

**Mrs. Erna M. Ference:** I don't know, and maybe I'm off base, but it's my understanding that because we're still supply managed, we

don't have access the way other countries do. We'd still be growing to our own requirements in the country.

**Mr. Kyle Peterson:** Okay, that wouldn't change much from the approach you're taking now.

**Mrs. Erna M. Ference:** No.

**Mr. Kyle Peterson:** I'll move to Mr. McMillan. Can you tell me where most of your members are located? We assume they are in Alberta, but I'm sure there's a cross-country footprint.

**Mr. Tim McMillan:** Yes, absolutely. We represent the upstream, be it offshore Newfoundland, Nova Scotia, or New Brunswick. We represent British Columbia, Alberta, Saskatchewan, and Manitoba. We have members that are located in Quebec, where we have found some resources. Really, it's across the country.

On a production-weighted scale, Alberta does have the largest production in Canada.

**Mr. Kyle Peterson:** Yes, of course, but I think there's a misconception among Canadians that you guys are Alberta-focused and Alberta-centric. I just think it would be fair for us to realize that it's a pan-Canadian association. Thanks for that clarification.

**Mr. Tim McMillan:** Thank you.

**Mr. Kyle Peterson:** You talked a little about the significant decrease in capital investment, which I think is probably driven by the price of oil in the market. It went down by almost the same percentage as your capital investment during the same period.

I'm reading today some reports that this \$40, \$50, to maybe \$55 band is going to set in for the near term, though these are all predictions. What's the ideal capital investment you see to maintain a flourishing and growing industry? What sort of price of oil in the world market would support that?

**Mr. Tim McMillan:** Again, that's a very good question.

To put this in a bit of context, we've seen worldwide capital expenditure pull back when the price of oil goes from \$95 a barrel to \$30. Everybody has pulled back, but Canada has pulled back farther and deeper than anywhere else. Our percentage decline is deeper than the U.S.'s decline, deeper than Saudi Arabia's, and deeper than anywhere else. Part of that is the challenge we have of getting our products to market. Even at \$25 a barrel, if you're producing right on the coast, that's not good. If you then have to subtract another \$5 to \$10 differential, it gets more difficult.

I think the thing we need to be concerned about is that if the price does bounce up to \$50 a barrel, will Canada be competitive? Will we be attracting the investment at that point, or will it be going to the U. S., or Nigeria, or Venezuela? What we've seen is that proportionally more of it's going to Venezuela, Nigeria, Angola, and Saudi Arabia than was coming to Canada three, five, or ten years ago.

At \$50 or \$60 a barrel, we will see incremental increases in investment. As the price gets higher, it will increase. It's hard to put a finger on it. Some of the broader market access issues will be fundamental to leveraging that price increase.

**Mr. Kyle Peterson:** Okay. Thank you for that.

A question for—

**The Chair:** No, your time is up, Mr. Peterson. Sorry about that, but there will be another time. Another Liberal can ask the same question you're thinking.

We're going to move over to the Conservatives now, and Mr. Hoback, for five minutes.

**Mr. Randy Hoback:** Kyle, I think I know what you were going to ask him, so I'll ask him on your behalf.

Mr. Elliott, I'm going to start with IP protection. We've heard previous testimony from people who don't like TPP, saying there's too much protection, that we're restricting creativity in Canada and not allowing sectors to bloom because of the IP protection. How do you react to that?

• (1335)

**Mr. Alistair Elliott:** With respect to our industry, you can't protect the creator enough. We represent the creators. We are the creators. When someone makes their living at creating content and it's not protected, how can you not protect that enough? That's the way they make their living.

**Mr. Randy Hoback:** Yes. I have a brother-in-law who's an artist, and I'd agree with you. Some of his stuff may not be worth a lot of money until he moves on and passes on. His family should have the benefit from that.

**Mr. Alistair Elliott:** "New use" is a phrase that's used in the industry. You create something and you sell it, and it's used for a particular subject. Somewhere along the way in the future, someone wants to use it for something else. We want to make sure that those things are protected and people are paid for each use, not just the original creation.

**Mr. Randy Hoback:** As far as the labour mobility side of things goes, I understand your concerns about musicians coming into Canada. TPP should level that playing field so that Canadian musicians should have the same ability to go into TPP countries. Would that not be beneficial for our musicians to expand their horizons a bit more and get outside of Canada even more?

**Mr. Alistair Elliott:** Sure. It's a very delicate subject, and there are definitely two sides of the coin. You get creative with more creative people around you, and there's a benefit to that. If we look at the entry-level jobs in the bars and the clubs where musicians are playing, especially in cross-border towns, our concern is those kinds of jobs will diminish and Canadians will lose that opportunity. It's an entry-level living, if you like, but that's what we want to make sure we're protecting.

**Mr. Randy Hoback:** Mr. McMillan, you talked about labour mobility. I can give the example here of something that happened in Regina three years ago, when a company was trying to relocate a logistics facility there and couldn't build it. They literally said, "You know what, we can't do it. We can't find enough people to run it. We can't find the people to build it."

How many projects would not have been built if we had not had the ability to have that temporary labour come in and fulfill the labour requirements so we could actually complete a project?

**Mr. Tim McMillan:** That part of the labour component, I think, was essential on many projects over the last several years. I couldn't

quantify it with an exact number, but we have seen substantial build-out in many sectors in Canada over the last decade and—

**Mr. Randy Hoback:** Is it fair to say a lot of those projects that wouldn't have had access to that labour would not have gone forward, and that those Canadians who were also working on those projects would not have been working?

**Mr. Tim McMillan:** Yes, I think it's a fair statement that you could certainly find projects where that was essential.

**Mr. Randy Hoback:** Ms. Ference, as far as labour in your sector is concerned, what is the access to labour, the labour pool? Are you finding challenges in those scenarios?

**Mrs. Erna M. Ference:** Since all the farms are pretty much family owned, I don't believe there's a labour shortage in our industry. There are in other supply-managed ones, such as dairy. In the further processing industry, that's been a challenge for sure.

**Mr. Randy Hoback:** By that, you mean processing side, the guys who actually take the chickens and do what they do with them?

**Mrs. Erna M. Ference:** That's right. To take it further, it's an issue even into the food service sector, the restaurants. That's a huge issue for them.

**Mr. Randy Hoback:** I know we've heard stories of that, going back to the good days—which I hate to say—when restaurants were only opening for two or four hours a day because they couldn't find enough labour to stay open beyond those hours, and couldn't afford to pay the labour to stay beyond those hours. There were very unique circumstances, creating a scenario in which services that we came to want as Canadians couldn't be provided by Canadians. If we didn't have that labour mobility, basically that growth and economic opportunity, that \$81 billion investment that you're talking about would have stuck at around \$30 billion. That would have prevented a lot of opportunity for Canadians to have a better quality of life.

When you look at the chicken industry, some of my friends in Saskatchewan are saying that they're looking for more opportunities to export. You touched on it a little bit more. Have you looked at TPP? Have you done any analysis to say where we could find some export opportunities? Is there something there wherein you could go beyond your normal comfort zone and say, here's an opportunity we can actually be profitable in?

**Mrs. Erna M. Ference:** That's one question I had, but I don't believe I received an answer, on our ability to export to the same level as we import. I don't know whether that exists under the TPP or not, so I won't comment on it.

What I will say is that in Canada, we are a high-cost producer. We have to heat our barns. We live next door to the largest exporter in the world, the United States. They view us as 10% of their market. It's hard to compete with an industry in the United States that doesn't have to heat its barns. Again, we have the same issues that the oil and gas industry has, as far as access to waterways and export venues is concerned. Those are real deterrents.



Will we look into them in the future? Possibly. But at this point—  
 ● (1340)

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

Thank you, Mr. Hoback. Your time is up.

We'll go over to the Liberals and Mr. Fonseca. Go ahead for five minutes.

**Mr. Peter Fonseca:** Thank you for your presentations. You're such a diverse group and so informative about your different sectors.

Earlier today we had the Alberta Federation of Labour here. They have some very serious concerns about chapter 12 and labour mobility. When I think about labour mobility here domestically, within our country, to have people able to move back and forth, and also about foreign labour coming in, the concerns of the labour federation and our focus in looking at the TPP is that it will be a net benefit—not not just to Canada, but to Canadians, in creating those high-quality jobs, high-paying jobs that we want in our country.

This question could be for everybody.

Mr. McMillan, I'll start with you. Have you looked at a strategy? Now that we're in a bit of a down cycle right now with oil, have you looked at a strategy in other sectors—construction, mining, farming—where you'd be able to pull that labour so that we won't be caught in a situation like we are today or were in a number of years ago when we had to ramp up with our workforce, and maybe we didn't have it, and we had to bring in a lot of temporary foreign workers?

**Mr. Tim McMillan:** That work is ongoing and is ever-changing as the dynamics around Canada and the world change. It changes with the opportunities to bring labour from across Canada and utilize it—and doing that as efficiently as possible is crucial.

I think it's a balance, though, and having a good system where governments have the authority to figure out what the appropriate authority is. We need to make sure the credentials are consistent across jurisdictions.

I don't think it's all one or all the other. It's finding the right balance and doing it in a thoughtful way so that we're utilizing it and getting the best for Canadians.

**Mr. Peter Fonseca:** So a worker who's working on a pipeline can now be working in ICI construction or residential, whatever it is, and can be brought back and forth. I just wonder how you keep touch with all of that labour, that workforce we have here in the country so that we don't have high unemployment in some areas and so that we're able to make those shifts.

**Mr. Tim McMillan:** I'm trying to think of the acronym, but there's an oil and gas labour think tank that's partnered with Enform Safety Association that does a lot of the work you're talking about, looking at trends, looking at putting forward where training dollars should be going, so we're training the right people for the jobs coming down the pipe in two, four, six to 10 years.

When we are talking about \$10 billion projects, like the LNG facilities potentially off the west coast, the labour demands are substantial. If Canada wants to be in that business, there's a window that you have to hit. If you're going to build a project, it's not the type where you build small and it will grow incrementally. It is a huge

labour demand in the short term, but it'll pay dividends for Canada for 30 to 50 years.

I wouldn't be sitting here saying that I think we can beat the system. I think we can find the best path forward for Canada.

**Mr. Peter Fonseca:** Mr. Elliott, how would that work when your artists are on tour, and you've got roadies and others who are part of the whole production. How does that work with that labour mobility?

With the potential ratification of the TPP, are they able to travel to the United States, and Japan, etc.? Would that take away some of those barriers for those professionals to be able to travel, not just the artists themselves, but everybody who surrounds or supports the artist?

**Mr. Allistair Elliott:** I will speak specifically about the U.S. because that is what I am most familiar with. Currently, there are pretty good specific requirements for Canadian artists to go across to the U.S. The P2 visa process can include support crews. There is some credibility to go through, but it can include support crews, lighting crews, etc. What we would like to see is just a little more control over what's coming into the country.

● (1345)

**Mr. Peter Fonseca:** Where would your major concern be? Who is coming into the country?

**Mr. Allistair Elliott:** Anybody. We would like to be involved in the control aspect, the legislation of it. I will give you an example. It's a little bit of a stretch, but the government offers tax credits for movie companies coming into the country to film movies here. For us, the accountability doesn't go far enough, because there is no accountability for that music to be scored here. They get a tax credit, and then they take that tax credit and go offshore to record using European orchestras, or somewhere else. That's taking those kind of jobs away from Canadians.

**The Chair:** Thank you. Your time is up, Mr. Fonseca.

We have one more slot, and that goes to the Conservatives.

Mr. Ritz, you have five minutes.

**Hon. Gerry Ritz:** Mr. Elliott, I have some questions for you.

I knew the other two people quite well. As a matter of full disclosure, Tim and I were each other's constituents before he was reincarnated as the president of CAPP. It's good to see you again, Tim, and say hi to Ali and the kids.

There's a lot of work to be done on the issues with trades mobility. It's not just about bringing in skilled workers, TFWs. It's also about being able to move that labour force from one part of Canada to the other as the needs come and go. The TPP will alleviate some of that, but there are still a lot of interprovincial trade barriers that have no bearing on TPP. I have a concern regarding the oil patch country: 98% of the energy we produce goes to the U.S. only. There is no diversity in that portfolio.

When we look at the energy demands of Japan, which we've both visited, we see that they really want to suck on that straw that brings them LNG. They really want oil and gas as well, so it's good to have pipelines to make that happen. There is a ready market over there.

Have you done an analysis of how quickly that could happen, and how quickly they would demand our energy products? It's a premium market for every other product we have, so I would think it would be the same for energy.

**Mr. Tim McMillan:** Yes, absolutely, they are the world's largest customer for liquefied natural gas. Pacific NorthWest has been working through the regulatory process, and they've made their final investment decision hinging on their environmental assessment work. It is imminent.

The opportunity is now, and most certainly in Asia and the growing markets around the world. Our only customer for oil and gas is the United States. It is a mature economy that is not growing its demand for these products; the growing demand is people who want to move out of poverty, to have better diets. Canada can be the supplier of choice in India, China, and Japan.

**Hon. Gerry Ritz:** Great.

Thank you.

On the issues that you're raising, Mr. Elliot, is there a system somewhere in the world that you would emulate or that we should look at, a registry of some sort?

**Mr. Allistair Elliott:** Not that I'm aware of.

There is an organization called FIM, the International Federation of Musicians, and the gentleman who I wish was here today is actually on a plane to Geneva to be a part of that. That's where the Beijing treaty came out of, so there is a worldwide organization looking at things, yes.

**Hon. Gerry Ritz:** We have some tremendous talent in Canada. We're second to none when you look our diversity, from the kitchen bands out in your part of the world to the banjo pickers in my part of the world, and we're global. There's no doubt about it. So I'm a little bit concerned that if we put in restrictions, then of course, our guys going out will face those kinds of restrictions too. I take your point on entry-level positions. A good friend of mine started in the bar scene—and it's not a family-friendly scene. It's not something you want to do for any length of time, but it's certainly where you get your start and get your notoriety, and a lot of people have gone on to stardom from that.

If he has an idea of a model that could be emulated, there's nothing that restricts us from doing things like that in the TPP, but it's maybe something we should look at on a separate note.

**Mr. Allistair Elliott:** I think the biggest advocacy we can do is to advocate to our neighbours to the south to make the restrictions on going there as—

**Hon. Gerry Ritz:** It's funny, because culture was part of a big discussion around the Beyond the Border initiative that President Obama and Prime Minister Harper signed. I was part of those negotiations on the agricultural side. We've made some movement there but we haven't done it on the culture. It's all about demand anyway.

Thank you.

Erna, it's good to see you. With regard to the chicken growers, you outlined a lot of the product that comes into the country. Certainly, we as a government need to move and it's now Global Affairs that actually controls a lot of those other imports. Finance had to sign off. There were three or four different departments, and we actually got it all worked through. The bureaucracy has done all the work. There's not a lot left to be done other than to go after the duty relief program. It never was to go after food. That's a no-brainer; that can be done. That offsets a lot of what's going to come in on the TPP side, so it's basically a zero-sum game.

Then when you start talking about spent fowl, you rightly pointed out that we're now buying 110% of U.S. production, which means somebody's cheating, and that needs to be shut down. Again, with regard to the creative packaging, we have stopped some of that, the sauce packs and so on, but there's more to be done. You talk about supporting TPP overall, and I welcome that. I know about 30% of the supply management folks, from dairy though to the poultry side, are free marketers as well. They have crops. They have cattle. They have pork. They understand that the work needs to be done.

•(1350)

**The Chair:** Mr. Ritz, you have 15 seconds, so you might want to —

**Hon. Gerry Ritz:** Now I have less.

There's work being done. We need to get together and talk about how we—

**Mrs. Erna M. Ference:** I appreciate that. You say “cheating”, and I say “fraud”. Cheating is a nice way of saying fraud.

**Hon. Gerry Ritz:** I'm always concerned about being sued.

**The Chair:** If you had some final comments...I don't know if there was a question. Did you want to make any comments?

**Mrs. Erna M. Ference:** No. Thank you very much. We appreciate everything that has been accomplished.

**The Chair:** That ends our panel, and I thank the panel of witnesses for coming here. It's a good ending for a good day here in Alberta, in Calgary.

I thank anybody in the audience who came to hear us, and I thank all the staff here at the Marriott, and the technical staff who helped pull this together today.

The meeting is adjourned.







Published under the authority of the Speaker of  
the House of Commons

---

### SPEAKER'S PERMISSION

---

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

---

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

---

### PERMISSION DU PRÉSIDENT

---

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

---

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>