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**Chair**

**The Honourable Mark Eyking**



## Standing Committee on International Trade

Wednesday, April 20, 2016

• (0805)

[English]

**The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):** Good morning to everybody in the room. It's great to be in the middle of the prairie provinces, Saskatchewan. I welcome everybody to the Standing Committee on International Trade, from the House of Commons.

Our committee in Ottawa deals with all trade. We're dealing with the European trade agreement, which we are finishing up. We have softwood lumber issues. There are many issues, but right now the biggest challenge in front of us is the TPP. As many of you in this room know, it's worth \$1 trillion. It involves some of the biggest trading partners in the world, and as we hear across the country, it affects everybody. It affects all Canadians. One way or another it will have some impact, whether you're buying goods or selling goods.

We embarked on travelling across this country. We're going to be visiting all 10 provinces over the year. We're probably going to do the territories via Skype. We've already heard quite a few witnesses in Ottawa, and we're going to be hearing more when we go back.

We're also open to public submissions. I think right now there are over 15,000 submissions that have come in. We've extended the deadline until the end of June. Through the summer break, our analysts will be bringing them all together and translating them for us, to be ready when we come back after the summer.

After meeting with Canadians and drafting the report, we're hoping to have it in the House before the end of the year. Then the rest of the MPs will deal with it in the first part of the year, and probably sometime next year there will be a vote in the House.

That being said, we have 10 members of Parliament on our committee from right across the country. Starting from the west coast, we have Mr. Dhaliwal, he's from British Columbia. We have two MPs from Saskatchewan here, Mr. Hoback and Mr. Ritz. From southwestern Ontario, we have Mr. Van Kesteren and Ms. Ramsey. From the Toronto area, we have Mr. Petersen and Mr. Fonseca. From the Atlantic coast, we have Ms. Ludwig and me, Mr. Eyking. She's from New Brunswick and I'm from Cape Breton, Nova Scotia.

On that note, we'll get going. We have arranged it so that we have four panels an hour and three sets of witnesses. It's worked quite well so far. Today we have witnesses, some of whom I've met.

We have the Saskatchewan Pulse Growers, the Saskatchewan Canola Development Commission, the Saskatchewan Cattlemen's Association, and the Saskatchewan Barley Development Commission.

There are five minutes for each group, and we're going to start off with the Saskatchewan Pulse Growers.

Mr. Wiens, you have five minutes. Who's with you, sir?

**Mr. Tim Wiens (Chair, Saskatchewan Pulse Growers):** Carl Potts is with us. He's our executive director.

**The Chair:** Welcome.

**Mr. Tim Wiens:** Mr. Chair and committee members, thank you for the opportunity to speak to your committee today. My name is Tim Wiens, and I am a farmer from the Herschel area. Herschel is a small town of about 20 people about 150 kilometres southwest of Saskatoon. I am also chair of the Saskatchewan Pulse Growers.

Thank you for visiting Saskatoon. We are pleased to speak to you today about the TPP. I know that some of your committee members have met with the pulse industry when we were in Ottawa in March.

Canada is the largest supplier of pulse crops to protein-hungry markets around the world. In 2015, Canada exported over \$4.2 billion in pulses, \$2.5 billion of which were from Saskatchewan lentil exports alone. This is on par with the value of both canola seed and non-durum wheat exports from Saskatchewan.

Canada is the world's largest producer and exporter of peas and lentils. Each year, Saskatchewan production accounts for 60% of Canada's peas and over 95% of Canada's lentils and chickpeas. Although we export to more than 100 countries, our key markets are concentrated in just a few. Ninety percent of our yellow pea exports go to just three countries, and 85% of our red lentil exports go to just five. As we produce more, we need to create and diversify markets for our products.

TPP provides an opportunity for market growth, diversification, and a reduction of market access risk. Members of the TPP are some of Canada's largest trading partners for pulses. In 2015, Canada exported approximately \$383 million or 458,000 tonnes of pulses, pulse flours, and pulse fractions to TPP members. Combined, TPP members would be Canada's third largest market for pulses.

For us, ratification of the TPP accomplishes three things. First, it is an opportunity to reduce or eliminate tariff and non-tariff barriers to trade. While Canada enjoys duty-free access for pulses to a number of TPP countries, Japan and Vietnam are markets that face import duties, and those would be reduced over time.

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

Third, it has the potential to improve the alignment of trade tolerances between TPP members for the use of technology in food production. This is what I want to focus the remainder of my comments on.

Unfortunately, misaligned approvals and maximum residue limits for crop protection products threaten several important things: our access to key markets, the ability that I have to effectively utilize technology on my farm, and food security in food-deficit regions of the world, where predictable trade is necessary to make food available 365 days a year. The zero or near-zero default tolerances that are commonly applied today by countries, as they wait for tolerances to be established or for other reasons have missing MRLs, are not based on science. Future testing technology that is cheaper, easier, and more sensitive will disrupt trade and add to price volatility in markets with zero or near-zero tolerances.

The Canadian pulse industry is a strong supporter of both bilateral and multilateral efforts to reduce barriers to trade. The TPP is an opportunity to improve the predictability of trade between TPP members concerning trade tolerances for technology used in crop production. It is critical that scientific committees created under the TPP be utilized to align pesticide maximum residue limits and policies on how low-level presence of GM crops will be addressed.

The TPP must be utilized to develop a dialogue on recognition of scientific standards. Canada must show leadership to develop a politically, technically, and commercially workable domestic RSS policy. Sound science-based processes can travel across national boundaries.

In closing, from our perspective, Canada must ratify the TPP. Without ratification, Canada could be at a significant tariff disadvantage to exporting nations like Australia and the United States. The TPP also creates the opportunity to make tangible improvements to align trade tolerances.

This is the end of my remarks today. We have Carl Potts, our executive director. We would be glad to answer any questions you have.

• (0810)

**The Chair:** Thank you, sir. Thank you for your presentation, all on time.

Now we'll move over to the Canola Development Commission, and we have Terry Youzwa.

**Mr. Terry Youzwa (Chair of the Board of Directors, Saskatchewan Canola Development Commission):** Thank you, Mr. Chair.

On behalf of the Saskatchewan canola farmers, I'd like to thank you for the invitation to appear before the Standing Committee on International Trade.

For canola farmers it's simple. We are excited about the opportunities that the Trans-Pacific Partnership holds for agriculture. As producers in the largest canola-producing province in Canada, Saskatchewan farmers rely on international trade to generate our farm income, and the TPP is integral to our long-term viability.

I'm Terry Youzwa. I farm just a two and a half hour drive northeast of here. Also with us today is Janice Tranberg, our executive director. We represent more than 26,000 levy-paying producers who rely on trade to generate our income.

Our mandate is to grow producer prosperity through advocacy, research, and market development. Nipawin and the surrounding area is an important centre for agriculture in the province. It's home to a large concentration of canola farmers and one of the province's canola processing plants.

Without access to international markets, there would not be a canola sector in our province anywhere near this exciting. Over 95% of what we grow here is exported, with about 60% of it destined for TPP markets. In 2015, Saskatchewan sold just shy of \$3 billion of canola to TPP members, which amounts to more than 60% of our production. Canola is exported as seed or further processed and sold as oil or as meal for livestock.

The canola industry contributes \$19.3 billion to the Canadian economy, of which \$8.2 billion comes from Saskatchewan. In addition, canola is consistently one of the highest revenue generators for farmers in our province and across the country. The economic contribution from the canola industry could grow further under TPP.

With the removal of tariffs to Japan and Vietnam, the value of canola exports would increase upwards of \$780 million a year, which equates to about a million additional tonnes of oil and meal. Japan is already one of our top four canola customers, and we look forward to further interacting with the market.

The current Japanese tariff structure restricts exports of oil and meal, as the tariff on seed is zero, yet on oil it is roughly 15%. As a result, Japan buys canola seed and then crushes it themselves into oil and meal. Once implemented, the TPP will assist in addressing this imbalance and shift our exports from a primary commodity to a value-added product, keeping valuable jobs here at home in Canada.

This is particularly important for Saskatchewan, as our province has considerable processing capacity. There's a processing facility near my farm, as there is in a number of other communities in Saskatchewan, western Canada, and Canada. It provides an important delivery option for farmers outside the traditional grain elevator system and has driven increased canola production in our areas.

Ensuring a viable domestic industry helps maintain healthy communities for our families and creates job opportunities for Canadians. The facility at home is the largest private sector employer in our town. There are three other crushing facilities, as well as a refinery, in Saskatchewan that provide the same benefits in and around those communities.

Another core benefit of the TPP, and equally important, is that it keeps canola farmers competitive. We compete directly with U.S. soybeans and with Australian canola farmers for access to the Asia-Pacific, particularly into Japan.

Canada's membership in and ratification of TPP ensures a level playing field for Canadian farmers. Should the agreement go into effect without Canada, it would be a significant detriment to our industry. Overnight, Canadian canola would become more expensive than the product of such competitors as U.S. soybean producers. Already this is the case with Australian canola, since an economic partnership agreement between Australia and Japan went into effect in January 2015.

In addition to the tariff benefits, the TPP is different from traditional free trade agreements. The agreement contains provisions that commit TPP members to increase co-operation, to exchange information, and to rely on transparent processes related to crops produced using modern biotechnology, such as canola. This provides a platform to advance and to proactively address many uncertainties the canola sector faces.

Some of our largest market access issues relate to biotechnology, specifically varying approvals for biotech crops in our export markets. Currently there is a lag in approvals for many biotech varieties that have already been approved for use in Canada. Not only does this cause potential problems for international trade, but it reduces access to new innovations for our Canadian farmers.

● (0815)

Through our strategic plan, the canola sector has set big goals for increases in production, exports, and domestic processing. These market value opportunities will only be realized with open, stable trade relationships. We have ambitious plans for our industry and feel strongly about the role that canola is playing and can play for agriculture in Canada. The successful implementation of TPP and similar agreements, such as CETA, are core to farmers' success.

In conclusion, agriculture, and more specifically canola, plays a pivotal role here in Saskatchewan, western Canada, and Canada. The expanded market opportunities from TPP will ensure that canola remains the number one crop for western farmers. A strong value-added sector propels the growth of the canola sector in Canada both for our farmers and Canadians more widely.

Thank you. We'd be happy to take questions.

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

Thank you both for being here.

Now we're going to move on to the the Saskatchewan Cattlemen's Association, with Ryan Beierbach and Ryder Lee.

Go ahead, please, for five minutes.

**Mr. Ryan Beierbach (Chairman, Saskatchewan Cattlemen's Association):** Good morning, committee members and staff.

I'm pleased to be here representing the Saskatchewan Cattlemen's Association, and Saskatchewan's more than 18,000 beef cattle producers.

My name is Ryan Beierbach. I'm the chair of the Saskatchewan Cattlemen's Association board of directors. I ranch near Whitewood, Saskatchewan, along with my wife Tania and our three children.

Ryder Lee is with me. He is the SCA's CEO.

I am aware that this is the third day of your western tour. You have probably heard some of the things I will say today. Please recognize that this repetition reflects the consistent support of cattle producers for the Trans-Pacific Partnership as well as producers' recognition of the need to expand and improve market access.

If Canadian market access does not continue to grow along with that of our beef-exporting competitor nations, then cattle producers in Canada will be left behind, and this will show in reduced profit levels for producers like me and those I represent.

The trade opportunity presented by Asia and its growing population, along with its growing wealth, seems well understood today. The TPP is another step for Canada to access that market. I'd like to reinforce this point.

I'd also like to reinforce the point that this agreement is about keeping pace with our competitor beef-exporting nations. My base fear about the TPP is that it will not be implemented. If the TPP is not implemented, then Canada will lose out on the Japanese market. Japan was a \$100-million export market for Canadian beef in 2014. That was revenue from almost 19,000 tonnes. In 2015 that number was down to 14,000 tonnes, worth \$93 million. That is a 24% drop in tonnage. This trend will continue to worsen without an improvement in Canada's access to Japan.

Australia already has negotiated a free trade agreement with Japan. They enjoy an 11% tariff advantage over Canadian beef. Imagine competing with a wholesaler who starts with an 11% differential in purchasing options.

The worst part is that this gap will widen if Canada does not get improved tariff treatment. Once the TPP is implemented, the Japanese tariff on Canadian beef will immediately match the rate for Australia and will reduce to 9% over 15 years. We feel that this could provide opportunities to double or nearly triple our exports, to \$300 million. Without the TPP or a bilateral agreement with Japan, Canada will likely lose around 80% of the value of our beef exports to Japan.

This drives home a key point that I want to leave you with today. For beef exports to Japan there is no status quo. We either implement an agreement and take advantage of the new situation or we do not implement and we can say goodbye to nearly all of our existing exports to Japan.

I would also like to remind you that this Japan competition isn't just between us and Australia. Mexico, New Zealand, and the United States are also members of the Trans-Pacific Partnership, and they are significant beef exporters. I would not like to consider Canada's being part of the 38.5% tariff while our major competitors take over the high-value Japanese market. I want you as a group to understand how much of a disappointment and real cost that would be to me and the Saskatchewan beef cattle producers I represent.

Looking beyond Japan, the TPP presents some other opportunities. The signatories include Vietnam, which we believe will become more and more important as their population moves up the prosperity ladder. When people have more disposable income, they tend to spend some on improved diets, including more beef. Vietnam has a tariff of 15% to 20% on beef cuts, and those will be eliminated three years after implementation. They will also eliminate their 10% tariff on offals over five years.

We also need to consider future signatories. Many countries have indicated an interest in joining. It is those who are in at the start who will be able to dictate the cost of entry for new signees.

One country presenting opportunity is South Korea. We already have a free trade agreement with Korea, but so do the United States and Australia. All three countries have similar tariff phase-out periods, but Canada is three years behind the United States and one year behind Australia. All three will eventually get to zero, but we believe the TPP can be used to speed up the phase-out. We think the price of admission for Korea into the TPP should include tariff elimination on Canadian beef to match the rate U.S. beef receives.

Thank you for the opportunity to present. We're glad to answer any questions.

• (0820)

We wish you safe travels.

**The Chair:** Thank you, sir, for the presentation.

We are going to move over to the Barley Development Commission. We have Jason Skotheim and Jillian McDonald.

McDonald? Do you have any relation to any Cape Bretoners? Half of our phone book is McDonalds.

**Ms. Jillian McDonald (Executive Director, Saskatchewan Barley Development Commission):** McDonalds are everywhere.

**The Chair:** Welcome, both of you.

You have five minutes. Go ahead.

**Mr. Jason Skotheim (Chair, Saskatchewan Barley Development Commission):** Thank you very much for the opportunity to come and speak on this very important aspect.

My name is Jason Skotheim. I farm north of Prince Albert with my brothers. I am also the chair of the Saskatchewan Barley Development Commission, or SaskBarley, as we call it.

SaskBarley is a producer-elected and directed commission that ensures that the approximately 7,500 barley producers have the resources and representation to strengthen Saskatchewan's competitive advantage and ensure that producers' and Saskatchewan's interests are protected.

Our mission is to ensure the long-term profitability and sustainability of barley production for Saskatchewan farmers. SaskBarley is in full support of Canada's participation in the TPP, and we urge the government to sign and ratify the agreement at the earliest opportunity.

The TPP offers a multitude of long- and short-term benefits to the Saskatchewan barley industry. A commitment to the TPP would be investment in the long-term future of barley production. It would provide significant opportunities and benefits for the entire barley value chain in western Canada by way of reduced or eliminated tariffs, markups, and country-specific quotas for feed and food barley, malt, and processed beef and pork products that use barley as an input.

I'll use Japan as an example. Japan typically imports about 330,000 tonnes of barley a year from Canada. Approximately 250,000 tonnes of that barley is used for feed purposes. Last year that number dropped, as Japan began sourcing these commodities from countries that offered cheaper prices due to fewer regulatory constraints.

Currently, there is a tariff of \$113 per metric ton for Canadian feed barley entering the Japanese market. This number would be reduced to zero once the TPP was implemented. This would allow Canada to become more competitive within the Japanese market, and could increase the value of Canadian feed barley exports to Japan by up to \$25 million.

The TPP would also see barley preparations and flour become duty free immediately in Japan on TPP-wide tariff rate quotas, TRQs, of approximately 400 tonnes, growing to 615 tonnes over five years. Canada currently exports about 100,000 tonnes of food barley a year to Japan.

For malt barley, the TPP would increase the TRQs for Canadian malt barley immediately to 4,000 tonnes for roasted malt and 89,000 for unroasted malt.

The TPP would increase the exports of Canadian livestock, as you just heard from the cattlemen's association, which would increase the domestic demand for feed barley.

The Canadian Pork Council has estimated that the TPP agreement could increase the demand for Canadian pork in the amount of 1.2 million extra hogs a year. These factors translate into improved access to the Japanese market, which could boost the value of Canadian barley exports by tens of millions of dollars a year, possibly for an additional 400,000 to 500,000 tonnes of Canadian barley and an additional \$100 million in increased annual revenue to Canadian barley producers.

Saskatchewan represents approximately 35% of barley production in western Canada. These increases would mean millions of dollars of additional barley exports from Saskatchewan. With a reliable transportation system, this could potentially mean an extra 150,000 tonnes of barley produced a year, either as a crop or as a value-added input.

If the TPP agreement is not ratified, Saskatchewan barley producers and the related value-added industries will be placed at significant risk. We will not be able to maintain our current market export share due to the increase in competition from countries such as Australia and now the Ukraine. It is estimated that we would lose approximately 50% of current sales of barley producer revenue into Japan, valued at over \$50 million or 250,000 tonnes of barley equivalent.

Beyond the Japanese market, the TPP would open up trade to many other markets. Tariffs would be eliminated for food barley and barley preparations, as well as feed barley, into the other 11 TPP countries. In Vietnam, the current 5% tariff on roasted and unroasted malt would be eliminated within three years.

The benefits to the Saskatchewan barley industry are our top priority. We want to ensure that barley stays within the farmer's rotation. The TPP would also benefit the entire Canadian agriculture sector, and in turn the Canadian economy, by increasing market opportunities for all the crops Canadian farmers grow.

● (0825)

This increases the sustainability of the farming industry, as farmers need a variety of options of profitable crops in their portfolios in order to maintain their rotations and produce the high-quality crops Canada is known for, while still maintaining a successful and profitable business.

Maintaining a sustainable future for the agriculture producers of Canada means nurturing and growing a sector that has been driving the Canadian economy for the last 25 years, including times when other resources such as oil are fluctuating.

Agriculture has been consistent in terms of exports and job creation. Today, one in eight Canadian jobs are related to agriculture

**The Chair:** Sorry, sir, if you could wrap it up in the next half minute, that would be great.

**Mr. Jason Skotheim:** On behalf of the Saskatchewan barley industry, we believe signing the TPP would be an investment for the future and we hope Canada ratifies this.

● (0830)

**The Chair:** You didn't have to wrap it up that quick, but that's fine. Thanks very much.

We'll start the questioning. We're going to start off with the Conservatives.

Mr. Ritz, you have five minutes.

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

Thank you all, ladies and gentlemen, for your presentations today.

There is a very strong theme running through all of your presentations to get the job done. There's a lot of concern out there, and I share it, that somehow we're going to drag our feet and wait for the Americans.

Do you think that's a good idea, or should we plow ahead on our own and get the job done sooner rather than later, through ratification?

**Mr. Terry Youzwa:** I think there's an advantage to going first rather than lagging and being second. The U.S. is further ahead than Canada in working on a bilateral agreement with Japan, and I think any additional pressure we can apply to push them along towards ratification would be an effective strategy. Delaying and watching from the outside while the U.S. and Japan have their own bilateral agreement, I think would be a worst-case scenario. We certainly need to work collectively with other countries to get this deal done in as timely a manner as possible.

**Hon. Gerry Ritz:** Good. Thank you.

**Mr. Carl Potts (Executive Director, Saskatchewan Pulse Growers):** I would just echo those comments. I think, as Mr. Wiens mentioned in his comments, we stand to lose market share in those countries if the U.S. and Australia do proceed without this. It is important for Canada to take leadership on the TPP to make sure this deal gets done.

**Hon. Gerry Ritz:** The one thing you all did very well was outline the dollar value, especially for the premium market in Japan, the growing market in Vietnam, and of course for some of the other countries that may be joining in. That's good. That's quantifiable.

Have you done the same thing with jobs that will be gained or lost? Should we not do this? Do you have an actual job count as well? Can that be done?

**Ms. Janice Tranberg (Executive Director, Saskatchewan Canola Development Commission):** We took a quick look yesterday. There are no specific numbers, but we did some extrapolations.

**Hon. Gerry Ritz:** Everybody's using computer models and sort of second-guessing.

**Ms. Janice Tranberg:** Yes, that's what we did, with some extrapolations.

For canola, if you consider the value-added processing that would be gained, right now in Saskatchewan we have a Cargill plant that crushes 4,500 tonnes per day and employs about 100 people. We know there are 14 crushing plants across Canada, so if you extrapolate from that, in total they employ about 222,000 people.

If you take that number, and then you say that, through TPP, we could increase our crush capacity by approximately 1,000,000 tonnes, that translates as about 22,000 additional potential employees across Canada. That's just an extrapolation.

**Hon. Gerry Ritz:** Has anybody else done any work in that regard?

**Mr. Ryan Beierbach:** Yes. We have a multiplier based on research that says that 26 to 27 workers are employed for every million dollars in cattle sales, so if we're looking at increasing sales from \$100 million to \$300 million, that would mean somewhere between 5,200 and 5,400 jobs.

I know that on an individual farm level, if cattle producers are more profitable they hire more workers.

**Hon. Gerry Ritz:** They buy more equipment, spend more money. We know the cycle. Great.

Probably the last point I'll be able to make is that there's a tremendous growing middle class in the Asia-Pacific area. Even in some of the countries we have bilaterals with like Korea, it's growing. We need to do more there.

Is there an opportunity for offshore investment? We could use more cattle processing in Saskatchewan. We could probably use some more crush capacity. We could use some more malt capacity, fractionalization, and all the value-added going on with pulses. Have you seen or heard of—I know I have a few on my list—people that are looking to invest in Saskatchewan in the agricultural lines? Of course, all of that creates jobs too.

Do you see a value there that we're not quantifying yet on investment in value-added? This is very important. We're not just hewers of wood and drawers of water anymore. When you look at the cost of transportation and so on, we need to send out a more value-added product.

Has there been any work done in that regard?

**Mr. Carl Potts:** I can make a couple of comments on that.

Certainly a major part of the pulse industry's gross expansion strategy is focusing on the health and nutrition aspects of pulses. Japan and other countries in Asia are certainly health-conscious and have increasing affluence, so we think there's a tremendous opportunity to increase the amount of pulse processing that we do here in Canada.

I think expanding markets and reducing trade barriers, especially in further processed products, starts to eliminate some of the barriers to trade in some of those further processed products. This could be an important element to getting some of those trade barriers out of the way.

• (0835)

**The Chair:** Thank you for those comments.

Mr. Ritz, your time is up. We're going to move over to the Liberals.

We have Mr. Dhaliwal first, for five minutes.

Go ahead.

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

Welcome and thank you to the panel members. It's valuable knowledge that I've gained yesterday and today. Before, the only person to go to was our big Saskatchewan caucus, Mr. Ralph Goodale, who had the institutional memory here.

What I'm hearing is that you all support ratification of the TPP. You're particularly focusing on Japan and the U.S.A. Are those the only two nations about whom you are concerned that if they sign the TPP we'll be lagging? Is there any other nation that would affect us as well?

**Mr. Terry Youzwa:** I thought a number of us spoke about Vietnam and the opportunities in Vietnam behind Japan as well.

**Mr. Sukh Dhaliwal:** Does anyone else want to add something?

**Mr. Carl Potts:** Yes. For us Vietnam is an important marketing consideration in TPP as well. We face import duties between 15% and 20% into Vietnam, and for further processed products, between 5% and 30%. Ratcheting down those import duties allows for the expansion of increased trade there.

Vietnam for us is an important one.

**Mr. Sukh Dhaliwal:** I also heard that the bilateral agreements between Australia and Japan are affecting the canola producers. Setting apart the TPP, because you all support it, is there any nation we can pursue bilateral agreements with? What are some of the challenges you are facing in trade with other nations besides those you mentioned?

**Ms. Janice Tranberg:** Well, certainly CETA is very important for us, with our trade with Europe. Korea is another one that's an emerging market. India is another emerging market for us that we're looking at. Those would be some of the top ones.

As well, in TPP there's Malaysia. Malaysia is another one that we see as coming.

From our perspective, it would be a better approach to do this collaborative or collective agreement to move forward. We could look and we are looking at certain bilaterals, as you mentioned, but the TPP would allow us to move forward and would level the playing field among all the members. It would also bring in other, new members behind, which could potentially open doors for us.

**Mr. Sukh Dhaliwal:** Yesterday I was talking to Mr. Ritz. He did aid work setting up some canola lands in India, and he was mentioning that eventually it turned away on us—



**Hon. Gerry Ritz:** We did all the work and Australia sold them the seed.

**Mr. Sukh Dhaliwal:** What are the challenges you are seeing because India is a big market and it's not part of the TPP? If we have to pursue agreements or trade with India, what would you like to see the nations come together to work on?

**Mr. Terry Youzwa:** India is a challenging market, Mr. Chair. I didn't know India was part of the TPP question, but—

**A voice:** It is now.

**Some hon. members:** Oh, oh!

**Mr. Terry Youzwa:** India also has a rising middle class, so it is an important future potential customer in a more significant way. There are logistical and transportation challenges there and labelling issues that make it more challenging than other markets in developing logistical, traditional trade routes.

The way into India may well be a different path. Is it normal and traditional, from the standpoint of other markets? I think you're going to end up supplying canola to someone else who processes it and packages it and gets it into India.

The industry as a whole has a role to play in creating an awareness, so that people know to look for it. Then there needs to be internal demand, and you will find canola oil on the shelves there. We need to find a way to ensure that it's Canadian canola oil and that it goes through in a way that gets it in there in an acceptable, competitive manner.

It is going to be in a traditional manner with 65,000-tonne vessels.

• (0840)

**Mr. Sukh Dhaliwal:** How about the pulses industry?

**Mr. Carl Potts:** India is our largest market for pulses by far. We would welcome a closer economic relationship with India through a trade agreement or something like that.

We have zero import duties, moving into India at the present time, but India has the ability to use import duties up to a fairly high level. Some of the areas we would see value in with India would be improved trade rules to reduce the level of non-tariff barriers to trade, moving into India.

But it is our largest market by far and we would welcome some movement there.

**The Chair:** Thank you. There might be a chance for others to answer later, and Liberals will have more time later on. But now we're going to move over to the NDP and Ms. Ramsey for five minutes.

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

Thank you for your presentations this morning. All that you do to provide food is greatly appreciated here in Saskatchewan and around the world.

I think if we were sitting talking about this agreement and were talking about tariffs and non-tariff barriers, we'd be having a different conversation in the country around the Trans-Pacific Partnership. Unfortunately it raises concerns for other Canadians around such things as the ISDS, the patent extensions for

medication, and also the various chapters that deal with IP. This deal simply isn't about removing those barriers, which I understand would allow your markets to have access, and we would like to see that trade expand in that way.

I think, also, what I'm clearly hearing from you is that Japan is the market that you're most wishing to enter into, and that's something we've heard across the west coast. I imagine that if we are unable to ratify the TPP, Japan would be the next place with which you would be seeking trade, trying to get into that market through a bilateral.

The one thing I want to say about the U.S. is that it's clear we've had an unfair advantage in this deal from the beginning, from the entry in 2012 to this point. The U.S. really still holds the key for us, in that they still—even if we ratified—would have to approve that ratification. I think it's unfortunate, and what I hear is that they have that advantage and you'd want to get to that market at the same time they do.

My first question is to the canola commission. In its submission to the Government of Canada, as part of the consultations on entering into free trade negotiations with the TPP countries, the Canadian Canola Growers Association indicated:

Pursuing export markets for [canola] seed is important, but an increase in exports of value-added products such as canola meal and oil is a must. This in turn will have a greater economic impact domestically, than [canola] seed exports alone.

To what extent could the entry into force of the TPP facilitate the processing of canola seeds in Canada and increase Canadian export of such products as canola meal and oil to the TPP countries?

**Mr. Terry Youzwa:** There's a 15% tariff on oil moving into Japan. As that gets phased out over a period of time—the shorter the better and we're already disadvantaged vis-à-vis Australia on this front—it means we have an opportunity to export oil instead of canola, so those jobs are here at home and growing at home.

Over the last six years we've seen a billion-dollar investment in canola crush capacity, as it has more than doubled in six years. That's huge. There are 250,000 jobs in canola in Canada, and a large proportion is in relatively new crush capacity because of an ongoing strategic vision for growth because of open and stable trade.

There are three pillars to the plan, the strategy, of the canola industry. One of them is production, one is value-driven demand, and the other is stable and open trade. If we don't have stable and open trade, we don't get the status quo; we get a massive reduction. It's important to realize that our economy, our livelihoods, are seriously damaged—and we represent a large number of producers.

**Ms. Tracey Ramsey:** I hear that there's opportunity, and it's something we'd like to see—more processing in Canada—if that tariff reduction is achieved.

I'll go to the pulse growers. According to Saskatchewan Pulse Growers, the TPP provides an opportunity to reduce trade barriers, improve harmonization of sanitary and phytosanitary issues between countries, and improve access where pulses did not already have duty-free access.

To which countries are Canadian pulse exports expected to increase the most, if the TPP is implemented, and to what extent would this increase occur immediately after implementation?

●(0845)

**Mr. Carl Potts:** I can address those.

Japan and Vietnam would be the ones where we would expect the most significant growth in trade. I mentioned before the types of tariffs we currently face going into Vietnam. Going into Japan, we have a tariff rate quota for peas and beans, with in-quota rates of about 10% and 354 yen-per-kilogram prohibitive over-quota tariffs.

Although that's important, one of the biggest assets for us from TPP is what Tim mentioned in his comments about working to align maximum residue limit standards across various jurisdictions. That's where this group of countries within TPP can, I think, for the pulse sector have the greatest benefit, to help to create more alignment on those particular issues.

That, for us at least, is even more important than the tariff and immediate trade expansions. It's that harmonization of market access related to trade tolerances.

**The Chair:** That wraps up your five minutes, Ms. Ramsey.

We're going to move back over to the Liberals.

Ms. Ludwig, you have five minutes. Go ahead.

**Ms. Karen Ludwig (New Brunswick Southwest, Lib.):** Good morning, and thank you very much for your presentations.

I would like to say that this is actually my first time in Saskatchewan, so I'm very pleased to be here. I'm from the riding of New Brunswick Southwest. It's very different. We are looking forward to having our warm weather soon.

Looking at the presentations from yesterday and today, there's definitely a synergy there. That is important, because obviously you are markets and you are areas that stand together.

The Alberta Canola Producers Commission mentioned yesterday that one of the greatest obstacles to exporting right now is infrastructure and transportation. Is that a similar issue here in Saskatchewan for getting products to market?

**Mr. Terry Youzwa:** Being so far from port, competitiveness and the cost of freight are certainly critical issues for us. We certainly are not interested in producing more for less. We see valuable opportunities, and we need the ability to get our product to market position, cost competitively. Yes, transportation is very important to us.

**Ms. Karen Ludwig:** Is there anyone else?

**Mr. Tim Wiens:** I'm sure you realize that we farmers are not just sole-commodity producers. What affects one commodity affects all of them. What affects canola affects pulses and barley. We are very

much based on trade. Whatever we can do to get our products to market most efficiently is very important to us as farmers.

In reality, a very significant portion of what I produce on my farm gets exported overseas. I don't know who the customer is because there are people in between us. To make sure that the process flows freely and that trade flows freely is very important to me as a farmer.

**Ms. Karen Ludwig:** In Ottawa, we actually had a presentation in my office by the cattlemen's association and they stressed, significantly, the phytosanitary implementation challenges. How can we improve that going forward, regardless of which market we're going into, in terms of the harmonization with CFIA and CBSA?

**Mr. Ryan Beierbach:** I guess we've really seen that with the CETA agreement. It looked like it was going to be really beneficial, but since it's been signed we've had issues with them not accepting the things we do to make the beef safer. I guess that's something that needs to be looked at right from the start of the agreement.

To me, in the Japanese market, that would be less of a concern because we already send beef there. It's just the tariff that restricts us, especially having a higher tariff rate than Australia. That's where it's more of a problem. For CETA, there should probably have been more of a focus on making sure they accepted the things we do that actually, I think, make beef safer than the way they would rather have us do it.

**Ms. Karen Ludwig:** On the flip side then, if we're looking at an increase in imports—because obviously the member countries also have an opportunity for importing—will that present a problem, or will CFIA be able to control the quality of the imports?

**Mr. Ryan Beierbach:** I guess what it comes down to is that CFIA is responsible for the health of Canadian citizens, so they have to be able to make sure that it's safe food, but what goes one way goes the other as well. Just because they do it differently doesn't make it unsafe.

●(0850)

**Ms. Karen Ludwig:** My last question is actually a large question. From across the country, often what I hear from people in the audience, or even people in my riding, is related to a concern for human rights and the environment. How do you put together the opportunity for exports with the enhancement of the environment and human rights in the member countries? I open the question.

**Mr. Ryan Beierbach:** From what I've seen, especially here, and in my perception of other countries, is that when you are more profitable, it gives you the opportunity to do things right. When I look at countries that are struggling to be viable, that's where they'll cut corners that do damage to the environment or adopt poor human rights practices. Things that benefit their economy will improve what they do with the environment and with human rights.

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

**Ms. Janice Tranberg:** I might also add that I was just in Colombia for a couple of weeks, and the poverty I saw really affected me. I had never seen poverty like that before.

What I thought was interesting is that I also see them as being really influenced by media and what happens here in North America and what happens in Europe. I think that as we create regulations, as we import and export, we are influencing their attitudes, so we have to take the responsibility to make sure that what we do is safe not just for Canadians, but I think globally.

**The Chair:** Thank you.

Time's up. There were some good questions there.

We're going to start the second round with the Liberals, with Mr. Fonseca.

Go ahead, sir, for five minutes.

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

Thank you very much for your excellent presentations and for making so crystal clear for us the positive impacts that TPP and other trade deals we're looking to negotiate would have on your industries.

You are so global, and you've brought us a perspective on how global you are and what trade means to all of you. We've heard this right across, from all the presenters we've had in the other provinces from your industries. You're very consistent in terms of what you're looking for.

I was glad you were able to quantify, through Mr. Ritz's question, the number of jobs the TPP would produce in canola and some of the other industries in the supply chain.

What I'd like to know, because you're so global and have—excuse the pun—your pulse on what's happening around the world, is how you stay on top of those opportunities and threats that are presenting themselves globally. How do you do that today?

I can take you back. As TPP was presenting itself in the world, how were you on top of it to know what was happening and then engage with government? Did the government engage first with you, or did you call up government and say, "Listen, we have to get on top of this"?

If you could, take me through that. When did it happen? Give us some insight.

**Mr. Terry Youzwa:** That's why we belong to organizations, so that we can empower the organization's staff to do the diligence every day to help us lobby effectively. That's a meaningful part of it. We will also inform ourselves in many ways, whether it's through Twitter or knowledgeable expertise that we hire to assist with marketing. Whatever it is we need, we will access in a multitude of ways.

Seriously, when it comes to government, we're very interested in working through our organizations and hiring staff to do the diligence required to present ourselves in a manner that is appropriate and address those issues—and we will go to government.

**Ms. Janice Tranberg:** I might add that this gives us strong play for your market access secretariat. We work very closely with government. It will often be us bringing forward issues, but we have strong support for the secretariat and the work they do going out to the other countries.

**Mr. Ryan Beierbach:** Speaking from the cattle industry's perspective, the Canadian Cattlemen's Association has an office in Ottawa. The way I understand it, at the start Canada wasn't part of the TPP, and with Japan being one of our priority markets for Canadian beef, the cattle industry made sure that we showed the government at the time that it was very important that we be part of the TPP, especially with the United States, our key market, being one of the countries that was in at the start of the TPP negotiations.

We probably went to government first and said we need to be part of this, and we have always, even before that, said that Japan is a key market and that whether it's a bilateral or multilateral agreement, it's very important that we be part of it.

• (0855)

**Mr. Peter Fonseca:** It's really important that we be strongly engaged with all industries and that we get the signals about what is happening globally, because what we have heard is that we were late to the table when it came to the TPP and that this has affected some of the other industries or stakeholders whom we've been able to speak with.

We're just trying to see how we can do it better, going forward with international trade.

Do you think there's a best practice or a different way that we can do it as government, in terms of our engagement?

**Mr. Tim Wiens:** There are two ways of looking at trade and when trade irritants happen. The first is when something happens and you reach out in a crisis situation; then you have to start talking government to government.

But there is a proactive, long-term way to look at it, saying, these are the markets we want to access and these are the things we have to learn before we get there. That is the rule for both government and national organizations, which we all represent. We have to work together, because in the end we're Canadians exporting to other countries. We're not individual producers. We are Canadians who are exporting to a different country, and we have to work together.

**The Chair:** Just a short answer would be appreciated.

**Mr. Ryan Beierbach:** Okay.

I guess the Canadian Cattlemen's Association in Ottawa is there and available to government. We have our priority markets set out, so it's pretty simple to ask, and we can point out what benefits there would be for our industry.

**The Chair:** Good. Thank you. That wraps up that time.

We have time for one more questioner. I'll leave it to Mr. Hoback, who lives not far from here.

It's great to be in your neck of the woods here, Mr. Hoback.

**Mr. Randy Hoback (Prince Albert, CPC):** You're seeing Saskatchewan first hand, which is nice to see. It's nice to have the committee here, Chair. I think these people really appreciate your being here.

**The Chair:** You go ahead, Mr. Hoback for five minutes, and that wraps it up.

**Mr. Randy Hoback:** It's great to see you guys here this morning and just to hear about how important trade is to your industries. I think back to the days not so long ago when there were no young farmers coming back to the farm gate; everybody had given up hope. Then all of a sudden we have seen some market movement—we have marketing freedom for wheat, for example—and we've seen a lot of research and development done in the pulse sector.

Maybe that's where I'll start off, with the research and development sector. As we go into these new markets, what are you doing for research and development to make sure you're getting the product that they want?

I'll start off with the pulse growers and then move over to the beef side.

**Mr. Tim Wiens:** Well, Mr. Hoback, one thing I think we have to do is analyze what the market wants and then work with the people in that area. We have initiated some research projects in China already, looking at food ingredient use in their food products. The TPP would offer the opportunity to expand this into other countries as well. It's not just one part in Asia.

But you have to look at what the market wants and at whether we can supply it and actually produce it here. If we can get the value added on this side and ship value-added product over there, that's even more important to Saskatchewan.

**Mr. Randy Hoback:** You'd work with a partner in Japan, for example, on what their requirements would be from the pulse sector. It might be flour. It might be lentil soup. Is that fair to say? Then that partner, because he's part of that development, has a commitment to buy from you, is that correct?

**Mr. Tim Wiens:** Because they know what the local population requires, they can provide very technical assistance, saying, this is what you need to do to make it acceptable for the palates in this country.

**Mr. Randy Hoback:** Okay.

On the beef side, I assume that the cuts we like in North America may not be the cuts they want in other parts of the world. How do you work in those markets to make sure you get what they want? I suppose there are even products that we won't eat here that other markets will eat. How does that impact you?

**Mr. Ryan Beierbach:** Probably the best thing about trading beef to other markets is that there are many products we don't eat here or that are of very low value, which are a high-value item in other markets. The way we take advantage of that is that we have an organization called Canada Beef, which markets around the world. Canada Beef has offices in different parts of the world that

understand those markets and what the local people prefer. They work hand in hand with the retailers and the wholesalers. We also have a centre in Calgary that was set up really to bring international people in and show them how to prepare Canadian beef in the best way, so that when they do buy our beef they get the maximum value out of it.

● (0900)

**Mr. Randy Hoback:** Mr. Youzwa and Ms. Tranberg, on the research and development side there is nothing more exciting than looking at canola and where it has come from, from the original days of something called rapeseed, now to canola.

Then, we have just signed UPOV 91. What has that meant for research and development here in Saskatchewan, in the canola sector and other sectors?

**Ms. Janice Tranberg:** It makes us more competitive, obviously. In Saskatchewan we spend 40% of our budget—this is money that we get from our 26,000 canola producers across Saskatchewan—straight on R and D. We have a leverage capacity of about five, so for every dollar we bring in, we can leverage another four dollars.

UPOV has really just allowed us to be competitive. First of all, I should say that this 4:1 ratio involves, I would say, 90% public dollars. It's not private dollars, so you can add that on to.... But it does allow those breeders to come in and protect their seeds. It hasn't hindered innovation. It hasn't hindered a farmer's being able to save their seed, if they should want to do that, but it has allowed the breeders and the innovation that's being put into it to be protected.

**Mr. Randy Hoback:** Then we can look at the canola sector, at the yields per acre. It used to be that if somebody said he got 40 bushels to an acre, I'd say, "Well, maybe you did; maybe you didn't." Now they're saying 65 bushels an acre, and it's true.

**Mr. Terry Youzwa:** I'd like to add to that. It has improved our productive ability, but it has also helped us improve the footprint we leave behind us. We are farmers. We are concerned about the future as well as about today. We need to be viable today, but we want to leave our ground in a better state for the next generation than we found it. We practice good stewardship. This helps us do that.

**Mr. Randy Hoback:** All these things—research and development.... If you didn't have trade, if you didn't have a place to sell this stuff, it wouldn't exist. Is that fair to say?

**Mr. Terry Youzwa:** Absolutely. You have an opportunity today, in the very near future, to do a larger agreement than by doing separate bilaterals. That's very significant and a very unique opportunity. We're 90% to 95% export-driven with our products. In comparison with other nations, Canada is a small nation and our province has a small population. We export those products, and you have an opportunity to develop one much larger agreement than to try to go to each of those countries individually. You have a unique opportunity and we encourage you to take advantage of it.

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

I forgot to mention that Mr. Ritz, as many of you know, lives very close to here. We appreciate being here in your neck of the woods too, Mr. Ritz.

That wraps up this panel. We thank everybody for coming. Not only do you produce produce products, but you represent many people who produce food for Canadians around the world. Good luck with your growing this year and your prices. May everything go well for you.

Thank you again.

• (0900)

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

• (0920)

**The Chair:** We're going to commence this session.

In this second panel we have with us the Grandmothers Advocacy Network, the National Farmers Union, the Saskatchewan Association of Rural Municipalities, and the Service Employees International Union-West.

We have a large panel, here, and I'd appreciate it if you can keep to under five minutes. Then we'll have lots of time for everybody to ask questions and to give answers.

We're going to start with the Grandmothers Advocacy Network.

Jennifer Neal, welcome and go ahead.

**Ms. Jennifer Neal (Member, Leadership Team and Regional Leader for the Prairies, Grandmothers Advocacy Network):** Thank you very much for providing the Grandmothers Advocacy Network the opportunity to comment on the TPP.

We are a multipartisan network of volunteers from across Canada, who advocate in Canada and internationally for program and policy changes that can improve the lives of sub-Saharan African grandmothers and the vulnerable children and youth in their care.

We are going to be a little different, because we oppose this agreement—we strongly oppose it—because of the impact it will have on access to medicines worldwide. We also oppose this agreement because it puts corporate profits before people's lives.

We're here to speak up for the millions of people who need affordable medicines to treat diseases like AIDS in the world, particularly in sub-Saharan Africa. HIV continues to be a major global public health issue. It has claimed 34 million lives worldwide, and sub-Saharan Africa has the largest proportion of the world's infected, with 66% of new infections in this region.

At the moment, only 41% of HIV-positive adults are receiving antiretroviral treatment, and only 32% of children. I spent two years in Durban, South Africa, doing volunteer work in two hospitals, in 1999 and 2002. I saw first-hand the devastation of this disease. I saw people lying there just waiting to die, and the absolute hopelessness when there is no treatment.

I'm glad to say that in the years since, AIDS has gone from being a death sentence to being a chronic but treatable disease, thanks to the development of antiretroviral drugs and the reduction in price due to competition with generics. The cost of the medicines has actually declined. In 2000, it used to be \$10,000 per patient, but now it has reduced to about \$140 per patient per year.

We have two major concerns with the TPP. Our first concern is the intellectual property provisions, chapter 18, which would strengthen and prolong the private monopoly rights enjoyed by the pharmaceutical companies and in consequence delay the competition that brings medicine prices down.

It will do this in a variety of ways. One way is through expanding the scope of patents by "evergreening". This means that companies can make a small modification to their drug, even if it has no real therapeutic benefit to the patient, or even add a new use for a known drug, and can extend their monopoly for years—maybe another 20 years on top of the original 20.

Also, for the first time they're requiring countries to give eight years of monopoly to makers of biologic drugs. These are some of the most up-and-coming drugs and some of the most expensive ones. Again, they're going to be unavailable to a majority of the world.

Third, there's extending patent linkage to all TPP countries. This allows patent drug companies to block generic drugs from being approved for marketing. This has already led to needless delays in generic production.

Our second concern is the investor-state dispute settlement, chapter 9, which would allow investors to sue sovereign nations if they believe their future profits are threatened by domestic laws or regulations. This would have extreme negative consequences for Canadians. Already under NAFTA Canada has had 36 challenges. It has been challenged way more than the U.S. and Mexico have. So far we've paid out \$250 million, and that's not including the cost of actually opposing them.

• (0925)

**The Chair:** Just to let you know, you have one more minute.

**Ms. Jennifer Neal:** Okay.

People in developing countries will die as a consequence of the TPP. It's a critical time in the fight against the AIDS pandemic. We now know that early aggressive treatment with ARVs can almost completely suppress the virus and prevent its transmission. It's now possible to imagine a world free of HIV/AIDS, but only if low-cost medications are available to the world's poorest people.

MSF, Médecins Sans Frontières, have said that the negative impact of TPP will be enormous, making it much harder for us all to get the life-saving medications we need. Canadians will also feel the impact here at home. We at the moment have the second-highest drug prices in the world, and patent protection will mean more costly medications for Canadians too.

Canada's foreign aid is committed to helping the poorest of the poor. Recently, on the world stage as a responsible global citizen, we have stated our support for the UN's sustainable development goals, and Prime Minister Trudeau openly stated support for the UN 90-90-90 targets for HIV/AIDS reduction.

**The Chair:** Sorry—

**Ms. Jennifer Neal:** I'll just finish the sentence.

If you believe those two things, you cannot be supporting this agreement. We should be standing up for a voice against this agreement, because it puts people's lives at risk in the service of profits.

Thank you very much.

**The Chair:** Thanks very much for your submission and your compassion. Is there a grandfathers' group out there?

**Ms. Jennifer Neal:** There isn't, but they're welcome to join GRAN. We're not exclusive in any way.

**The Chair:** Okay. I'm a grandfather now, so...

Okay, we have the National Farmers Union, Terry Boehm.

Welcome. We've seen you around before in Ottawa. It's good to see you and be in your neck of woods here.

Sir, you have five minutes. Go ahead.

**Mr. Terry Boehm (Chair, Trade Committee, National Farmers Union):** I would like to thank the committee for the opportunity to speak to this trade agreement, and for their travelling outside of Ottawa to meet with us today.

NAFTA, WTO, CETA, Trans-Pacific Partnership, FIPA, TAFTA, TTIP—these are all a progression of agreements that are essentially ceding national sovereignty to so-called trade agreements. The agreements are largely anti-democratic, and one of the biggest reflections of this is in the secrecy of the negotiations. I recall the debate over the Canada-United States Free Trade Agreement, and then later NAFTA. This was debated openly, and the text was published openly at the time.

Now, we have seen a shift in how citizens are regarded in the process of negotiating these pieces. These are really corporate constitutions. Trade liberalization is a political philosophy, replacing the state with private enterprise and markets. It's not about deregulation or liberalization, but free regulation in the corporate interest—and of the largest corporate interests in the world.

Canada is adjusting legislation just to enter into negotiations. For example, UPOV 91 last year was commissioned in order to get into this. New Zealand is required to adopt it within three years of the Trans-Pacific Partnership being instated.

We are giving up sovereignty to investor-state dispute settlement mechanisms, as we previously have in NAFTA in chapter 11, and this leads to a regulatory chill. But this new breed of agreements is now penetrating to the subnational level, both to the provincial and municipal levels. All provisions of earlier agreements giving “most favoured nation” status are grandfathered into the next agreement.

What is “most favoured nation” status? Well, you cannot give a local supplier of a good or service any more favourable treatment than you would give to any other party that is kin to these agreements. Of course, one agreement also leads to any other. TPP says that if you have granted to any other party favoured-nation status in any other regard, you have to grandfather it into this one. Of course, this has detrimental effects for those local businesses, and then the taxpayers who are paying for the projects.

Government procurement is a big issue. At the federal level, \$135,000 is the threshold at which this agreement will apply, and at the provincial and municipal levels it is \$335,000, which is not very much. It's \$5 million for construction projects.

Along with this, there's the prohibition of offsets in these agreements.

How is an “offset” defined? An offset means any condition or undertaking that encourages local development or that improves a party's balance of payment account, such as the use of domestic content, the licencing of technology, investment, counter trade, and similar actions and requirements. Fundamentally, if you're in a balance-of-trade deficit position, never except for a very short period of time in an emergency situation can you do anything about it with another trading party.

Then we get into expropriation or tantamount-to-expropriation regulations. Again, regulation in the public interest could be construed as a tantamount to expropriation, preventing a private entity from exercising its rights over its property. Again, this leads to a regulatory chill for the individual nation state.

Intellectual property in these agreements is extended to third parties. There's privacy of data, but local food policies are jeopardized by cover procurements, whereby government entities, municipalities, universities, schools, hospitals, etc., would procure local food but would be restricted from the most-favoured-nation status requirements.

In conclusion, we used anti-combines legislation in the past to break up private near-monopolies because the government saw the harmful impact on our economies. Now we have international corporations that are dwarfing these earlier entities, and we put trade agreements in place to bolster their strength economically and politically.

• (0930)

The two are not separate. These behemoths are fragile and often inefficient, but they need governments to enforce their power and privilege against their citizens. We give up to a large extent our ability to govern in the public interest.

I'll close there by concluding that in the agriculture sector I represent we've gone through a number of these agreements over time, and we've seen a reduction in the number of farmers, an increase in the average age, and a massive increase in the average debt load. I would challenge the presumption these have been beneficial to the agriculture sector. I would endorse the previous person's comments.

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

Thank you for your submission.

We're going to move over to the Saskatchewan Association of Rural Municipalities, and Mr. Raymond Orb. Welcome.

**Mr. Raymond Orb (President, Saskatchewan Association of Rural Municipalities):** Good morning, ladies and gentlemen.

It is my privilege to speak to the House of Commons international trade committee this morning. My name is Ray Orb, and I am the president of the Saskatchewan Association of Rural Municipalities, also known as SARM.

SARM represents all of the 296 rural municipalities in Saskatchewan. Rural municipalities are home to farmland, oil and gas, potash, and other natural resource industries that are important to both Saskatchewan and to Canada.

According to the 2011 census of agriculture, Saskatchewan accounted for just over half of the canola area in the country, about 48% of the spring wheat area in Canada, and approximately 40% of total farm area in Canada. With such vast farmland, and so many farm families contributing to our communities, SARM has a keen interest in the TPP because of what it means to the economy and the benefits it would bring to farm families.

For Saskatchewan's economy, the TPP region represents 45% of total exports in 2014. During that year, Saskatchewan totalled \$13.9 billion of agricultural exports, which is a 19% increase from 2013. The province is well on its way toward its goal of \$15 billion in agricultural exports by 2020.

Saskatchewan is also the second largest beef producer in Canada, producing more than a billion dollars' worth of beef annually and approximately 4.3 billion dollars' worth of value-added products that are shipped annually. The value-added processing will increase with the TPP agreement.

The TPP represents not only a great opportunity for Saskatchewan's economy, but also for producers, as they would gain better access to markets through the reduction and removal of tariffs that would be phased in with the TPP. Growth and investments would increase in the value-added sector as well through better access to the Pacific markets for processed products, including canola oil, beef, and pork.

SARM has taken opportunities to promote and raise awareness of the importance of the TPP. This includes a news release in October 2015 and a letter of support to both Premier Wall and the Saskatchewan Minister of Agriculture. During SARM's Ottawa lobby trip, which took place this last February, some representatives met with members of Parliament and department officials.

Agriculture has been, and continues to be, a consistent contributor to the economy even during times of economic downturn, as seen now in the oil and gas sector. Ratification of the TPP would support and bolster the agriculture sector in Saskatchewan and across Canada.

While the TPP would provide benefits to the agriculture sector and market, it is important the infrastructure be in place to support the increased activity that would occur. As Saskatchewan farmland is dispersed across the province, rail level of service is a vital mechanism for us to get our products to market. We have seen what occurs when the rail level of service is unavailable or is unable to meet the demand. Shipments are delayed by weeks and contracts aren't honoured. It is important for Canada to be able to efficiently meet its trade obligations, and it is equally important for product to get to markets so farmers can support their farms and farm families.

The infrastructure needs aren't limited to the rail level of service either. Funding for rural roads and bridges is necessary for ensuring that products get to key points for shipment, such as grain terminals and loading facilities. If these supporting projects aren't completed there will be serious challenges in the future. SARM is hopeful the Canadian Transportation Agency review and subsequent discussions will produce initiatives and amendments that contribute to a world-class rail system.

For SARM, the TPP represents a positive opportunity the many farm families across the province and the country can enjoy. It also reminds us of the importance of ensuring that we have the necessary

—  
• (0935)

**The Chair:** I'm sorry. If you want to wrap up, you have half a minute.

**Mr. Raymond Orb:** —infrastructure in place to be competitive traders and producers.

Thank you for the opportunity to speak today.

**The Chair:** Thank you, sir, and thank you for that snapshot of how much Saskatchewan produces. It's a great contributor to our economy in Canada to say the least, and the numbers are amazing.

We will now hear from SEIU-West. We have Catherine Gendron.

Please go ahead.

**Ms. Catherine Gendron (Project Coordinator, Service Employees International Union-West):** Good morning, and thank you for the opportunity to address the Standing Committee on International Trade. The SEIU-West mandate is to improve the lives of working people and their families, and together, lead the way to a more just and humane society. That is why our union is taking a stand against many proponents of the TPP. This trade agreement must be seen for what it is, a corporate bill of rights.

In fact, of the 30 chapters in the TPP, only five of them pertain to trade. While there are many areas of concern within the TPP, today our focus will be on the impact on Canadians' access to health care and our right to a democratic society free of corporate rule.

The ISDS system truly embodies the corporate power that's built into the TPP. It allows foreign investors to challenge government actions through lawsuits claiming that these actions, even actions that clearly serve the public interest, expropriate their assets. These lawsuits are heard outside the traditional court system in private tribunals whose decisions are binding.

Therefore, ISDS essentially shifts power from the courts, legislature, and our government meant to represent the people, to foreign investors and a small group of lawyers who are often called upon as arbitrators. This alternative to our court system is available only to foreign investors, thereby raising basic concerns about equality before the law.

In addition to tribunal costs and penalties, Canadian taxpayers pay the price for ISDS in the form of lost sovereignty, lost accountability, and as I outlined, higher health and drug care costs.

Under NAFTA, Canada already knows the disturbing repercussions of this process. There is evidence that Canada has been the target of more ISDS actions than any other developed country. In the pharmaceutical sector, Canada is facing a large lawsuit from a hugely profitable U.S. drug company, Eli Lilly and Company.

The Supreme Court of Canada rejected Lilly's claim for extended patent protection on two of its drugs. In an act that shows contempt for the Canadian justice system and the health needs of Canadians, Lilly has now turned to the NAFTA ISDS process and is claiming half a billion dollars from our government.

Under TPP, Canadians will likely face more costly and frivolous ISDS lawsuits like Eli Lilly's, as well as growing pharmaceutical prices due to longer waits for generic drugs. Powerful pharma companies were not satisfied with the outcome of the TPP negotiations. As a result, we expect that the pharma industry will be even more assertive in demanding the strictest interpretation of the TPP relating to medication.

In the wake of the Panama papers scandal and the recent use of tax inversion strategies by U.S. corporations like the drug giant Pfizer, we see how clearly society is warped to corporate favour, and how easy it has become for the rich and powerful to avoid the laws of democratic countries.

People around the world are recognizing and denouncing this blatant injustice, yet the TPP further entrenches corporate power. TPP will enhance patent protection for pharmaceutical companies that claim they need this enhanced protection to provide adequate

financial incentives and returns for their research and development, R and D. These claims ring hollow given the large and growing profitability of the pharma sector, and stats show that the R and D to sales ratio in major pharma corporations actually fell to its lowest since 1988.

The billions of dollars in profits seen by the pharma industry have been fuelled by extremely high medication prices. One in 10 Canadians are unable to fill their prescriptions due to high prices, resulting in inhumane health outcomes for much of our population. High drug costs often lead people to ration or otherwise underuse the prescriptions they do fill. It is estimated that if Canadians were to use their prescriptions appropriately, one in six hospital visits could be eliminated and \$79 billion could be saved in health care costs.

In relation to the TPP, ISDS would be a major roadblock to the implementation of a Canadian pharmacare plan. We're the only developed country in the world that has universal health care but no national drug plan.

Currently, two federal parties support a national pharmacare plan, and we know the Liberal government is making drug affordability a major priority. Yet because the TPP enhances patent protection, cheaper generics are kept off the market for longer periods of time. The only feasible way to achieve pharmacare is by ensuring affordable medications.

The TPP also reinforces privatization. If a Canadian government or public authority chose to contract out a public service, a future government with a different viewpoint could not opt to bring that service back to the public without risking a disruptive and expensive ISDS lawsuit. Of concern in Saskatchewan is the potential for further privatization of our health care. Saskatchewan contracted out its hospital laundry services and opened the doors to private MRIs. Public-private partnerships are also becoming more common.

The TPP investment chapter includes a provision on P3s, and although the footnote excludes health care, SEIU-West is concerned that arbitrators will refuse to apply the footnote to health care support systems such as maintenance, food services, admin, and other support services that contribute to the health care team. The risks posed to Canada's public health care system are seen in the European ISDS case that is included in our written submission.



It is distressing to know that a choice made by the people could be subject to interference by a corporation. Big businesses should not be able to interfere in the laws and rules of a sovereign state. If they can, how can—

• (0940)

**The Chair:** Excuse me. You have 15 to 20 seconds to wrap up.

**Ms. Catherine Gendron:** Yes.

If they can, how can it be called a democratic society? It was the Harper government that joined the TPP, and public outcry made this a major election issue. The Liberals were then elected on a mandate of real change, yet here we are in a room with only 12 witnesses, who were mainly invited to speak to business interests. Throughout today's consultation process we are made aware that no individual citizens were invited to speak, yet SEIU-West is aware of many who applied. How can we call this a public consultation? It is no wonder there is a noon-hour rally and public consultation in response to this lack of transparency.

We know that a small representation of civil society, labour, and small business were invited to the negotiating rounds, but it is clear that while we were invited, only corporate interests were heard. We implore the Standing Committee on International Trade not only to hear what is being said, but to listen with intention and consider the people's rights. At this point the TPP does not, so it should not be ratified.

• (0945)

**The Chair:** Thank you very much for your submission.

As you noted, for anybody who cannot speak directly to us, we take submissions right up until the end of June. We also encourage MPs to do open houses. They can deliver submissions to us also. We're going to try to get as much as we can into our report from all Canadians.

On that note, we're going to move on to questioning. Each member has five minutes and the Conservatives are starting off.

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

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

Thank you all for coming here. I would note very quickly that you said we're not giving the opportunity for people to speak. We invite groups, of course, to speak. If we asked all the farmers to come, there would be 15,000 farmers, I suppose, but I think they're probably busy at this time of year. You represent one group, and there are others who represent other groups. I think we're doing a pretty good job, and I think all committee members would agree with that.

I want to start with Mrs. Neal.

Thank you for doing what you did in Africa. I know you have a real heart for Africa. Thank you also for the work that your advocacy group does as grandmothers. I'm not a grandmother, as Mr. Eyking and I both know, but my wife is, and we have 35 grandchildren. I know your heart for grandchildren.

I've been to Africa five times and I've visited six countries. I have seen the devastation and I have seen the poverty. I've been to the townships in South Africa just recently. I just came back from there.

I've seen all parts of it, including South Sudan, one of the poorest countries in the world.

I don't have much time. I just wanted to mention quickly that part of the job that we all do here—and I've had the great fortune of representing my riding for 10 years—is just an incredible learning experience. I've served on a number of committees, and a number of those committees dealt with the very issues that you're talking about. I think I was on the foreign affairs committee when the need for drugs for AIDS was the pressing issue.

I think it's good to note that the Canadian government has made provisions—and I think you would agree with that, too—for AIDS drugs. I know that your concern is for future drugs, but I trust our government. I trust our people. I trust that when that issue arises—and we've had examples of that in the past—we will continue to meet that need.

Finally, I would add that to suggest anybody here doesn't have that same compassion for the poor and downtrodden is just plain wrong. We might have a different idea as to where we're going, but that's why we're here. That's why we're listening to your presentation.

I'll give you a chance to respond, because it's not fair to just make a comment. I'm trying to get right across the whole line here.

The other thing I really want to lay out, which I think has really become evident, is that the people you are talking about, the corporations, for the most part are smaller farmers. We have heard from them—and I'm not saying that has been the only testimony, but specifically here in this province—that there is a real desire for this agreement to take place.

People that you and I both know in the rural areas—and you probably know them a lot better—see this as a huge advantage for farmers and for workers. They talked about the increase in employment that would take place. What do you say to those people?

I guess I'd ask the same to you too, Mr. Boehm. These are the people who are telling us—

**The Chair:** Just to let you know, you have one minute left, if you want them to answer the question.

**Mr. Dave Van Kesteren:** Okay. What do you tell your neighbours that are telling us they want to see this agreement take place?

**Ms. Jennifer Neal:** When you said all Canadians feel like we do and have this compassion—

**Mr. Dave Van Kesteren:** I'm talking about Saskatchewan.

**Ms. Jennifer Neal:** You originally said that Canadians, in general, have the same compassion. You've been to Africa and seen that same compassion. I don't see that coming through and actioned. We have not provided...these countries have to have low-cost medications.

• (0950)

**Mr. Dave Van Kesteren:** They do.

**Ms. Jennifer Neal:** Well they haven't...a lot of India, at the moment, makes their drugs at low cost and—

**Mr. Dave Van Kesteren:** Canadian companies have that compatibility and have the rights to—

**Ms. Jennifer Neal:** —Canadians have not done well with that at all. Think about what's going to happen say, to PEPFAR, the U.S. President's Emergency Plan for AIDS Relief. That has been the most successful fund that's supported and given drugs to Africa. That relies 98% on generic drugs. If you're going to have this agreement, that is going to make those drugs a lot less available and people are going to die because of it. There is no doubt about that.

In this country we'll maybe have rising health costs. It could still cause deaths, I'm sure, in this country, but in those countries it will cause deaths in the millions. These countries cannot afford the medications from pharmaceutical companies. You have to have low-cost, generic medications. If you can get them into those countries, you could stop this infection rate, right?

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

There will still be time to add some more to what you have.

We have to move on to the Liberals now for five minutes.

Ms. Ludwig, go ahead.

**Ms. Karen Ludwig:** Thank you, Mr. Chair, and thank you all for your presentations.

I want to thank you for sharing your experiences, your concerns, and your hopes, not only regarding this agreement but also in terms of Canada, in general. I think that's what we are all here for, to promote our country to be the best that it can be, and to also offer, internationally, the best opportunities we can.

I will say to Mrs. Neal, who is a grandmother—I'm fortunate right now that I'm not, my daughter is only 20—thank you for the work you have done in Africa. My sister was a victim of AIDS, so I certainly appreciate your work. My sister lived here in Canada. When we look at medication costs and others, we do have those issues here as well.

In terms of small business and farmers, we have heard from a number of groups across the country, and as my colleague from the other side has mentioned, they are groups that represent small business. We have heard from national associations that have talked about businesses in Canada, and 98% of our businesses are small businesses. Across the panels, if there's opposition, it's usually about corporate self-interest. I do want to keep in mind, and keep it in perspective, that most of the businesses we're talking about, and are addressing, and have come to us, are representing small business.

As a teacher for international trade for the last 20 years, one of the things I made mandatory in all of my teaching for business plans—and I've won awards for it—is corporate social responsibility. Outside of the agreements, and any trade agreement, as business people and as Canadians, we have a responsibility to do the best thing, and I think many companies do.

In terms of drug costs, yes, there are significant issues internationally, and your voices are definitely being heard here. We, as a committee, are travelling across the country. The treaty has

been signed. The agreement has not been ratified, so your voice and your interest are important here today. If you were able to express a message to the country, what would you put in a communication strategy you would like all Canadians to hear on any of the pros and any of the cons for TPP?

Thank you. That goes to all the panel.

**The Chair:** If the four panellists are going to answer, they're going to have to do it in a half a minute each.

Go ahead.

**Mr. Terry Boehm:** One of the big problems—and I pulled out CETA and a good portion of the Trans-Pacific Partnership—is that people who haven't read either agreement are talking about it. I have taken the time to read annexes, associated agreements, references, footnotes, and the agreements. When you do that, you very quickly start to understand that this is not about trade. It is about something completely different.

That is the message I would like to put to Canadians. This is about shifting the possibility of governments to govern in the public interest and blurring that line so that government is actually an enforcement agency for privilege and new rates for the largest corporations in the world.

Agriculture is a bailiwick of mine, but in terms of drug costs, when we extended drug patents in the early 1990s, that was about the time when the debate about the affordability of public health care started to change. That is the single biggest budget item for each provincial government. Over 50% of that single budget item is pharmaceuticals and medical supplies, which we are increasingly sourcing from a very small group of very large pharmaceutical companies that also supply farmers with chemicals and seeds, to a large extent, and they have ratcheted up the price.

We are transferring from the taxpayer directly to international corporations. Then we put caps in these agreements. We restrict them, but we can't do anything about our balance of payments. These are harmful to our countries—Canada in particular, but also the other participants in these agreements. That is absolutely what these things are about.

Read them, please. Sit down and read them.

● (0955)

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

One of the most difficult jobs of the chair is cutting people off, especially when they are on a roll and they are speaking from the heart, whether it is MPs or witnesses.

I remind MPs to keep it short because the witnesses want to answer. Let's try to keep our questions short so we can get enough time in. Witnesses and MPs, I am going to put my finger up when there is a minute left. Then I wouldn't be cutting anyone off in mid-drift.

We are going to continue. If we could keep our questions short, we can have our witnesses.

Witnesses, when my finger goes up, I have to give everybody a chance.

We are going to move over to the NDP now. Ms. Ramsey, you have five minutes. Go ahead.

**Ms. Tracey Ramsey:** Whether we are talking about farmers or small businesses, we are talking about people, Canadian people. Regardless of whether tariff reductions would help certain industries...we understand that, but what we are talking about is the effect on Canadian people.

There is nothing more concerning than access to affordable medication. There are people in my riding who are making difficult decisions between whether to keep the lights on or pay for their prescription drugs.

The TPP would cripple provincial governments. It would put the costs back onto them, and it would make it very difficult for a government to make decisions about pharmacare or any improvements to any type of pharmaceutical extension that we could do for people. The TPP would greatly limit our ability to govern in that way. I recognize that.

I would like to direct my first question to the Grandmothers Advocacy Network. You talk about the practice of evergreening. I wonder if you could explain to the committee a little more about how this would slow access to affordable medication.

**Ms. Jennifer Neal:** At the moment, drugs tend to have a patent of 20 years or so. When you evergreen something, this basically means that you make some slight little change to your formulation. That formulation might not make it any more effective, but that little change would enable you to ask for another patent, and that other patent may be for another 20 years. It basically cuts down any possibility for generic medicines to be in the marketplace.

**Ms. Tracey Ramsey:** Mr. Boehm, I would like to ask you to tell me a little more about the NFU's concern around the ISDS in the Trans-Pacific Partnership.

**Mr. Terry Boehm:** I think that the ISDS mechanisms in particular have been problematic in the assorted iterations, as in chapter 11 and several NAFTA actions, for example, against the Canadian Wheat Board, which no longer exists. This is again the shift of the possibility of governments to act in their own citizens' interests to outside tribunals. They are outside tribunals that actually don't use precedents in their decisions. Each decision is separate. They arbitrarily decided recently to charge compound interest on awards given to complainants.

We're working with a very small group of international trade lawyers, who are selected tribunals of three—each party selects one, and then they agree on a third one—to fundamentally alter important processes and regulations or whatever in the country. An old one, of course, is MMT, a neurotoxin seen as an additive in fuel. The banning of that was reversed.

Anyway, we're very concerned that what we're doing is hobbling our ability to govern ourselves in our own democratic interests. We're giving it out to entities that actually have no responsibility to our citizens or anyone else.

• (1000)

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

I'd like to ask Ms. Gendron a question around health care. What would be the impact of the greater protection of intellectual property for pharmaceutical products on patients here in the province of Saskatchewan and on Canada's health care system?

**Ms. Catherine Gendron:** SEIU-West is comprised primarily of health care workers, and we're already seeing the sector being sorely drained. We know first-hand that it really does have an impact when people are not able to afford their medications. We know with the TPP that these extended patent rights will allow our pharmaceutical companies to maintain high prices until generics are able to get to market.

As Jennifer mentioned, evergreening is certainly an issue as well. We may see 20-year patents or 40-year patents, so the longer you're not able to get those generics, the more expensive medication becomes.

As I see it, right now one in 10 Canadians can't afford their medications. These increased costs are only going to increase that number. That's only going to increase the burden on our health care system when people are subject to having to go to emergency because they can't afford the medications they need.

I can only predict a much higher strain on our health care system with the passing of the TPP.

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

Thank you, Ms. Ramsey. You're right on time. I appreciate that.

We're going to move it over to the Liberals for five minutes, Mr. Fonseca.

**Mr. Peter Fonseca:** Thank you, Chair.

I'd like to thank all the panellists who are here before us right now, and all the panellists we've met with, for the passion they have brought to these consultations—the knowledge, the experience. The presentations have been excellent and they've been great for us.

I have to say that I'm so proud of this committee and the way we've worked together collaboratively—all parties and staff—to open this up to the public. There are a number of ways that we do that. We do that here through our committee work as we travel across the country, as well as through our website with the portal. As Mr. Van Kesteren said, many of you represent tens of thousands, if not hundreds of thousands of Canadians, through your presentations.

My first question is to Mrs. Neal.

In a letter that your organization wrote to Minister Dion, Minister Freeland, Minister Philpott, and Minister Bibeau, you expressed that if the TPP is ratified, it would be the most harmful trade agreement ever for access to medicine. Before you answer that, we've also heard from others. We had the canola people here earlier in the first panel, and we asked them to quantify how many jobs this would bring to their industry. In an industry of about 250,000 today, they said it would bring in another 22,000 good-paying jobs to that industry.

Have you quantified what this would cost in terms of health care costs, in dollars?

**Ms. Jennifer Neal:** No. That quote you gave was from the Médecins Sans Frontières. That was their quote.

**Mr. Peter Fonseca:** It was a different brand.

**Ms. Jennifer Neal:** Yes. We were quoting.

**Mr. Peter Fonseca:** Oh, you were quoting. Okay.

• (1005)

**Ms. Jennifer Neal:** Yes. That is the truth. We don't know. I couldn't say. I don't know how many jobs. Anybody who works like they do, in countries all over the world, realizes this is the most damaging trade agreement they've ever had for access to medicine. It is the most damaging for Canada, as Catherine has been saying, but also worldwide. This is something you cannot ratify it in its present form. It is the most damaging access to medicines that we have anywhere. I can't put a figure on that, or jobs on that, but that is the truth.

**Mr. Peter Fonseca:** That's why we're trying to get to the numbers, because it is such a big statement: the most harmful trade agreement ever. What would that mean in terms of millions, or billions, or whatever of dollars that would—

**Ms. Jennifer Neal:** To me it's more important to look at people's lives, instead of the millions and trillions of dollars.

**Mr. Peter Fonseca:** How many lives?

The other thing, you know...and thank you for the work you've done in Africa. The TPP countries are not African countries. How would this TPP agreement affect Africa? I'm trying to make that correlation.

**Ms. Jennifer Neal:** Well, because most of the generic drugs at the moment come from India, and we have to thank India tremendously for that. It has lower patent laws than most other countries, so it is the one that manufactures drugs, but it relies on drugs that are not on patent. As you know, the infection rate is going down.

**Mr. Peter Fonseca:** India is not in the TPP.

**Ms. Jennifer Neal:** No, I know it's not, but that's where people in Africa get the drugs, and mainly across the world. That's why PEPFAR is getting the drugs from India, but it relies on things that are not on patent, so it is relying on companies all over the world to supply it with the drugs. This is a large...whatever it is, 800 million people, or 36% of the GDP. This is going to affect its ability to get generic drugs.

**Mr. Peter Fonseca:** This question is for Mr. Boehm and then maybe Mrs. Gendron.

With organized labour in other TPP countries, including the United States where SEIU has a big presence, and your counterparts in other countries, what have they been saying about the TPP? Have you kept up to par to as to what is happening with your counterparts in the other TPP countries?

**Mr. Terry Boehm:** Yes, we have, not in specific numbers, but certainly in terms of the opposition of affiliated groups. The National Farmers Union is part of an international worldwide group called La Via Campesina, of which we are a founding member, and it is comprised of a large number of people.

At the end of the day what we are talking about is the capacity for us to govern in our own interests, and I keep emphasizing that. Ms. Ludwig mentioned corporate social responsibility but that's voluntary. The things in this agreement are enforceable, and that is where we are particularly worried.

**The Chair:** Thank you, sir. That ends the first round. We have another round, and we're going to start off again with Mr. Peterson for five minutes.

[*Translation*]

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

I'd like to thank all the participants for being here and for their very informative presentations.

My first question is for Mr. Boehm.

[*English*]

You mentioned your concern with the ISDS and the mechanism in place for any dispute resolution. My understanding of the application of ISDS and how it's been applied in other international trade agreements is that it's the foundation usually for an investor or a company to bring a grievance under the ISDS mechanism, if they are being treated in a different manner than a local domestic company would be treated, which to me sounds like a reasonable threshold to meet for them to bring an action against the state.

Maybe I'm misunderstanding what your position is, but you seem to be implying foreign investors can bring actions against the state just because they don't happen to like some regulation that might impede their economic progress. I don't think that's what the intention of that provision is. Maybe you can clarify for me the confusion I'm having with reconciling what I think is in the agreement and what reading you're taking of that provision.

**Mr. Terry Boehm:** What I was referencing in terms of the second part of your question was the issues around “tantamount to expropriation”. These sorts of actions can be launched if a regulation or, for example, if the offsets, which are forbidden, require local content or address a balance of payments or those kinds of things.

You are correct in saying that the “most favoured nation” status qualifications mean that you cannot favour a supplier of a good or service differently from a local supplier of a good or service. This, of course, we question because in some respects—and again I go back to the offsets, and things co-mingle here—if you disallow the ability to encourage local development and to address balance of payments issues and the fundamental economic levers of monetary policy, and then they call those actions “tantamount to expropriation”, you're required to compensate and then an action can be launched against you.

The issue is the purpose government has. I think we're blurring the lines here. For me, government is a democratic institution that is elected to represent the interests of its electorate, not international corporations.

•(1010)

**Mr. Kyle Peterson:** I don't think I disagree with that. Thank you for that insight.

How many farmers do you represent? You might have said that and I missed the number. How does your membership work?

**Mr. Terry Boehm:** We generally don't disclose our membership.

I'm a former president. I'm no longer on the board, so I'm not up to date. However, we represent thousands of farmers. There's a very small number of farmers in Canada, unfortunately. We're the largest voluntary farm organization. Farmers actually have to join us. Other organizations call themselves farm organizations, but if someone sells a commodity like canola he gets included as a member. I get included in all kinds of organizations as a farmer because I grow all kinds of different crops, but they don't really represent me. They just include me in their membership.

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

Ms. Gendron, how many members are in your union?

**Ms. Catherine Gendron:** At SEIU-West there's about 13,000 in Saskatchewan.

**Mr. Kyle Peterson:** Were you able to get feedback from all of them before you made the presentation today?

Is there a consensus in your group, or is there some dissent? I'd like to get your opinion. I'm just trying to get a sense of...

**Ms. Catherine Gendron:** Our members are very strong advocates of the public health care system, and this will certainly put a strain on that. So yes, there's certainly been—

**Mr. Kyle Peterson:** It's just nice to know that you're speaking not just for yourself, but with some weight behind your comments. I just wanted to clarify that.

With that I'm done. Your presentations were informative and instructive and we appreciate your being here.

Thank you.

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

I commend you on your French, but I'd like to remind members that, if they're going to speak French, they need to give the witnesses a little bit of time to get the translation. Don't assume they're bilingual. If you're going to speak French, give them a heads-up so they can get set. I'm sure the witnesses all have a set of headphones in front of them.

On that note, we're going to move over to Mr. Ritz.

Go ahead, sir.

**Hon. Gerry Ritz:** Thank you, Mr. Chair.

Thank you, ladies and gentlemen, for your concise presentations today. It's good to have all sides of the debate.

I'd like to start with Ms. Neal. Kudos for the great job that you're doing and the advocacy that you're doing. It is a noble cause.

I have a couple of points that I wanted to make. You said that President Obama's program is the most efficient and effective one to

this point. It seems strange to me that he is one of the strongest advocates for TPP. Is he at cross-purposes there?

**Ms. Jennifer Neal:** I think you could say perhaps the same for Prime Minister Trudeau. He has made strong statements that he supports the 90-90-90 goal that was put out by the United Nations and it was a target for 2020.

**Hon. Gerry Ritz:** Sure, percentage of GDP.

**Ms. Jennifer Neal:** Prime Minister Trudeau has definitely supported that. He's made many statements that he supports access to medicines. He supports all these things, yet, I suspect he's....

I can't speak for him, but there are a lot of people, of course, who are supporting this trade agreement. The trade agreement is so wide. I can't pretend to speak for all these other people. I'm only speaking for the medicines. That is a real danger. I just don't think, even though there might be benefits, you can be doing this with those medicines.

•(1015)

**Hon. Gerry Ritz:** It's also well known that India is the largest producer of generics, and it will continue to be.

**Ms. Jennifer Neal:** Yes, we help....

**Hon. Gerry Ritz:** Since they're not part of TPP, why would that stop?

**Ms. Jennifer Neal:** There are many other drugs that are needed.

As the population increases.... Of course, because the infection rate has gone down, you actually have more people who are living, and more people with AIDS, of course. If you're on antiretrovirals for many years, you find that they don't work anymore. You need these second...whatever—I can't remember what they're called. The second string—

**Hon. Gerry Ritz:** Generation.

**Ms. Jennifer Neal:** Yes. A second generation of drugs are certainly ones that are still needed, and the patent on these is not going to be available.

There are still problems too. We don't know whether India will be able to do this forever. Even with this, there's only 41% of adults who are actually on these drugs and 31% of children, so it's not reaching them. There are not enough drugs, even with India supplying them.

**Hon. Gerry Ritz:** Some of that is political instability in the countries of record—

**Ms. Jennifer Neal:** Some of it is actually getting the drugs to the people. I agree with that.

**Hon. Gerry Ritz:** Logistics.

**Ms. Jennifer Neal:** Yes. The distance and the rural thing.

**Hon. Gerry Ritz:** Thank you.

Mr. Boehm, it is no secret that we would disagree on a lot of what you're saying, but I just want to correct a couple of things.

You made the leap that trade has not been helpful to agriculture, that it's debt-to-asset and farm income and so on. I have to correct that, because I think your research is a little behind the times.

The average age of farmers is going down. We've seen that over the last decade. We're gaining about 8% in younger farmers, and that's good because there's a solid bottom line. The asset-to-debt ratio hasn't been this good for almost three decades. Farmers are making the decisions to invest because there are positives in the bottom line, and I see a few young farmers in the audience who would certainly love to show you that. Net income over the last five years has been growing exponentially, and that's what's led to farmers making investments on their debt side. They see the long-term benefit of trade allowing them to expand their ability to market offshore.

**Mr. Terry Boehm:** I think that when we see debt numbers increasing by several billion dollars, frequently, annually, one has to question when that debt needs to be serviced. We're seeing increasing debt throughout the Canadian population. A lot of it is largely because of very low interest rates. At the end of the day, though, when we acquire this debt, who are the net beneficiaries and who is actually benefiting from the investments?

Our research for a long time has said that players outside of agriculture offloading costs onto farmers, whether it's grain storage requirements, increased transportation, etc., is showing up in the debt ledgers of farmers. We're seeing an offloading and an externalization of costs on agriculture, partly as a consequence of these agreements, partly because of other policies.

**Hon. Gerry Ritz:** Thank you.

Ms. Gendron, thank you for the work that you do on behalf of your union.

I'm a little concerned that it didn't come through in the provincial election that we had here in Saskatchewan, or in Manitoba, which happened yesterday. Somehow, the province isn't picking up on your advocacy.

**The Chair:** I think that sums up your time, sir.

Now we're going to go back to the Liberals and Mr. Dhaliwal for five minutes.

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

Ms. Neal, I would like to add my vote of thanks for the incredible work you have done and the Grandmothers Advocacy Network is doing in people's lives, ensuring access to important medication, improving access to education, and ending violence against women and girls. Those are some of the things that we all agree on around this table. Certainly, TPP is the one that we have some differences with.

There's one clause in the statement in the TPP that contains the following text in regard to the government:

The Parties affirm their commitment to promote and strengthen an open trade and investment environment that seeks to improve welfare, reduce poverty, raise living standards and create new employment opportunities in support of development.

What are your thoughts on that? I would also like Catherine and Raymond to chip in as well, please.

• (1020)

**Ms. Jennifer Neal:** I'm not quite sure. That was a quote from where?

**Mr. Sukh Dhaliwal:** From the TPP.

**Ms. Jennifer Neal:** Okay. I'm not quite sure what you want me to answer there.

**Mr. Sukh Dhaliwal:** Your concern is the well-being of people. This agreement states in here that this is the intent. I thought if you have any comments to make, otherwise I'll pass it on to—

**Ms. Jennifer Neal:** I think it's clear, from what I've said already, that I don't feel it's putting the people... I don't think it's doing that. It's doing exactly as my friend here is saying. It's big corporations that are benefiting.

One thing that worries me is big pharma, because big pharma is extremely strong, extremely powerful. It's for big pharma. The pharmaceutical companies are winning, hands-down, with this agreement. I don't think this agreement is for the people at all.

**Mr. Sukh Dhaliwal:** Catherine, you said it's a bill of rights for corporations. When we signed the free trade agreement with Colombia, we had discussions back and forth. We had side agreements on environment, child labour, and the displacement of individuals. Is there anything in this agreement that we can modify, if we ratify it, to make sure those concerns that you have are addressed?

**Ms. Catherine Gendron:** For SEIU-West it's certainly the investor-state dispute settlement that really outlines the corporate bill of rights.

We have in our written submission, for example, that in Poland, they had much of their health care insurance provided by a company called Eureko. They had a state share. When the Polish government put forward the idea to open the shares more so to the private company, Eureko could have had a majority stake. There was public outcry because they did not want to privatize their health care. This was the people speaking, saying, "We don't want this."

The Polish government then responded, taking back that proposal. Eureko then took this decision to ISDS, and Poland ended up paying, out of their taxpayers' money, \$1.6 billion U.S. to Eureko. They didn't even have their shares at that point. That was just the potential for profits.

Eli Lilly, in Canada, has now gone above the Supreme Court of Canada, so how is that democratic? TPP, this agreement, how is that a democratic means when you can go above our law? It's only foreign investors that can do this, so how is that for the well-being of Canadians? It's not.

**The Chair:** You have one minute left, sir.

**Mr. Sukh Dhaliwal:** Raymond.

**Mr. Raymond Orb:** Yes, thanks for the question.

I would just like to say that, first of all, I'm an elected official and I'm a municipal official. We always have the process of being able to consult with provinces. In my case it's the Province of Saskatchewan, and we have consulted with them. Not too long ago, before the provincial election, we sat down with the Ministry of Agriculture people and talked about this.

Farming is made up of a lot of small business people. We have a lot of family farms now that are incorporated. People sometimes think these are big corporate entities, but actually they're still family farms. A majority of the farms in Saskatchewan still are.

The benefit to this is that it does create jobs. If you look at what's happened in Saskatchewan over the last decade or more, a lot of value-added entities have come on stream as well because of manufacturing and a lot of the spinoffs. For the people who are paying taxes, where does the money come from in this country to pay for their medical costs, for medicare itself, on behalf of the federal government and the provincial governments? It comes from taxpayers.

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

Sorry, Mr. Dhaliwal, your time is up. Mr. Orb, that was a good closing on his question, though. Thank you.

We're going to have to move over to Mr. Hoback for the last questioner on this panel. Go ahead, Mr. Hoback.

**Mr. Randy Hoback:** Thank you, Chair and witnesses. You only have five more minutes, so we're almost done.

Mr. Orb, you touched on this, that the taxpayer pays the bill. The taxpayer pays the medicare. The taxpayer pays the wages of Catherine.

Jennifer, it probably pays into your pension.

Terry, if you get any farm subsidies, they pay for the subsidies, correct? If the taxpayer doesn't have the revenue, which comes from the private sector and from taxpayers....

I'll use the example. Right now we have a \$30-billion forecasted deficit, and we're doing that to basically improve our economy, grow our economy and jobs. How do you propose we grow our economy if we don't sign trade agreements, if we don't actually embrace the world, and actually go out there and find these markets so that our creative people in Canada can actually make an income, have a good quality of life, and pay those taxes so that you can have the things that we take for granted here in Canada?

If you don't want the TPP or any trade agreement, well, then what are all these farmers in Saskatchewan supposed to do, Terry? Are they supposed to just raise buffalo and watch them go off into the sunset? What do you propose? What would you suggest that government do if you don't do trade agreements? How else are you going to generate this economic activity?

• (1025)

**Mr. Terry Boehm:** Thank you.

First of all, one of the fallacies about many of these trade agreements is that somehow trade is going to come to a crashing stop if we don't sign them.

**Mr. Randy Hoback:** Mr. Boehm, wait a minute. We have heard from many organizations that have basically told us that if we don't get a proper trade deal with Japan and other regions in the Asian market, and if we didn't have a proper trade deal with the U.S. in NAFTA—I'll use canola, for example—the cost is substantial.

Take the little town of Nipawin. If they can't export oil outside of Canada—if that town doesn't have a crush plant—that town wouldn't exist as we see it today. If Canadian farmers don't have those opportunities, what are they to do?

**Mr. Terry Boehm:** There is—

**Mr. Randy Hoback:** Trade has proven that it brings up our quality of life—

**The Chair:** Mr. Hoback, if you could let the witness just.... We can have a good debate, but just let it go back and forth.

**Mr. Terry Boehm:** There is absolutely no problem on my part, and many of the farmers I represent, with trade. However, these agreements have a very small trade component and the trade-offs inside these agreements for the democratic process, investor-state invasion, etc., is critical.

We trade, and we have traded before these agreements, which have gone wild in the last 20 years.

**Mr. Randy Hoback:** You know what, Mr. Boehm? You are right. We have traded, but as other countries have leaped ahead and taken the market.... For example, I'll use Korea and the cattle situation. The U.S. and Australia got into the market in Korea before we did. We have lost a substantial market share in that market.

If we are not to do these trade agreements, if we don't keep up with other countries that are doing these agreements, what do our producers do? How do they react?

**Mr. Terry Boehm:** Well, one of the problems we ran into, particularly in the cattle sector in Korea was actually BSE, and we are recovering from that one.

**Mr. Randy Hoback:** You talked about cattle producers. We have heard from all the organizations, and they are saying the exact same thing, that they need to have a level playing field in order to compete. If they don't have a level playing field, they are out of the market. That means we lose ranchers and we lose small communities. How do you propose we replace that?

**Mr. Terry Boehm:** Why are we losing farmers at an accelerated rate since we have engaged in these things? Why is the debt load increasing? Why can't we negotiate individual trade arrangements without these massive, thousand-page packages that have so much harm contained inside of them?

**Mr. Randy Hoback:** You talked about NAFTA and ISDS, and you talked about the \$220 million that Canada paid out, but our trade went from \$4 trillion to \$12 trillion under NAFTA.

Well, \$220 million is a big number for me; it's huge. However, when you put it in relation to the trade and the benefits that Canada as a whole has received.... Did you know that \$180 million of that is because one provincial government nationalized a pulp mill? One provincial government decided they were going to nationalize. Don't you think that if they wanted to nationalize something, the people who own it should have a proper chance to get back their investment? I invest \$2 million in one of the TPP countries, and all of a sudden that country says, "You know what, Mr. Hoback? Because you are not in my country, I am not going to do business with you." Don't I have the right to have protections under the trade agreement that says you will deal with me?

**Mr. Terry Boehm:** If you have a \$2-million investment in a foreign country and you want to launch an ISDS action, you can't afford it.

**Mr. Randy Hoback:** Hopefully, I don't have to, because I have the protection in the agreement.

**The Chair:** That wraps up the time, Mr. Hoback, and it wraps up this panel.

It was an exciting panel, to say the least. We appreciate that all of you came in. I know you wanted to say a lot more, and I am sure the MPs wanted to ask a lot more, but we have a new set of panellists coming in next.

Again, thank you very much for spending time out of your day to come here, give your submissions, and give answers. Thank you very much.

We are going to suspend for 10 minutes, and then we are going to try to get right back at it.

•(1025) \_\_\_\_\_ (Pause) \_\_\_\_\_

•(1040)

**The Chair:** I'd like to welcome anybody who just entered our room or entered into our committee hearing. This is the final panel we'll have today in Saskatchewan. The panels we have had so far were very informative. We had good questions, good answers, and good statements from the witnesses.

On this final panel we have with us Canpotex, the Greater Saskatoon Chamber of Commerce, the Saskatchewan Trade and Export Partnership, and Viterra.

We're going to get right at it and start off with Canpotex. We have Natasha Stinka, manager. Welcome.

**Ms. Natasha Stinka (Manager, Corporate Services, Canpotex):** Thank you for holding the committee hearings here in Saskatoon and providing the opportunity to share our views on the Trans-Pacific Partnership.

Canpotex and the export of Canadian potash benefits the Canadian government, opens new markets, and encourages freer trade. It will also do this with the TPP.

I'd like to give you a bit of background on our company. I'm confident you won't come across many companies with our wealth of experience in exporting to, and operating in, TPP overseas markets.

Canpotex is one of the world's largest potash exporters. We're one of Canada's largest exporters to the TPP markets overseas. Our company is Canada's largest exporter to Malaysia, where we account for 27% of Canada's exports to that country. We're also Canada's largest exporter to Vietnam and New Zealand, and we're the second largest Canadian exporter to Australia.

Canpotex, on behalf of our shareholders—PotashCorp, Mosaic, and Agrium—markets and delivers approximately 10 million metric tons of Canadian potash each year to approximately 100 customers in 35 different countries.

Saskatchewan is home to the world's largest reserves of high-quality potash. Potash is the key ingredient in fertilizer for crops. It's a completely natural mineral, and there's no synthetic substitute for potash. It is used for industrial purposes such as electronics, plasma TVs, and intravenous drugs, but the vast majority of potash, between 90% and 95%, is used for agricultural purposes. As a fertilizer, potash can help a plant grow, resist drought and disease, and improve the quality of a farmer's crop. For many users of Canpotex potash, including small farmers in developing countries, potash makes food security possible by improving plant health, increasing crop yields, and achieving greater incomes from crops.

While Canpotex employs almost 120 people in Canada, of whom over 100 are here in Saskatchewan, the overseas export of potash accounts for almost 3,000 jobs in Saskatchewan.

In our 44-year history, Canpotex has successfully operated in and sold potash to all 10 of the TPP overseas markets. Potash is in the fortunate position of already being tariff free in the TPP. However, the benefits of the agreement go beyond the question of tariffs. In Canada we're used to a system of government that offers predictability, fairness, transparency, and a high standard of business integrity.

That's not always the case, however, in foreign countries. As a company that operates in 35 different countries, we adhere to Canada's high standards for business integrity in all locations. Agreements like the TPP create a level playing field so that companies like Canpotex can expect clarity and predictability in foreign markets. This way, the bar for integrity is raised for all businesses. There is also value in having a set of agreed-upon rules between countries that include consequences for non-compliance.

I'd like to touch on the key benefits that TPP offers beyond tariffs.

First, transparency provisions in the TPP ensure that the rules businesses must adhere to are easily accessible and up to date. This takes away the guesswork and the opacity involved in seeking out government regulations that could affect a foreign business.



Second, the TPP offers a dispute settlement process that may be more open and accessible to a Canadian company than going through a foreign country's court system. In Canada we have a judicial system that is rigorous and generally well understood. The TPP dispute settlement system, particularly one that's accessible to companies and investors, offers an avenue for resolving problems in a foreign country, using a rigorous, expedited, and rules-based mechanism outside a country's court system.

Third, in some countries state-owned enterprises have a significant influence in their economy. The TPP introduces a high bar to deal with state-owned enterprises competing unfairly with foreign businesses.

For those reasons, Canpotex supports the TPP.

• (1045)

**The Chair:** Thank you very much. Thank you for doing that on time.

We're going to move over to the Greater Saskatoon Chamber of Commerce.

Before you start, sir, we enjoyed your town last night. The only problem is that all of the restaurants are so popular around here it's hard to find a place to eat. We enjoyed the hospitality of your community. It's good to be here. It's good to be in Saskatchewan.

It's good to have you here, of course, so for five minutes, sir, you have the floor.

**Mr. Kent Smith-Windsor (Executive Director, Greater Saskatoon Chamber of Commerce):** Great. I'll steal some of that to say that I think you can see from my girth there are restaurants available.

Thank you very much for the opportunity. I will start by talking a little about our chamber of commerce. It's been around for well in excess of 100 years. It was formed in 1903, before there was a city of Saskatoon.

Its first piece was to welcome newcomers that saw opportunities in our market. In this particular case, it was people from Britain that saw opportunities to bring products from here to the world. At our cultural core as a chamber we've always been trade-oriented.

We represent over 1,900 businesses in Saskatoon. As the folderol of the most recent federal election cleared, one of the first pieces of business on our going global committee was to bring to attention our consideration around the Trans-Pacific Partnership that advocated to our board of directors we ought to be supporting this. That resolution was passed unanimously by our board of directors.

There was a similar debate that occurred at the most recent Canadian chamber annual general meeting where there was again an endorsement of the concept of the Trans-Pacific Partnership.

Saskatoon has the youngest demographic of all major cities in the country. Part of creating career opportunities for these young people is to provide career paths. In Saskatchewan, that amounts to trade. I think the earlier presenter talked a bit about this. We are blessed with resources, which means we are able to produce far in excess of our own domestic needs. For us to be able to take those products elsewhere, we need access to markets, not only in terms of logistics

and transportation, but also relating to trade rules that can create opportunities.

We also wish to acknowledge we're aware some components of the Canadian economy will be adversely affected by this particular agreement, and we support initiatives by the federal government to mitigate that and allow for transition, because we think that's important as well.

Even with those people affected, we submit they're in a far better position to be part of this agreement, with growing wealth in Canada, compared to being on the outside. That's where the real risk lies. Should Canada choose to extricate itself from this agreement, we find ourselves in a position where it will be, over a period of time, more difficult for us to even access the traditional markets, let alone expand the opportunities and the productive capacity of this amazing region.

We are concerned about comments around protectionism and isolationism you may have detected in other countries. We think it's important symbolically for Canada to move forward on embracing trade agreements as they come forward, with all of the compromises that are entailed, to say we agree with the idea of opening the world in terms of ideas and products.

Thank you.

**The Chair:** Thank you, sir. We also noticed, when we were going around the community last night, the young people here. It's a vibrant community. We could only wish that in certain parts of the country where we live that we had the youth and vibrancy you have here. It was great to see. You guys are doing a great job.

Thanks for keeping your comments under the time.

We're going to move over to the Saskatchewan Trade and Export Partnership, and Brad Michnik.

Go ahead, Mr. Michnik, for five minutes.

• (1050)

**Mr. Brad Michnik (Senior Vice-President, Trade Development, Saskatchewan Trade and Export Partnership):** Again, thank you for the opportunity to speak today.

My name is Brad Michnik. I work as the senior vice-president with the Saskatchewan Trade and Export Partnership, or STEP, as we're commonly known.

My organization is a public-private partnership between the Government of Saskatchewan and the Saskatchewan exporting community. It's a member-based organization. We currently have a membership that exceeds 400 Saskatchewan companies, each of which has a vested interest in international trade and exports.

My organization provides a variety of services to assist those companies to build their businesses and markets around the world across many industry sectors. We're not a lobby or advocacy group but we are often asked to gather input from Saskatchewan exporters, which is used to make trade policy decisions in the areas of international business, market access, trade promotion services, geographic market and sector priorities, trade agreements, and so on.

I guess as an opening, and in general, I can unequivocally state that STEP and our membership of Saskatchewan exporters support any initiatives that opens new markets, lessens regulatory environments and levels playing fields in the marketplace, reduces tariff and non-tariff barriers, and results in any reductions of any unreasonable impediments that can restrict business.

We believe the Trans-Pacific Partnership agreement will see many positive benefits for Saskatchewan exports. We feel it's important that Canada ratify the TPP so that the agreement can be implemented as soon as possible.

We're a province that's abundant in many resources, and we've certainly developed a strong and diversified economy. This has been achieved by developing products and industries to support our agricultural and resource industries. Many were built for the local market, but we found that there are also markets around the world. We work with many very outward-looking companies that provide products, technologies, and services that support agriculture, mining, and oil and gas industries.

Beyond our strength in resources, we also have an economy that's diversified in areas such as manufacturing, information and communications technology, environmental products and services, industrial goods, building products, and so on.

We're absolutely dependent on international trade. Saskatchewan continues to have one of the highest percentages of exports as a percentage of GDP of any region in the world.

Certainly, greater access to world markets through the TPP and other trade agreements aligns with what Saskatchewan is all about. It's safe to say that the markets in the Americas and Asia are of the utmost importance to Saskatchewan exporters, and we see tremendous opportunities for our resources and our value-added products and services throughout the TPP region.

The STEP board of directors, which is composed of 12 senior executives of Saskatchewan exporting firms plus three senior-level government employees, wholeheartedly endorsed support of the Trans-Pacific Partnership at their third-quarter board meeting on December 3, 2015. In follow up of that, STEP's board did in fact write a letter to Minister Freeland in support of the TPP agreement.

Following this, in January 2016 we hosted a round table with Mr. David Lametti, who is the parliamentary secretary to Minister of International Trade Chrystia Freeland. The event was organized to elicit feedback on the TPP from Saskatchewan stakeholders. It was attended by over 25 prominent member companies and industry organizations who unanimously supported the TPP, stressing the many benefits it would bring to their businesses and the Saskatchewan economy in the areas of increased trade, diversification, markets, competitive factors that would come into play being a signatory or a non-signatory, intellectual property protection, setting

the ground rules for trade disputes, and so on. These are all reasons that this trade agreement needs to happen from that group's perspective.

Our exports to the other 11 TPP countries in 2015 totalled just over \$20 billion, which amounts to 61% of our exports. Not surprisingly, a large percentage of that—54%—goes to the United States. But the one nuance to this is that for Canada as a whole, I think about 77% of Canadian exports go to the United States; for Saskatchewan it's 54%. I think our province has done a good job of diversifying our markets, which is certainly important to anybody's strategies when you're building your exports or your book of business. We see that the TPP really continues down that path of diversifying markets for Saskatchewan exports.

TPP would limit tariffs in most of our key exports from the province and provide new opportunities in the Americas, Australia, New Zealand, southeast Asia. The main trade advantages we see are in such areas as duty-free market access for industrial goods, including metals, materials, and agricultural equipment—key industries in our province—duty-free access for most agricultural and agrifood products, including feed wheat, feed barley, canola seed and oils, dried peas, as well as enhanced market access for food wheat, food barley, and malt; duty-free access for wood and other forestry products, including lumber and oriented strand board; and more transparent and critical access for service suppliers in key sectors, such as construction and R and D services.

• (1055)

As well, there are the general predictability, non-discriminatory rules for Canadian investors when they're investing in the markets that they need to do business in.

**The Chair:** Sir, do you want to just wrap it up?

If you have any final comments, we'd appreciate it.

**Mr. Brad Michnik:** Yes. I did include in the notes some specific examples that most benefit the province.

Beyond the immediate and direct advantage, should Canada and Saskatchewan not enter in this agreement, there's a real fear that we'll be on the outside looking in as other key export markets for Saskatchewan products and services potentially sign this TPP in the future. Most notably that would be China, as our number two trading partner; India, as our number three trading partner; and Indonesia, which is our number six trading partner from Saskatchewan.

We certainly feel that the TPP would keep Canada on a level playing field with their other markets from the U.S., Australia, and Mexico, which are strong competitors in many of the products that we export around the world.

With that, I'll conclude. Thanks for the opportunity.

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

As another witness said this morning, Saskatchewan is definitely a big exporter and importer, and trade agreements are very crucial to the people of Saskatchewan in how they go and in what direction they go.

We have our final panellist for the day. It's Richard Wansbutter, with Viterra.

Go ahead, sir, for your comments.

**Mr. Richard Wansbutter (Adviser, Viterra):** Thank you very much, Mr. Chair.

On behalf of Viterra, I would like to thank the standing committee for this opportunity to present our views on the Trans-Pacific Partnership agreement.

By way of a quick background, Viterra is Canada's grain industry leader and marketer of grains, oilseeds, and pulses. We are headquartered in Regina, Saskatchewan, and our commitment to agriculture goes back over 100 years, partnering with farmers to market and move the crops to areas of need around the world. Our assets in Canada, from Quebec to British Columbia, include 67 elevators, nine special-crop facilities, six port terminals, and two oilseed processing plants. As a company, we export to every significant market when it comes to our grains, oilseeds, and pulses.

We're also a member of Cereals Canada, the Canola Council of Canada, the Western Grain Elevator Association, and the Canadian Special Crops Association. We support the views put forward by our commodity organizations.

From the very outset, Viterra strongly supports Canada's ratification of the Trans-Pacific Partnership. The TPP is of direct and vital importance to Canada as a major exporter of grains and oilseeds, as well as processed products. Over 90% of Canada's farmers depend on world markets for their livelihoods.

The countries in the TPP represent a significant opportunity for export growth. Together these countries represent about 40% of the world's domestic product, and the region is the destination for 65% of Canada's agricultural and food exports. Many of the countries in the TPP, for example, Vietnam, are growing rapidly in income and population. Expanding market access will pay long-term dividends for our exports of grains, oilseeds, and pulses, and Canada's overall economy.

To touch on a few of the benefits, on the major ones for wheat, there's a potential to grow Canada's exports to TPP countries by 20%. In canola, improved access to Japan will mean up to \$780 million in increased exports. When we look at barley and processed barley, this could result in an increase of an additional 400,000 to 500,000 tonnes annually.

The consequences of failing to ratify this agreement and not being a participant, we are convinced, would result in Canada being forced to cede some of its Asian markets to our big competitors like the U.S., and Australia, and into that region. The TPP, without Canada, would mean a loss of preferential access to Japan, as well as emerging markets, such as Singapore, Malaysia, and Vietnam. For example, Japan currently imports about 1.5 million tonnes of high-quality wheat per year. For wheat and durum, estimates show a difference between the potential gain of participating in the TPP, and the cost of being left out of the agreement, at about 4.3 million tonnes.

In addition to the reduction of tariffs, another critical element of the TPP is the commitment to reduce non-tariff trade barriers related to biotechnology. In addition, TPP includes provisions that will help ensure sanitary and phytosanitary regulations are based on sound science, and provide dispute resolution mechanisms that are put in place to resolve differences. This is a major element. It tends to be glossed over, but we need those processes where we can resolve our disputes.

One of the earlier presenters made mention of this, but I think it bears repeating.

In addition to increasing Canada's market access, we must also ensure we have the necessary infrastructure to facilitate trade. Canada requires a demand-driven rail freight system in order to meet its trade opportunities, and a rail freight system with clear accountability and corresponding penalties for non-performance. We have to look at that carefully when we're talking about the review of the CTA.

Thank you very much for this opportunity to share Viterra's views on this important agreement.

● (1100)

**The Chair:** Thank you, sir, and thank you for keeping within the time.

We're giving the floor over to the MPs to have a dialogue with you, and we'll start off with the Conservatives for five minutes.

Mr. Hoback.

Sorry, Mr. Ritz.

**Hon. Gerry Ritz:** No problem, we look a lot alike.

**The Chair:** You're the twins of Saskatchewan.

**Hon. Gerry Ritz:** Thank you all for your presentations.

I have a question for each of one of you.

Canpotex, you're one of a number that talked about the ISDS provisions, but everything we've heard to this point is negative.

Richard, you commented on it, too—having a rules-based dispute mechanism.

Natashia, you made the point that you like to operate outside the courts. Courts could be swayed by their own country's business. This takes that away from them, so that there is no adjudication by someone with a vested interest. I don't disagree with you. I just wonder if you have faced these types of situations before. Is that why you think this is a better way of handling it?

**Ms. Natasha Stinka:** My tendency in resolving disputes is generally to try to resolve them bilaterally. That's an approach that has seen some success. What the TPP would offer is some predictability and clarity in how to resolve disputes.

**Hon. Gerry Ritz:** And it's expedited.

**Ms. Natasha Stinka:** Yes, and it's an avenue that could be used. I understand it also introduces things like arbitration and mediation. It's another option to resolve disputes in countries where the court system may not be the appropriate avenue.

• (1105)

**Hon. Gerry Ritz:** They're expedited. Thank you.

Kent, thank you for your presentation. I've had the opportunity to speak to a number of your businesses, gotten to know a lot of them. Saskatoon and Saskatchewan have always led in going global. You're absolutely right.

Do you think that we've all been fooled, that we shouldn't be part of this TPP? We hear this from a lot of people on the other side of the argument saying that somehow we're all being duped. Are your businesses being duped?

**Mr. Kent Smith-Windsor:** No.

**Hon. Gerry Ritz:** Okay, great. Thank you, that was concise.

Brad, from STEP, I've had the great opportunity to work and travel with a number of your predecessors. I look forward to that with you as well. Four hundred Saskatchewan businesses, can you quantify, as they go more global, how many jobs these businesses have the potential to create?

**Mr. Brad Michnik:** Yes, I mean, in general—

**Hon. Gerry Ritz:** You don't have to do it right away. This is something that could be submitted by June 30.

**Mr. Brad Michnik:** In the shorter term, during the next year, we're looking at bringing \$80 million of business into the Saskatchewan economy. It varies by industry, but we often use the number of \$300,000 to \$400,000 in increased sales per additional job that's created. If you're using that ratio, I think you're talking about 400 employees through the upcoming year. If you took trade on its own, two-thirds of our GDP in this province is export-related it's from a customer outside Saskatchewan. Then there are all the ancillary industries that support the export companies.

**Hon. Gerry Ritz:** Infrastructure logistics is a big part of moving forward. You guys have an excellent program of capacity-building for small businesses that are thinking of going global. You guys actually sit down and mentor them. You take them along on trips. We've heard this from other people that there needs to be more of that. There's a federal government investment—I think we brought it forward and then the Liberals implemented it—of \$25 million for capacity-building. Have any of the other provinces come to you and said they like your model and want to emulate it? Have you tried to capitalize on your mentorship and sell the expertise that you have?

**Mr. Brad Michnik:** We haven't necessarily sold the expertise, but we do a lot of work.

**Hon. Gerry Ritz:** Don't give it away—it's valuable.

**Mr. Brad Michnik:** We've had some municipal acknowledgement. Development agencies pay us for our experiences. We use money to learn on. We do a lot of work with the other provinces in best-practice sharing. Nova Scotia is probably the closest to emulating the STEP model in another province. We're always talking to the other provinces, but Saskatchewan did take a bold step 20 years ago when we were formed.

**Hon. Gerry Ritz:** Yes, you've been around a while.

**Mr. Brad Michnik:** I'm a big believer in the organization, the governance of it. It's what we think, and we would like to see other provinces take on the model. We think there's a benefit to it, and we're there to help it along.

**Hon. Gerry Ritz:** Richard, you made the point about infrastructure and logistics. I agree with you that we can grow it, transform it, but we have to get it to market in a timely and efficient way. I think that's the second step that's needed once you have these markets. You have a unionized workforce.

**Mr. Richard Wansbutter:** Yes, we do.

**Hon. Gerry Ritz:** Do you have the support of that unionized workforce in going global and embracing TPP? We hear a lot of other unions saying, "My God, this is terrible. Don't do it."

**Mr. Richard Wansbutter:** We haven't gone directly to our employees.

**Hon. Gerry Ritz:** No, they're not picketing the office, or taking sick days.

**Mr. Richard Wansbutter:** They understand that we're an export-based company and an export-based country. We have great buy-in from our employees.

**Hon. Gerry Ritz:** You're one of the big global corporations that are terrible. You know that, right?

**Mr. Richard Wansbutter:** We're a big global corporation. I'll leave it at that.

**The Chair:** We'll have to move over to the Liberal side, which I know you'll really appreciate, Mr. Ritz.

We have Mr. Fonseca, for five minutes.

Go ahead, sir.

**Mr. Peter Fonseca:** Thank you, Chair.

Thanks to the panel.

We've heard from many presenters here today and in the last couple of cities and provinces we've been in. They have been mostly businesses that would be burdened if there was not a ratification of the TPP.

Today it's kind of refreshing to hear Ms. Stinka and others talk about an industry of potash that is tariff free with the TPP countries.

The first question I'd like to ask is, because you're tariff free with the TPP countries.... I think that's what I heard. Was that correct? With all of them?

**Ms. Natasha Stinka:** Yes.

**Mr. Peter Fonseca:** The previous Canadian government was looking at being involved, being one of the originals with the TPP, so when were you first brought in? When were you first engaged in this process?

**Ms. Natasha Stinka:** In the TPP consultations?

**Mr. Peter Fonseca:** Yes.

**Ms. Natasha Stinka:** We've been very happy to participate and to engage in any discussions on the TPP. We've had engagement with the ministers of international trade on a variety of trade issues, including the TPP. I can't give you a date, but we've had discussions with both elected officials and public servants about our trade interests as well as those in the overseas markets in the TPP.

• (1110)

**Mr. Peter Fonseca:** Could I ask how much of our potash is exported?

**Ms. Natasha Stinka:** Approximately 45% of Saskatchewan's potash is exported overseas.

**Mr. Peter Fonseca:** And of that 45%, how much—

**Ms. Natasha Stinka:** It's just to overseas.

**Mr. Peter Fonseca:** Overseas, yes. Outside of the U.S., it's only overseas.

To the TPP countries, how much of that 45%...?

**Ms. Natasha Stinka:** I don't have that data in front of me, but I can share that with you offline.

**Mr. Peter Fonseca:** Okay.

Are there tariffs with other countries on potash globally?

**Ms. Natasha Stinka:** Yes, there are tariffs in some countries. There's also some regulatory differences—some that were mentioned earlier—that potash may face, such as import restrictions, or even sizing or chemical composition of potash. Those are things that we've encountered.

The TPP generally, as we mentioned, is tariff free. Generally, these markets are fairly open. In some of them, we've been operating for as long as we've been around, which is over forty years.

**Mr. Peter Fonseca:** You're tariff free also with other potash producers, whether it be China or Russia or some of the other countries—Germany?

**Ms. Natasha Stinka:** Yes. I believe they would experience the same tariff-free regulatory environment that we would.

**Mr. Peter Fonseca:** Just so that I understand the answer, do we import potash at all in Canada?

**Ms. Natasha Stinka:** I'm not sure, but I don't believe so.

**Mr. Peter Fonseca:** Okay.

How many people are employed in the industry?

**Ms. Natasha Stinka:** Canpotex employs just over a hundred people. We have about a hundred who are located in Saskatchewan, as well as about twenty others in our Vancouver office.

**Mr. Peter Fonseca:** For all potash.... Maybe Brad would know that answer, or Richard.

**A voice:** There are 4,500.

**Mr. Peter Fonseca:** There are 4,500 employed. Okay.

If there was potential ratification of the TPP, what would you see in terms of job increases? What are you looking at? We're trying to quantify the impact of this in terms of dollars and people—jobs.

**Ms. Natasha Stinka:** I understand.

As I mentioned, we're in the fortunate position of having a tariff-free environment and generally an open market in the TPP, so it's difficult to quantify the increase in exports or a dollar value that we can point to.

However, there are some long-term benefits to the TPP in being a predictable and clear route forward that offers some stability and assurances in fairly complex markets. As well, it offers a path forward should there be problems that arise in these markets.

**Mr. Peter Fonseca:** Thank you, Ms. Stinka.

Mr. Michnik, in the letter you wrote to Minister Freeland, your organization provided 100% endorsement of the TPP agreement. I believe within the letter was that this agreement is paramount to the success of Saskatchewan.

Can you please provide some insight into the TPP? With 100% endorsement, do you have any concerns with—

**The Chair:** That will have to be a very short answer. I'm sorry.

**Mr. Brad Michnik:** The endorsement came from our board, which is elected by our membership.

There were no concerns expressed. Even when we did the round table with Mr. Lametti, there wasn't one voice of dissension from 25 people on the issues. Now, that's strictly talk from a trade and export perspective. They've had the first-hand experience of a NAFTA agreement, for example, that has been quite desirable and quite successful for Canada and Saskatchewan, so that can be used as a kind of template here. Everybody is very supportive of it.

**The Chair:** Thank you for that answer.

Thank you, Mr. Fonseca.

That wraps up the Liberals' time, so now we're going to go over to the NDP with Ms. Ramsey for five minutes.

Go ahead please.

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

Thank you for your presentations today.

I want to say first that I think it's a false argument to say that the agreement impacts people or workers versus businesses. You work hand in hand, and I'm sure that you care deeply about the people you represent who work for you and are part of communities too. It's not one over the other. It's just that, on balance, we're trying to look at the impact to everyone in Canada.

I think it's been well expressed today that this deal is about more than just trade, in the sense of removing tariff and non-tariff barriers. Trade is vital to our country, and we understand your position on being able to access those markets. We have no economic impact study from the current government, or from Global Affairs. It's been something we've discussed in this committee. It's difficult for us to study a deal without having an idea of the scope of the impact that will be felt by Canadians and businesses.

There are two studies that exist. One is from Tufts University in the States. It says we'll lose 58,000 jobs in Canada and see a net benefit of 0.2% to our GDP over the next 14 years. The other, from the Peterson Institute for International Economics, also in the States, actually shows worse numbers. It shows 0% growth for us as a country.

Following your presentations today, I'm wondering whether any of you have done your own economic impact studies for your organizations.

• (1115)

**Mr. Richard Wansbutter:** I'll try to answer some of that.

In working with our various associations—and I would agree that we may have to do additional work to hone the numbers—we do have a pretty good sense of it, given past agreements and such.

**Ms. Tracey Ramsey:** Can you share that information?

**Mr. Richard Wansbutter:** For wheat, we're looking at an increase of about 1.2 million tonnes. For barley, we're looking at about a half a million tonne increase. For canola we're looking at a net economic benefit of some \$780 million plus, approaching \$1 billion. This is a substitution effect. Rather than shipping raw canola to Japan, what we're hoping for with this deal is to process it here. Those are the types of figures we're looking at.

**Ms. Tracey Ramsey:** Would it be fair to ask you to provide to the committee the work you've done around those figures so that we can have it for part of our analysis?

**Mr. Richard Wansbutter:** Certainly.

**Ms. Tracey Ramsey:** Is there anyone else?

**Mr. Brad Michnik:** I think that many of our anecdotes are one-offs, even using the canola industry. One of the biggest challenges that we have here in the province of Saskatchewan—and we do very well on the agriculture and resource base—is that sometimes the tariffs in place in other countries to protect industries hamper our ability to develop value-added industries.

The game-changer in Saskatchewan in the last five or six years has been the crush of canola in the province. In Japan, as an example, there's a tariff on oil but not on seed. It certainly hampers

our industry in terms of growing the value-added side. Where you see a lot of the tariffs is on the value-added side, and that's where we're trying to grow our economy. We've seen a lot of growth, and quite frankly, the jobs come from the value-added side.

**Ms. Tracey Ramsey:** Maybe some of the partners that you represent have done economic impact studies of their own, or some type of an economic analysis that you could provide to the committee.

**Mr. Brad Michnik:** Even using farm machinery as an example, there are duties on some types of farm machinery imported into Australia, which is a big market for us. It's about an \$80-million agricultural machinery market, yet on our equipment there's a tariff. If you eliminate a 5% tariff, it makes you that much more competitive. It's going to up your business in terms of numbers and so on.

We'd have to go out and collect the data, quite frankly. We don't have it in one spot today.

**Ms. Tracey Ramsey:** Fair enough. I think that to support the work we're doing here, the more information we have on the benefits you're bringing to us today, the better we can make our decisions and put our report forward to Parliament.

My second question is really around the ISDS. I hear and understand that you see this as being an impartial dispute resolution mechanism based on international standards, which protects foreign investors and thereby encourages increased investment flows between signatory countries.

That said, such mechanisms have been criticized for a variety of reasons. For example, some believe that the mechanisms are not sufficiently transparent, that members selected for the arbitration tribunals are not fully impartial, and that the mechanisms could create a regulatory chill, or a reluctance by governments to make new regulations or enforce existing ones. Will the provisions included in the investment chapter of the TPP ensure that the Government of Canada will preserve its full rights to legislate and regulate in the public interest, including for public health and environmental reasons?

**The Chair:** You only have a few seconds, so it will have to be a short answer.

**Ms. Tracey Ramsey:** Have you looked at the impacts of that?

**Mr. Kent Smith-Windsor:** I'm not a solicitor; however, I think that the primary emphasis is like-in-kind investment, and it deals with non-discrimination between an investor from one jurisdiction against others, so to the extent to which there is distortion, they probably impact more adversely on their own community.

What is more encouraging from our perspective is the recognition of non-tariff barriers as being an issue that is addressed in this agreement in ways that others haven't. We had some discussions around phytosanitary mechanisms and the like. The fact that we're speaking to those elements of trade improves the situation not only at the local level but internationally.

• (1120)

**Ms. Tracey Ramsey:** Yes, I hear the tariff argument but I think what I'm trying to address is the ending of fracking and—

**The Chair:** I'm sorry, Ms. Ramsey, you're over six minutes, unless the Liberals want to give you another five minutes. I've never seen that happen yet, so I don't think it's going to start today.

**A voice:** I don't think you're going to see it happen.

**The Chair:** Mr. Peterson, you have five minutes.

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

Thank you, everyone, for being here and taking the time out of your schedules to present this information to our panel.

I have a few questions. I'm just going to start with Ms. Stinka.

Can you just elaborate a bit on how we get potash to market now? You say all the recipient countries are already tariff free. I'm hearing there are benefits beyond the non-tariff in this agreement that you think will benefit your organization. Can you just elaborate on that, on how that will benefit your processes in getting those products to market?

**Ms. Natasha Stinka:** Canpotex is responsible for marketing and delivering potash on behalf of our shareholders, the potash producers here in Saskatchewan. We have marketing experts who are located close to our customers in overseas markets. We have been operating for over 40 years, and the folks we have in the field have a deep understanding of communities, and the cultures and the businesses in those markets. They have a good understanding of how to sell potash and what the agricultural needs in those communities are.

We do something that is unique. It is a very competitive sector. There are eight other international competitors in the world. One of our competitive advantages overseas is our ability to deliver potash on time in the quantities that our customers want. What we've built in Canada is a fairly sophisticated logistics supply chain, and we've taken care of essentially our first and our last mile. We take ownership of potash at the mines, and it is loaded into custom-designed railcars that were built and designed at National Steel Car in Hamilton, Ontario.

**Mr. Kyle Peterson:** I know it well.

**Ms. Natasha Stinka:** We've invested over \$500 million since 1999 in this fleet that allows us to ship more potash to our terminals. They go on to port, and we have three terminals where potash is loaded onto vessels. One is at the Port Metro Vancouver. Now there is one at the Port of Saint John, and we also have one at the Port of Portland. The potash is loaded onto vessels, and on any given day there are 40 vessels of Canadian potash on the oceans going to ports. We make about 600 port calls each year, and that's how it gets to our customers.

**Mr. Kyle Peterson:** Thank you. That is very informative. I appreciate that.

I'm hearing from you that there won't necessarily be an increase in volume because you're already shipping tariff free, but there are other features of the agreement that will make doing business easier. Even under the ISDS, it probably will afford even more protections in those countries where you're already doing business, where you already have assets in place, and you have operations in place.

**Ms. Natasha Stinka:** Yes, what the TPP would offer is a great deal of predictability and stability for the long term in these markets so that we would be assured there is a path forward should there be any issues that arise in the future, and for how those issues could be dealt with.

**Mr. Kyle Peterson:** Okay, thanks. I appreciate that.

That segues me to another question, and all three of the panellists can pipe in if we have enough time. Should the TPP come to fruition, the trade deal only opens doors. I take it your organizations and your members will want to take advantage of those benefits. Is the infrastructure in place to get increased volume and goods to those TPP markets? If not, what should we be doing about that?

**Mr. Kent Smith-Windsor:** The conduit through STEP is one that their organization and ours has fought with since that organization was formed, and we continue to explore other opportunities. I think that two of the elements that we're paying particular attention to is support for small-sized and medium-sized enterprises. I think the most recent federal budget speaks to that. I don't know that STEP has yet tried to absorb that from an internal perspective.

Perhaps the most powerful piece in this is the service trade, where we're finding components that are not as commodity based in our economy that are exploring other markets. We didn't have an opportunity in the time constraints to talk about the intelligence component of Saskatoon's or Saskatchewan's economy, so the service trade, in terms of telecommunications information and Internet-based marketing and reputation management, are very significant. Those businesses are growing at a quite significant scale. Right now, they're focused on the United States. We think there's a genuine opportunity for those to stretch into these other markets.

• (1125)

**Mr. Brad Michnik:** Yes, it's not quite there for the ambitions we had, I guess. For example, it was the province's intent to double our exports by 2020 and all that. Right now, it seems like the economy has slowed a bit, so the infrastructure is caught up, but when we've been in better times we've seen an absolute deficit on the entire infrastructure. It's all aspects. Ken touched a bit on it. We've had issues with the rail lines but, certainly, in the value-added industries where you go a lot more to trucking freight, for example, simply the fact that we don't have an interstate straight south in Saskatchewan creates extra costs for companies who ship goods into the United States, so nothing is too direct.

We see challenges there that are never-ending.

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

Time is well up, Mr. Peterson.

We're going to start the second round and it is the final round.

We'll start off with Mr. Dhaliwal. Go ahead, sir.

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

My question is to Madam Stinka. You said there's not going to be a volume change when it comes to export markets on potash. Is that correct?

**Ms. Natasha Stinka:** That's not one of the key benefits of the TPP that we've identified.

**Mr. Sukh Dhaliwal:** Besides the TPP countries, is there any other country that's not part of the TPP, but if it were included in the TPP, would benefit potash and Saskatchewan in general?

**Ms. Natasha Stinka:** Are you asking, is there a market in the TPP that we would now enter?

**Mr. Sukh Dhaliwal:** No. Besides the TPP countries, beyond the TPP countries, is there any other country that you can see, for example China or India or any other nation, that's not part of the TPP?

**Ms. Natasha Stinka:** We're currently operating in 35 different countries and, as you know, that's in a number of overseas markets.

**Mr. Sukh Dhaliwal:** Is that good enough for you, do you think?

**Ms. Natasha Stinka:** We would make our marketing decisions based on customer needs and that sort of thing. Off the top of my head, I can't give you an example of a new market that we would be looking at.

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

Mr. Michnik, what are your thoughts on diversity planning? You were mentioning something to do with China as a second trade partner or India as a third trade partner. Do you view them as being part of the TPP?

**Mr. Brad Michnik:** For example, Indonesia has expressed an interest in joining TPP at some point, and that's certainly a key market that we see for Saskatchewan. We see China; it's a key market today. We've had extreme growth in our exports to China in the last five or six years, from almost \$1.2 billion to over \$3 billion of exports, so those are key markets.

Outside of the agreement, we had the recent experience where we were sort of a little late to the table in coming into a bilateral agreement with South Korea. As a result we lost a lot of market in South Korea to Australia and the United States, who are our big competitors. We saw our exports slip to the point now where as the implementation agreement comes into place, we aren't even sure we'll get the business back so we have a share in the market. We hate to see that in countries like China and so on, who may join us. If Canada is not at the table on the first go-around then we do feel we would be at a disadvantage, particularly if some of those big economies come in.

Obviously, there are key markets in TPP right now, in particular Japan. We have bilaterals with a number of the countries in TPP today, but we see Japan offering the biggest gains to Saskatchewan.

• (1130)

**Mr. Sukh Dhaliwal:** The Minister of International Trade's mandate is to consult as many organizations and people as she can. Are you satisfied that you have been consulted on the TPP by the Minister of Trade's office, either through David Lametti or the minister herself?

**Mr. Brad Michnik:** Yes.

**Mr. Sukh Dhaliwal:** When you had that consultation together, did you discuss corporate social responsibility, for example, when it comes to human rights, the environment, and other considerations that are good for people's lives, or did you just consider the big corporations in those consultations?

**Mr. Brad Michnik:** I would say most of our perspective was from a trade and export position.

**Mr. Sukh Dhaliwal:** What would you do to bring in a balance? On the one hand, we have to have economic growth, but on the other hand, we have to make sure we don't sacrifice the environmental and social responsibility that we all cherish as Canadians.

**Mr. Brad Michnik:** We heard that around the table. When we did the round table, a number of companies raised the issue of raising environmental standards in other countries as well. It was certainly raised by companies, as there would still be a net benefit. Certainly, we think that we are quite responsible here in Canada when it comes to the environment, and the TPP will enforce that in other countries as well.

**The Chair:** You have only half a minute left, Mr. Dhaliwal.

**Mr. Sukh Dhaliwal:** What are you doing to bring awareness to the people who are not aware of the advantages of the TPP agreement?

**Mr. Brad Michnik:** I think with our—

**Mr. Sukh Dhaliwal:** Out to the general public, to every Canadian....

**Mr. Brad Michnik:** I would say that we are mostly speaking for the export community in the province, and that is where our messaging is coming from.

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

We are going to move over to the Conservatives, and we have Mr. Hoback for five minutes.

**Mr. Randy Hoback:** Thank you, Mr. Chair.

Thank you, witnesses, for being here.

It's interesting. I used to work in Saskatoon. I worked for a company called Flexi-Coil, which was bought out by Case and Holland. The manufacturing facility is at the north end of the city. It would have been nice to take the bus to the north end of the city and just look at the growth that is going on, because of manufacturing, in the north end of Saskatoon, in Regina, and in the communities around Humboldt, St. Brieux, and places like that.



Brad, how many members does STEP...? What is the size of the companies that belong to STEP? Are they huge companies, multinationals, or are they small companies? What is the average number of employees?

**Mr. Brad Michnik:** About 75% of our membership would be companies that have annual sales under \$5 million. I think that would be very representative of the overall business size in Saskatchewan. We have three membership categories. About 10% would be over \$20 million, about 15% between \$5 million and \$20 million, and then the remainder 75%.

**Mr. Randy Hoback:** This blows the theory that it is only for big, multinational companies right out of the water, because you have all these small and medium enterprises—\$2 million to \$5 million and even less—wanting this agreement to go through. I find that very interesting.

Maybe Mr. Smith-Windsor can comment on the next question.

The companies that are exporting are one thing, but there are also the companies that are supporting all those companies that are exporting. What is the trickle-down effect, in your experience, here in Saskatoon? Give us an example of what it looks like.

**Mr. Kent Smith-Windsor:** Probably in excess of 90% of our members would have five or fewer employees. Virtually all businesses in the service sector would be dependent on those that are export-oriented.

STEP commentary alluded to the fact that about two-thirds of our GDP is dependent on trade. If you were to talk about the business sector, with the exception of those that are providing services to governments, virtually all of them would be heavily attached to the ability to export goods and services far past our borders.

**Mr. Randy Hoback:** Natasha, you talked about the importance of... In your situation, it is not the tariffs that you want in the agreement. You want security and market access. You want to know that if there is a dispute, you have a proper mechanism that is fair and predictable that you can utilize. It may come your way one day, and it may not another day, but at least you know you have a process to go through. Is it fair to say that this is why you support the TPP?

**Ms. Natasha Stinka:** Yes, it is, among some of the other reasons I outlined. Things like transparency... There isn't a dollar value attached to that type of benefit, being able to access up-to-date information in foreign countries. That is something we probably take for granted in Canada, but this predictability and the clarity of the rules in these markets offer a long-term predictable market for us.

• (1135)

**Mr. Randy Hoback:** I want to change angles a little bit here.

Brad, you have a strong mining sector here in Saskatchewan. Of course, Chile and Peru are two of the major players in TPP. We have Saskatchewan companies now that are actually exporting machinery in the mining sector into those areas. If they didn't have access to those markets... I understand we do have bilaterals, but even through TPP there is that security. There is an impact there on our manufacturing sector and the mining sector and how we've been able to take a leadership role because of trade agreements.

**Mr. Brad Michnik:** You hit the nail on the head. We'll be in Chile next week with a mining trade mission with companies in the mining

supply and service sector. The Americas are a very important market for us as well. You had some good examples. We're doing some good business in countries like Chile and Peru, and you have other countries. It really shows the effect of tariffs and freer trade. Brazil, for example, is a major export destination for Saskatchewan, and 98% of that is potash. It should be a huge market for Saskatchewan for agriculture and many other areas, and it's zero just because of the tariffs. That just shows how tariffs can take you out of the market.

**Mr. Randy Hoback:** Let's take it a step further. We have these Canadian companies in Chile and Peru building mines. In fact, a lot of the Chinese state-owned enterprises are actually hiring Canadians to do the corporate social responsibility aspect of those mines. Is it not fair to say that trade has actually brought up the level of social responsibility in those communities?

**Mr. Brad Michnik:** For sure it has. Even in a number of our missions, we have Saskatchewan companies with expertise. For example, we're dealing with first nations on corporate social responsibility. They're coming on these trade missions passing that expertise and creating value back here in Saskatchewan. We have the knowledge and the expertise and it's something that's happening already, particularly in Peru and Chile.

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

Thank you, Mr. Hoback. That wraps up your time.

We're going to go over to the Liberals and Ms. Ludwig for five minutes.

You have the floor.

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

Thank you for your presentations.

I represent the riding of New Brunswick Southwest, so you know where I'm going with this, Ms. Stinka.

What are the opportunities for potash to resurface again in New Brunswick? My riding borders Sussex, where the Picadilly mine was. Most of the people actually live in my riding.

**Ms. Natasha Stinka:** That decision was taken by PotashCorp. That was an independent decision. Canpotex is only responsible for the marketing and delivering of potash. We're not a part of the production decisions of PotashCorp or any of our shareholders. I'm just putting a plug in there.

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

My next question is for Mr. Michnik.

Certainly as someone who has been involved with trade training over the last 25 years, I'm very familiar with STEP and the great work you have done as well as the chamber of commerce. With your work here in the province, how closely are you aligned with the universities and colleges as well as the four aboriginal and northern educational institutions?

**Mr. Brad Michnik:** We're aligned with the educational institutions in the sense that they work with us to attract international students as well as to look for research partnerships around the world. On the training side, we're involved as well. For example, we're a big proponent of the FITT program. We delivered that at one time and now it's done through the Hanlon Centre. We're on the advisory board of the Hanlon Centre. We're definitely working very closely with the educational institutions in the province.

**Mr. Kent Smith-Windsor:** If I may make some comments related to first nations engagement, I'll take this opportunity to plug your next visit to Saskatoon for the World Indigenous Business Forum, which starts, I believe, on August 23. It begins with a music festival. Over the last three years there have been several bands in Saskatchewan that have provided insight and assistance, particularly in South America, as it relates to indigenous engagement in the economy. We have many leaders who are quite proficient at learning how to create economic opportunity out of these elements. Initially, although not exclusively, the uranium industry were leaders and more recently there has been significant participation by the potash industry.

Whenever we look at indigenous or first nations and Métis engagement in our economy, we're not where we should be, but our genuine sense is that we're better off in our level of engagement than perhaps anywhere else in the country.

• (1140)

**Ms. Karen Ludwig:** I'm just going to go to the educational thing here. Certainly looking at the province of Saskatchewan, you're very fortunate, as our chair has mentioned, with the numbers of young people you have in this province. Looking at succession planning for your businesses, we see you've been quite successful in diversifying with 54% of your provincial economy relying on or dependent on the U.S. for exports. The rest of it is diversified.

What are the opportunities? Is there an opportunity through the STEP program to look at the universities and colleges and to do some mentorship and some partnering to bring in young people, in terms of working with business planning and businesses that are looking to go international or that are international?

**Mr. Brad Michnik:** We've done some of that. We can do more. As part of my involvement with the Hanlon Centre, we're even looking at instituting a program in which students go to work with Saskatchewan exporters on certain projects within the classroom settings. Rather than doing a case study from a textbook, they're writing a marketing plan for an existing Saskatchewan business.

There's a huge need out there. We do a bit in that area. We can do measurably more in terms of the training and bringing up that next level. We need more exporters and we recognize that, but it's a big job to work with that group and bring their skills up to the point where they're going to take their products to market internationally.

**Mr. Richard Wansbutter:** You touched on something I think is very important to us and in which we as Viterra have invested. When I say invested, I mean we're working with community colleges and universities on scholarships. We've announced a number of them to assist students with post-secondary education, which is really critical, and our first nations. We've targeted dollars specifically for that.

You're right. For a long time agriculture was not the place to be. Also, people were siphoned off to oil and gas. Given what we see in agriculture and its growth, we're definitely going to need trained and skilled people, so we're already starting to invest and have been doing so for a number of years.

**The Chair:** Thank you very much. Those are good questions. We're coming to the end. We've done well today and have had time for everyone to ask a question or to speak. We'll go to Mr. Van Kesteren for the last five minutes.

**Mr. Dave Van Kesteren:** Thank you, Chair.

Thank you for being here. It's great, informative stuff again.

Mr. Ritz was mentioning something about this, and we've heard repeatedly that the multinationals are going to manipulate it and that they're using this agreement to strengthen their position. It stands to reason that if that were the case, then there would also be those types of charges from other countries. Has anybody heard from, say, Chile or Japan of groups that are concerned about those things as well? Or is this just something we're hearing on this side?

**Mr. Kent Smith-Windsor:** At the three chambers, we actually continue to explore additional venues and opportunities to expand trade. We're involved in the International Chamber of Commerce and the World Chambers Federation, and whenever conversations happen in this area or others, from a business perspective they're always about how we can do more. The understanding is that a true customer relationship deals with mutual benefit. If you're not providing service with value, you're probably not going to be a supplier for very long.

**Mr. Dave Van Kesteren:** Mr. Wansbutter, being a multinational, are you getting that pressure from other countries?

**Mr. Richard Wansbutter:** Certainly my experience has been that trade in agriculture is pretty transparent and open. The issue, though, for us—and it's been touched on by a number presenters—really is about having science-based rules. That's where we get hung up. It isn't multinationals exerting influence, but we get caught up with misaligned rules and regulations on phytosanitary issues, on maximum residue levels, on issues dealing with biotech. That'll mess up a market for you in a heartbeat if you aren't aligned. That's where the really critical work needs to be done.

• (1145)

**Mr. Dave Van Kesteren:** Good, thank you.

Kent, I'm going to go back to you. It wasn't you, but another presenter was talking about the infrastructure that is badly wanting in Saskatchewan. I think it's probably the case throughout this country. I'm thinking of transportation on the roads and the rail. Do you think that it would make good sense for the governments, should they agree on this agreement, to have a focus and a plan that would strengthen those types of rail investments? The governments were talking about a passenger-rail system from Quebec to Windsor for \$40 billion or something. How do you feel about that?

**Mr. Kent Smith-Windsor:** Ports probably are the biggest pain point. That being said, Saskatoon is facing an increased trend line relating to car movements for commodities. There are probably pressure points all across the country that we ought to be paying attention to. When people talk about infrastructure, the talk tends to stay away from the things that are not glamorous but that are required.

At a municipal level, those might well be things like water and sewer, while they get attracted to the next new project that might come forward. Certainly from a rail perspective, investment in this area is mission-critical infrastructure that is really at the root of Canada's existence.

**Mr. Dave Van Kesteren:** A national strategy that would focus on those things would be something.

Does anybody else want to jump in on that?

Please, go ahead.

**Ms. Natasha Stinka:** One thing that has been in the news a lot lately is the CTA review. The final report came up with an interesting

concept around infrastructure and transportation, which was to look at the transportation system as a way to facilitate trade. I think that's a really important concept, especially for a province like Saskatchewan. We're 1,600 kilometres from the west coast and there are the Rocky Mountains and very inhospitable terrain in between.

Whatever happens at the port and the infrastructure needed there has an effect all the way back to Saskatchewan in terms of the rail and the roads and the entire corridor needed to get the potash and so on to those trade ports.

**Mr. Dave Van Kesteren:** That's something we need to focus on.

**The Chair:** You have only a few seconds.

**Mr. Dave Van Kesteren:** Very quickly I'll say thank you, but I'd also just say that you're so right about Brazil. Brazil of course has tariffs on everything, and if something is not produced in Brazil, then you're going to have to pay for it, and that economy is just collapsing. It's just absolute proof that system doesn't work.

Thank you.

**The Chair:** Thank you, Mr. Van Kesteren.

Thank you, panel members. This is the final panel this morning and we've had quite the fulfilling day here today. It was great to be in Saskatchewan and to hear all of the witnesses and to have everybody who visited in our audience today.

We're going to close this meeting, and we're heading to Manitoba.

The meeting is adjourned.

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