



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on International Trade**

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CIIT • NUMBER 016 • 1st SESSION • 42nd PARLIAMENT

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**EVIDENCE**

**Tuesday, May 10, 2016**

—  
**Chair**

**The Honourable Mark Eyking**



## Standing Committee on International Trade

Tuesday, May 10, 2016

• (0900)

[English]

**The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):** Good morning. I call the meeting to order.

[Translation]

My name is Mark Eyking and I am the chair of the Standing Committee on International Trade. My riding is in Cape Breton.

[English]

That's as far as I'm going in French. I'll go in English from now on, but everybody has translation.

I also welcome Mr. Lebel to our committee. It's good to see you with us.

Our committee is a very active committee. We have a lot on our plate in this parliamentary session. We're dealing with the finishing up of the CETA agreement with Europe, we have softwood lumber issues, and right now we're doing TPP.

As everybody knows, Canada is a trading nation, and the TPP is a really big issue. It's a trillion-dollar trade agreement. It will affect many businesses and organizations and every Canadian. That's why our committee has been meeting with stakeholders and going across the country.

We've already visited five western provinces a couple of weeks ago. This week we're going to do Quebec and Ontario, and in the fall we'll do the Atlantic provinces. We'll also touch base with the territories. Of course, what is most important is that we're going to be talking to Canadians.

Today is going to be our first meeting. We will have three or four panellists, but our last panel will be open to anybody in the audience who has comments.

We have a very busy year, and we'll be putting our report forward to Parliament.

We're also taking submissions right up until the end of June from Canadians who cannot visit us or cannot be with us. We have more than 10,000 submissions right now, and there are more to come. Anything MPs hear out on the ground will also be accepted in our report.

We have a lot of work ahead of us, but we're very happy to be here in Montreal, where my favourite hockey team is, the Montreal

Canadiens. It's good to be here, and I wish I could see a game while I'm here.

Of course, I'm going to get into trouble for saying that when we go to Toronto later on in the week. There has always been a rivalry there.

**A voice:** They don't have a team.

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

**The Chair:** They don't have a team? Okay, we won't go there.

This morning on our first panel we have three groups of witnesses. We have Agropur. We have the Fédération des chambres de commerce du Québec. We also have the Quebec Association for the Taxation of Financial Transactions for the Aid of Citizens.

We'll start with Agropur. We have with us Dominique Benoit and Serge Riendeau. Welcome.

If you can keep to five minutes, we'd appreciate it, so that we'll have lots of time for interaction with MPs.

Go ahead, gentlemen.

[Translation]

**Mr. Dominique Benoit (Senior Vice-President, Institutional Affairs and Communications, Agri Foods, Agropur cooperative):** Thank you.

[English]

Good morning, everyone. We'll make our intervention in French, but we'll be available to answer questions in both French and English as required.

[Translation]

Members of the House of Commons Standing Committee on International Trade, thank you for giving us the opportunity to comment regarding the draft agreement on the Trans-Pacific Partnership. Our intention in the next few minutes is to talk about Agropur cooperative, Canada's supply management system in the international context, and the draft agreement of the TPP. We will finally give our point of view on diafiltered milk imported from the United States.

Agropur is a dairy cooperative owned by 3,367 dairy producers in Quebec, Ontario, Nova Scotia, New Brunswick and Newfoundland and Labrador. We have annual sales totalling nearly \$6 billion. In Canada, 30% of the milk is processed in Agropur's plants. We have 28 plants in eight of the 10 provinces. Our 6,000 employees and 5,000 dairy producer families contribute to the economic vitality of many communities across the country.

Over the past few years, we have invested more than \$1 billion in our Canadian facilities, our plants, our head office and the acquisition of six Canadian companies. We have also merged three co-ops, including in Nova Scotia and New Brunswick, in order to better meet our Canadian customers' needs. In addition, we have a presence in the U.S., where 44% of our sales are generated.

I will now talk about supply management.

Last year was a year of mobilization at Agropur. We played an important role as an ambassador for our industry throughout the year. During the Trans-Pacific Partnership negotiations, we energetically defended the supply management system. We believe that the leadership and mobilization of all stakeholders who believe in the supply management system gave the federal government the support it needed to be able to defend supply management against other countries that wanted it to be entirely dismantled.

I will now briefly tell you about a study on supply management in Canada produced by Boston Consulting Group (BCG), which we circulated. The study made it possible to compare the Canadian system to that of a number of other countries in the world, particularly countries adhering to the Trans-Pacific Partnership, New Zealand, Australia and the U.S., as well as European countries.

We feel that this study is very thorough, professional and credible, and that it advances a different point of view than the Conference Board of Canada and similar organizations that are not in favour of supply management. In essence, the BCG study shows that dairy production continues to be widely supported around the world, whether in the U.S. or in New Zealand. The study also shows that no country has managed to make a success of dairy industry without massive government support, whether on the financial or regulation front. Let me give you a few examples.

Australia has completely deregulated its industry. And its dairy production has been falling.

● (0905)

**The Chair:** I'm sorry.

[English]

You have about half a minute, so you will have to wrap up as best you can.

[Translation]

**Mr. Dominique Benoit:** Australia's dairy production has dropped significantly since the deregulation.

In New Zealand, the monopoly created by the government has helped the industry become a success.

Canada faces the world's largest dairy producer, the U.S., which produces 11 times more milk than us. We therefore believe it is

warranted and indeed more important than ever for all of us to work together to protect our industry.

In trade agreements such as the Trans-Pacific Partnership, the federal government has succeeded in maintaining high tariffs at the border, a key requirement for preserving our dairy system. Clearly, we are disappointed because of the concessions made and the significant increased access to the Canadian market provided to our trade partners.

I would like to close my presentation with a significant issue we are facing, diafiltered milk.

The federal government was able to protect supply management against our trade partners. It is now up to the federal government to help us safeguard our industry domestically. To do so, the government must legislate on diafiltered milk, and ensure that cheese composition standards are protected in Canada and enforced. We must protect our industry domestically.

Agropur has imported diafiltered milk until recently. Our intent is to stop as soon as possible. In that context, we once again need the federal government's help to ensure compliance with our cheese composition standards. We don't understand why the government has not taken action on the issue, but it is in the best interests of our industry and people.

[English]

**The Chair:** Thank you.

We're going to move on to the Fédération des chambres de commerce du Québec. We have Yvon Boudreau and Stéphane Forget.

Go ahead.

[Translation]

**Mr. Stéphane Forget (Vice President, Strategy and Economic Affairs, Fédération des chambres de commerce du Québec):** Thank you.

[English]

Thank you, Mr. Chair and members of the committee, for inviting us to discuss the TPP with you this morning.

[Translation]

The Fédération des chambres de commerce du Québec is a group of 140 chambers of commerce and is the most prominent network of business people and companies in Quebec. Founded in 1909, the FCCQ today represents more than 60,000 businesses and 150,000 business people with activities in every economic sector and across Quebec. The FCCQ is both a federation of chambers of commerce and the Quebec chamber of commerce, the provincial chamber.

On various occasions, the FCCQ has privately and publicly expressed its support for various planned free trade agreements. That is easily understood. In Quebec, international exports account for 25.7% of the GDP, and the sales to other Canadian provinces are responsible for 19% of the GDP. This means that more than 40% of our economy is related to the production of goods and services for markets other than Quebec.

The FCCQ therefore recognizes from the start the importance of agreements that remove tariffs and other barriers that impede access to domestic and international markets for Quebec's goods and services.

The draft Trans-Pacific Partnership agreement seeks to remove 18,000 tariffs. That's significant. Those customs duties and other tariff barriers are affecting a lot of Quebec and Canadian exports. Just think of the metals and minerals, industrial machinery, the agricultural materials, the construction equipment, the pharmaceutical products, and the information and communications technologies, just to name a few.

For the FCCQ, the benefits for our businesses come from better access to external markets and exceed the losses from opening the domestic market to foreign goods and services. Clearly, the TPP broadens the access to some markets and points to new growth prospects for our businesses. But that will not happen by itself. We must take proactive action to be on the winning side of those exchanges.

Free trade agreements are and will be beneficial to the Canadian economy to the extent that businesses can, and will be able to, market innovative, world-class products and services. Government support for innovation is therefore an essential tool for exporting companies. The latest federal budget recognizes it and announces that, in 2016-2017, the government will define a bold new plan in its innovation agenda. The plan must include assistance for businesses aiming at export markets.

The federation is urging the federal government to make its directions known as soon as possible in terms of innovation and measures that will stimulate business investment in innovation. The FCCQ is of the opinion that assistance measures must be more targeted for businesses and investors, in order to promote measures that make it possible to be more productive and compete for new markets.

That is particularly important for the manufacturing sector. Companies in the manufacturing sector have certainly been stimulated by the declining price of oil and the weak Canadian dollar, although we think it is still very modest. However, their sales went up by over 5% in 2014. But those sales are still lower than they were before the recession in 2009 and 2010.

Let's now talk about the importance of keeping small and medium-sized businesses informed.

Large companies are well aware of the challenges of world trade and they have the ability to quickly react to changes resulting from a free trade agreement. In the exchanges that the federation regularly holds with companies, especially small and medium-sized companies, we are noticing significant gaps in terms of information and education about the challenges of the new trade agreements. Without the right information, those businesses are not sufficiently prepared to take advantage of the new markets or to deal with the new competitors on traditional markets.

Until the TPP is ratified, it would be desirable for the Canadian government to devote resources to informing businesses about the short- and medium-term opportunities and challenges presented by the implementation of this potential agreement. The government

could benefit from using a network like the federation's to reach Quebec's small and medium-sized businesses.

There is also the issue of the sensitivity of the agri-food sector. As Agropur has explained, the agri-food sector often represents the sensitive part of bilateral or multilateral trade agreements. The TPP is one more instance of that.

● (0910)

The TPP would partially open supply-managed agricultural markets to foreign countries over a five-year period. At the end of the five years, foreign producers will be able to take over up to 3.25% of the dairy market. That percentage will be 2.3% for eggs, 0.1% for chicken, 2% for turkey and 1.5% for broiler hatching eggs.

● (0915)

[*English*]

**The Chair:** Excuse me. Do you want to wrap it up?

**Mr. Stéphane Forget:** Do I have 30 seconds? Okay. Thank you.

[*Translation*]

Don't forget that the Canada-European Union comprehensive economic and trade agreement also allows for an additional 17,000 tonnes of imported cheese. The federation is in favour of maintaining the supply management system. In light of the economic significance of the agricultural productions in question and the processing of those products in Quebec, FCCQ member businesses in the agri-food sector are nonetheless satisfied by the terms of the draft TPP as a negotiating position, so long as the federal government follows through on the promise of providing compensation to affected businesses.

To conclude, the federation recognizes the importance of the TPP and urges the federal government to be proactive so that exporting companies make the most of this potential agreement.

[*English*]

Thank you, Mr. Chair.

**The Chair:** Thank you.

We're going to go to Claude Vaillancourt from the Taxation of Financial Transactions for the Aid of Citizens.

[*Translation*]

**Mr. Claude Vaillancourt (President, Quebec Association for the Taxation of Financial Transactions for the Aid of Citizens):** Members of the Standing Committee on International Trade, thank you for your invitation.

The Association québécoise pour la taxation des transactions financières et pour l'action citoyenne (ATTAC), is advocating for the control of the financial sector and for social justice. Our association operates in about 20 countries.

Today, I would like to mention three reasons for abandoning the Trans-Pacific Partnership. Other aspects could be criticized, but the time I have forces me to make a choice.

The first reason is the lack of transparency throughout the process.

This agreement was negotiated in the greatest secrecy. Only business lobbies have been consulted and no real consultation was held with the other groups of civil society. The agreement is several thousand pages long in particularly arcane, very ambiguous, legal language. Furthermore, the economist Joseph Stiglitz, when visiting Ottawa, said that the only thing that was not ambiguous in the agreement was the fact that it was completely ambiguous. So we may wonder whether we are not signing a blank cheque. Conducting independent studies to assess the real impact of the Trans-Pacific Partnership is essential.

The second reason is the investor-state dispute settlement mechanism.

We are talking about a private justice system for businesses. They are the only ones that can sue the government. They have no legal obligation or responsibility. Judges are automatically biased because, given that the lawsuits can only come from one party, that is businesses, the arbitrators have a vested interest in ruling in their favour in order to receive other cases.

Companies can also choose one of their arbitrators, which is quite unusual in a justice system. This dispute settlement mechanism is an important lobbying tool that allows lobbyists to threaten governments with lawsuits, which has turned out well in the past. Even the Canadian government recognized the impact of self-censorship triggered by this mechanism. Let me quote a passage from a report on NAFTA: "On the other hand, it could be that regulations are simply not being brought forward for fear of a Chapter 11 suit."

In addition, the Trans-Pacific Partnership allows for harmonization, which could actually weaken the sanitary and phytosanitary measures that are in place to protect the people, but that are seen as non-tariff barriers. So the power of governments to regulate, one of the key aspects of democracy, is being directly attacked.

The third aspect is the incompatibility between the Trans-Pacific Partnership and the Paris agreement to fight climate change.

Businesses can sue governments because of environmental legislation that can be considered as a barrier to trade.

Furthermore, by multiplying exports in a way that does not always make sense, this encourages fossil fuel waste on a large scale. It promotes long routes and unlimited transport of goods, when the focus should be on short routes and on stimulating the local economy. However, in the Trans-Pacific Partnership, the stimulation of the social economy is a form of discrimination.

This agreement also promotes an export-oriented agri-food industry that is already responsible for 25% of the greenhouse gas emissions, when it should actually promote local agriculture and greater food sovereignty.

Canadians must really gain a solid understanding of this agreement that will radically change our economy, that will be applied over years and that will affect every economic sector. We should either abandon the agreement because of it is exceptionally broad—and I point out that the four candidates in the U.S. primaries are opposed to the Trans-Pacific Partnership—or we should hold a national referendum. In no case should we avoid a broad and in-depth public debate.

● (0920)

[*English*]

**The Chair:** I thank you, sir, and I thank all the witnesses for their submissions.

Now we're going to go to the MPs, who are going to ask some questions. We're going to start with the Conservatives.

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

[*Translation*]

**Hon. Denis Lebel (Lac-Saint-Jean, CPC):** Thank you, Mr. Chair.

When NAFTA was signed by the Mulroney government, we were told the end of the world was coming, but nothing happened. Not a single farm was supposed to be left in Quebec. Yet the farms are still there. Quebec is a province with 8 million people, in a country with about 35 million people. We have to see how we can maintain jobs and improve the quality of life. To share wealth, we must generate it.

Let me turn to you, the folks from Agropur. You had front-row seats at the negotiations on this entire process where dairy producers were represented. We will hear from other dairy producers today.

We remember the Americans' request. We must not fool ourselves: the Americans wanted to renegotiate NAFTA through the TPP.

In your view, what was the outcome of the negotiators' work in terms of what the Americans were asking at the beginning regarding the opening of agricultural markets, including those under supply management? What was the outcome?

**Mr. Serge Riendeau (President, Agropur cooperative):** We had front-row seats throughout those negotiations. We were even in Hawaii, because that's when things had to be settled.

We were also in Atlanta when the agreement as such was announced. When we met with the minister at the time, Mr. Fast, and his team of negotiators on site, we sent them two messages. We have asked the government not to give additional access to the Canadian market and to control its borders.

We are aware that we can't win everything in the negotiations. In fact, it was announced that there would be access, that our market would be open to foreigners to the tune of 3.25%, a rate that will go up to 3.5% over time. We also talked about controls at the borders. It is important to understand, that in this area, we always get into slightly technical things.

Yes, supply management was kept. However, as Mr. Benoit mentioned earlier, there has been a lot of deregulation around the world. The biggest danger is that the systems are collapsing from the inside, not because of external factors. That is why border control of imported diafiltered milk, which is considered an ingredient once it enters Canada, but when it is produced, it becomes—

**Hon. Denis Lebel:** Allow me to interrupt you. My question had to do with the demand that was on the table and what we have obtained. You must have surely heard about it. What did we get regarding access to the tune of 3.25% in relation to what the American partners were asking for?

**Mr. Serge Riendeau:** That is what I said earlier. The other countries were asking Canada to dismantle supply management completely. I also mentioned that supply management was maintained with access to the tune of 3.25%. So the supply management was maintained.

To be able to continue to maintain supply management, the government must enforce the standards that have been in place since 2007 or 2008. We keep coming back to technical aspects. At that time, standards had been set up to determine the percentage of ingredients that could be part of cheese, yogurt and some dairy products. Diafiltered milk is a product designed to bypass the Canadian regulations. The product enters the country as an ingredient, but while it is being manufactured, it becomes milk. So it changes its personality along the way. Those standards are extremely important if we want to maintain a supply management system.

• (0925)

**Hon. Denis Lebel:** It is clear. The issue of—  
[English]

**The Chair:** You have just half a minute.  
[Translation]

**Hon. Denis Lebel:** The issue of pizza kits was a problem at the time. That was solved. I think everyone is aware of its importance now.

Mr. Forget, you have not talked about aerospace in the greater Montreal area with respect to those agreements. We have the opportunity to be able to build—  
[English]

**The Chair:** Excuse me, Monsieur Lebel, your time is up. Maybe that question you have—  
[Translation]

That is a good question, but perhaps  
[English]

you can give to your next Conservative questioner.

We're going to move over to the Liberals now for five minutes.

Madame Lapointe.  
[Translation]

**Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.):** Good morning, welcome to Montreal. I am the only member from the greater Montreal area on the Standing Committee on International Trade, and it is a great pleasure for me, as well as for my colleagues from elsewhere in Canada, to welcome you.

I have four questions, so I would ask that you answer briefly, because I would like to hear from the various witnesses in turn.

I will start with the Fédération des chambres de commerces du Québec.

Earlier, you said that the information from the government about the existing opportunities for small and medium-sized businesses could allow them to improve their situation.

You also said that you could help them yourselves. How could you do that?

**Mr. Stéphane Forget:** Take the Canada-Korea free trade agreement, for example. It was signed almost three years ago. A number of companies are still not very familiar with the terms and conditions of this agreement. The agreement with Europe, which is on the verge of being ratified, is still a mystery for a number of small and medium-sized businesses. You can understand that the same thing is happening with the TPP.

Our suggestion is to be proactive. By that we mean that we must ensure that businesses, the small and medium-sized more so than the big businesses, are well informed and know what they need in terms of compliance, capacity, the type of production required in order to access those markets when the time comes, to be able to move forward and to establish contacts in those countries.

We think a proactive approach needs to be used with the businesses so that they are informed of an agreement when it is being discussed and ratified, not when it has already been signed. That would also enable them to face the competition when it arrives. That is the first part of the answer.

In terms of how we can help them—

**Ms. Linda Lapointe:** We will come back to that; two minutes have already passed.

I will now turn to the Agropur representatives. Thank you for being here.

Earlier, you mentioned the deregulation in Australia and New Zealand, in terms of the supply management of milk, and that, despite that, the government had to intervene.

Could you tell me exactly what happened in Australia and New Zealand?

**Mr. Dominique Benoit:** In Australia, the government did not intervene, which resulted in a failure. Dairy production is in a sharp decline. Exports are also falling. So it's a failure across the board. Right now, the Australian government is assessing how it can help producers, in a context of an international dairy crisis during which the prices of milk have never been as low.

**Ms. Linda Lapointe:** Could you compare the situation of Australian dairy producers to that of Canadian and Quebec dairy producers?

**Mr. Dominique Benoit:** It is comparable. Here we have family farms where the production of milk is the primary source of income. In Australia, producers are not able to make a living from their activity. They are having a great deal of trouble.

In the case of New Zealand, the government intervened, allowing the creation of a virtual monopoly for the Fonterra cooperative, owned by the dairy farmers. Not only do the producers in that country benefit from specific weather conditions, but they also benefit from government support through the creation of a processing and export monopoly whose benefits they share.

**Ms. Linda Lapointe:** Thank you very much.

Mr. Vaillancourt, I believe your organization was not consulted during the first rounds of negotiations about the TPP.

**Mr. Claude Vaillancourt:** No, we were not consulted. In fact, no organization in civil society was properly consulted. I have followed the negotiations from the outset. There has been no proper consultation.

● (0930)

**Ms. Linda Lapointe:** Thank you.

You mentioned the environmental aspect in terms of the local market. You are talking about further promoting food sovereignty or small-scale production, which would require less transportation?

What are you suggesting exactly?

**Mr. Claude Vaillancourt:** I think the free trade agreements provide strong support for exports on a large scale. In a way, those exports might become irrational. If a product that exists in Quebec is also available at a lower cost in another country far away, that product will be transported all the way here. The supposed savings may not be as significant, after all, because of all the external factors.

I think the issue of external factors must be taken into account in relation to exports and free trade agreements. We must ask ourselves what the impact is on the environment, on work, on working conditions. If we are constantly going after the lowest price, those factors are overlooked, but they may be extremely harmful to our local economy.

Choosing to favour short routes and the local economy is much healthier for the economy; it creates a lot more work and also makes it possible to fight climate change in a much more effective manner.

**Ms. Linda Lapointe:** Thank you.

It is very important that people are aware—

[*English*]

**The Chair:** Thank you, Madame Lapointe. That's good.

We're going to move over to the NDP.

Go ahead, Ms. Ramsey, for five minutes.

**Ms. Tracey Ramsey (Essex, NDP):** Thank you very much for your presentations this morning.

You know we entered into the TPP late, and the U.S. didn't really want us in even at that point. We entered in a position of weakness and we continue to bargain from that position. In that position we cracked open our dairy supply-managed market, which is unacceptable to most Canadians when they become aware that is part of the deal.

You talk about the diafiltered milk issue, and I know that you know the NDP put forward a motion that was unfortunately shut

down. We need protection in our domestic markets, and I think you've made it clear there's much more to trade than deals like the TPP.

Let's focus on the TPP and the proposed compensation package. The compensation package sits in limbo. We don't know where it's at right now. The government has said that they will consult again with dairy and other industries in supply management.

Can you tell us the proposed amounts under the previous government? Were they sufficient to sustain the industry, or would they have a negative impact on the industry in the long term?

**Mr. Dominique Benoit:** Thank you for the question. I'll answer in French, if you don't mind.

[*Translation*]

Compensation is important. That said, the dairy industry will be negatively impacted by the TPP agreement. In fact, between 3% and 4% of our market will be supplied through imports from now on. We need support. The programs announced were good news, to the extent that they allowed processing companies to benefit from support for modernization so that they could continue their development. Agropur did it by using its own resources, but government support is needed.

For us, the issue of diafiltered milk is a priority. We have defended supply management on international markets and we now have to defend it here. That entails the control of our borders, the strengthening of our manufacturing standards to ensure that we are using our milk in Canada to make our products, rather than the foreign products we allow into the country.

[*English*]

**Ms. Tracey Ramsey:** I'm aware that diafiltered milk has brought about a loss of \$220 million, which is approximately \$15,000 per year per producer. On top of that, now we're going to see even greater losses through the opening of the market through the TPP.

How will Canadian farmers be affected by the additional access to the domestic dairy market that would be given to producers in other TPP countries, such as the U.S.?

**Mr. Dominique Benoit:** This is an important situation. It needs to be resolved. Over and above Canada's commitment to open its markets, now we have to control our border.

Mr. Lebel referred to the pizza kit. That was an example of what happened a number of years ago. The government took action on the pizza kit and solved the problem. It is exactly the same thing today with diafiltered milk. Government has to take action and has to take action now, because every day more and more of that product is coming in, to the detriment to the industry in Canada.

● (0935)

**Ms. Tracey Ramsey:** If we're able to get our product into other markets, what opportunities exist for us?



We heard from the Dairy Farmers of Canada when they came to committee previously. They said the cheese market is such a niche market that trying to get into other markets is difficult. Do you see any opportunities for our milk, or cheese, or other dairy products to be sent to TPP countries?

**Mr. Dominique Benoit:** That's an interesting question.

Our industry has been developed or designed to meet Canadian needs. That doesn't exclude the opportunity to have some niche product exported, probably to the United States or other countries, but our reality is that the U.S. industry has developed with multiple mega-farms. Other markets, such as those in Asia, are quite far away.

Our focus in the industry right now and in supply management is about making sure that food security in Canada is met. We are meeting the needs of our Canadian consumers, and that's where we're aiming for now.

**The Chair:** That pretty well wraps your time up, Ms. Ramsey.

We've going to move over to the Liberals and Mr. Peterson.

Go ahead, sir.

[*Translation*]

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

Welcome to Montreal.

Thank you for being here this morning and for your informative presentations.

My first question is for Mr. Benoit and Mr. Riendeau.

[*English*]

I don't know how to say "supply manage" in French, so I'd better stick to English for this question.

I'm a little confused about your opinion of the impact the TPP has on the supply management regime. I'm not clear whether you think it's detrimental or whether it's preserved in this agreement. In one sense I get the feeling that you think this agreement only has a marginal impact on supply management, but on the other side we're talking about what sort of compensation might be paid because of the TPP.

Can you clarify that for me a little bit?

**Mr. Dominique Benoit:** I think it has been said that, yes, supply management has been protected in the deal. There's no reduction in the over-quota tariff. There is a limited access of imports, although 3% or 4% of our market is still an important share of our market, which we're going to give to the other countries.

For us as an organization, as an industry, it's not good news. Compensation is required, and what the previous government announced was good news. We still need to see the colour of those programs, how they're going to be designed, what they're going to look like. We're hoping they will compensate for that.

What we've said is that while there's something in the context of the TPP, at the same time the TPP is happening there's another issue, and it's about border control. Border control for supply management

is critical. The previous government told us they would act on diafiltered milk, and that's what we're asking for today.

It is important that at the same time that we finalize an agreement on the TPP, there be a solution to diafiltered milk. We've said that probably the most efficient solution right now is to enforce the cheese standards. Those standards were implemented back in 2008. The aim of those standards at the time was to restrict the ingredients we can use in making cheese. Today it's the exact same thing. Diafiltered milk is used to replace milk in making cheese, and that's not acceptable from an industry perspective.

If we believe in supply management today, the government has to take action to solve that issue.

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

This is to the Fédération des chambres de commerce du Québec.

You mentioned that you would like to play a liaison role between our government's innovation policy and attracting new markets for your members' innovative products. How do you picture that role playing out? Can it be played out in the absence of the TPP, or do you think the TPP is a necessary mechanism for that to take place?

● (0940)

[*Translation*]

**Mr. Stéphane Forget:** The strength of the federation and its network lies in its presence across Quebec and in representing a lot of businesses, in all major sectors of the economy. Our contribution is making the network of chambers available to the federal government so that it can reach out to businesses. Routinely, small and medium-sized businesses are unfortunately spending more time on their operations than on focusing on what will happen to them later.

Our proposal is to make the network available to the federal government in order to contact the businesses and educate them on the various business opportunities created by free trade agreements and to help them figure out how to withstand the potential competition. So the idea is to prepare Quebec's businesses to react and be proactive in this sector.

[*English*]

**The Chair:** That ends our first round. We're going to go to our second round now, and we'll start off with Madam Ludwig.

Go ahead.

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

I have a number of questions for all of you. I'm going to start with Mr. Benoit.

My question for you is regarding infrastructure. Looking at not only the TPP but also at the potential of ratifying CETA, how prepared is Quebec in particular in terms of infrastructure such as rail, ports, roads, trucking, and cold storage to accept importing and exporting opportunities?

**Mr. Dominique Benoit:** Honestly, we don't have an issue with infrastructure from our perspective. We produce dairy products that we ship across the country. Today it's by truck mostly. In some regions we go by plane. We're probably not the best ones to speak about infrastructure in that context.

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

[Translation]

**Mr. Yvon Boudreau (Consultant, Fédération des chambres de commerce du Québec):** Clearly, as international trade is expanding, infrastructure is a major aspect. This includes both traditional infrastructure, such as roads, railways, airports, including regional airports, which have been much neglected in the past, and research and telecommunications infrastructure, for example.

That is why the federation has always welcomed investments from both levels of government and municipalities in improving, upgrading and modernizing infrastructure. This goes hand in hand with the expansion of trade, and innovation, which Mr. Forget mentioned earlier.

[English]

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

Mr. Forget, my question to you is on trade training. Statistically in Canada, 75% of first-time exporters are not exporting in their second year. Often they didn't know what they had to know.

Certainly I do appreciate the role of the chamber in terms of promoting trade training. What services are being used currently through the chamber of commerce to help new exporters and existing exporters find new markets, sustain themselves in those markets, and expand into further markets?

[Translation]

**Mr. Stéphane Forget:** The reality is that many companies forget that their first exporting experience should be in the Canadian market. We know that companies that deal with neighbouring provinces often improve, allowing them to better tackle markets in other countries. This is the first aspect.

There is a second aspect.

We have implemented programs. We are responsible for the Quebec-New England trade corridor. Specifically, we have implemented the Corex Program to foster relationships between local companies and those in the north-eastern United States. This program uses a B2B platform in particular. There are meetings between companies to promote exchanges and relationships, including training sessions for the participating companies. A number of chambers of commerce also provide training programs. We often invite partners like the federal government to go on tours to raise awareness and attract businesses.

• (0945)

[English]

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

**The Chair:** You have another minute.

**Ms. Karen Ludwig:** Great.

My last question is to Mr. Vaillancourt, but also to all of you.

We've heard from different stakeholders across the country about human rights, the protection of the environment, sovereignty, and the issues of labelling, so thank you for bringing those issues forward.

For the other presenters, how do you respond to those claims and those concerns regarding the TPP?

[Translation]

**Mr. Claude Vaillancourt:** These issues are very important and essential.

When we think of international trade, we must also think about how it is done. I feel that this agreement leaves the door wide open, with no questions asked.

Earlier, you mentioned infrastructure, which is an interesting question. We must think about changing our infrastructure, by electrifying transportation. That would be the main investment to make. We must also think of ways to really protect the environment. As I said in my presentation, we must move toward local economies and allow federal, provincial and municipal governments to stimulate the local economy.

The current free trade agreements are using quite the opposite approach. Ontario, for example, had a green plan that encouraged not only renewable energy but also local jobs. Because of a complaint to the World Trade Organization, the province had to give up that green plan. In my view, that is extremely serious. Yet this was a democratic decision. The withdrawal of that green plan is devastating for the future of Ontario, where energy transition absolutely must happen.

[English]

**The Chair:** Thank you.

That's well over your time.

We're going to move over to the Conservatives.

Mr. Van Kesteren, you have five minutes.

**Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC):** Thank you, everyone, for being here this morning. It's been most interesting.

In a former life I served on the finance committee. I can tell you that our meetings with Quebec business groups were quite extraordinary. You have a class of businessmen in that province that is perhaps unequalled anywhere else. They're very aggressive. They're very excited about business and the possibilities.

My colleague Mr. Lebel was zeroing in on the aerospace industry and the different avenues to which that will take you. I'm wondering if you could talk to us about those possibilities, and the new markets you would be able to access should this agreement become a reality.

I'll speak specifically to the chamber.

[Translation]

**Mr. Stéphane Forget:** Thank you.

It is true that I did not mention aviation in my speech, but it is an extremely important part of our exports, in Quebec. To date, the first concern we have is clearly the capacity to support our industry in Canada. If we go by the news in recent weeks, which will continue in the coming months, we know that this will inevitably depend on the government's decision on the Bombardier C Series aircraft. Clearly, we strongly support a favourable decision on the government's part.

We are talking about free trade agreements and export markets, and it is clear to us that supporting our major economic sectors in Canada is extremely important. The C Series aircraft are a good example. We are very hopeful about that.

Furthermore, as I said earlier, 45% of Quebec's products and services are exported. We have a presence in some advanced sectors such as aviation, but we are also present in more traditional sectors. But given the speed at which innovations are being developed, I think our biggest challenge will be to support our manufacturers and our businesses so that they can produce value-added products. Indeed, to remain competitive on the international market, we desperately need value-added products. This requires a great deal of innovation in our businesses in Canada.

• (0950)

**Mr. Yvon Boudreau:** I would like to stress that we have one, two or three years before the agreement is ratified and implemented. Those who will come out ahead—because there will also be losers—will be those taking the lead. It is very important to take advantage of this time to help the industry develop strategies suited for every sector and region, so that they are really more competitive in the markets that will open, and to ward off the blows in sectors where it will be a little more difficult to handle international competition. The information and mobilization strategy of the business community is very important, because things are going to play out differently from one sector to another.

[English]

**Mr. Dave Van Kesteren:** You mentioned there will be winners and losers, and that's very true. Which businesses in the Quebec business environment do you feel would be potential winners?

[Translation]

**Mr. Yvon Boudreau:** Those studies are not very detailed. The federation has about 20 committees, which include large companies that are leaders in their field. One of the issues those committees are studying is the positive or negative impact that the agreement is likely to have on those industries. The work is under way. We know that the federal government has also been conducting extensive studies and that they are in progress. We are not able to say today who will likely be in the winning camp and will be in the losing one.

[English]

**The Chair:** We're going to have just two rounds of three-minute sessions.

Madame Lapointe, you have three minutes.

[Translation]

**Ms. Linda Lapointe:** Thank you very much.

What you are saying is very interesting. Your views are different, and I appreciate it. That will help us when the time comes to prepare the report.

Earlier, I told the representatives from the Fédération des chambres de commerce du Québec that I would come back to them.

You said, in response to my colleague's question, that there would be winners and losers, and that the winners would be those taking the lead.

What are the best practices in your opinion? What programs could help businesses take the lead, so that they become winners?

**Mr. Stéphane Forget:** First, I think we should reach out to companies and make them aware that there are business opportunities. Let us not forget that there are a number of potential clients in their own backyards, but there are many more when we look around the world.

We have also been having a lot of meetings for some time, particularly with the Quebec government, which is developing an export strategy.

We have had meetings recently with some EDC representatives, who are also thinking about how to improve our exports.

During the discussions with the EDC representatives, they tried to target a number of companies. They do not want to focus on everyone at the same time. The idea is to target businesses that have a real potential for development, growth and openness to foreign markets, because this adventure is not for everyone. Let's then try to target businesses and then work with them to prepare them to seize opportunities and face international markets. Those are the kinds of discussions we have had recently with the EDC representatives. In addition to providing information, let's develop and find businesses that have real potential for development. That is the type of thing that we are working on with them.

Finally, we should not try to cover all the markets in the world. Can we focus on a certain number of markets? Let me remind you that Quebec has lost some market shares in the U.S., although today it still remains its largest export market.

We must therefore look at other countries, other markets, but in a focused manner, not by going off in all directions.

• (0955)

[English]

**The Chair:** Be very quick.

[Translation]

**Ms. Linda Lapointe:** If we could reopen the agreement, if it were not ratified, what would the Quebec chambers of commerce like to change?

[English]

You don't have any hints...?

[Translation]

**Mr. Stéphane Forget:** That is an excellent question. However, this morning, I'm not able to tell you, point blank, what we should reconsider.

[English]

**The Chair:** I remind witnesses that if there are thoughts you have or things you couldn't tell us, we will take your submissions at any time and enter them into the report. You might not get the chance here today.

We're going to have to move over to Mr. Hoback for three minutes to wrap it up.

Go ahead, sir.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, gentlemen, for being here this morning.

I'm going to summarize a bit in my mind so I have it clear.

In the supply management sector, we've preserved in negotiations the integrity of supply management. Now, we have some issues with integrity of the border, and I'm sure the Liberals will consult with you, consult with you, and consult with you, until maybe they'll wake up one day and make a decision, but that's an issue. Compensation is crucial, though, because you have to mitigate some of the losses. You did give up some market access to allow other parts of the agriculture sector to get access into other countries.

Now, when it comes to the chambers—you're in Quebec—you're talking about how you need the deal itself so that your businesses can actually export, but you also need assistance from EDC and BDC. You need to know the programs that are available so that your manufacturers and service industries can take advantage of the opportunities they provide.

We had a plan called "Going Global". We had workshops right across Canada explaining to small and medium-sized enterprises exactly what's happening in that area and how to take advantage of the EDC, the BDC, and the commercial crown corporations.

Mr. Vaillancourt, you talked about the need for small farmers and about local concerns and "buy local". It's a romantic idea, it really is. In the province of Quebec you have eight million people, so with your ratio of farmers to people, I can understand that probably you could buy local and your farmers would do very well, but I come from Saskatchewan. I need to export.

With a million people in Saskatchewan, if we were to buy local, we'd take half our farmers and say "gone, goodbye". We would take half our beef guys and say "gone, goodbye". If they don't have that access to markets, they're not there, and they're family farms. They're big, no question about it, but everything is big out west. It's just the way it is in that environment.

How do you tell those families that we're going to shut down our borders and they're going to be out of business? How do you mitigate that?

[Translation]

**Mr. Claude Vaillancourt:** I think we need to question what needs attention. I am talking about examining the design of agriculture.

Right now, free trade agreements foster on type of agriculture, agro-industrial farming based on exports.

[English]

**Mr. Randy Hoback:** Excuse me for a second.

You have one problem with your theory. If you look at the new technologies in agriculture, they're carbon sinks. They're friendly. They're very friendly. When I look at the amount of work and the land irrigation that goes on in western Canada compared with what it was 20 or 30 years ago, and when I look at how the fields are run around here, which is different and smaller, with different ways of farming, I can see that it's totally different.

When you're looking at the Paris accord, I'll tell you that the western Canadian farmers and Ontario farmers and even Quebec farmers are doing a way better job today than in the romantic 1950s and 1960s.

[Translation]

**Mr. Claude Vaillancourt:** It is not necessarily romantic to think of another kind of agriculture, such as organic agriculture. At this time that type of agriculture does not receive much government assistance and finds itself the loser, to some degree, in free trade agreements. It should also be able to exist and should benefit from important support...

[English]

**Mr. Randy Hoback:** Actually, the organics are looking for these agreements, so—

[Translation]

**Mr. Claude Vaillancourt:** There is a crisis in Quebec in small and medium farms. A beautiful book was written about it in Quebec entitled *La ferme impossible*. We need to advocate for greater diversity and encourage local farming.

The problem posed by free trade is that it only encourages one type of farming. In my opinion, the downside of that type of agriculture is that it is quite destructive to the environment and uses a lot of GMOs.

[English]

**The Chair:** Okay—

**Mr. Randy Hoback:** I have one last question.

**The Chair:** No. I know you're on a roll, both of you. I think you guys could go for a couple more hours, but we have lots to do today here and we have three other panels. We're also going to have an open mike at the end.

That said, we're doing fairly well this morning so far. All the MPs are getting their input, and the witnesses are getting input.

I would remind you, witnesses, that if you'd like to add anything that you didn't get a chance to add today, you can do so. Thanks very much, gentlemen, for coming this morning.

We'll take a break while the next panel comes in.

Thank you. We'll return.

• (0955)

(Pause)

• (1010)

**The Chair:** We're going to start our second panel in our consultation with Canadians on the TPP agreement.

As many of you know, it's a big agreement. It will affect every Canadian and most people around the world, whether you're a consumer or doing trade and competing with companies around the world.

That said, this is the fifth province we've visited. It's great to be here in Montreal.

On our second panel we have, as an individual, Madam Gendreau. From the Board of Trade of Metropolitan Montreal we have Guy Jobin and Charles-André Major. We also have from the Centre international de solidarité, Denise Gagnon and Amélie Nguyen.

Welcome, everybody.

If panellists can keep it to five minutes, we'd appreciate it. That gives lots of time for MPs to be able to interact with you. The last panel went well.

We're going to start off with you, Madam Gendreau, for five minutes. Go ahead.

[Translation]

**Ms. Ysolde Gendreau (Full Professor, Law Faculty, University of Montreal, As an Individual):** Mr. Chair, I want to thank the committee very much for having invited me to come to speak here today.

My name is Ysolde Gendreau. I teach law at the Law Faculty of the University of Montreal, where I have taught for 25 years. Prior to that I obtained a PhD in copyright law at Université Paris II. I am currently vice-president of the international copyright organization that developed the Berne Convention, which is the recognized international convention on copyright. I was president of the Canadian branch and president of an association of professors and researchers on intellectual property during two years. I am speaking to you today as an individual.

I am happy to have the opportunity to speak to you about intellectual property. In the time I have been given, I would like to make three comments. Two of them are of a general nature and the third is more specifically about copyright.

Intellectual property is an essential element in free trade agreements. This has been the case since industrialized — for the most part — countries realized in the 60s that international consensus in intellectual property forums like the World Intellectual Property Organization was extremely hard to reach because of the emergence of the developing countries. In a “one country, one vote” sort of system, developing countries have more weight, and the intellectual property policies presented by the developed countries are not accepted as easily.

Consequently, the World Intellectual Property Organization has trouble moving intellectual property dossiers forward. The World Trade Organization picked up the baton to some degree with the

1994 WTO agreements, which contained a very important chapter devoted to intellectual property, the TRIPS. Even now, the WTO has trouble moving intellectual property policy forward, especially when it comes to matters involving patents on medication.

The international development of intellectual property is now done through regional or bilateral trade agreements. Canada played a role with its first agreement with the United States. That was one of the trade agreements. Last year the TPP Agreement was much talked about in the *Financial Times*. Editorials implied that the TPP was practically created to regulate intellectual property. I don't want to deny the importance of agriculture and all these other matters, but you should not be surprised that all these agreements trigger major debates on intellectual property. It could almost be said that it is the sinews of war.

Historically, Canada has had an ambiguous position on these matters. On the one hand, it presents itself as a developed, industrialized country, but it was snubbed at the G6. Then it became a member of the G7, and it belongs to the G20. The fact that it is not a permanent member of the UN Security Council does not sit well with Canada. It wants to be seen as an important industrialized country, but it likes to take the position of a developing country when it comes to intellectual property. Canada's position is very ambiguous on these matters.

If we are experiencing a fourth industrial revolution, knowledge is crucially important. At a certain point, you have to walk the talk, that is to say that you have to put your money where your mouth is. If you want to optimize and value knowledge, intellectual property law is the law that protects it in all its forms. It is difficult to have an industrial position based on knowledge without intellectual property legal tools that are needed for its protection.

That was my first comment.

• (1015)

My second comment is of a general nature and you have probably not heard it often. It is more academic, but it is something I like to mention. As compared to the agreement with Europe, the TPP is shows interest in traditional knowledge. To my knowledge, it is the first time that we have an agreement which refers to this matter.

[English]

I'll now switch to English, because I like to do half and half.

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

**Ms. Ysolde Gendreau:** Traditional knowledge is an important IP issue. Countries like Australia and New Zealand have developed attitudes toward it, and we have much to gain from them. It's going to be an interesting mix on that issue.

The last point, and perhaps the most important, is copyright. The most talked-about copyright issue is the one about term extension. I submit to you that it's a non-issue. More than 90 countries have a life-plus-70 term of protection.

We're not at the beginning of this trend, where positioning could be interesting. The train has come by, and it doesn't make sense for us not to jump on it. Is it great? Not necessarily, but there's no point fussing about this. There are far more important issues in copyright to deal with.

First, there's the absence of liability of all these service providers and of the GAFAs of this world: Google, Apple, Facebook, and Amazon. Money is being made somewhere, but the money is not being fuelled back into the industry. That's very clear.

Second, we're talking about mass consumption, mass uses of work. This calls for a mass type of enforcement in copyright of collective management. We don't emphasize this enough.

Third, there are lots of copyright exceptions in our act now, and the presence of all these exceptions inhibits the creation of markets for these works in our country. It also raises serious issues of compliance with international law.

With these words, I'd like to close. I welcome your questions afterwards.

• (1020)

**The Chair:** Thank you.

We're going to move over to the Board of Trade.

Go ahead.

[*Translation*]

**Mr. Guy Jobin (Vice-President, Business Services, Board of Trade of Metropolitan Montreal):** Good morning, everyone. Welcome to Montreal.

My name is Guy Jobin and I am the vice-president of Business Services for the Board of Trade of Metropolitan Montreal.

The board speaks for the city's business community. It has more than 7,000 members. We organize 250 events yearly, through our service entity the Montreal World Trade Centre; about 60 of these focus on international trade.

Our position on free trade has always been roughly the same, and that is that we have always strongly supported the government's initiatives in negotiating free trade agreements. Canada is a nation of traders. Our exports make up more than 27% of our GDP. Employment, competitiveness and prosperity depend on international trade. That is why it is crucial that we maintain our exporters' access to offshore markets.

We also have to remain a part of global value chains. The board believes that the TPP will contribute, like other free trade agreements Canada has entered into, to our collective enrichment. We support the estimates that were done according to which the TPP could stimulate, on average, growth of 1% in the GDP of its members, and could add US \$223 billion to the world economy by 2025. Most of all, the TPP promises our exporters better access to markets where we did not have a free trade agreement. These are emerging markets with sustained economic growth, like Vietnam and Malaysia, and major beacons of the world economy like Japan, Australia and even Singapore.

The board's main concern would be the cost of not entering into the agreement. Regional agreements bring together member countries, but exclude other countries from the preferential measures granted to members. If this treaty is duly implemented, Canada cannot afford to be excluded from it, or its businesses will be at a competitive disadvantage in many very promising markets, some of which are growing by leaps and bounds. One has only to think about the free trade agreement between the United States and South Korea: the Canadian pork industry suffered greatly from not being a part of it.

The cost of Canada not being in the TPP would be far higher than the cost of concessions. The TPP is a new generation agreement and it is an unprecedented opportunity to take part in an agreement which will tackle, more than previous agreements, non-tariff barriers that impede our businesses' attempts to move to the international stage. That is important for business. In fact, it will make it easier for business travellers to obtain visas. It is important for the service trade sector. Seventy-six per cent of Montreal's economy is based on the service trade, and the agreement should facilitate the temporary entry of professionals and technicians. One has only to think of Moment Factory or gsmprjct<sup>2</sup>, businesses whose professionals need mobility.

The harmonization of intellectual property protection regulation is another important aspect. Since Montreal is a knowledge and creativity metropolis, it is very important for video game enterprises and for the fashion industry. Ms. Gendreau spoke about this earlier.

Increased transparency and the harmonization of regulation have an effect on health, the environment and consumer protection, all sectors that can be affected by trade. All of this means that this is very important to us.

In conclusion, on behalf of the Montreal business community, the board encourages the Government of Canada to ratify the TPP by the February 4, 2018, deadline. The board also encourages Quebec enterprise to prepare for the implementation of the TPP. For our part, we will be organizing information and training sessions as well as commercial missions to help our businesses derive as much benefit from this as possible. However, we would like to recommend certain measures to the government to facilitate preparation for our businesses; provide information on the business opportunities in the 11 other member countries in the TPP; explain to them how to proceed and how to prepare—I think we talked about this earlier; clarify the advantages in the TPP in terms of facilitating business development procedures and exports; and especially, provide our businesses with the means to avail themselves of these advantages.

One of the main criticisms the board hears is that there is very little information on the agreement in question. There is more information on the American website than on the Canadian one.

That is all; I believe I have not gone beyond the five minutes I was allocated. Thank you.

• (1025)

[*English*]

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

We're going to move on to our last guest, who is from the Centre international de solidarité ouvrière.

Please go ahead. You have five minutes.

[*Translation*]

**Ms. Amélie Nguyen (coordinator, Centre international de solidarité ouvrière):** Good morning. Thank you very much for having invited us to express our viewpoint on the Trans-Pacific Partnership Agreement.

Mr. Jobin was talking earlier about what it would cost to not be a part of this agreement. For our part, we would rather talk about what it will cost to be a part of it. We represent the Centre international de solidarité ouvrière, the CISO, an international solidarity inter-union group that has been in existence for 40 years and now has more than 80 union members in Quebec. Our mandate is basically to create solidarity between workers here and those elsewhere in the world.

One of the issues we certainly wish to discuss is decent work, here and elsewhere in the world, as well as the democratic issues surrounding the Trans-Pacific Partnership. As Mr. Jobin was saying, we have had access to very little information on the negotiations and the last documents about it. Among other things, we ask that parliamentarians be included in these discussions and that citizens have access to the information that would allow for enlightened democratic choices with regard to that agreement.

May I introduce Denise Gagnon, the president of CISO.

**Ms. Denise Gagnon (President, Centre international de solidarité ouvrière):** Good morning, ladies and gentlemen. Thank you for inviting us. I think this is very relevant. We thank you for your openness and willingness to listen. We know the agreement has been signed but not ratified yet, and that it has to be looked at from a global perspective for the moment.

As Amélie said, CISO's objective is to protect working men and women, unionized or not, in the official economy or the parallel one. I am myself a member of the Fédération des travailleurs et travailleuses du Québec, as well as the Canada Labour Congress, which has already presented its positions. I am going to emphasize, rather, cooperation and impacts. The CSN and the Réseau québécois sur l'intégration continentale will also be making representations.

From the point of view of workers, we think that the TPP will be very detrimental to Canada. That statement is derived from some studies done on the basis of snippets of information about the agreement which were passed around on social networks. We think that this partnership will also have repercussions on adjacent countries. Mr. Jobin talked about the cost of not joining the agreement. However, neighbouring countries such as Bangladesh that are not members of the accord may see jobs displaced in very volatile sectors such as textile. Thousands of workers could be affected.

We recently heard Ms. Kalpona Akter, a speaker who represents workers' groups in Bangladesh. She came to Canada to talk about the situation of those people. An asymmetrical regional agreement will affect the balance of forces between multinational or transnational enterprises and the countries concerned, which may certainly see repercussions on decent work. Canada has committed to respecting the principles of the Decent Work Country Programmes of the International Labour Organization, the ILO. Several official ILO

conventions have already been invoked because of violations by businesses, especially as concerns subcontracts.

As for decent work, we feel it is important to target supply chains. There is a debate at the ILO this year. They are discussing measures to protect and to monitor international labour standards, and having an adequate network of social protection measures and social dialogue mechanisms. My colleague Mr. Jobin will agree that that is an essential element, since we are soon going to be hosting the National Dialogue Quartet, who received the 2015 Nobel Peace Prize for having maintained prosperity and security in a country like Tunisia.

This agreement may also weaken the sovereignty of the United States.

I will now give the floor back to Ms. Nguyen.

• (1030)

[*English*]

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

[*Translation*]

**Ms. Amélie Nguyen:** The national sovereignty of states is one of the points I absolutely want to discuss. This was mentioned earlier, but the investment protection mechanism that allows businesses that lose potential profits to sue countries really threatens the sovereignty of provincial and federal governments. There was, for instance, the suit launched by Lone Pine Resources, that is seeking \$250 million because of a measure aimed at protecting the common good in connection with the extraction of resources. This is also happening in Ecuador. The Chevron company is suing the government to have a judgment reversed that would force it to participate in cleaning up the part of the Amazon it has polluted badly.

Ms. Gendreau spoke about the protection of intellectual property. CISO is quite concerned about the patenting of medications. This threatens to greatly affect the poorest populations' access to generic drugs. I am thinking particularly of HIV/AIDS and tuberculosis, diseases that are very widespread. The increase in the duration of patents and the potential difficulty of challenging them in the context of the agreement could block that access.

[*English*]

**The Chair:** I know you have some more thoughts there, but during the dialogue of the witnesses with the MPs, you will be able to get more of your thoughts, and your answers, and questions. We still have some time.

After the session if you have any more input, we'll accept it.

The MPs are going to be asking you guys some questions now. We're going to start off with the Conservatives for five minutes.

Mr. Lebel, you have the floor.

[*Translation*]

**Hon. Denis Lebel:** Thank you very much, Mr. Chair.

Ladies and gentlemen, thank you for your presentations.

This has been a dialogue day for us. It is a pleasure to listen to the various points of view and to what our political opponents and the people around the table have to say.

There is a lot of crowing about infrastructure, and I'd like to say a few words about that before I ask my questions.

When I was mayor, from 2000 to 2007, there was no federal program. The program was an idea put forward by Mr. Martin, which was implemented by our government. We brought in the excise tax on gasoline and made it permanent through legislation. We doubled that tax, and indexed it.

We always respected provincial jurisdiction in the areas of public transit, social housing, health and post-secondary education. These are all areas of provincial jurisdiction.

From 2007 to 2014 and from 2014 to today, we implemented the biggest infrastructure projects in history. We had to sign an agreement on the gas excise tax with the provinces and territories. And so an agreement was signed with all of the provinces and territories on that. The agreement with Quebec was signed in Roberval, on June 25, 2014, in the city where I had the honour to serve as mayor. After that, Quebec did not submit any projects to the federal government. Since I am no longer familiar with the files, I will not speak on behalf of the Quebec government as to why this was not done. Some projects must have been submitted in the past few months.

A lot of boasting goes on about infrastructure, but the government that actually delivered on that count in this country, to date, was the previous government.

All that said, Ms. Gendreau, I found what you had to say about intellectual property very interesting. I am going to ask you to do a brief analysis. We hear what the American electoral candidates have to say, and we can see that protectionism is making a comeback. We signed the North American Free Trade Agreement, NAFTA. With the TPP, the Americans tried to impose certain things on us and wanted to fine-tune that agreement somewhat. In your opinion, what was conceded in terms of intellectual property between NAFTA and the TPP? Where are we headed? What is your advice on what needs to be done?

**Ms. Ysolde Gendreau:** NAFTA was negotiated at the same time as the Agreement on Trade-Related Aspects of Intellectual Property Rights, the TRIPS agreement of the WTO. There was not much difference between these two agreements. I would prefer to limit my comments to copyright if I may, as there are a lot of issues.

**Hon. Denis Lebel:** Yes.

**Ms. Ysolde Gendreau:** The fact that the WTO took the initiative of harmonizing intellectual property in its member countries displeased the World Intellectual Property Organization, WIPO, whose field this is. This pushed WIPO into being a bit more active regarding copyright. Two years later, in 1996, there were two WIPO agreements, one on copyright and the other on artists, performers and record producers. They included what was in the WTO agreements and added provisions, such as clauses concerning dissemination on the Internet. They added the right to communicate on the Internet as well as some rather controversial measures on technical means of protection and information management to obtain rights management. There was a consensus on this at the time.

What we find today in the TPP regarding copyright basically involves the same issues, in addition to “the life of the author plus 70

years”. The TPP also maintained — and many consider this a victory for Canada — the notice and notice provision that is in the 2012 Copyright Act. I'll explain the “notice and notice” system, quickly. When an author sees that someone is using his works on the Internet without his authorization, identifying that person raises privacy issues. The intermediary acts as a mailbox. The rights holder sends a notice to the service provider and informs them that someone somewhere, whom the provider knows but whom the author does not, is violating his copyright.

According to the American position, upon receiving this notice, the provider should take down the offending passages. In the United States they call this “notice and take down”. This can then be followed by litigation, and so on. Canada's position was that the provider did not have to take down the work, but simply had to send the notice to the person concerned, as the provider knows their IP address and can act as the go-between between the person and the computer. That is why the process is called “notice and notice”. It is a process that mostly leads nowhere, because it puts the emphasis on individual action. Do you really think that an author, or a “major”, one or the other, will be able to sue someone on that basis? That is completely unrealistic and makes no sense.

So, what are the consequences? This encourages certain uses, some of which are legal, of course. However, in the case of illegal uses, do you think that those who are doing these things are afraid of being sued? No; of course, there will always be people who...

•(1035)

[English]

**The Chair:** I'm sorry, but we have to move on.

I will remind members to shorten up on their introductions, because that would give more time for the witnesses to have dialogue.

I know, Mr. Lebel, that this is not your first committee—

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

**The Chair:** —and to all members, shorten up on your introductions so the witnesses can have time to answer.

We have to move on to Madam Lapointe for five minutes.

[Translation]

**Ms. Linda Lapointe:** Good morning and welcome to the beautiful Montreal region, my home.

I have some questions for Ms. Gendreau and for all the witnesses, in turn. It would be great if you could keep your answers brief.

Last week, some of the witnesses said that the TPP could give an advantage to the United States in terms of intellectual property. What do you think about that, Ms. Gendreau?

**Ms. Ysolde Gendreau:** Let's not fool ourselves; intellectual property rules are established by the strongest industrialized countries.



Copyright was not addressed in our agreement with Europe. I believe that Europe and the United States have an agreement. Europe told the U.S. to deal with the issue of copyright expiring 70 years after someone's death in the TPP, and Europe would in turn deal with appellations of origin. That is how the appellations of origin were obtained in the European agreement. I think this is a very interesting system.

However, it is clear that this is how the rules are applied. Do we lose in this system? I will tell you a little story.

We always say that Canada is an importing country, so that it exports royalties. Which countries are truly importers/exporters? Three countries are net exporters in terms of copyright: the United States, with its music, films and software; England, with its music and films; and Japan, with its computer programs and video games.

Three other countries are breaking even: France, Germany and, unfortunately, I can't recall the third one. All other countries are "losers". That means we are not alone. If we manage to have a good industry, it's not our fault we don't have any Beyoncé or Michael Jacksons.

However, we do have other artists, such as Céline Dion, Cirque du Soleil and Arcade Fire. A number of our films are doing very well. Many of our activities are worthy of merit and successful.

• (1040)

**Ms. Linda Lapointe:** I really appreciate your comments.

I will now address Mr. Jobin. Thank you for joining us today. The discussion has been quite enlightening.

A bit earlier, you said that joining the TPP would result in an increase of your members and a 1% increase in the GDP. In addition, over several years, \$223 billion would lead to prosperity.

Is there any research to support the figures you are putting forward?

**Mr. Guy Jobin:** The US\$223-billion figure comes from the Peterson Institute for International Economics. The 1% increase comes from U.S. negotiators. That's what we found on the U.S. websites.

**Ms. Linda Lapointe:** Thank you. We will come back to this.

Ms. Nguyen, earlier, you talked about generic drug patents and the high cost of fighting HIV/AIDS and tuberculosis. You were mainly referring to Central American countries.

I would like to hear your thoughts, but please keep in mind that we are talking about the TPP from a Canadian perspective. What would you say the benefits of the TPP are?

**Ms. Amélie Nguyen:** In terms of public services here, the TPP could lead to higher drug costs. In fact, patenting gives large pharmaceutical companies more advantages.

**Ms. Linda Lapointe:** I understand that we are looking at things from a globalization context, but I had a more Canadian perspective in mind, although I have a great deal of respect for other countries and people from around the world.

Do I have any time left, Mr. Chair?

[English]

**The Chair:** You're doing well. You have 45 seconds left.

[Translation]

**Ms. Linda Lapointe:** Ms. Gendreau, does Canada need to do a better job of protecting intellectual property for pharmaceuticals? Several years ago, that industry was very strong here.

[English]

**The Chair:** Please give a short answer.

[Translation]

**Ms. Ysolde Gendreau:** Pharmaceutical companies provide high-level, highly skilled jobs. It's a major industry. I know that it's not really a virtuous industry, but if we compare the state of our health today with what it used to be 50 years ago, we see that the research comes with a price.

[English]

There's no such thing as a free lunch.

[Translation]

That is my opinion.

[English]

**The Chair:** Thank you, and thank you, Madam Lapointe.

We're going to move over to the NDP.

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

**Ms. Tracey Ramsey:** Thank you all for your presentations today.

There were some interesting threads I picked up in there, and some of the questions that Madame Lapointe asked I would have asked as well.

The basis of the Peterson Institute study you mentioned takes into account full employment. It's not something that exists in Canada, and we haven't seen that for a long time. There are other studies, but our criticism has been that the federal government does not have an economic impact study. We would like to have our own economic impact study to understand if there are benefits to this agreement.

Even the Peterson Institute, I believe, shows 0% growth by 2030. The Tufts University study show 58,000 jobs lost in Canada and 0.2% growth to our GDP. We need concrete numbers and information. Although we don't have a crystal ball, this is our best predictor for being able to understand the implications for Canadians.

I want to touch on the job losses, I want to talk about people, and I want to talk about precarious work.

I wonder if you can pick up on what you were saying in regard to the types of jobs we currently have in Canada. The labour mobility chapter, in contrast to what we hear about accepting only business persons, would allow everyone to come into the country. How would that impact us in Canada, and in Quebec particularly?

• (1045)

[Translation]

**Ms. Denise Gagnon:** Thank you.

I'm sorry. We ran out of time earlier and could not finish our presentation.

One of our conclusions was that we needed more documented reviews and a process had to be launched, especially with society planning to make a green shift in terms of infrastructure. Those aspects must also be taken into account.

When it comes to job precariousness, we have made presentations to the Canadian government in the past on the systemic discrimination toward temporary international migrant workers. There are several problems. Quebec's human rights commission commented on that several years ago, and the situation has improved somewhat. The program has been tightened up, but that's not enough. There are still horror stories in Quebec workplaces that could be documented.

That precariousness is putting downward pressure on work conditions. We see a trend toward a reversal of the use of labour in Canada. There are a lot of temporary international immigrants, instead of landed immigrants. It's nearly a two-to-one ratio, and that puts pressure on the pools of available workers.

The CISO represents organizations with more than 1 million workers. Early this year, on International Migrant Workers Day, we shared this concern with the new government. The TPP involves risks in terms of that.

[English]

**Ms. Tracey Ramsey:** The temporary foreign worker program, although flawed, has some regulations around it. In the TPP, we would see those regulations removed, so we share that concern.

With the “green pivot” you're talking about and the Paris climate accord, are we going to be able to reach those targets with investor state dispute settlement provisions in place? What are your thoughts on that?

[Translation]

**Ms. Amélie Nguyen:** Sufficient flexibility is necessary to implement local measures so as to adapt to climate change. Employment structures are changing. In order to truly change our society, we have to modify our governments' directions to meet the requirements of the Paris agreement. That could result in job and profit losses, or expose us to legal action by companies. The Lone Pine Resources lawsuit is a good example of that, as it concerns shale gas in Quebec. The lawsuit is ongoing. As I was saying, the \$250 million of public funding could go directly to that company. Examples of those kinds of lawsuits are multiplying. However, these are democratic policies adopted by legislative assemblies for the public good.

[English]

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

**Ms. Tracey Ramsey:** In terms of IP, I would like to get back to the patent extension.

The patent extension that was extended over 20 years ago came with a provision that they would increase R and D in Canada. We haven't seen that come to pass. There was a spike, and now we're back down again.

We're going to again enter into a position where we potentially won't see any more R and D in Canada, but we're going to extend patent provisions, which essentially extend the ability to profit for these big pharmaceutical companies and increase the cost on Canadians' backs.

What are your thoughts around the extension?

**The Chair:** You've used up your 30 seconds. I'm sorry. Maybe they'll have a moment and will want to answer in another dialogue. We're going to have to move over to the Liberals.

Mr. Peterson, you have five minutes.

[Translation]

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

Thank you all for your enlightening presentations and your comments.

My first question is for Professor Gendreau.

Our colleague Michael Geist does not really agree with you on this issue. How would you explain that difference of opinion?

[English]

**Ms. Ysolde Gendreau:** Between mine and his?

• (1050)

**Mr. Kyle Peterson:** Yes, please.

**Ms. Ysolde Gendreau:** Well, I'm a believer in intellectual property protection. I find that the wonderful thing about intellectual property is that it protects what makes us very human—what our brains can produce—and I think that's absolutely wonderful. I am delighted that somebody like J.K. Rowling could, because of her imagination, create such success and create the fact that a lot of young people have liked reading and have developed imagination. Also, what's wrong that she made money with it? I see nothing wrong with that. I think it's the same for all those who use intellectual property as a way of creating things that either bring us pleasure or bring us useful things.

He's entitled to his opinions, of course, but the kind of work I do makes me see that there are people who do benefit from this kind of protection. It's a very—how can I say it?—democratic type of protection. Do you realize that IP law makes no distinction between men and women inventors or authors, and no distinction on the basis of age or race?

It's your chance, and if you're better at it, then you get more out of it. If you're not so good, then you're not so good.

Also, of course, we have injustices. Van Gogh didn't sell a painting during his lifetime, and now they're worth a fortune, so yes, unhappy stories happen in any field, but I think the essence of what it's for is a very just purpose. That's why I'm in favour.

I recognize that we need exceptions. I don't think we need them as badly as we have them now. I recognize that IP interacts with other policies and other issues, but when we have a consumer protection act that seeks to protect consumers, I don't see why it's wrong to have IP laws that protect people who create things or who invent things that are useful.

We have success stories based on IP law. Maybe we don't promote them enough. We don't have a PR system the way Hollywood or the Grammy Awards have, but I think we have potential. People around the world study Canadian studies, and if they make copies of books by Alice Munro or Margaret Atwood or Michel Tremblay, what's wrong with these people getting money out of that? I see nothing wrong with that.

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

You indicated that even the changes that are found in TPP, and specifically the extension from 50 years to 70 years, are not that big of a difference. Even in Canada, right now a sound recording already has a 70-year protection.

**Ms. Ysolde Gendreau:** Yes, and we know why the sound recording was extended to 70 years: The Beatles. They were about to lose protection, and they're still alive, two of them, and they wanted to have a 20-year term extension. I can see that this is being played out. They extended the term in the U.S. because of Mickey Mouse. Europe was happy to do so too because of other authors and so on.

Yes, of course people use these rules. It's part of life. It's also normal for a work to have a life, a commercial life, when it's in the public domain. I think that is something we have to accept. It makes a lot of sense. Seventy years? I'm not crazy about 70 years, but for the time we're in now, there's no point in getting the wheel back. It doesn't make any difference, and that 20-year extension will apply to a limited number of works in terms of everything that's being created. We're raising a lot of fuss about a small percentage of works. Yes, there are works that have value, but overall, in terms of policy, this is not going to impact a lot of people.

**The Chair:** Okay, Mr. Peterson, your time is up.

**Mr. Kyle Peterson:** I have one closing comment.

**The Chair:** You're very close.

**Mr. Kyle Peterson:** I think your opinion on the extension could be summarized, quite frankly, as "let it be".

**The Chair:** We'll let that one under the wire.

That ends our first round, and we're going to move on to the second round.

It's going to go to the Liberals. Ms. Ludwig, you're up first.

**Ms. Karen Ludwig:** Thank you. I'm pleased to be here in Montreal.

Starting off, my questions are with regard to labour and labour mobility. We've heard from witnesses across Canada about the implications for labour of ratifying the TPP. We consistently hear the number of 58,000 job losses.

We've also heard, consistently across the country, from a number of witnesses in a variety of sectors, although we don't have a study, about the cost and implications of not ratifying TPP.

I would ask Mr. Jobin if he could speak to that.

• (1055)

[*Translation*]

**Mr. Guy Jobin:** If the United States and Mexico, our biggest trade partners, ratified the TPP and we did not, I think that would

have an even bigger impact. A study on that should also be carried out. In fact, I think it is important to know what the TPP brings, but also what being excluded from it would lead to.

We think that's important because, if the U.S. has a competitive advantage on all markets and we have no such advantage, we are affected, as in the case of South Korea when the U.S. signed an agreement with that country. We had no agreement in place and lost huge market shares.

[*English*]

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

A number of agricultural companies have discussed the implications of not ratifying it and what that would mean. In the west, we heard from a number of associations that said the cost would be well in excess of 58,000 jobs, and it would be quite significant, with a serious domino effect.

How might ratifying, or not ratifying, the TPP affect areas with labour shortages, such as the trucking industry and the meat and fish processing industries?

We have heard the arguments that increasing the wage will draw more people into those occupations, but statistically that has not been the case. An increase in wage from \$15 an hour to \$20 an hour is not drawing people, for example, into the area of fish processing with the opportunities for labour mobility.

**Mr. Charles-André Major (Head, Analysis and Communications, Board of Trade of Metropolitan Montreal):** We represent the Montreal area. We do not have a big sector in fish processing, so it's hard for us to talk about these issues.

About the trucking industries, quite a few changes are being tried and tested in the Montreal area to draw in new people to the trucking business. I think that's a better way to do it. If there's a labour shortage, then as with other sectors, we should have people from other countries coming in to help us.

If we cannot get our trucking industry working to export our goods and making Montreal the transportation platform it should be, we might lose a lot more than we would by calling upon foreign workers.

**Ms. Karen Ludwig:** In ratifying TPP, what would be some of the opportunities and threats in terms of imports, or the loss of market share, to Montreal businesses?

**Mr. Guy Jobin:** We don't see a lot of threats. I think it's good for our industries, such as aerospace,

[*Translation*]

industrial equipment, transportation equipment and life sciences. We have also identified cosmetics, energy, equipment and construction materials. Our local industries in those sectors would benefit from the TPP's ratification.

**Mr. Charles-André Major:** With no agreement in place, Canadian export companies often face higher barriers than those faced by foreign companies coming into Canada. Having an agreement helps ensure a level playing field. It enables our companies to export in certain sectors.

We were talking about climate change earlier, and I would like to come back to that. Two years ago, the Board of Trade of Metropolitan Montreal led a mission to Japan to look into green technologies. I think it is really important to come back to this because our markets and sectors are full of small players who develop important technologies and would benefit from promoting them abroad because our domestic market is very small.

This agreement addresses climate change and its repercussions. Climate change is a global issue. Montreal is lucky to have a centre of excellence in that sector, but it does not have a large enough domestic market to develop it. The countries involved in the partnership will have a high demand in that sector. It's an excellent idea to help our SMEs export their technologies.

• (1100)

[*English*]

**The Chair:** Thank you.

That wraps up the time for the Liberals. We're going to move over to the Conservatives.

Mr. Hoback, you have five minutes.

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

I have five minutes and I want to ask everybody questions, so I'll try to go down the table.

Madame, I agree with you on IP protection. If you invent it, you should have the protection and rewards from that invention, whether it's a song, a book, or something you've manufactured that's unique and creative that helps people around the world.

One of our presenters last week talked about the freedom to operate and that we should have an innovation policy based on the freedom to operate. Do you know what that means? Are you familiar with it?

**Ms. Ysolde Gendreau:** No, I'm not.

**Mr. Randy Hoback:** I call it freedom to steal, because basically what they want to do is have access to any new technology in the IT sector immediately so that they can actually take advantage of it and grow on it.

In the case of Montreal and the video game industry that's going on here, if they didn't have proper IP protection, would that industry actually grow, or would it disappear?

**Ms. Ysolde Gendreau:** I don't think it would grow very well. I would bet that it would disappear and that they would go elsewhere. It's an interesting industry. It's a bit low profile for all the hype it can

actually create, but this is the kind of industry in which people move around very easily, and if you don't give them the protection they want, then they can look elsewhere.

IP is just one aspect, though. You've got tax incentives that are also very important. It doesn't do everything, and you can't say that for a particular industry, whatever it is—the pharmaceutical industry, for example—IP is the sole game changer for that industry. I don't think so.

**Mr. Randy Hoback:** Okay.

I'm going to move on to the chamber. I wish I could spend another hour with you, actually, because we agree on a lot of things.

We are hearing a lot of rhetoric coming from south of the border from candidates from both the Democratic and the Republican sides, and they're talking about ripping up NAFTA.

We've always discounted these people, saying “No, they don't have a hope”, but all of a sudden they're the front-runners. They're the ones who actually may be the candidates running for president.

How would the businesses here in Montreal react, or how vulnerable would they be if NAFTA was ripped up?

[*Translation*]

**Mr. Guy Jobin:** I think it's still too early to say. Every time there is an election, some CEOs make phone calls and say:

[*English*]

“Hopefully not, Donald, on what you said about...” whatever.

[*Translation*]

I think that will be the first reaction. CEOs of U.S. companies that do business in Canada and Mexico will make calls.

[*English*]

There's going to be a reality check there.

**Mr. Randy Hoback:** I guess we're hoping, but we've seen some strong personalities across the border, and both Senator Clinton and Donald Trump have been very vocal on this.

One thing I'm curious about is, what advantage do you have now that you didn't have before the Conservative government? There were only four FTAs, and now there are 44 FTAs, so if NAFTA does go backwards and we see protectionism rise in the U.S—maybe it's not ripped up, but to the level that's really going to impact our deliveries into those markets—what are you doing to diversify? Aren't you glad you have those FTAs like CETA and TPP now in those other potential markets?

[Translation]

**Mr. Charles-André Major:** That is a strategy. In broad terms, diversified trade does not generally result in more exports to certain countries. However, it does help diversify markets. For a very long time, and still today, the economy of Canada, Quebec and the Montreal region have been closely tied to the U.S. economy. It would still benefit us to diversify our economy and give ourselves the tools to respond, as changes can occur very quickly.

My colleague Mr. Jobin was using the example of the agreement with Korea earlier. The FCCQ also talked about this earlier. Companies know very little about that agreement. Since the European Union and the U.S. signed the agreement, Quebec has lost half of its pork exports in two years. That's a lot. In fact, it's not just a matter of signing an agreement, but of knowing what we will do afterwards. That is why it is important to provide companies with information on business opportunities, future competition and ways to prepare logistically. Consideration can also be given to forming partnerships with the Fédération des chambres de commerce du Québec or the Board of Trade of Metropolitan Montreal.

• (1105)

[English]

**Mr. Randy Hoback:** I'm going to stop you right there because I want to try to get to everybody.

Is anything preventing unions from expanding abroad? Have you looked at taking on activities in Japan or other countries under an agreement like this?

**The Chair:** A quick answer, please.

[Translation]

**Ms. Denise Gagnon:** We have not discussed labour mobility, which could fill out a whole book chapter on its own. We hold lot of discussions on that topic, especially when it comes to international framework agreements. However, it should be pointed out that people who are invited to Canada to discuss this with us are being refused access to the country and cannot come in.

We feel that this agreement has not been sufficiently studied. We propose a study. To be clear, we are not against the free flow of services. However, we see free trade as more of an international cooperation phenomenon, as was the case at a certain time under the WTO, which had to provide for sufficient protection mechanisms.

You gave some examples of situations in Montreal, in the softwood lumber industry. Despite NAFTA, there was a huge debate on softwood lumber. However, informal agreements are often concluded outside the framework of agreements. That was the case with NAFTA. In this case, we are headed toward "NAFTA plus plus". As a result, the power of international companies becomes excessive compared with the power of governments and society.

[English]

**The Chair:** We'll have to end it there. Sorry, Mr. Hoback.

We have two three-minute sessions left. Madame Lapointe will have three minutes and Mr. Van Kesteren will have three.

Go ahead, Madame Lapointe.

[Translation]

**Ms. Linda Lapointe:** Thank you very much.

I have a question for Mr. Jobin and Mr. Major.

You said earlier that you would encourage the government to sign the TPP agreement. Should the agreement have to be renegotiated following the presidential election south of the border, what changes would you like to see made to the current text?

**Mr. Charles-André Major:** The same question was put to the FCCQ, and the answer will be similar. From a technical perspective, no concrete aspect requires a change. We are considering the general concept and are favourable to the principle of the free trade agreement.

I want to come back to what I said. Much more important is what is done upstream with regard to this agreement and the amount of time we have. If rules have to be changed, will have to see what the U.S. will propose in order to react. We are satisfied with the agreement in its current iteration. In fact, everything depends on preparation.

**Ms. Linda Lapointe:** You said earlier that you could help companies. It would appear that the information they are given is lacking. You could help them by organizing trade missions and training workshops. I would like to hear your thoughts on that, as the Montreal region is fertile ground for exporting SMEs.

**Mr. Guy Jobin:** The Board of Trade of Metropolitan Montreal holds many awareness-raising workshops on foreign markets. We actually started doing that about 15 years ago, when 82% or 83% of our exports were headed to the United States. We were too dependent on our neighbour.

We hold about 15 workshops annually to raise awareness of foreign markets. It's a half-day training session for interested entrepreneurs. We always have between 30 and 50 participants. We talk about business opportunities in markets—Japanese or other. Afterwards, during the second part of the day, Quebec companies that do business in those countries come tell us about their experience, successes and failures. So there is some interaction, and that really helps companies get to know those markets and all their potential.

**Ms. Linda Lapointe:** Have you been able to determine whether the SMEs that had participated in those workshops have increased their exports?

**Mr. Guy Jobin:** Prior to each mission, we organize information seminars to gauge companies' interest in participating in a trade mission. Every year, we organize a dozen trade missions abroad. We have gone to Japan, Mexico and other countries around the world. We use those seminars to present entrepreneurs with business opportunities and give them a chance to join the mission if they are ready to do so. We usually bring between 8 and 20 companies per mission. Recently, we organized a mission to China with 71 participants, exceptionally, but that's not the norm.

• (1110)

[English]

**The Chair:** Thank you. That wraps up your time.

We're going to go over to Mr. Van Kesteren for three minutes.

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

Thanks to all of you for being here.

I have a couple of questions for the chamber.

In 2008, with the downturn, you lost quite a market share to the U.S., as did the rest of Canada. However, you did not recover as much as the rest of Canada did. I'm wondering what market share you lost and why you lost it. That's my first question.

Second, I want your comment. Should the agreement take place, what would it do to your service industry, which is, as you said, 73% in Montreal, and what possibilities would open for your chamber members?

Those are the two questions, one with two parts.

[Translation]

**Mr. Guy Jobin:** I don't have exact figures in terms of our market shares, but I can tell you what we are doing to help our members. We are now organizing more trade missions to the United States. In 2008, we stopped organizing missions to the U.S. because the news was not very good. We rather invested our efforts in markets that were doing better and in welcoming buyers to Montreal.

It is not easy to regain market shares, but we are working on it regularly by organizing missions to the U.S. customs. Five time a year, we bring about 150 exporters to the border to spend a day there, meeting customs agents and learning to understand the process. It is important to help them understand the process a product goes through at U.S. customs if we want to facilitate the movement of goods across the border.

In terms of services, we organize missions to position our industries. We will soon have missions to New York, for engineering, and there will also be some for construction, and so on. The New York market is and always will be very important to us. We want to regain our market shares there, while opening ourselves up to other countries and other important markets, of course.

**Mr. Charles-André Major:** I don't have the figures with me, but with regard to diversification, Quebec's exports to China grew significantly during this period. On the other hand, we have not yet been able to recoup the drop in exports to the United States and we are concerned about that. We are opening new markets. During the same period, we have focused on China in particular.

Montreal's GDP for the export sector is very closely linked to the performance of the aeronautics industry. There is a real peak during the years when a contract is signed. If the C Series takes off, and we encourage the federal government to support Bombardier, you should see a significant increase in exports from the Montreal area.

For the service sector, the whole engineering consulting sector, especially trains, rail equipment and environmental services, is expected to have significant financial spin-offs as a result of the agreement with Asian countries. I am thinking of countries that require significant infrastructure renewal or expansion owing to rapid demographic growth. Similarly, since the populations of certain countries are very young, there is a great need for public

infrastructure. For our entire service sector related to infrastructure, Montreal is in a good position with its world-class firms.

[English]

**The Chair:** Thank you. That wraps up our panel.

Thank you, witnesses, for coming in this morning. It's our second session. We're going to have another couple of panellists.

We're going to break for 10 minutes now and go at it again.

• (1110)

(Pause)

• (1125)

**The Chair:** Now we're going to commence our third panel in Montreal this morning, continuing with our committee's work and having a dialogue with Canadians on the TPP.

This morning we have with us lots of representatives of agriculture, which I think is good, being a farmer. We have the Fédération des producteurs acéricoles du Québec, the Producteurs de lait du Québec, and the Union des producteurs agricoles.

We have three groups. Each group will have around five minutes for a presentation, and then we'll open up a dialogue with the MPs.

We're going to start off with the Fédération des producteurs acéricoles du Québec. Who's speaking first, Serge or Simon?

Go ahead, sir.

[Translation]

**Mr. Simon Trépanier (Chief Executive Officer, Fédération des producteurs acéricoles du Québec):** Hello, Mr. Chair, honourable members of the committee.

My name is Simon Trépanier and I am the chief executive officer of the Fédération des producteurs acéricoles du Québec. With me is Serge Beaulieu, our president. We have a short presentation so I will read it out. It summarizes our position on developments relating to the TPP.

The elimination of tariffs is desirable for maple syrup products from Quebec and Canada. The Fédération des producteurs acéricoles du Québec has responded favourably to the signing of the Trans-Pacific Partnership, which will eliminate tariffs on exports of maple syrup products and other maple products to signatory countries.

Canada is the world leader in maple syrup exports. Japan is the second largest importer of Canadian maple syrup products, after the United States, which is the second largest market.

From 2012 to 2015, Quebec exported an average of \$200 million in maple syrup products to TPP signatory countries. They are an important market for maple syrup products from Canada and Quebec. The Fédération had long called upon federal authorities to eliminate tariffs since they restrict export volumes.

For Japan, for instance, customs duties are over 17%. They will be eliminated in the medium term. For Vietnam, customs duties are 3%, and they too will be eliminated when the agreement comes into effect. In our opinion, the agreement will enable maple syrup and maple sugar producers in Canada to exploit the tremendous potential of these markets. Moreover, Quebec and Canada will remain the leaders in this sector. Let us recall that 90% of Canada's maple syrup products come from and are processed in Quebec. This province will certainly derive the greatest direct benefit from the signing of the agreement.

I would like to briefly mention the federal government's support for the maple syrup industry through the AgriMarketing program, which allows us to make targeted investments in marketing and product development in a number of countries, including Japan, which is the second largest export market for Quebec and Canadian producers. This federal support must continue to enable us to benefit from the signing of the TPP.

In closing, I would like to point out that many maple syrup producers in Canada are also subject to supply management. We are sensitive to their request that supply-managed markets not be upset too much in the application of the TPP.

The president and I will be pleased to provide further information in response to your questions.

• (1130)

[*English*]

**The Chair:** Thank you very much, sir, and thank you for your leadership on maple syrup across the country as the biggest producers and the biggest marketers.

We're going to move over to the Producteurs de lait du Québec. We have Alain Bourbeau.

Go ahead, sir. You have five minutes.

[*Translation*]

**Mr. Alain Bourbeau (Director General, Fédération des producteurs de lait du Québec):** I would like to thank the members of the committee. I am pleased to appear before you today.

The Fédération des producteurs de lait du Québec represents the province's 5,600 farms. The Fédération plays an important role in the economy. We have sales of \$2.4 billion, or 3 billion litres of milk. The Fédération also makes an important contribution to the Canadian economy with respect to employment and the GDP.

Quebec's dairy processing sector is also very strong. It produces over 80% of yogurt in Canada and over 50% of cheese. It is also a leader in organic products.

I will very quickly provide some background on the trade agreements and agricultural policies.

First, I would like to point out that all industrialized countries have policies to support their agriculture. In the dairy sector, Canada has chosen supply management, a unique policy in the world, just as the agricultural policies of other countries are unique. The U.S. Farm Bill is unique. The common agricultural policy of the European Union is unique. Switzerland also has its own policy. So every country has its unique features.

Canada has always been able to sign free trade agreements that maintain the specific aspects of its agricultural policy, as all industrialized countries do. The concessions made in the two recent trade agreements, CETA, the Canada-European Union Comprehensive Economic Trade Agreement, and the TPP, as well as certain inappropriate administrative decisions have, however, weakened Canada's dairy production industry.

Your committee is interested in the impact and consequences of the TPP. To better understand the outlook and degree of impact, let us recall certain elements of CETA which date from 2013.

In order to conclude the agreement, Canada made a major concession. It guaranteed access for 17,700 tonnes of cheese, 16,000 of which are very likely in the fine cheese sector. That represents between 20% and 30% of the market, weakening the industry greatly. These 16,000 tonnes are in addition to a concession of 20,400 tonnes that was already made under WTO agreements. This additional concession will clearly dramatically weaken Canada's dairy industry.

It will also have a major impact on producers. The amount of this additional concession can certainly not be made up by natural market growth, which is just 1% per year. As a result, CETA has led to a clear decline in Canadian market share for milk producers.

The TPP has a similar effect. To conclude this agreement which, we admit, benefits all Canadians, our country chose to make significant concessions guaranteeing 3% to 4% access to member countries. Canada's concessions in the dairy sector are proportionately greater than those offered by the other countries.

We are often asked if Canadian producers could gain market share by increasing exports. It should be noted that—and we will probably have the opportunity to talk about this later—the world market for dairy products is relatively marginal, given that just 7% to 8% of world dairy production is traded internationally.

This market is largely dominated by certain countries, the European Union, Oceania and the United States, which have huge processing capacities and whose production is supported by very generous agricultural policies. Moreover, these policies have been excluded from the negotiations. I can return to this during the question period.

While some gains can certainly be made in value-added niche markets, they are far less than the concessions made.

With respect to this agreement, which will very likely be supported by the whole country, we are asking for a positive sign to Canadian dairy producers, namely, that a first serious compensation program be established, for both for CETA and the TPP, as the previous government had started doing in October 2015.

● (1135)

Canadian producers' losses under these agreements are estimated at \$400 million per year in perpetuity. We are therefore asking the government to maintain the focus of these programs, which have not yet been re-confirmed. I am referring in particular to the income guarantee program, which is valued at \$2.4 billion and which will make up for part of these losses. The second program, valued at \$1.5 billion, will also have to be re-oriented. It was intended to compensate for a loss in quota values.

In our opinion, this compensation is not relevant since there should not be any value losses in this respect and since the program was primarily intended for people leaving the industry. We are therefore requesting that this amount be maintained, but that the program be directed to people who will be staying in the industry.

I will be pleased to answer your questions.

[*English*]

**The Chair:** Thank you, sir, for your brief submission.

We're going to move over to the Union des producteurs agricoles. We have Marcel Groleau and Marie-Ève Bourdeau.

You have five minutes folks. Go ahead.

[*Translation*]

**Mr. Marcel Groleau (General Chairman, Senior Staff, Union des producteurs agricoles):** Hello and thank you for inviting us here today.

The Union des producteurs agricoles represents all agricultural producers in Quebec. It is made up of affiliated organizations, including the Fédération des producteurs de lait du Québec and the Fédération des producteurs acéricoles du Québec. I will not repeat what my colleagues have already said. Instead, I will make more general comments on international trade agreements, including the TPP.

For a number of years, I have participated in Canada's negotiations, both with the WTO and with respect to the TPP. It should be noted that each country has its own objectives in these negotiations: opening foreign markets and protecting their own market. In the case of the TPP, it was primarily the United States and Japan that sought to achieve these objectives. Canada also had market access objectives, specifically in the meat and maple products sectors. We also wanted to protect our supply-managed sectors, including culture and health services.

Despite the losses, the pressures exerted on Canada and the concessions made in supply-managed sectors, I would say that the 18-year agreement was viable for Canada and its supply-managed sectors. It will be viable, however, if Canada effectively controls its imports and if it behaves like the United States and the other countries. Canada will have to exercise the strictest control, while also protecting and encouraging the development of its industry.

Consider for example the issue of diafiltered milk and duty relief, which is causing very serious problems for the poultry industry. The Canadian industry is losing hundreds of millions of dollars because the federal government is lax in controlling imports, which is not the case for the United States or Japan. Since we have access to these markets, we know very well how these countries behave.

With respect to market access, research and development are important. According to Statistics Canada, \$32 million less was invested in research in the agriculture sector between 2008 and 2015, and \$60 million less was invested in the food processing sector. According to the OECD, investments in R and D relative to GDP dropped from 1.99% to 1.61% during that same period, while those investments for the agri-food sector for all OECD countries rose from 2.16% to 2.37%.

The Union des producteurs agricoles and the Conseil de la transformation alimentaire du Québec showed recently that, to keep up with the average of OECD countries, Quebec alone would have to invest \$85 million more per year in research and development. We can open up new markets, but if we are not competitive owing to insufficient R and D, it will be to no avail. In the meat sector, for example, where efforts are being made to open markets, Canadian pork production dropped from 31.3 million to 25.7 million head from 2007 to 2013.

In other words, while new markets are being opened, production is decreasing, except in Quebec where it is steady. In the beef sector, production dropped from 5.2 million to 4.1 million head from 2007 to 2013. Opening markets, signing agreements and boasting that we are active in international markets, that is all well and good, but our producers will not be in those markets if our country is not competitive.

● (1140)

I would like to raise another matter: the decrease in the amounts invested in risk management in the agriculture sector. Between 2012 and 2013, when we moved from Growing Forward 1 to Growing Forward 2, Canada reduced its investments in the AgriInvest and AgriStability programs by \$290 million.

In other words, risks to producers rose while R and D investment fell. Ultimately, opening markets will not benefit our economy unless our government takes action on competitiveness.

[*English*]

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

Now we are going to move on to questions from the MPs. We are going to start with the Conservatives for five minutes, and we have Mr. Lebel.

[*Translation*]

**Hon. Denis Lebel:** Thank you, Mr. Chair.

Thank you, ladies and gentlemen, for being here today and for the work you do. Feeding Canadians and people around the world is a most worthy endeavour.

● (1145)

[*English*]

**The Chair:** Just a moment for translation.



**Mr. Denis Lebel:** People who are feeding our population.... No, I will stay in French.

**A voice:** We understand anyway, Denis.

**Mr. Denis Lebel:** I am just kidding.

[*Translation*]

What I am saying is serious and I firmly believe it. It summarizes the thinking and philosophy underlying the approach we should be taking to agriculture. Feeding our population is a most worthy endeavour. Of course, we must work together to build a better future. Everyone is subject to rules, but we are here to try to help and support you. I salute your work.

Mr. Groleau, you mentioned a drop in pork production. The following question comes to mind: has social acceptability played a role in this? Is this drop in production related to drop in social acceptance? Everyone wants pork, but no one wants to see the pig farms. There is a social acceptability problem. Does this account in part for the drop in production?

**Mr. Marcel Groleau:** No, that was not a decisive factor. We should at least have maintained our position. This problem is really due to a drop in support for risk management.

**Hon. Denis Lebel:** Thank you, Mr. Groleau.

Mr. Bourbeau, I would like to provide a slightly different explanation of what you said earlier. Canada chose to sign the TPP. The countries we negotiated with requested access to our market. Canada did not come to the negotiation table saying that it would give up its duties on milk. That is not what happened. I simply wanted to give a different explanation.

Our partners requested access to a larger share of our market. You were there and you know very well what the starting position was. The Americans wanted this much and ended up with that much.

My question is for Mr. Bourbeau and Mr. Groleau. What direction should we take in research? You talked about research for the future. I am from a nordic region. There was mention of our nordic climate as regards our products. In view of climate change, I think this will become even more important. You have cut research, but we would like to see more of it in the future. What areas should we focus on to counter these impacts on our markets? How can we use research to open our markets and become more competitive?

**Mr. Alain Bourbeau:** I'm going to focus on two issues. On the technical front, any research that could help us work more efficiently or lead to genetic improvements is certainly welcome. Canada has already established its international reputation in genetics. As for production efficiencies, we have access to academic expertise. I was told that more than 75% of researchers would be retiring within the next 5 years. That means we are going to lose considerable research wealth.

Briefly, I'd like to discuss market development. The idea is to conquer markets around the world and export as much as possible, but to do that, you need value-added products. Unlike my maple counterparts' sector, the global dairy market is overrun by surpluses owing to a widespread lack of strict production.

Prices are subject to the ups and downs of available supply. In order to conquer a market, you need the necessary know-how. Certainly, the U.S. market, for example, holds potential, but not in the case of skim milk powder or popular brand-name products.

In Canada, when consumers buy cheese that costs \$50 or \$60 a kilogram at retail, the producer gets just \$7 or \$8. The threshold is not tied to the value of the milk but, rather, to market knowledge. You need to have distribution networks and access to major retailers, who are very demanding and greedy, in order to market your products. That marketing know-how is essential to our sector's strategic development.

Regardless, to think that Canada is going to become a leading dairy exporter in the short term is to have very little understanding of the global dairy economy.

[*English*]

**The Chair:** Please give a very short answer.

[*Translation*]

**Mr. Marcel Groleau:** The research has focused on scientific clusters. At the national level, the private sector has to make an investment in order for the government to contribute to the research cluster. Much of the research that was happening in federal centres and experimental farms has ceased.

I'll give you an example. In Quebec, a variety of lettuce was developed thanks to research funding provided by one of Agriculture and Agri-Food Canada's horticulture research and development centres. Advancing Canadian agriculture and agri-food, or ACAA, was one of the programs available, in addition to others. In partnership with the community, Quebec producers administered the research funding, under the federal government's leadership. The research was more focused on specific needs at the local level. The new variety of lettuce was more resistant to the effects of extreme heat. There is now a company exporting the lettuce to the U.S. and even growing it there in order to meet customer demand annually. It started with that research.

That research would've never happened in a scientific cluster, which requires the involvement of Canada's entire horticulture community. So it's necessary to refocus research on needs that are more specific than what is currently possible through scientific clusters.

• (1150)

[*English*]

**The Chair:** Thank you.

We're going to move over to the Liberals. We have Madame Lapointe for five minutes.

[*Translation*]

**Ms. Linda Lapointe:** Good morning. Welcome to the committee. Your remarks are very informative.

I represent the riding of Rivière-des-Mille-Îles, which is home to Deux-Montagnes, Saint-Eustache, Boisbriand and Rosemère. The maple syrup made in Saint-Eustache is some of the best in the country. I'm really glad you're here today. I spoke with the people from the Constantin sugar shack, which I'm sure you're familiar with, to ask them what they thought of the Trans-Pacific Partnership and the new market access.

You said Japan imposed a tariff of 17%, and Vietnam, a tariff of 3%. Are there other countries that would lower their tariffs on maple products?

**Mr. Simon Trépanier:** Are you referring to TPP countries or others?

**Ms. Linda Lapointe:** I'm referring to TPP countries.

**Mr. Simon Trépanier:** Currently, Canada's largest maple export market is Japan, which takes in between 6% and 10% of all Canadian maple exports. It's the priority market for Canada's processors and packagers.

It's also a country that Canada's maple cluster is investing in. Naturally, the other countries are not familiar with maple syrup since production is unique to North America. Through the AgriMarketing program, we really need to invest in those countries to expose them to maple syrup, teach them about its health benefits, and show them that it can be a substitute for sweeteners in the foods and recipes they make. Those efforts are under way. Japan is our biggest market for maple products. We also export to South Korea, albeit on a smaller scale, but I don't think South Korea is part of the TPP.

**Ms. Linda Lapointe:** Say the 17% tariff on imported maple syrup and maple products were eliminated. You said Canada already exports between 6% and 10% of its maple products to Japan. Have you calculated how much sales in Japan would increase if the tariff were eliminated?

**Mr. Simon Trépanier:** That's a great question. The spinoff would actually be indirect. Allow me to explain.

Would the consumer benefit from a lower price if the tariff were to disappear? Considering the number of intermediaries that necessarily play a role in exporting a product, it's not always a safe assumption that the price will go down. What we can assume, though, is that the intermediary may be in a position to do more marketing or better advertise the product thanks to the drop in cost price. We are assuming that, at the end of the day, the price will drop slightly for consumers and, by extension, lead to more sales.

**Ms. Linda Lapointe:** We certainly hope so.

Mr. Groleau, you brought up lettuce earlier. I'd like to know which company you were talking about and which variety of lettuce came out of the research.

Mr. Bourbeau, you talked about agricultural policy. Industrialized countries have different ways of supporting supply management or the industry in question. If you could choose one country that Canada should align itself with, which country would it be?

**Mr. Alain Bourbeau:** Thank you for your question.

Around the world, countries support their agricultural industries in one of two ways: through funding or through regulation. Unfortunately, the funding approach doesn't work. In recent decades,

the U.S. and Europe adopted funding-based approaches, subsidizing their producers. These are domestic support policies. To a certain extent, domestic support has the same effect that a tariff does. If a country's producers don't make very much because their products are sold at a low price, but their losses are offset by domestic support measures and subsidies, they can tolerate the situation. When a product fetches a low price in a given country, it makes it difficult for exporters to penetrate the market because they have to charge an even lower price for the same product. To some extent, domestic support constitutes a market entry barrier that is equivalent to a tariff. A tariff is a barrier to market entry. These are two different ways to achieve the same objective. That's what Mr. Groleau was describing earlier.

If you're asking me which country we should align ourselves with, I would definitely say one that uses the regulatory approach. That is the approach we have taken in Canada, and it seeks to duplicate a well-functioning market. A properly functioning market balances supply and demand, eliminating the need to manage oversupply. That's the most common problem encountered by industrial farmers. We're caught between overproduction cycles, which result in very low prices and which we are currently experiencing, and shortage cycles, which result in very high prices. The yo-yo effect produced by rising and decreasing prices leads to resources not being used properly and products not necessarily being available when they should be.

Supply management endeavours to reproduce an effective market, in that it maintains a balance between what is needed to meet market demand and what resources need to be leveraged for production. It cuts down on waste and creates price and income stability. That is the clear choice, and the facts bear that out.

• (1155)

[English]

**The Chair:** Thank you.

That wraps up Ms. Lapointe's time. It is well over.

We are going to move over to the NDP.

Ms. Ramsey, you have five minutes.

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

Monsieur Bourbeau, the Quebec federation of milk producers says that its members make approximately \$39,000 in average annual income, so these are small business operators.

Can you please tell us what type of loss you predict for these farmers under the signing of the TPP?

[Translation]

**Mr. Alain Bourbeau:** There is no doubt that a farm operator in Quebec makes slightly less than the Canadian average. As a result of the Canada-EU trade deal and the TPP, Quebec farms will lose an average of some \$30,000 a year on a recurring basis. Given the gradual implementation of the TPP over five years, the loss to farmers will be gradual as well, but at the end of the day, it will amount to about \$30,000 a year per farm.

[English]

**Ms. Tracey Ramsey:** That is basically the end of those farms being able to produce anything. I will just say that it puts farmers' livelihood at risk. I think that is fair enough to say.

We have talked about compensation, but whether or not the compensation is on the table at this point is unclear. The current government has said that it will have consultations again with the dairy producers. We don't know what the outcome of that will be.

Say, for instance, that the previous government's amount applies. We are talking about a decade of coverage. After that decade, where will Quebec dairy producers be, with the compensation money gone and continuing on in the TPP?

[Translation]

**Mr. Alain Bourbeau:** The coverage offered under the programs announced in October lasts for 15 or so years. In order to offset their losses, producers are essentially going to be underpaid. One of the features of agriculture is the poor mobility of resources. It's not easy for farmers to disinvest from one sector in order to reinvest in another. First, it takes a significant amount of capital. In order to generate a single dollar of income, a farmer can easily spend \$7 or \$8. So it's very difficult to move capital.

Second, the heritage value of farms is clear. Oftentimes, a farming operation has been in the family for two, three, four, five, or six generations. Operators will put up with undercompensation for long periods before they decide to leave the sector. They may not leave right away after that period of time, but their economic conditions will deteriorate, preventing them from investing in technologies or improving efficiency. In that sense, then, the ability of our farms to compete is at risk.

[English]

**Ms. Tracey Ramsey:** I come from a rural riding, an agricultural riding in Essex in southwestern Ontario, and it's not only about the heritage of the farms but also about food sovereignty and being able to have access. If those farms disappear, we won't have access to local dairy products and local milk anymore in our communities, and that's something that Canadians hold very dear. We take this very seriously.

Monsieur Groleau, you brought us a message of caution today on things we're not doing well at this particular point. We're entering into an agreement of this magnitude without having those things basically stable in terms of the Canadian government being lax on imports. R and D is down. The SMEs aren't able to access.... These are things we hear from many presenters to this committee.

How are we positioning ourselves to enter into an agreement that we are not prepared to be players in?

I just wonder if you can expand your thoughts a bit on where we could see ourselves. You mentioned other countries, I think the U.S. and Japan, that are very well positioned to be able to do these things. You know, we could end up losing greater market share than we have under the current agreements that we have.

● (1200)

[Translation]

**Mr. Marcel Groleau:** Actually, because Canada isn't a very competitive country, I think we are lucky to have the U.S. as our neighbour and its market so accessible to us. For example, the falling price of oil has had a significant impact on the entire Canadian economy, and our manufacturing companies aren't even able to pick up the slack despite the low loonie. That makes our ability to compete in a global marketplace even more uncertain.

The Americans are very protectionist in certain areas, including agriculture. The example I often give is this. We buy Florida oranges, and once they go through customs, they can't be sent back to Florida. They have to stay in Canada. That's pretty clear. And yet, we let American companies that import Canadian poultry take advantage of tariff exemptions when they export that same poultry back to Canada four years later. We have no idea which products it will turn up in or who will do the checking. When I talked about Canada's soft approach, this is what I was talking about.

It's clear to my mind that we are beginning to suffer the consequences of underinvesting in research. That's what I was saying earlier. The fact that Vegpro's product is on the market today is thanks to the variety of lettuce it developed.

[English]

**The Chair:** Sorry. Just wrap it up.

We're going to move over to the Liberals and Mr. Peterson for five minutes.

[Translation]

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

I'd like to thank the witnesses for taking part in our meeting today.

I want to talk about maple syrup, a product my son is a huge fan of.

[English]

Are we competing with other nations that produce maple syrup, or do we have a unique market niche?

**Mr. Simon Trépanier:** Canada produces about 90% of all the maple syrup in the world. The other production is in the United States. There are about 15 states in the U.S. producing maple syrup.

The economy of maple syrup in Canada is completely different from what is going on in the United States. Producers in the States are looking to fulfill their own local markets. Canadians want to export because our population is only 35 million. We are producing for us first, but for other countries too. Between 80% and 90% of Canadian production is exported. Our maple syrup economy is completely different from the one in the U.S.

We have to rely on other markets, then. They're developing their own taps for their own market, so we have to work on other markets, such as the ones that will sign the TPP.

**Mr. Kyle Peterson:** I think the product is a bit unique compared to others. We heard from the cattlemen when we were out west, and they're competing with Australia and other producers in these markets. It seems to me that you don't have that sort of competition in some of these target markets, such as Australia, Vietnam, New Zealand, and Japan.

How would the reduction in tariff open up that market? It seems to me that you already have that market, because there are no other competitors. Would you be able to offer the product at a lower price? Would that be the benefit? Would there be value added here in Canada and Quebec that would make it beneficial to Canada?

• (1205)

**Mr. Simon Trépanier:** Maple syrup is not cheap sugar compared to other ones, for sure. Compared to honey, for example, it's about the same price, depending on the quality. In those markets, we have a very competitive price. With lower tariffs, we're going to gain in those markets, for sure.

We have to be concerned about one thing. As Canadians, we all know what maple syrup is. When we go to other countries, sometimes we see on the shelves in grocery stores bottles labelled "maple syrup", but it's not maple syrup. It's corn syrup. That's especially in China. Everybody's saying "Let's go to China", but it's probably the worst place to invest in marketing and promotion, because basically we would be helping the United States corn producers who produce corn syrup to export it there and put the maple syrup label on it.

We have to be very careful about developing those new markets, for sure, and that's why we are working with the Americans to protect the maple syrup name in the Codex Alimentarius, which is the UN booklet defining and describing foods. It defines, for example, what is milk and what is honey. We would like to work with the federal government to make sure that maple syrup is going to be listed in the commodities that are available in the world.

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

Monsieur Bourbeau, in your deck there's a comparison to Australia, which deregulated its dairy sector with grave consequences. Do you feel that the TPP keeps your sector regulated, or is there some deregulation contained within the TPP?

[Translation]

**Mr. Alain Bourbeau:** We realize the Canadian government made a very laudable effort to keep the supply management system intact. Let's not forget, supply management is an agricultural policy, and because of that, its key levers were maintained. As Marcel pointed out earlier, one of the things that makes this regulatory approach so effective is the strict border control it provides for. Ms. Lapointe asked me about that.

The other countries we deal with are very serious when it comes to import controls, especially on food products. Yes, the supply management policy remains intact and that can continue under the TPP, provided that the Canadian government delivers on its promise to make sure that the trade agreements it signs are fully respected and that the product volumes coming into Canada are limited to what is set out in the agreements.

Bear in mind that Canada is one of the most open dairy-producing markets in the world. We import a lot more dairy products than the Europeans or the Americans. They import very few dairy products because they have such generous domestic support policies in place, and those policies, strictly speaking, constitute a barrier to market entry.

[English]

**The Chair:** That's it, Mr. Peterson. That wraps up your time and finishes the first panel.

We're going to the second panel now, starting with the Liberals for five minutes.

Madam Ludwig.

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

I represent the riding of New Brunswick Southwest. We too have delicious maple syrup.

**Voices:** Oh, oh!

**Ms. Karen Ludwig:** On that, in terms of the research and development, how much has been done on product modification? Beyond a bottle of maple syrup, you've talked about sugar and the health consciousness and benefits of that. Can it be granulated? Can it be cubed? Is there much work in that area?

**Mr. Simon Trépanier:** Basically, about 10 years ago, the Quebec federation of maple syrup started to work with other associations in Canada in Nova Scotia, New Brunswick, and Ontario. We had a lot of subsidies from the federal level through agri-marketing and agri-investment to make sure that we... At first, we knew that maple syrup was composed of sugar and water, but there was also 2% or 3% of something we didn't know. That is why we invested. It was to find out about the health benefits, which we did find in maple syrup. We hired one of the biggest specialists in North America when it comes to antioxidants and polyphenols. His name is Dr. Seeram, from the University of Rhode Island.

At first, the federal people asked us why we were hiring somebody in the U.S. to do research on Canadian maple syrup. Basically, he found about 60 to 70 antioxidants and polyphenols. He is a specialist in those compounds in food. He did work with blueberry, raspberry, and strawberry associations throughout North America. That is why he has credibility.

When he found what he found, we did some marketing with those issues.

Selling sugar in 2016 in developed countries is very difficult, because we are talking about diabetes problems and weight problems in our populations. How can we convince new consumers to buy sugar? People won't stop buying sugar, but if you give them a better choice, especially a Canadian one, why not? That is why we did invest, with the Government of Canada, in those types of research.

It is not over, because we used that research to do marketing and promotions, but in the end, we also have to find other ways to bring the news.

It worked in the past. Look at last year, 2015, which was a record year for the export of maple syrup to the world. We are quite sure that it was because we invested.

One problem we had a few years ago was that the previous government asked us to invest in marketing in new countries, especially the ones from the BRIC. When we compared those four countries, we chose to invest in India.

To start working with a new country where nobody knows about maple syrup was very difficult. Sometimes it is better to invest in countries that already know what maple syrup is, because it is easier to double the consumption with consumers who already know the product than with consumers who don't know about the product at all.

•(1210)

**Ms. Karen Ludwig:** To add to that question, do you ever partner or work in co-marketing with other industries? For example, when we were in the west, we heard from the pulse associations. They also promote their product in terms of the health benefits.

Is there an opportunity, or have you pursued the opportunity, of working together with a market in the agri-food area in co-marketing for health benefits, especially in a market like Japan, with a growing middle class?

**Mr. Simon Trépanier:** We did not talk to other commodities, but maybe it can be done. One thing that is quite certain is that in Canada, because 90% of the maple syrup is coming from Quebec, the other associations don't have much money to invest. They did not invest much. They are all doing some marketing in their own provinces, their own jurisdictions, but when we are talking about investing in promotion elsewhere, they don't have enough producers to pay for that.

That is why, in the end, it is difficult to have a strong Canadian maple syrup group.

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

My next question is for Mr. Groleau. It is quick.

**The Chair:** It would have to be very quick.

**Ms. Karen Ludwig:** When do you foresee a Quebec market in terms of growing hydroponic lettuce and other produce?

[Translation]

**Mr. Marcel Groleau:** Greenhouse production in Quebec is growing. While not necessarily hydroponic, production is increasingly focused on organics, so it's organic greenhouse production. Right now, the demand for organic products is higher than the demand for hydroponic products.

[English]

**The Chair:** Thank you.

We are going to move over to the Conservatives.

Mr. Van Kesteren, you are up for five minutes.

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

Thank you all for being here. This is very informative. I didn't know that about maple syrup. It's interesting.

We too have a large collection of greenhouses in Leamington—I'm sure you're aware of that—that I understand there's a new market for those products.

I guess I'm a little bit of a hippie farmer. I'm actually not a farmer by trade, but I have a small farm and I do enjoy it. I wish I could just live on a farm, as well.

I have an affinity and I have a little bit of sympathy for what you're saying, Mr. Bourbeau, with regard to the dairy industry. I have to tell you, too, that my oldest son would go into dairy in a heartbeat, if he could. One thing stops him, and that, of course, is the quota system.

In light of that, I know our former agriculture minister—he's a member of this committee but couldn't be with us this morning—would always point out that when we came into power in 2006, there was a crisis in agriculture. Agriculture was defined as waiting for the cheque in the mailbox. Farmers really did need that support. We made a conscious effort as a government to move that direction away from support and toward the marketplace. We've been, I think, fairly successful, but not in dairy, it appears. At least that's what you're telling me, and that's what I'm hearing as well.

First, how can we move the dairy industry so that it reflects more of what's happening in the rest of agriculture? For instance, in Mr. Hoback's part of the world with the grains, and in my part of the world with the grains and also some of the vegetables, we've seen... I'm not saying no challenges, but there's a renewed optimism and there's a vision that there's so much potential and we're seeing so much innovation. How can we see that same result in the dairy industry?

Second, how can we give people like my son the opportunity to get into the dairy industry and somehow bypass that enormous cost of supply management?

•(1215)

[Translation]

**Mr. Alain Bourbeau:** Thank you for your question.

As I was saying earlier, agriculture is a very capital-intensive sector. To produce \$1 in income, you easily have to invest \$7 or \$8. This is not like in the service sector where you can start a company with a few dollars.

The Canadian dairy sector is marked by its great stability. I invite you to look at the document I submitted to you. In appendix 2, one of the tables shows how farm prices in Canada are behaving in comparison to those in the United States. The diagram shows the characteristics of the Canadian dairy sector and the American dairy sector. On the Canadian side, the producers' income is very stable. On the American side, it is very unstable. For business people, instability means a lot of risk. If production prices are unstable, your son will have much more difficulty obtaining financing because his income is no longer predictable. In addition, when risk is high, interest rates are very high. So we have to consider the Canadian supply management system essentially as a way of managing risk.

As for innovation, I have to insist that, in the last 30 years, the system has been constantly evolving. There is often a tendency to think that it has remained static but, each year, the industry makes great efforts to come together. We bring together discussion groups and we also have ways to come together with our buyers on the topic of production on a Canadian scale. So there is interaction. We ourselves are investing in research, in collaboration with universities. In Quebec, the major processors are particularly involved in research. That cohesiveness is where a lot of innovation starts. From that perspective, the Canadian dairy sector compares very favourably to other dairy sectors around the world. It truly is characterized by the predictability and the stability of its income, factors that contribute to its development.

In conclusion, I would say that we need all the various forms of agriculture in the world in order to meet the needs of the population in the coming decades. They cannot all have the same model as American agriculture or New Zealand agriculture. We need agriculture such as we have in Canada, distributed over the huge territory of a big country. If we want that agriculture to survive, we need an agricultural policy like the one currently in place.

• (1220)

[English]

**The Chair:** Thank you, sir. We have two short sessions now.

You have three minutes, Madam Lapointe.

[Translation]

**Ms. Linda Lapointe:** Thank you very much, Mr. Chair.

Mr. Groleau, my question to you ties in with what Mr. Bourbeau said.

Earlier, you talked about the OECD and said that investments in research and development had gone from 2.16% to 2.37% while Canada's investment had gone down. I can't remember over how many years anymore.

In other countries, has there also been a reduction in research and development investments? Is Canada the only country to have reduced its investments in this area?

**Mr. Marcel Groleau:** The 2.16% to 2.37% figures represent the average of OECD countries, which includes 30 or so countries, if not more. It is quite a significant group of countries. In Canada, investment went from 1.99% to 1.61% between 2004 and 2014. That is substantial.

More concretely, I explained that, given the size of our agri-food sector, if we want to catch up to the OECD average, Quebec would have to invest \$85 million more per year in research and development. That is for Quebec only; I do not have the figures for Canada. For Canada, it is at least three or four times that amount.

**Ms. Linda Lapointe:** I had that figure.

You talk about the OECD average, but we are not able to say whether any other countries have done what we did and dropped—

**Mr. Marcel Groleau:** Europe and the United States especially are investing much more than we are in research and development. Canada made the choice a few years ago to reduce investment in this area. A number of research centres and experimental farms were closed and the activities in other centres were significantly reduced. Clearly, there are long-term repercussions on the productivity of the companies, which depend on the research done in those places.

The research farms were strategically located. For example, in Kapuskasing, one farm was conducting research specifically focused on production in the north and on ways to improve productivity under those conditions. Other research was taking place more in the dairy sector. Those farms play an important role and their support has been greatly reduced.

**Ms. Linda Lapointe:** Thank you very much.

This is very interesting and gives us ideas for solutions. In fact you are all giving possible solutions. I am pleased to hear that you were consulted when the negotiations took place. We have heard from a number of witnesses, the majority of whom have told us that they were not invited to provide their points of view at the outset.

**Mr. Marcel Groleau:** We have always been very close to the negotiators. It is also every group's responsibility to become involved and to invite the negotiators to provide information on the status of the negotiations. It is everyone's responsibility.

Another element is at play in import control. This is this reciprocity of standards. More and more, Canadians have societal requirements. They are in areas like animal welfare, the environment, the workers, the minimum wage, and so on. We do not impose any reciprocity of our societal norms on the products we import. That makes things more and more difficult.

Take milk-fed veal, for example. Under the agreement with Europe, Canada is going to import more meat from Europe. The Dutch are very big in milk-fed veal. They have already opened offices in Montreal. The same calf in Canada costs \$150 in order to be competitive with the Dutch in our market, especially the American market. However, the Dutch have access to antibiotics that are banned in Canada and they continue to use them. But we are going to import that veal as if there were no issue.

I could give you other examples. There is American pork coming into our market. There are also strawberries from California where they use fungicides that are prohibited here. This is all going to be providing competition in our markets. There really is a problem with the reciprocity of standards, and we are not even talking about animal welfare, and things like that.

I am asking the committee to look into this matter because it is really important.

•(1225)

[English]

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

We're going to move over to Mr. Hoback.

**Mr. Randy Hoback:** Thank you, Chair, and thank you, panel.

Maple syrup excites me, and that is the reason I say, Chair, that we should talk to Tim Hortons and accept their apology about not having maple syrup, and maple syrup blend, with the iced cappuccino. We should write a letter to Tim Hortons on that for sure.

I have a quick story before my question. I was down in South America. I used to work for Case on the New Holland side, and I took maple syrup with me as a gift wherever I went. There was one sugar cane farmer just outside of Ribeirão Preto, and I gave him a bottle of maple syrup. He didn't know what it was. He wasn't sure. He asked what he should do with it, and I said, "Well, put it in your coffee". Two weeks later he emailed me and asked if I could send him some more of that maple syrup because he didn't like his sugar anymore and wanted maple syrup in his coffee.

I look at that, and I see all the examples of where we can use that as a sweetener around the world and how people embrace it. I think the industry is an untapped gem that has lots to go to. That's my little story about maple syrup. When I travel I take salmon, maple syrup, and of course blueberries from Saskatchewan, or Saskatoon berries, with me to give away as gifts.

To finish off with a question, I want to stress the importance of this deal with the dairy sector and the compensation factor. You talked about the impact it's going to have on your sector and on the smaller farms especially. You really laid out the argument to have a proper compensation package, because they are going to get hurt, and I think it's the responsibility of government to mitigate that loss as much as it possibly can.

As a final word—because I know the chair is going to cut me off here quickly—how important is that compensation, and not seeing it in the budget, and not knowing if it's there? How alarming is it to you and your producers that it may not be coming?

[Translation]

**Mr. Alain Bourbeau:** Thank you for your question.

Actually, our members were very concerned when they found out that those programs, announced in October, would not be implemented. We are told that they are not cancelled, but they are being reviewed. Our president, Mr. Letendre, and myself were invited to take part in a consultation at the end of January or the beginning of February. On that occasion, we were shown the basis on which those programs were designed. We were asked to submit our comments, which we did. We were told that a report would be produced at the end of February or the beginning of March. As yet, we have received nothing.

You are right; it is a major concern for us, because these agreements are going to be ratified, probably in the coming year. In the case of the CETA, we are talking about 2016, with the first imports supposed to be arriving here in 2017. The timeline for the TPP is similar.

Apart from the compensation, something else may be very disruptive for the industry. We do not know how the additional tariff quotas are going to be administered. We would also like to get information from the government as quickly as possible. We would like to know who is going to be holding those tariffs, how they will be administered and how it will all be managed and distributed, so that we can try and minimize the impact on the stability of the industry.

So, yes, we are very concerned about the lack of any signals. We hope to receive them as quickly as possible

[English]

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

That wraps up our third panel. I thank all the guests for coming here and for the good information when you were going back and forth with the MPs.

We will break for half an hour and then come back at one o'clock. I still encourage those of you in the audience who want to say a few words or make comments in our last panel to register at the front.

Thank you very much.

•(1225)

(Pause)

•(1300)

**The Chair:** We're going to get started with our final panel from Montreal. We're continuing our House of Commons trade committee's consultation process on the TPP.

For our last panel, we have Bombardier, the Conseil de la transformation alimentaire du Québec, and Enerkem.

From Bombardier, we have Pierre Seïn Pyun. Welcome.

Sir, you may start. You have five minutes to give us your take on the TPP.

**Mr. Pierre Seïn Pyun (Vice-President, Government Affairs, Bombardier Inc.):** Thank you, Mr. Chair.

I propose to make my comments in both official languages, if that's okay with you.

[Translation]

I will give my presentation partly in French and partly in English.

Thank you for giving us the opportunity to offer you our perspectives on the Asia-Pacific region and, more specifically, on the Trans-Pacific Partnership agreement.

[English]

I would like to thank you for the opportunity to present to you our perspectives on the trans-Pacific partnership.

I thought that before doing so, I could say just a few broad words on Bombardier.

As you know, Bombardier is headquartered here in Montreal. Actually, our corporate office is located just next door. We're the only manufacturer of both planes and trains.

We have four business units. Bombardier Transportation is our rail division. We also have three business units on the aerospace side of our business, namely business aircraft, commercial aircraft, and aerostructures and engineering. Our two sectors of activity, aerospace and rail, are about the same size in terms of the number of employees.

We have around 70,000 employees around the world, including 24,000 employees here in Canada, and it's the same in terms of revenues generated by those two sectors, aerospace and rail transportation.

I think from our perspective, we should look at the TPP in the broader context of growth and opportunities in Asia. There's no question for us. Asia-Pacific is a growing region, a very significant market. Currently we derive around 13% of our revenues from the Asia-Pacific region. We have around 3,500 employees in the Asia-Pacific region, and we have a significant presence in almost every TPP country. Of course, that would include the U.S. and Mexico.

I won't go into a lot of details, but in the U.S. we have around 6,000 employees, four manufacturing sites, numerous service centres, and a large number of suppliers in almost every state of the U.S.

In Mexico, we have around 3,500 employees. We have manufacturing sites for both rail and aerospace.

In Australia, we have around 1,000 employees. We have a very strong rail presence, with manufacturing and service sites in Dandenong in Melbourne and also Brisbane. We have over 200 aircraft in operation in Australia. They are commercial and business aircraft.

We have a strong presence in Singapore as well, with around 200 employees. It's our service hub for aerospace for the region, with a maintenance centre that we own and operate in Singapore, and we've been involved in metro and signalling projects.

Malaysia is the regional headquarters for our systems division in rail. It's based in Malaysia. We have close to 100 employees and we've been involved in transit projects for Kuala Lumpur airport through the Kelana Jaya line in Kuala Lumpur, just to give you a couple of examples.

The numbers in our market forecast for the region across our business unit are quite staggering. For rail transportation, we anticipate, in the next three years, a market around the size of—in terms of accessible market—\$24 billion U.S., and that would include rolling stock projects, signalling projects, and services projects.

For commercial aircraft between 60 and 150 seats, the categories in which Bombardier competes, we anticipate in the next 20 years a market for around 1,100 aircraft in the region, and that excludes China and India. For business aircraft, we anticipate a market of around 350 business aircraft in the next 10 years in the region. Again, that forecast excludes China and India. We have separate numbers for those countries.

Certainly for us there are very significant drivers for the market in the region, and I will name two: the growth of the middle class and the urbanization rate in the Asia-Pacific region. According to some sources, by 2050 Asia will have 50% of the world's population and

50% of its GDP. Of course, air traffic growth tracks very close to GDP growth, and with urbanization, you of course have increasing demand for urban transit projects, including rail projects.

Currently the U.S. and Europe represent close to 60% of air traffic in revenue passenger kilometres, but there will be a shift in the years to come, and Asia is expected to become the first region in terms of air traffic growth by 2030, using the same measure.

Of course, currently there is softness in some of those countries. I mean, China has a new normal growth rate of around 7% or 6% instead of the double-digit growth that we've seen in the last years, but looking at the long term prospects, I think the projections are still extremely impressive in terms of growth in the region. The economy is certainly shifting from an investment—

● (1305)

**The Chair:** If you want to wrap it up, we'd appreciate it.

**Mr. Pierre Sein Pyun:** The economy is shifting from an investment-led trade-focused one to a consumption-led one.

I'm going to conclude my opening remarks by giving some broad views about the TPP.

We certainly welcome the TPP. We believe the areas covered are quite exhaustive and reflect the realities of the current economy, which is very much knowledge-based.

I was trying to demonstrate our presence in the region. We do more than export goods from Canada to the region. We have invested in the region. We're participating in value chains in the region. We're providing services in the region. We're also employing people in the region. Our relationship with the region is multi-faceted.

I think the TPP negotiators have placed a significant emphasis on new and emerging trade challenges. You can look at the areas covered: non-tariff barriers to trade, state-owned enterprises, regulatory coherence, digital economies, intellectual property, goods and services, investment, dispute settlements, bribery and corruption, culture, trade and environment, electronic commerce, corporate social responsibility, and government procurement. There are many areas already present that will help in providing a supportive framework in the region for a company like Bombardier to continue to grow going forward.

● (1310)

[*Translation*]

I will wrap up there, and, if you have any questions, I will be pleased to answer them. Thank you.

[*English*]

**The Chair:** Thank you very much. It's very impressive how much your company does around the world.

We're going to move to Marie-Hélène Labrie.



Please go ahead. You have five minutes.

**Ms. Marie-Hélène Labrie (Senior Vice-President, Government Affairs and Communications, Enerkem):** I'll give my remarks in both French and English.

[*Translation*]

Thank you very much for inviting us to give our point of view about the Trans-Pacific Partnership agreement.

Enerkem is a technology-based SME that produces biofuels and green chemicals from waste materials. With our exclusive, clean technology, we convert those non-recyclable waste products into methanol, ethanol and other secondary chemicals that can be used in everyday products. Enerkem has its headquarters in Montreal, a full-scale commercial plant in Alberta and a demonstration facility and pilot plant in Quebec.

The company is currently developing biorefineries in Canada and elsewhere in the world using its modular fabrication approach. Enerkem's technology and plants contribute to the diversification of the energy supply, to the reduction of greenhouse gases and to the manufacture of greener products, while providing an alternative to landfilling and incineration. We are also proud that we were selected by the World Intellectual Property Organization, at France's Institut national de la propriété industrielle, to take part in Solutions COP21 in Paris, an event that highlights innovative solutions in the fight against climate change from all around the world. Enerkem was invited to represent Canada.

Enerkem is just beginning its commercialization stage. Our plan for growth involves exporting our products and our technology to selected countries. With a view to partnerships in order to develop Enerkem plants overseas, therefore, we are interested in the agreement and its impact on green technology companies like ours.

[*English*]

Enerkem is currently in discussions with customers abroad interested in buying our products, and we're also developing partnerships to build Enerkem's facilities abroad. Many of the countries included in the TPP are looking for clean technologies that will enable them to achieve their greenhouse gas emission reductions goals and help transition to a greener economy.

We support the TPP because it opens key markets for the development of Enerkem's projects by facilitating the export of Enerkem Canadian manufactured technology to these markets.

Enerkem's modular and standardized approach to building facilities involves manufacturing many prefabricated modules in Canada and shipping them to the site of the facility we plan to build in partnership with key local industrial partners. Several prospective locations in Enerkem's expansion plan are located in countries that have signed the TPP.

The reduction in tariffs, combined with the robust provisions the TPP is expected to offer on the protection and enforcement of intellectual property, will be key in supporting our international growth strategy. We understand that these IP-related provisions will provide greater confidence when entering markets and exporting our proprietary technology.

Enerkem has begun production at its full-scale commercial facility in Edmonton, Alberta. We will also break ground on our second commercial facility in Varennes, Quebec, in the coming months. Both of these pioneering facilities will have the ability to produce biofuels and green chemicals, which can be sold locally or exported to international markets, where they yield a higher value, given their favourable carbon footprint.

By reducing tariffs, the TPP will facilitate Enerkem's access to these markets and their associated premiums. This access will provide Enerkem with the opportunity to better compete globally. Opening key markets for the sale of Canadian-produced green chemicals is another reason we support the TPP.

● (1315)

[*Translation*]

If we understand it correctly, there is nothing about the energy sector in the agreement. It is not clear whether biofuels are included.

Biofuels are chemical products used as a source of energy in our vehicles in order to reduce GHGs and the dependence on petroleum, and to diversify fuel sources. We feel that it would be desirable for biofuels to also be part of the agreement, because a number of countries have legislation requiring a minimum amount of renewable fuel in gasoline. Some of them are parties to the agreement. They may represent useful markets for Enerkem and other Canadian biofuel producers.

The United States is the prime export market for biofuels today. That being the case, it is important for Canada to be more competitive with its policies on advanced biofuels. These new-generation biofuel, such as those Enerkem produces, use non-conventional raw materials—they do not use corn to produce ethanol, for example—and look to innovative technologies to convert those materials into biofuels. Canada is a little behind in this; a number of countries offer a more favourable environment for investment in this growth sector, through the tax system or by other means. So Enerkem will continue to make its vision known to the government in the coming months.

In conclusion, Enerkem is in favour of the Trans-Pacific Partnership agreement because it opens more markets for Enerkem, whose clean technology and green products are in demand in those countries and because it should help to protect our intellectual property to a greater extent when we build plants abroad. Thank you very much.

[*English*]

**The Chair:** Thank you, and thank you for being concise with your time.

Joining us is another group of witnesses. From the Conseil de la transformation alimentaire du Québec, we have Sylvie Cloutier and André Coutu. Welcome, both of you.

You have five minutes for your submission to our panel.

**Mrs. Sylvie Cloutier (Chief Executive Officer, Conseil de la transformation alimentaire du Québec):** Thank you very much.  
[Translation]

Thank you for inviting us and for giving us the opportunity to provide you with our point of view about the TPP.

The food industry is the largest in Quebec. Its output is in the order of \$24 billion and it represents 16% of manufacturing shipments. It is also the largest manufacturing sector in Quebec, with shipments totalling \$105 billion, representing 17% of manufacturing shipments and 2% of Canada's gross domestic product. It also employs 246,000 Canadians.

The sector is also the largest manufacturing employer in Quebec, with 62,000 direct jobs and 100,000 indirect jobs, distributed among 1,600 companies.

The sector's exports were in the order of \$7.5 billion in 2015. Quebec's trade balance in the area has remained positive for 15 or so years, except for 2009. However, imports reached \$7 billion in 2015 and are increasing annually, with an ever-greater proportion of processed products.

Globalization and the opening of markets bring with them huge opportunities for the Quebec and Canadian food processing industries. The growth of cross-border business is indispensable for the food processing industry if it wants to remain competitive, dynamic, successful, and profitable.

The Trans-Pacific Partnership will provide Canadian companies with easier access to a market of some 800 million consumers, or almost 40% of the world's economy. Following in the footsteps of the agreements with the European Union and South Korea, the TPP will greatly enhance Canada's presence in international markets, the most significant way in which companies can hope to grow. Canada must be part of this partnership; without it, Canadian companies would be at a major disadvantage. Canada must remain an economic player of primary importance in a globalized market that is more and more competitive.

The Conseil de la transformation alimentaire du Québec, CTAQ, believes that the TPP is potentially very beneficial. The future of the food sector depends directly for its growth on our ability to export.

Thank you. I will now make way for my colleague.

• (1320)

**Mr. André Coutu (Chief Executive Officer of the Agri-Food Export Group Québec-Canada, Conseil de la transformation alimentaire du Québec):** Good afternoon. Please excuse us for being late. We were half way through a club sandwich downstairs when the clerk told us that we had to come up. So here we are.

My name is André Coutu. I represent the Groupe Export Agroalimentaire Québec-Canada, which specializes in agri-food. In Quebec, we have 400 companies in the sector. We are certainly the Government of Quebec's "muscle" in terms of exports. We also hold shares in SIAL Canada, SIAL Montreal and SIAL Toronto. Those are major international agri-food showcases.

I have prepared a summary of our 2015 manufacturing sales in Canada. It will only take a few minutes.

On page 2, you can see that our foreign sales come to \$108 billion, with 24% of that going to Quebec, 42% to Ontario and 14% to Alberta.

The growth in food exports in Quebec added 2,050 jobs and \$474 million to the GDP in 2015. Clearly, it is a major source of job creation and revenue. So it will come as no surprise that the Groupe Export Agroalimentaire Québec-Canada is in favour of free-trade agreements, whether with Europe or with the rest of the world.

On page 4, you will see that Quebec's main exports come to \$7.5 billion in foreign sales, 72% of which come from the American market. We talk about the American market as if we dominate it, but that is not quite correct. We only know a small part of it. We have to continue our efforts in that market.

On the next page, you will see that Quebec's food imports, valued at \$7.5 billion, are increasing. We can thank our lucky stars that the United States saved our bacon, if you will, last year. Our sales to that country increased by 23% last year, while our sales to the rest of the world decreased by 20%. For the European Union, the decrease was 54%, as a result of which we are accumulating a huge deficit; for Japan, it was about 9%.

On page 6, you can see that our trade deficit with Europe is now up to \$1.7 billion. So it is important that we look for new ways to counter that trend. I will come back to that later.

[English]

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

You're joined here by Raymond Dupuis.

**Mr. André Coutu:** Yes. Raymond is our vice-president and also an economist with Groupe Export.

**The Chair:** Welcome also, sir.

That wraps up the presentations from the witnesses.

We'll start off with a round of questioning and dialogue with the MPs. Monsieur Lebel will start off for the Conservatives.

Monsieur Lebel, you have five minutes.

[Translation]

**Hon. Denis Lebel:** Thank you, Mr. Chair.

Ladies and gentlemen, thank you for joining us this afternoon.

First, I must apologize for the fact that I am going to have to leave. This is not for lack of interest, but because of another meeting in Quebec City at 4:00 p.m. I am grateful to those who allowed me to be at this table. I have enjoyed it very much.

With that out of the way, Ms. Labrie, earlier, you talked about an agreement on biofuels. We agree that it is important for us to sign it. For the United States, we are talking about 72% in one area and 75% in another. We cannot be left out of a global market that includes the Americans. The United States has 350 million people and we only have 35 million. We have always worked in the best interests of Canadians and we are going to continue doing so.

You talked about biofuels earlier. If the agreement is not quite clear, what do you recommend we add, so that the work is done right?

**Ms. Marie-Hélène Labrie:** We already have a free-trade agreement. As for biofuels, the goods move very easily from country to country.

Perhaps what I was talking about did not fall within the agreement. Now that we have solved the problem of access to this market, there is an imbalance in the policies on new biofuels at three levels.

The United States has specific legislation on cellulosic biofuel set out in the renewable fuel standard program. Thanks to the Conservative government, we have federal regulations that established the federal standard of a minimum of 5% ethanol in gasoline. However, we have not established a distinction between the new generations and conventional biofuels. A change is occurring elsewhere in the world toward new technologies that use different raw materials, namely, forestry and agriculture residues and waste materials, like we do. So there is an imbalance because we have an integrated biofuel market, but with different policies.

The second level has to do with tax incentives. In the United States, \$1.01 is given per gallon of cellulosic biofuel produced. So we are seeing that investments are increasingly going to the United States because there are these incentives to present this capital and to build an infrastructure to produce cellulosic biofuel.

At the third level, they have a lot of loan guarantee schemes to stimulate these capital investments by the private sector. What we're talking about here are industrial innovations and large factories.

Let's take the example of a factory like Enerkem in Edmonton. That's our factory. We're talking about a private investment of over \$100 million. These factors can be profitable, but they require a major capital investment. When we talk about new technologies, obviously, it's the stage we call the "valley of death". They reach the point of being ready to be put on the market, and the first factories are always more difficult to finance.

In this sense, perhaps it would be good to work with the free-trade agreement to ensure that there is no imbalance. That's really the holistic approach that I was presenting.

•(1325)

**Hon. Denis Lebel:** Mr. Pyun, I recently had the pleasure in the House of Commons of speaking about Bombardier and applauding them. I won't repeat what I said, but I want you to know that.

A little earlier, you gave a convincing presentation on Bombardier's importance for the global market and for the developing market. What would the impact be for your company if there was no agreement like this and if Canada did not have one, but your competitors did?

**Mr. Pierre Seïn Pyun:** As you mentioned, Bombardier is very focused on markets outside Canada. Canada is obviously an important market. It's our operations base, and it represents about 7% of our revenues. So market access is critical for a global company like Bombardier. Our competition is global. There are a few players in the rail sector and a few in the aerospace sector, but

they are big players. We are constantly going head to head with them no matter what market we are doing business in.

The value of the TPP for us is that of a base that can be expected to grow. That is how we understand it. Several areas are covered. There may be areas where we could grow more. I understand that there are defensive and offensive interests. I think a balance has been achieved, but it is certainly a good basis for growth.

It is sometimes difficult for companies to get a feel for that group of countries. For us, in fact, Canada's entry with NAFTA members was critical. We could not be excluded from that agreement. It's an opportunity to strengthen the North American platform and preserve our privileged access to the NAFTA market. There was definitely interest at that level.

Furthermore, I think things changed when Japan entered the agreement. There are offensive and defensive interests with respect to Japan. We are very active in the aerospace sector in Japan, but less so in the rail sector. We have about 70 regional aircraft in operation in Japan, and many of our clients are subsidiaries of All Nippon Airways and Japan Airlines.

The rail market is extremely competitive. We understand that some countries are interested in joining the TPP. They include Indonesia and territories like Taiwan and, possibly, China and India. So I think it's possible that this is becoming a model for trans-Pacific trade. We think that Canada cannot allow itself to be excluded from this group because of the potential it represents.

[English]

**The Chair:** Thank you. That wraps up your time, Mr. Lebel.

We're going to move over to the Liberals and Madam Lapointe. You have five minutes.

[Translation]

**Ms. Linda Lapointe:** I'd like to thank the witnesses for being with us today. I appreciate the fact that they all represent different interests, but that they all seem to agree.

Mr. Pyun, we have already met. You spoke about Bombardier, both about trains and aircraft. You said that a lot is invested in Asia. I imagine you see that there is an advantage to ensure that what is produced here in Canada is exported.

In your opinion, which division has the best market? Is it rail? Is it the C Series aircraft? What opportunities are there in this regard?

•(1330)

**Mr. Pierre Seïn Pyun:** I will give you a fairly simple answer.

In my opening comments, I mentioned that we were active in all activity sectors in Asia-Pacific. Obviously, if we look at countries individually, we are more active in rail. I gave the example of Japan, but there are other countries, including Australia, where we are active in both sectors.

When assessing the market projections for Asia-Pacific, whether for rail or commercial or business aircraft, the opportunities in the region are immense. I hesitate to identify one sector as having the most potential.

I mentioned the engines of growth in Asia-Pacific, that is the urbanization and growth of the middle class. The figures for the future are extremely impressive. The middle class will grow from two billion to five billion people by 2030. Asia will have 66% of the world's middle class population and will make up 59% of middle class consumption. These figures are currently 28% and 23%.

**Ms. Linda Lapointe:** Mr. Pyun, I am trying to share the time I have with the other witnesses.

**Mr. Pierre Seïn Pyun:** These are engines of growth for aerospace and rail transportation.

**Ms. Linda Lapointe:** I imagine that these will be engines of growth for everyone here in Canada. The growth of the middle class will be good for everyone.

Ms. Labrie, I would like to thank you for being with us today. What you are doing is very interesting.

You said earlier that the prospect was increasing since Asia is an enormous potential market. Do you have an idea of the market you are able to join? Have you done a study on what it might bring you in exports or investments in the region?

**Ms. Marie-Hélène Labrie:** Our business model is based on two things.

We try to develop factories in these countries. We are already in discussions with some industrial partners. Here, we are talking about exporting our technology and investing in partnership with local investors in some factories. Some countries are more favourable in this respect.

In general, the issue of waste management is an issue for all these countries. As for biofuels, seven countries that signed the TPP already have regulations on renewable biofuels. So there is already demand for our product.

Our model also enables us to manufacture in Canada and to sell and export our final product from our factories. For example, factories in Alberta might have an export market and a local market where our biofuels might be used to reduce Canada's greenhouse gas emissions. There might also be good markets for the export of our products. In that respect, seven of these countries represent a favourable market for the final product.

**Ms. Linda Lapointe:** Thank you.

Mr. Coutu and Mrs. Cloutier, welcome.

Five minutes to ask questions isn't much time.

I find the agri-food market very interesting. You should know that I worked in that area before getting into politics.

You spoke earlier about the Salon international de l'alimentation. I'd like to mention that I was quite involved in that previously. It's a great showcase for all our products and for everything we want to import. However, it's always important to make sure to have more exports.

Among the companies you represent and that export around the world, which ones and what kind are the most successful when it comes to exports? Is it related to certain products or how a company works to sell outside the country? Does it have to do with marketing?

[*English*]

**The Chair:** You only have half a minute, so let them answer the question.

You have half a minute to answer.

[*Translation*]

**Mr. André Coutu:** Certain sectors, like pork, for example, are bigger than others. It's one of the major exports. Maple syrup is also obviously an important platform. As surprising as this may seem, we export cocoa through Barry Callebaut in Saint-Hyacinthe. Soya is another big export abroad. We're talking about millions of dollars here.

What distinguishes one exporter from another are the human and financial resources. You need to have good goals for good markets, and you need to dedicate the time required.

• (1335)

**Mrs. Sylvie Cloutier:** Canada's reputation in agri-food is widely recognized around the world. This has particularly been the case in recent years with the crisis in Japan. Canadian products are seen as safe products and good to export. Canada has an enviable international reputation when it comes to food.

[*English*]

**The Chair:** Thank you. That wraps up the Liberals' time.

Now we're going to move on to the NDP. Madam Ramsey, you have five minutes.

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

Thank you for your presentations this morning.

Mr. Pyun, I want to ask a couple of questions. Of course, Bombardier is an amazing Canadian success story. You mentioned that we have 24,000 good-paying jobs here in Canada, and I know those are jobs that communities rely upon, that Canadians rely upon.

We've heard from the auto sector and from other manufacturers here. We had Ford Motor Company here saying they don't feel the TPP is a good deal. We have had labour representatives from many manufacturing organizations with the same message.

A concern that they have around the regional value chains is that they could be threatened by a move to lower-waged economies, such as Vietnam. We know that they make 52¢ an hour in Vietnam. You mentioned the opportunities to have plants in those countries. Our concern is that the jobs would move with them, right down the supply chain. It's cheaper to manufacture in those countries, but we don't want to see those jobs leave Canada.

Do you think that the TPP could create new jobs in Canada for Bombardier, or secure existing jobs?

**Mr. Pierre Seïñ Pyun:** For a global company like Bombardier competing against other global companies, we do believe strongly in developing global value chains. For us, it's not a zero-sum game for our operations here in Canada. When we invest in different countries, I think what we're trying to achieve is a network of operations where we can leverage the competitive—

**Ms. Tracey Ramsey:** But would it increase jobs here in Canada?

**Mr. Pierre Seïñ Pyun:** It could increase jobs here in Canada because in the last few years, since the beginning of the financial crisis in 2007 and the global recession in 2008, despite the fact that we had earlier announced a workforce reduction plan, we're still a net creator of employment. Unfortunately, when we create jobs at Bombardier, we don't issue press releases.

**Ms. Tracey Ramsey:** You should.

**Mr. Pierre Seïñ Pyun:** Maybe we should, yes. It's a good point.

It's more gradual. What I'm saying is it's not a zero-sum game. It's about becoming more competitive. We can leverage the competitive strength of different jurisdictions, and—

**Ms. Tracey Ramsey:** That is interesting. I think you probably have a lot to offer Canadian SMEs. They come before us and say that they're unable to do that in a real way and that there are challenges, so I think you probably have some mentoring to do with smaller businesses.

**Mr. Pierre Seïñ Pyun:** —they benefit our Canadian operations, because we do have competitive strengths here. I think that in the higher spots in the value chains, such as R and D and engineering work, there's a lot that Canada can do, and our operations here are already doing this.

**Ms. Tracey Ramsey:** From our perspective, we don't want to see any more jobs lost in Canada. That was the sense of my question.

I'm going to move on to Madame Labrie.

I want to say what a fascinating sector you bring to us. It's certainly the first time we've heard about this at this table. I know that my colleague was asking about what countries you might export to or invest in, but you mentioned that you have partnerships. My question is similar. Would this create jobs in Canada? How many employees do you have currently at Enerkem in Canada?

**Ms. Marie-Hélène Labrie:** We're an SME and we now have 200 employees in Quebec and Alberta. We see this as an opportunity to grow our manufacturing sector in Canada, because our model is based on prefabricating the key equipment in Canada for our international plants.

In that sense, this does not create jobs only at Enerkem. All the projects are being developed from Canada because the headquarters are in Montreal, but it's also throughout the value chain in managing procurement and developing all the engineering that is done for those plants.

It's a matter of creating more high-quality jobs here, but it also creates jobs in our manufacturing sector.

**Ms. Tracey Ramsey:** What are the tariffs that are currently applied to the Canadian biofuels that are exported to the TPP countries?

**Ms. Marie-Hélène Labrie:** I don't have the details on all the tariffs, but I was addressing the tariffs on exported goods, manufactured goods. In some of those countries there are tariffs, so it's not as easy to export these manufactured, prefabricated modules to develop facilities outside. It's really different from one country to another.

**Ms. Tracey Ramsey:** Are there any non-tariff barriers that exist? Are there any harmonization issues? We hear about phytosanitary requirements from agriculture and different industries. What are your non-tariff barriers that would exist even with the implementation of the TPP?

• (1340)

**Ms. Marie-Hélène Labrie:** I mentioned the U.S. earlier. Biofuels can move from one country to another easily; however, we have non-tariff barriers in the sense that they have an advanced biofuels RFS, a renewable fuel standard. They have tax incentives and they have accelerated depreciation that we don't have access to here for biofuels. Our accelerated depreciation for clean energy is only for electricity production. It excludes biofuels in Canada. They have that. They also have loan guarantee programs.

In that sense, this is what I was addressing in my remarks.

**The Chair:** You're right on time, Ms. Ramsey.

We're going to move over to the Liberals. Mr. Peterson, you have five minutes.

[*Translation*]

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

Thank you very much, ladies and gentlemen, for participating in our discussions today.

Mr. Pyun, I sometimes take the GO train to Union station from my riding in Newmarket—Aurora. It's a Bombardier train. I also take the Q400 aircraft to return to Ottawa. Of course,

[*English*]

your company plays a big role in our nation's economy, and it's great to hear how big and how global a footprint you have.

I have just a few questions.

Obviously you're committed to a global market. What markets within the TPP would be the most inviting for you, the most low-hanging fruit, if you were able to tap into those right away?

**Mr. Pierre Seïn Pyun:** I was saying that it's a diverse group of countries and that in most of these countries we are already quite active. I tried in my opening remarks to give you a sense of that.

It's hard to pin down a country. Certainly the NAFTA countries remain very important markets for us. After Europe, the U.S. remains for us overall the second-largest market, and it is the largest market for aviation for us. In Mexico, we see a lot of prospects for rail projects and for more aircraft. As for the other TPP countries, we're very present in Australia, and there are a lot of rail projects coming up, as well as aerospace opportunities. It's really across the board.

It's hard to really pin down just a couple of countries as presenting more opportunities than others. I think it's the whole region, really, but there are also very important economies that are currently not part of the TPP. To the extent that the TPP can serve as a template for trans-Pacific trade and that more countries can join, I think this is very much welcome. However, it should not prevent Canada, I think, from pursuing other trade agreements in the region, including with China and with India, because these are big pieces as well.

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

Madam Labrie, I find what you're doing actually fascinating. You're making energy from waste, which I think is fantastic. It shows great innovation, and I think it shows how innovative Canadian companies can tap into otherwise unmet markets.

Let me understand what your position is with regard to the TPP.

Are you saying that absent the TPP, you wouldn't be able to tap into these markets that are so essential to your company's growth and success?

**Ms. Marie-Hélène Labrie:** No, I don't think that we necessarily would not have access to those markets. What I'm saying is that it will facilitate the access by, on the one hand, reducing tariffs if we want to export the final product, and also in terms of investing and building facilities there. We manufacture our key equipment and modules in Canada, and in shipping those, we sometimes end up being limited. In that sense, it offers much more opportunity for growth and for creating jobs in Canada in order to grow and expand Enkern, which is today a Canadian company that wants to expand and become an international company.

**Mr. Kyle Peterson:** Let me just try to get my head around your operations or your value chain and supply chain.

Let's say you have a new customer in Australia. What would be built in Canada and what would be built in Australia? Would you build the components in Canada, ship them to Australia, and build a facility to assemble them in Australia? How does it work?

**Ms. Marie-Hélène Labrie:** There are really two ways to address a market in Australia.

We could decide to ship the final product that we produce here. For example, in Alberta we convert the garbage, the non-recyclable and non-compostable garbage, from the city of Edmonton into bioethanol and biomethanol. We could decide to ship some of those products to Australia.

The model also is that we can decide to invest in Australia and build our facility, i.e., export our technology and get technology licensing revenues but also get equipment sales revenue and be a partner. In that sense, we would be manufacturing the core components here in Canada, because this is where we build our infrastructure. Also, for IP reasons, we want to maintain the core here. We would be exporting the core equipment there and maybe locally building the rest that is not really the core.

• (1345)

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

We're going to start the second round.

Madam Ludwig, you have five minutes. Please go ahead.

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

Thank you very much for your presentations. It's nice to see the diversity in here.

My first question is to Madame Labrie.

With your company, as my colleague has mentioned, it's one of the few times we've heard this before the committee. To me it's a significant shift of witnesses, because a lot of what we hear in terms of opposition to trade agreements has been in relation to the environment. We're looking at the potential to build prefab components in Canada and export the core components and also the technology. Does it offer the potential to offer a cleaner environment for the member countries within a trade agreement?

**Ms. Marie-Hélène Labrie:** Is your question whether this will help these countries? Yes, definitely.

I think we have here an example of a Canadian clean-tech company that can export its technology and help these countries meet their greenhouse gas emissions performance in the context of COP21. Many of the countries have to increase their greenhouse gas emissions, so not only can we do that in Canada, but we can enable these countries to achieve their targets.

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

What is the difference in terms of current tariff on exporting the core components to one of the member countries—for example, Japan—versus exporting actual products, meaning the biofuels?

**Ms. Marie-Hélène Labrie:** I don't have the details by country, but in some cases we can be limited in the way we can manufacture our equipment for some of those countries. In some cases, it's for the biofuels. It's not clear to me that biofuels are part of the scope of this, but it varies. I don't have the details by country yet.

**Ms. Karen Ludwig:** My next two questions are related to Bombardier, as well as your company. They are in regard to research and development.

With Enerkem, you had mentioned there has been an investment of \$100 million in R and D. I don't remember the exact figure for Bombardier, but I'm sure it was significantly more. If we're not involved in trade in some of these agreements, how would you be able to recover your R and D costs?

**Mr. Pierre Sein Pyun:** I'm going back to my previous comments. It's because we rely a lot on export markets. Access to export markets is critical for the success of Bombardier.

You're right: Bombardier is, according to some sources, the largest R and D investor in Canada in the last few years. On average, according to those studies we spend around \$1.3 billion on an annual basis on R and D in Canada. The bulk of our R and D on the aerospace side is being done in Canada. On the rail side, we do a lot of R and D in Canada, but it's a more decentralized network. We do R and D elsewhere as well. In Europe, we have a strong presence in rail.

We do export quite a bit to Asia-Pacific. The rail business is a bit different in that it's a government procurement market. In some cases, to get access to a market, we need to invest locally, but we have exported rail products to TPP member countries and other countries in Asia.

Currently we're building light rail trains in Kingston for Kuala Lumpur's Kelana Jaya line, as I was mentioning. That's one example, but it depends on the project. It varies from project to project.

• (1350)

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

My last question is for the Quebec Food Processing Council. What year were you established?

**Mrs. Sylvie Cloutier:** We were established in 1999, but it was by the fusion of two older associations, one called AMPAQ, which was about 60 years old, and another that was a bakery group, which was 80 years old.

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

I'm just counting off the list of the description regarding your council. You represent roughly eight associations?

**Mrs. Sylvie Cloutier:** Yes. It's ten now.

**Ms. Karen Ludwig:** It's ten.

Can you share the value in Quebec as a province of having a single voice representing ten organizations that have merged together?

**Mrs. Sylvie Cloutier:** The groups were small, so they could not provide themselves with staff or resources. By merging or by getting together, we became a federation of smaller associations, which provides them with more service and a stronger voice with federal and provincial governments, partners, and others. We're a model in Canada that other provinces are trying to follow.

**The Chair:** Thank you. Your time is quite over.

We're going to move over to Mr. Hoback.

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

Pierre, can I talk to you a little about your North American platform and how that competes around the world?

I'll use an example. I had the privilege of touring your facility in Mexico, where you're building the fuselages and wiring harnesses for your Learjets, I believe. This was about two years ago, with the Governor General. They explained to me that without having that facility in Mexico, you would lose  $x$  number of jobs here in Montreal.

Can you put in context why those global platforms are important, or why this North American platform is important? What would Bombardier look like if you were competing globally and you didn't have that type of platform?

**Mr. Pierre Sein Pyun:** As I was saying briefly, for us to be able to leverage strength in different countries, I think it's important to remain there to survive, but also to enhance our competitiveness.

As I was saying, it's not a zero-sum game, because the goal is really to expand our market share and drive more revenue and be able to compete globally with our competitors.

If we succeed in doing that, then it benefits our operations here in Canada. The past has shown that we have been growing in Canada because of our successes abroad, including sometimes investing abroad as well to remain competitive. Costs can be a challenge, and it's not in all areas that a country like Canada will be able to compete.

There are areas of strength here in Canada, but I think stakeholders, including ourselves, governments, and other stakeholders, should keep investing to create this ecosystem to enable those areas of strength to develop further. Certainly R and D, engineering work, and high-end manufacturing are all areas where we're very strong here in Canada, and we have many operations focused on that.

**Mr. Randy Hoback:** Again, you don't sell anything if you're not cost competitive and you won't sell anything if you're not competitive on quality and the options and features that people want. Having these international operations where assembly or some of those things are going on increases the profitability of the company so that it can compete against the Brazilians and the Chinese and other countries.

If you didn't have that platform, what would you look like today?

**Mr. Pierre Sein Pyun:** I don't think we would be able to compete globally. It comes down to that.

I was mentioning that we have a few competitors around the world in our business segment. The competitive landscape is ruthless. It's very aggressive price-wise, technology-wise, so we have to constantly stay ahead of the curve. That means investing in R and D, in innovation, but that also means being able to be competitive from a cost structure point of view.

**Mr. Randy Hoback:** You're saying that investment in R and D and infrastructure is here in Canada. Those are the jobs we want. They are the higher-paid, higher-scale jobs.

**Mr. Pierre Seïñ Pyun:** The bulk of the R and D work that we're doing in aerospace is here in Canada. We can say that Canada is punching above its weight because the driver is not the Canadian market; it's important, but it's only seven percent of our revenues.

When you look at the amount of R and D being done here in manufacturing, it's sort of disproportionate compared to the size of the Canadian market.

• (1355)

**Mr. Randy Hoback:** It comes back to the fact that you have to have the strengths of the U.S., of Mexico, in the example of the North American platform, to put together to compete against the Brazilians, against the Airbuses and other groups in the world.

Is that fair to say?

**Mr. Pierre Seïñ Pyun:** Yes, indeed.

We have a vested interest in strengthening the North American platform, making sure that the value chain we have in North America can be further integrated, and that goods and services go across the border smoothly between the U.S. and Canada, between Canada and Mexico, and between Mexico and the U.S.

**Mr. Randy Hoback:** You would like to see something similar, then, on a TPP platform, so that when you go to compete against the Chinese, for example, or India, you would have that same option of knowing that you have all these TPP partners using the strengths of that entire region to compete in other parts of the world.

Is that fair to say?

**Mr. Pierre Seïñ Pyun:** I would say it's partly that. It's partly that we have an interest in making sure that we maintain a preferential access to the North American platform so that we're not left behind. We see this as an opportunity to actually strengthen the North American platform.

**Mr. Randy Hoback:** Taking the North American platform and using it to guarantee market access—

**Mr. Pierre Seïñ Pyun:** In the Asia-Pacific—

**Mr. Randy Hoback:** You can refuse to answer this question.

Of course, you do have this North American platform, which all sectors—

**The Chair:** You have a few seconds left, Mr. Hoback.

**Mr. Randy Hoback:** With what's going on in elections and nominations south of the border, how do you hedge against the possibility of a new president coming in and changing NAFTA, or severely changing how you operate with that platform?

**Mr. Pierre Seïñ Pyun:** We don't want to speculate. I think Bombardier is politically neutral, and we can work with any government. The U.S. is a very important market and platform for us. I mentioned that we have 6,000 employees and we have suppliers in 49 states. It's a critical link to our value chain.

We've lived through many different types of governments in the U.S. and we've had success in the U.S.

**The Chair:** Thank you.

We have just a few minutes left, so we'll have a question from Madame Lapointe and then we'll go to Mr. Van Kesteren for a couple of minutes and then we'll wrap it up.

[*Translation*]

**Ms. Linda Lapointe:** Thank you very much, Mr. Chair.

The discussion is really very interesting, and I have a question for the witnesses.

If we could renegotiate part of the TPP agreement, what would you like to change in it? Ms. Labrie, no doubt you'd like to add a chapter on biofuels. Should we be able to renegotiate this agreement, what would you like to change?

Since there are no responses, I'll assume it's perfect.

**Mr. André Coutu:** There is surely one thing that Marcel Groleau mentioned this morning. It involves the reciprocity of import rules. It's a little like a hockey game: the same rules apply to both teams on the ice. At the very least, we should ensure that Canada will be vigilant about this issue. There are a lot of examples in agri-food where this is not currently the case.

**Ms. Linda Lapointe:** I find it interesting that you mentioned reciprocity. We need to make sure we have the same standards.

**Mr. André Coutu:** People who do the same work as us must be subject to the same regulations and standards in terms of food safety and traceability. There's also the whole social side to these issues.

**Ms. Linda Lapointe:** You raise something very important. Thank you.

[*English*]

**The Chair:** Thank you, Madame Lapointe. Those were good questions.

We're going to go over to Mr. Van Kesteren to wrap it up.

**Mr. Dave Van Kesteren:** I have just a couple of quick questions.

Mr. Pyun, you said something about the economy shifting from investment to consumption. Did I hear that right?

**Mr. Pierre Seïñ Pyun:** I was referring to China in particular.

**Mr. Dave Van Kesteren:** Okay.

You didn't expand on that, so can you just elaborate on that quickly for the committee so they can understand that?



**Mr. Pierre Sein Pyun:** I understand that China is not part of the TPP, but I was talking about growth in Asia overall. In the last year or two, China has shown signs that the economy is slowing down, but the growth rate is still quite impressive. Currently there's a shift taking place. It's been an export-driven economy, very investment-focused, and there are policies in place to rebalance the economy to focus more on consumption as well.

I was just stating what's happening in the Chinese economy.

**Mr. Dave Van Kesteren:** Thank you for clarifying that.

Mr. Coutu, in your graph you talk about the exports and imports and how they're getting close. Of course, you're not including the domestic consumption in that.

What portion of the industry is domestic as opposed to export?

• (1400)

[Translation]

**Mr. André Coutu:** I am happy you asked the question.

For Quebec, exports total \$18 billion. Of that amount, \$7.5 billion goes to international markets, and \$5.5 billion of that \$7.5 billion goes to the American market. The remaining exports, if I may call it that, goes to the rest of Canada, which amounts to \$11.5 billion in sales. It's extremely important, and it is leading the government to be open to pursuing exchange agreements between the provinces. Our industry depends on it, and Mrs. Cloutier can testify to that. I think that is alluded to regularly in her sector.

[English]

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

**The Chair:** That wraps up the fourth and final panel today. I want to thank the witnesses for coming here. It was a good last hour.

I'll ask the MPs not to leave the room if possible, because we're going to go right into listening to the audience in a couple of minutes.

We'll be starting with Nadia Alexan and Joanne Sherwin in a couple of minutes.

• (1400)

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

• (1400)

**The Chair:** Is everybody ready?

We're doing something different today. We are going to hear from the audience. We've heard suggestions and we're trying this out.

Right now our committee is getting responses, and we have close to 12,000 emails. Issues people have or suggestions they have are coming to us.

We're going to try to have an open mike. Right now we have a list of 20 who want to come up to the mike, and that's good. We have about 45 minutes, so we're going to keep you to two minutes each.

We're listening. Our analysts will take your brief if you have one. If you feel that you couldn't express everything in your minute and a half or two minutes, you're welcome to send us, through email, any further comments. What you're saying to us will be in the report. We

have your email address and we'll be sending you out a report when we get it done at the end of the year.

This is how I'm going to do it. I'm going say, "mike number one". As soon as mike number two is done, somebody gets on deck, following back and forth. When it's at a minute and a half, I'm just going to put this up. Then you have a half a minute to wrap up so that somebody else gets a chance.

I want to do it this way so that everybody in the room, the 20 who want to say a few words, can say them. Keep it under two minutes. I don't want to cut you off. I'm just going to put that up so we can go to the next mike.

Right now we have mike number one. This is Nadia Alexan, and then we have Joanne Sherwin. When I call Joanne's name, I will ask you to get ready on deck, and the next mike will be Louis-Joseph Couturier. That's how we'll do it.

We're going to start off with you, Nadia. You're the first one. Go ahead for two minutes.

• (1405)

**Ms. Nadia Alexan (As an Individual):** Thank you.

Good afternoon.

I'm afraid that the trans-Pacific partnership will sap whatever is left of our sovereignty. Our government is deliberately giving away our sovereignty to private companies so that they can attack our legislation and take us to secretive courts and challenge our laws and regulations such as the protection of water, the environment, our public services, our health care, our roads and bridges, and our sewer systems.

Consequently, a transnational can sue our government in secret in private courts without recourse should they consider our laws an obstacle to their profits. There are many examples, which I don't have the time to cite here, of compensation that Canada has paid because of challenges to our laws.

For years, our elites kept hammering that globalization and free trade would be a source of employment and prosperity. Upon verification, this has not happened. Canada has lost thousands of well-paid permanent jobs in the manufacturing sector, wages have stagnated, and outsourcing is spreading everywhere, resulting in precarious part-time jobs and an increase in inequalities.

Women are particularly affected by this downward trend, since they are allotted poorer part-time jobs in the service industry. To make things worse, many unemployed workers are excluded from coverage of state benefits.

These international agreements have nothing to do with the public interest. Under TPP, the cost of our medication will skyrocket, our public services will be up for grabs, and our environmental laws will be challenged. Mark my words: had these trade deals existed in the 1980s, asbestos, a cancer-causing product, would not have been banned and its producers would not have been forced to compensate victims.

**Voices:** Hear, hear!

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

Now we're going to move over to Joanne. I'd like to invite Louis-Joseph Couturier to mike number one, please

**Ms. Nadia Alexan:** What we need is fair trade, not free trade.

**The Chair:** Thank you.

I'm going to go by your first names, if you don't mind. It just makes it easier for me.

Go ahead, Joanne, for two minutes.

**Ms. Joanne Sherwin (As an Individual):** Thank you for being here, everyone.

My concern about the TPP is the impact it will have on access to medicines worldwide, in Canada as well as in developing countries. Canada has invested in health care for HIV/AIDS in developing countries. For those receiving treatment, AIDS has become a chronic but treatable disease. The cost of appropriate medicines has declined rapidly, thanks to competition from generic production.

Thanks, however, to the intellectual property rights, the IP provisions in the TPP, the health investments that Canada has made will be much less effective if the TPP is ratified in its present form. It will put limitations on the production of generic medicines through the questionable means of patent protection. This will be true for us Canadians as well. Joseph Stiglitz, Médecins Sans Frontières, and Bernie Sanders describe the TPP as the worst trade agreement ever.

My second point addresses the investor state dispute settlement process, the ISDS. This allows investors to sue a sovereign nation if they perceive future investments could be compromised by existing laws that are in place to protect health and the public interest. Canada has been subjected to about 35 ISDS challenges under NAFTA, with \$10 billion in claims, at a cost of \$215 million U.S. to date. Win or lose, in each case millions of dollars will be spent defending Canada from investors.

Who will get to pay? Well, we Canadians, of course, through our tax dollars. We will pay higher costs for our actual medicines and also get to pay the private court challenges brought on by the interested parties. This seems to be a double whammy.

Please do not ratify the TPP in its present form.

Thank you.

**Voices:** Hear, hear!

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

Could Adrien Weise now go to microphone two?

Right now we have Louis-Joseph Couturier.

Go ahead, sir, for two minutes.

• (1410)

**Mr. Louis-Joseph Couturier (As an Individual):** The first thing I'll say is hi, and thank you for inviting me.

I'm going to talk today about chapter 9, entitled "Investment".

Chapter 9 has some very interesting stuff in it coming from NAFTA, mostly the interpretive notes about what constitutes

international minimum standards. It also talks about corporate social responsibility, which is good, but in the same sense, we're not getting rid of the whole structure of the ISDS, which is a problem.

What I'm going to say right now is that if we want an ISDS, it needs to be at the same level as the legal system of Canada. That means we need an appellate mechanism. We need a permanent court. We need independence of the arbiters, which we have in our system. If we want ISDS, it has to be as legitimate as Canada's legal system.

As an example, for another agreement that we did, CETA, Europe has a permanent court. It has an appellate mechanism, and it also ensures that arbiters' independence is respected. I think the way we should go is more toward the CETA model, toward a system that is as good as our national system in Canada, which we don't have right now.

I think Canada should take the same position as Australia and ask that we not be bound by chapter 9 of the TPP. It is the very matter of the systematic problem of frivolous claims in the system: 87% of the claims were for indirect expropriation. We're talking about regulation from the government. What is really at stake, what is in the legislation, is regulation. That needs to be judged by a public system of law that is as legitimate as any legal system in the western world.

Thank you.

**Voices:** Hear, hear!

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

Could Fernand Deschamps come to microphone two?

Adrien, you have two minutes. Go ahead, sir.

[*Translation*]

**Mr. Adrien Welsh (As an Individual):** Thank you, Mr. Chair.

I would like to thank the committee for giving me a few minutes to speak.

What has been presented at length this morning and afternoon is not a trade treaty. In fact, in the 6,000 plus pages of the TPP document, only three chapters deal with trade. This is a true custom-made constitution for transnationals. It's a real predatory pact.

Negotiated and signed on the sly behind the backs of Canadians and Quebeckers, only a minority of the population knows what it contains. However, those who do know are strongly opposed to it and are very worried about this document. The Communist Party of Quebec, which is a section of the Communist Party of Canada, shares these concerns.

Regarding employment already strained by other treaties like this, we are concerned about the loss of some 58,000 jobs, particularly in the manufacturing sector, which will be caused by this treaty. We are concerned about the impact of this pact on food safety because it will allow the full use of the Monsanto-developed bovine growth hormone, or BGH. We are indignant about this treaty, which paves the way to full privatization of public services, including education and health in particular, and its impact on the young and on workers.

We are concerned about the impact of this treaty on drug costs, destined to increase because of the increased duration of pharmaceutical patents. We are indignant about the clause allowing companies to sue sovereign states if they threaten their profits and their potential. This treaty is a true obstacle to the sovereignty of the people and to the rights of people to self-determination. It will have a particular impact on indigenous peoples who have been victims of political genocide for over 500 years. We are concerned about the increased rights of companies, particularly oil companies, which will have carte blanche and can therefore continue to pollute freely under the preceding clause.

Lastly, we refuse to take part in this predatory pact that the U. S. Secretary of Defense Ashton Carter says is as important as an aircraft carrier and is participating fully in the policy of "rebalance to Asia", a true threat to peace in the region.

Instead of a trade policy based on the greed of companies that pits people against each other, we recommend a policy based on international solidarity, sustainable development and the right of people to self-determination.

Thank you.

[English]

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

I would ask Michael Fish to go to mike number two and Ronald Ross to mike number one.

I know it's very hard to say everything you want to in two minutes, but keep in mind we have translators trying to translate. It's a very difficult thing.

We're going to go to Michael Fish for two minutes.

**Mr. Michael Fish (As an Individual):** Thank you, sir.

I endorse several of the points that the people before me have made and undoubtedly will endorse what people following me will say in the same sense, particularly on the makeup of the dispute settlement mechanisms. Having three businessmen decide the rights of a whole indigenous people in a watershed, for example, doesn't make sense.

Life's not like that. There are scientists and humanists who should also be involved in such things, and maybe a special court is warranted to take care of these things. It's an asymmetrical agreement. You basically have very rich countries, and particularly the United States, on one side, and then there's everybody else.

Canada, it seems to me, has a chance to be a conscience amongst the people who are balanced against the Americans, who basically with this particular treaty are just as anxious to isolate China and Russia as they are to advantage their own large corporations, which

will be the principal beneficiaries. I'm not against Canadian companies like Bombardier extending their capacity to do work around the world.

I'll just leave it at that and I'll send you my short paper in due course.

**Voices:** Hear, hear!

•(1415)

**The Chair:** Thank you very much, sir. Thank you for coming today.

Could Tom Boushel go to mike number two?

We will now have Ronald Ross, for two minutes. Go ahead, sir.

**Mr. Ronald Ross (As an Individual):** Good afternoon. Thank you for letting me address the hearing.

I would also like to speak about what I and the others believe is a one-sided legal and governance framework stipulated by this agreement, namely the ISDS.

Large corporations have shown a willingness to bring countries to court for taking steps to protect their populations from such well-known, long-since-proven dangers as tobacco use or to curb damage done to the environment by mining, the use of certain pesticides, and so on.

Thailand, Australia, Uruguay, Costa Rica, and countries of the European Union have all been brought to court. Canada has been brought to court numerous times, namely when a moratorium was established on fracking in Quebec. Just recently a French corporation brought the Egyptian government to court for having raised their minimum wage.

I'm asking what guarantees we have that the additional leverage this trade deal gives corporations through the investor state dispute settlement will allow us to take measures to protect ourselves. What does it mean to our national sovereignty that we even have to ask whether the treaty will allow us to collectively take measures through our governments? Will our governments even be sovereign, or will they be merely managers of jurisdictions working within the guidelines of the largest corporations on the planet?

I'm not against development. I enjoy the benefits. I'm not against facilitating trade. However, this trade deal is entirely focused on protecting the profits and intellectual property of the very largest corporations, and it does not give a fraction as much protection to citizens' well-being, to their health, and to their living standards.

Thank you.

**Voices:** Hear, hear!

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

Lyna Boushel, come to mike number one.

Go ahead, Tom.

**Mr. Tom Boushel (As an Individual):** Good afternoon, ladies and gentlemen.

Thank you very much for this opportunity.

I will cut it short because some of my points have been brought up by other people and I don't think I need to repeat them.

I would like to state that free and fair trade can only occur between countries with shared values. The countries involved need to share the following: ecosystems with similar human rights; workers' rights and freedoms, including the right to organize unions; fair and equitable wages for all workers; contract laws that have easily enforced provisions that can be equitably settled in a fair court system; and finally, child labour laws. Right now many of these countries have child labour laws that are not enforced and are pandemic in many regions of their countries, even if they have laws on their books.

Many of the countries in the TPP do not meet these standards, and as such, I'm suggesting that we cannot support this agreement in its current form.

Number two, the U.S. is Canada's largest trading partner and its most important trading partner. The U.S. Congress has stated that it will not pass the TPP, and both presidential nominees—Donald Trump and, it's assumed, Hillary Clinton—have stated that they will not sign the current TPP agreement. That said, if Canada were to sign the TPP agreement and the United States did not sign the TPP agreement, it would put us at a distinct disadvantage vis-à-vis our major trading partner in that many of the other countries in the TPP, if we were part of the TPP, could then come in and undercut our major trading partner with our Canada-U.S. free trade agreement.

Thank you very much.

**Voices:** Hear, hear!

• (1420)

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

Could John Arrayet come to mike number two?

Lyna, you're up. Go ahead.

**Ms. Lyna Boushel (As an Individual):** As a Canadian taxpayer, I do not support this deal. Corporations are the winners, and we, as consumers and taxpayers, will be the losers.

Multinationals have the right to sue the Canadian government under NAFTA, but the TPP goes further in this respect. A polluter should pay if a corporation damages the environment. If the Canadian government passes a regulation that restricts a corporation's ability to pollute or they do something that affects climate change, our government could be sued and could end up paying billions of dollars. As a taxpayer, I totally disagree with their right to sue.

Multinationals could use this as a threat to prevent raising minimum wages and to not accept changes in regulations to lending practices, if they go in on the financial side of business as a lender. Those may not be part of their business practices, contrary to our banking laws.

We have strong health and environmental regulations and we are trying to make them even better. Our government could be prevented from doing more to strengthen these regulations, and we would pay the price. Most of our hospitals are public hospitals, with some newer ones based on private-public partnerships. Should they start building private hospitals, which would go against our Health Act, where would that leave our Health Act and what would be our government's position?

This is almost like coming in through the back door to operate their business and complaining that our regulations prevent them from conducting their business for profit, as they would in their country, and suing us for the losses and costs of doing business. Almost anything that affects their future profits leaves our government open to being sued, with taxpayers paying the bill.

Thank you very much for the opportunity.

**Voices:** Hear, hear!

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

Can Nicole Gombay come to mike number one?

Go ahead, John.

**Mr. John Arrayet (As an Individual):** I'd like to ask the negotiators if they live in Canada or on this planet, because they're going to have to breathe the air they pollute.

My sister used to live in Alberta at Miquelon Lake, right next to a nature reserve. She had to drive 20 minutes to get her water in 20-gallon jugs. Thirteen of her dogs died of cancer. She eventually moved to Saskatchewan. Alberta will not release its cancer figures to any other government, let alone private people who want that kind of information. Just think of the soup that is there.

I spoke to Philippe Couillard, who worked briefly for SECOR Conseil, where I was a translator. I made some of these points to him. There was the Plan Nord. Part of it was development generally across Quebec, and gas development in the St. Lawrence valley, where there are often thermal inversions. The gas from shale is very dry and has none of the extra—let's say—oils and higher volatiles that bring in extra money. It was pretty much a stripped gas, very dry, and not very profitable. The way it was arranged, most of the profits would go elsewhere, but the pollution would stay here. Just the fracking we felt from Contrecoeur slammed our building in Montreal a few months ago.

If, through this agreement, we allow other corporations to come here and pollute here, we're going to have to breathe that pollution. Just as we're still cleaning up nuclear waste from 60 years ago in the north from the NORAD agreement, we'll still be cleaning up the lake in B.C. The gold mine makes as much money as tourism, but the gold mine can kill tourism. Tourism will never kill the gold mine.

Think of all these consequences you're going to have to live with. The other thing is that the taxpayer is on the hook for everything.

**Voices:** Hear, hear!

• (1425)

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

Can Leo Diconca come to mike number two?

Nicole, you're up for two minutes. Go ahead.

**Ms. Nicole Gombay (As an Individual):** Hi. I want to raise an issue that I haven't come across being talked about very much in the discussions about the TPP. It is about our relations with indigenous peoples and the impact of the TPP on the indigenous peoples of Canada.

Canada is a treaty nation. Our political and legal legitimacy rests upon the fact that we have signed treaties with the indigenous peoples of this country, starting with the Royal Proclamation. Section 25 of the Constitution recognizes the treaty rights of indigenous peoples, not only now but in the future. Treaties are very important for Canada's existence as a country. The TPP really challenges a bunch of things. I would also say that Canada is in the process of trying to really think about its relations with indigenous peoples.

The UN Declaration on the Rights of Indigenous Peoples, respect for which our government right now is talking about, is part of that, along with the Truth and Reconciliation Commission and the Royal Commission on Aboriginal Peoples. The country is trying to think about how to form and renegotiate healthier relations with indigenous peoples, and the TPP really challenges that in many ways, I would say.

Chapter 20, on the environment, is a big problem. It certainly runs the risk of leading our government to have its hands tied in responding to the environmental complaints of indigenous peoples in terms of the use of resources on their territories.

The ISDS is also a problem. In fact, the UN Special Rapporteur on the Rights of Indigenous Peoples earlier this year talked about the fact that ISDS poses a problem for indigenous peoples.

**Voices:** Hear, hear!

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

Could Judith Shapiro come to mike number one?

Next, we have Leo for two minutes.

**Mr. Leo Diconca (As an Individual):** Good afternoon.

It is remarkably telling that, when asked, corporations have absolutely no objection to the present form of the TPP—of course not. It was drafted for the corporations, not with the public in mind. In fact, the current CEO of the corporate world in the White House, President Obama, during five and a half years, allowed corporations to enter the negotiations, which were carried out completely secretly, while the public was kept on the side.

The TPP is only the first phase of what is nothing short of a corporate world takeover. The TTIP and TISA are part of that idea.

Coincidentally, China, Brazil, India, and Russia are not included in any of these trade deals.

The ISDS is not a problem; it is nothing short of criminal. The ISDS is not a court; it is not a legitimate court. It is run not by judges but by lawyers. Decisions are final.

To finish—although I would like to add a few things—the last act of Canadian political bravery was when Jean Chrétien said no to the American war in Iraq. I wish the present government would say no to the TPP and take this to a referendum. Canadians are not opposed to trade; we are opposed to trading decency for profits.

Thank you.

**Voices:** Hear, hear!

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

Could Keith Race come to mike number two?

Judith, go ahead, for two minutes.

**Ms. Judith Shapiro (As an Individual):** I'm going to submit my statement. I just want to make two points.

First, Bombardier was here. Bombardier received a \$1 billion U.S. investment this fall from the provincial government to rescue the C Series because our provincial government decided it was important to do that.

As you know, under NAFTA, chapter 11, right now Resolute Forest Products, which was formerly AbitibiBowater, is suing Nova Scotia for unfair advantage to a domestic corporation because they are giving a seven-year, \$125 million loan to restart a paper mill in Port Hawkesbury that supports 1,400 local jobs. The revenue represents 2.5% of the provincial GDP.

Now, Bombardier talked about its potential competitors. Basically, the ISDS provisions are pretty much the big problem for everyone you're seeing in the room today. This is not really a trade deal, but these provisions would allow any competitor to sue my government here in Quebec for having chosen to invest in Bombardier.

It's a very concrete example that's relevant to what was discussed today about why we are so concerned as citizens. This agreement will hamstring you as well as my municipal and provincially elected representatives from acting in the public interest.

We have already seen under NAFTA that we have been sued in Canada for bans on the sale of toxic substances for health reasons, for refusal to issue operating permits on environmental grounds, and for acting to encourage local research and development and job creation efforts.

We all understand trade. We understand the old version of comparative advantage and tariffs and trade barriers and the need to negotiate international agreements. There's very little in this agreement that actually addresses these issues about trade that we all care about.

As it stands, I ask you to reject this deal. You're basically going to lock your hands.

Thank you.

**Voices:** Hear, hear!

●(1430)

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

I would ask Sydney Bhalla to come to mike number one.

Go ahead, Keith, for two minutes.

**Mr. Keith Race (As an Individual):** I have a question for our Liberal MPs. How does the government plan—

**The Chair:** I'm sorry. You can ask a question and we'll get back to you, but there's no back-and-forth with us. We're here to listen to you guys, and that's it. We're going to take it into the report and we can get back to you, just to let you know.

**Mr. Keith Race:** I will pose the question anyway.

How does the government plan to offset job losses in domestic-oriented, labour-intensive production caused by the preferential treatment that TPP gives to capital-intensive, export-oriented industries?

Does the government have any concern about the increase in wealth inequality that this dynamic produces?

That's it.

**The Chair:** Thank you.

I would ask Shaen Johnston to come to mike two.

Sydney, you're up for two minutes.

[Translation]

**Mrs. Sydney Bhalla (As an Individual):** Good afternoon.

My name is Sydney Bhalla. I am a building engineering student at Concordia University. I am part of a coalition of students who are very concerned about the direction the economy is taking.

You must surely be aware that TransCanada has a pipeline project that crosses 600 Canadian waterways.

[English]

For example, a Canadian corporation, TransCanada, is suing the U.S. government for \$15 billion under the NAFTA agreement, demanding compensation for the Obama administration's rejection of the Keystone XL.

[Translation]

Should TransCanada's Energy East project not see the light of day, governments of other countries might sue the Canadian government if it does not allow the project to go through, which is creating a lot of public controversy.

This is my concern, which is shared by many students. We see that we are on a path that will only degrade the environment. There is talk of moving to renewable energy, but we are sinking more and more into fossil fuels, while we have to change our economy. The TPP will only push us further down that road. I am really against this, and I am asking you to think about your children and future students who will suffer the consequences of this treaty.

[English]

**Voices:** Hear, hear!

●(1435)

**The Chair:** We're going to ask Johan Boyden to come to mike number one.

Shaen, you're up. You have two minutes.

**Mr. Shaen Johnston (As an Individual):** I'm Shaen Johnston, an ecologist with the Coalition Climat Montréal.

I'm tired of trade deals that hand over our sovereignty. The government can't protect our rights and environment, as everyone earlier has said repeatedly. What's in the best interests of the powerful industrial magnates is not in the best interests of the majority of Canadians.

To start with, the majority of Canadians are employed by small and medium-sized businesses, not these monster-sized ones. Already, a similar agreement squelched solar panel industries in Ontario, because they were taken to court for favouring locally produced elements. This will be much, much worse.

The partnership will end up being entirely against the COP21 objectives. We can't continue to make decisions based purely on economics. We're facing annihilation by climate change. We have to change the way we do business. We must not be uselessly stripping and shipping everything all over the world.

Canada is back to being a colony, supplying the world with finite natural resources at basement-sale prices, while the future is in small and local businesses. It's immoral to be bringing in merchandise that's produced by people with no acceptable salary, health, or safety, and we're going to end up being in exactly that position ourselves.

I repeat: this agreement is not in the best interests of the majority of Canadians. We need to change the way we think. We need partnerships that are win-win, not dominant and controlled, where one is dominant and the other loses.

No, we have to change. We are in a partnership in this world. We share this world with everyone around us and, with the natural environment being destroyed, we won't have much to share.

It's up to us and to you, and no, it's not acceptable: do not accept this agreement. It's not in the best interests of anyone but a small minority that is taking the lion's share and leaving us not only destitute but facing annihilation together.

**Voices:** Hear, hear!

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

Can Kristian Gareau come to mike number two?

We're going to have Johan for two minutes.

Go ahead, sir.

**Mr. Johan Boyden (As an Individual):** Thank you for letting me speak today. My name is Johan Boyden, and I'm a central organizer of the Communist Party, which has a 95-year history of fighting for social justice.

I would like to begin, if I may, with a reflection, a reflection about who is here and who is not. In fact, I think many of us gathered in this audience found out about this at the last minute, and that “Mr. Bombardier” seemed to know about this a long time ago. On your agenda, I couldn't see one trade union, yet I saw countless representatives of big corporations. I think that is a reflection not just on your consultation, but on this agreement itself, which amounts to a bill of rights for the big corporations around the world.

I would ask, where are the mechanics with Aveos? Where are the Mohawk people? Why are so many of us speaking English today in La Belle Province? This is a reflection on the quality of outreach that has gone on and the preconclusions of this consultative committee and a consultative committee process that I think is something of a sham.

I would like to underscore the reality that, as you have skirted across this country, you have come through countless communities that have the potholes and destruction of free trade: the destruction of hundreds of thousands of jobs lost. It is a reality, and you cannot pull it over the eyes of the people that free trade is good for us. You cannot convince working people any longer that free trade is a benefit to working people.

We are insisting—we are demanding—that Parliament reject this platform and reject the trans-Pacific partnership. We are demanding free trade that is based on the principles of democracy, sovereignty, respect for the International Bill of Human Rights, solidarity, raising living standards, and good union jobs, and not on creating a context

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

**Mr. Johan Boyden:** —that facilitates a situation of war.

Thank you.

**Voices:** Hear, hear!

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

Could Sidney Klein come to microphone number one?

Now we have Kristian.

• (1440)

**Mr. Kristian Gareau (As an Individual):** Yes, hello. I just wanted to thank all of the citizens who came out today. I also wanted to emphasize some of these issues of asymmetry and inequality.

In the past 30 or 40 or 50 years, under neo-liberalism, we've seen that global inequality has skyrocketed, so we're no longer in these myths of trickle-down economics creating jobs. We're in a situation where there are super jobs, but people in their twenties and thirties no longer find a place in the economy and see that the fossil economy that we're in today is not only drastically unsustainable and bad for the environment but also that the way we are organizing labour is really at odds with the thermal, dynamic realities of the planet. When we think about these types of deals, we see they really are more in favour of the corporations and the so-called 1%.

Now, I understand that this sort of language might sound alarmist to you. I'm sympathetic to that, but at the same time I do really urge you to realize that we're in a completely different ball game. What would have worked with comparative advantage, trade, and all these sorts of things that go a bit beyond my head has changed. We're in a really different world right now, a world where rising fossil fuel emissions are causing a systemic instability in the heart of the economic system, and we really have to rethink some of the old, tired truth. We want to make sure that we don't lock ourselves into an obsolete framework.

In the sociology literature, we see all the time the talk about how corporate power is eclipsing public power, and I really want to empower you as elected officials and civil servants to think twice about this and about protecting some of the last safeguards that our people, institutions, and environment have in the face of predatory, transnational, fossil-fuel-intensive capital.

Please, I implore you to think more than twice about this agreement.

Thank you.

**Voices:** Hear, hear!

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

Can Abdul Pirani come to microphone number two?

Sydney, you have the floor for two minutes. Go ahead, sir.

**Mr. Sidney Klein (As an Individual):** I have been a member of the investment banking community since 1982, and since then I've largely been a financial writer. I have somewhat more in common with my Communist friend here than any of those who purport to be part of the political community or business community who are fed a lot of these questions.

I want you to understand that the TPP cannot be understood in isolation. It has to be understood in connection with other events that are taking Canadian sovereignty.

There are three aspects of sovereignty: a distinct military, borders, and currency. Now, when you have American workers who can work here, and when those corporations can choose to have them work here ahead of Canadians, this is a clear expansion of borders. We don't even know where they're going to end up living or paying taxes.

One thing we do know is that you have no right to do anything that gives away any aspect of sovereignty, just as an individual cannot enter into any contract that signs away any of his human rights. Even though he signed it, it's illegal. You have no right to engage in any contract that gives away any constitutionality. That is a fact.

Now, Canada has sold off all of its gold—yes, I will take 30 seconds—and with that...[*Technical difficulty*]

• (1445)





TPP by Sidney Klein and Verbal presentation by Abdul Pirani

TPP by Sidney Klein and Verbal presentation by Abdul Pirani

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