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The Honourable Mark Eyking

Standing Committee on International Trade

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• (0905)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Good morning everyone and welcome to the House of Commons Standing Committee on International Trade. It's going to be like in the House of Commons. There's going to be translation, French and English. We have the translators, if you need translation.

My name is Mark Eyking. I am the chair of the committee. I'm from Cape Breton, Nova Scotia. Not all of our committee members are with us, but a good majority are here today. We have Tracey Ramsey and Dave Van Kesteren from southern Ontario, Gerry Ritz from Saskatchewan, Sukh Dhaliwal from British Columbia, Linda Lapointe from Quebec, and Karen Ludwig from New Brunswick. It's great to be here.

Our committee is very busy, as you know. Trade is important to Canada. Of course, the United States is our biggest trading partner. Our committee has been busy with the softwood lumber and many of the agriculture issues that we are faced with, but our biggest task that we took on this year was the TPP.

Right now, we are in the midst of an agreement with the Trans-Pacific Partnership. We're tidying up the European agreement which is a moving target over there, but it looks like it's coming together. TPP is very important for Canada. There are 12 countries with 40% of the GDP in the world. There are 800 million consumers, so it's an area that we have to look at very strongly.

There are, however, differing opinions on this agreement, and what our committee is doing is travelling the country and listening to Canadians, listening to stakeholders, those who have an interest. At the end of the day, this agreement will affect all Canadians, whether they're consumers or they're supplying a product.

We visited six provinces already and had a video conference with the territories. We're finishing our last leg of travel this week. We're saving the best for last. I'm an Atlantic Canadian. We're going to visit the four Atlantic provinces this week. We're going to P.E.I. tomorrow and then Newfoundland, and then finishing up in Halifax.

In addition to our travel, we probably have 125 briefs. So far, we've had almost 265 witnesses. The other thing we're doing differently with our committee is that we've opened it up to the public. We are accepting emails from the public. Right now, we've received over 2,000 emails. We're going to accept them until the end of October.

We are also doing something different that no other committee has done when travelling. We have an open mike segment for an hour at the end of each of our our meetings, so we can hear from the public.

We are going to be finishing up our consultation process, receiving information until the end of October. After that, we are going back to Ottawa, and our committee will draft a report. That will take probably at least five or six weeks. We're hoping that by the end of December, or at the very least the first of January, we can present our report to Parliament.

Without further ado, we are here in wonderful New Brunswick. We have quite a list of presenters today. We have segments of one hour. This morning, we have three witnesses. We have the Canadian Manufacturers and Exporters, Cooke Aquaculture, and the New Brunswick Federation of Labour.

For the presenters, we try to keep it within five minutes, if possible. After that, we open up for dialogue with the members.

We're going to start with the Canadian Manufacturers and Exporters. Mr. Joel Richardson, welcome.

Mr. Joel Richardson (Vice President, New Brunswick and Prince Edward Island Divisions, Canadian Manufacturers and Exporters): Thank you very much, Mr. Chair, and thank you to the members of the committee for the opportunity to speak with you today. We greatly appreciate the opportunity to be present. My comments are going to be focused primarily on some of our national perspective.

CME has taken the opportunity to present across the country, and I think you've heard from some of our other representatives. My comments won't be dissimilar to some of the things they've said. I will add maybe a bit of local flavour from here in the province of New Brunswick on some of the things we're experiencing.

As you know, New Brunswick is Canada's most trade-intensive economy. A larger percentage of our GDP in New Brunswick comes through the export and trade of our manufactured goods. We're also very reliant on the service industry. We have a significant percentage of our population in New Brunswick who work in services, as well as the manufactured goods sector.

Canadian Manufacturers and Exporters is actually Canada's largest trade and industry association. We have representation right across the country, in every province. More than 85% of the members that we represent in the manufactured goods sector are small and medium-sized companies that represent pretty much every industrial sector of the export economy. That would also be representative here in New Brunswick as well. The members I represent are large-scale companies, such as the McCains of the world. I also represent our smaller manufacturers and exporters that would have maybe less than 10 employees and are doing metal fabrication and exporting that metalwork to other regions around the world.

Manufacturing is certainly the single-largest business sector in the country. Canadian manufacturing represented sales of about \$600 billion in 2015, and directly accounts for about 11% of Canada's total economic output. Manufacturing employs about 1.7 million Canadians. Here in the province, the manufacturing sector directly employs approximately 26,000 individuals. I will say that we have seen those numbers go down in recent years. Over the last 10 years, across Atlantic Canada, employment in this sector is down significantly in manufacturing. It's somewhere in the order of about 30% over the last number of years. Unfortunately, that has come at the cost of some of our traditional resource industries: forestry, fishing, and other sectors.

In New Brunswick, about 95% of the businesses here employ 200 people or less, so there's approximately 4% of New Brunswick companies that employ more than 500 people. Our large pool of companies is actually quite small. There are over 500 companies in New Brunswick that employ under 10 people. We have a very broad mix of companies, but the lion's share of all the companies in the province are fairly small-size companies.

Simply put, Canada's domestic market is too small for manufacturers to thrive. It is an export-intensive business. More than half of our industrial production is involved directly in exporting as part of the global supply chains and integrated manufacturing, such as finished consumer goods, in almost every product category. Manufactured goods account for roughly 70% of all Canadian exports. The growing importance of the natural resources prices, given the fact that they remain weak, has certainly had an impact on the provincial economy here in New Brunswick, and obviously across the country. This is all the more reason why it's important to focus on new markets. We're very supportive of TPP for that reason.

While Canadian and U.S. markets remain the priority for most of Canada's exporters, a growing share of our members are looking to take advantage of new and emerging markets that go beyond NAFTA, especially countries represented in the TPP. As you stated, Mr. Chair, today its collective market represents over 650 million consumers and over \$20 trillion in GDP. That, we believe, provides a significant opportunity for us to grow our exports from New Brunswick.

CME believes strongly that no trade agreement is worth signing unless three things can happen. First, it should create a fair and level playing field for Canadian manufacturers and exporters to ensure they have an equal opportunity to export to foreign markets, as our competitors have to import into Canada. Second, it should allow

value-added exports from Canada and not just the export of natural resources or unvalue-added product. Third, the trade agreement should not undermine the existing integrated manufacturing supply chains that have been developed through previous free trade agreements, especially NAFTA.

● (0910)

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

Throughout this process and in the lead-up to coming to present to you today, I did take the opportunity to speak to a number of companies, such as McCain and Irving, and a number of the smaller manufacturers. Two weeks ago, I was in Moncton and met with a number of seafood companies that were presenting at the Moncton Air Cargo Symposium. They were very supportive of growing our seafood trade into those particular markets. Our position, however, is not without reservations, certainly from several of our CME members. There are concerns over certain elements of the proposed deal, and they do remain fairly significant. While these may relate more to our Ontario colleagues, the lowering of content levels on automotive rules of origin, the lack of additional measures to curb the U.S. Buy American policies for government procurement, provisions to deal with currency manipulation, and the uneven tariff phase-out in certain sectors compared to those of our American counterparts are but a few of the concerns we've heard about directly.

So we're not without some reservations, but we believe overall that the TPP would really open up opportunities with some new markets. We do continue to encourage negotiations to work through these issues prior to final ratification to ensure fair treatment and opportunities for Canadian exporters. It's critical to keep in mind that export opportunities obviously start at home and are propped up by the strength of our domestic market, the innovativeness of our private sector, and the supports that Canadian exporters receive in accessing and supporting foreign markets.

For us, TPP means entering into an agreement with very aggressive, export-oriented countries. If we don't have similar domestic strategies for success, Canada has the potential to lose. We need a national strategy that aims to support domestic competitiveness in global exports.

First, all trade agreements open the door to increased competition. This can and should be perceived as a good thing. However, we need to be ready for that competition. While the private sector is willing and ready to compete on a level playing field, our business environment is often not entirely level. While our corporate tax regime is world-class, many other areas are not. Canadian companies face higher input costs, a much more costly regulatory burden, higher labour costs, and higher energy costs. Meanwhile, domestic supports for investment in innovation and advanced technologies significantly lack those of our international competitors.

●(0915)

The Chair: Would you like to wrap up?

Mr. Joel Richardson: Absolutely, sure.

CME believes that with the right support network in place for TPP as well as other international trade, Canada could double its manufacturing output and value-added exports by 2030. We've actually launched a national manufacturing strategy—we've heard from many of our manufacturing companies—and we believe that here in New Brunswick the advantages of TPP are certainly significant, particularly with regard to the elimination of tariffs on key exports, such as industrial goods, seafood, potatoes, and maple syrup, to name a few.

The last thing I will say, Mr. Chair, is that we do have a lot of investments in the transportation logistics infrastructure in this province, which is very critical to getting goods to market, and we do see the TPP as an opportunity to strengthen our ports, including the port of Saint John in particular with its container traffic; the Moncton airport with its air cargo logistics, which directly exports product, particularly seafood, into Asia; and last, our transport truck network.

Thank you very much, Mr. Chair.

The Chair: Thank you, sir.

We're going to move over to Cooke Aquaculture, and we have Mr. Andrew Young.

Go ahead, sir.

Mr. Andrew Young (Senior Vice President, Global Sales and Marketing, Cooke Aquaculture Inc.): Good morning.

On behalf of Cooke Aquaculture and our affiliated businesses, both the aquaculture and fisheries sectors, I thank you for the invitation to appear before the committee today.

We are headquartered on the east coast of Canada in Blacks Harbour, New Brunswick, which is just a short drive from here. The Cooke family founded this company just over 30 years ago. They had humble beginnings with a single marine site containing over 5,000 fish. Since 1985, the company has seen remarkable growth through acquisitions and has become the largest vertically integrated salmon-farming company in North America with operations in Atlantic Canada and Maine.

The family also owns a major sea bass and sea bream operation in Spain, as well as a salmon-farming company in Chile and a salmon-farming company in Scotland. In addition, the family recently expanded its interest in the fisheries sector by purchasing the Wanchese Fish Company based in Virginia, and Icicle Seafoods, which is based in Seattle, Washington, and has three business units: wild salmon; a ground fishery in Alaska; and a salmon-farming operation in the state of Washington.

The Cooke family businesses employ 5,000 people globally, including more than 1,500 people here in Atlantic Canada. We expect to generate \$1.8 billion in annual sales in 2016. With global production of 275,000 tonnes of seafood, we export to more than 30 countries around the globe annually. Even though we have grown to be a global seafood company, we remain deeply rooted in Atlantic

Canada. Our global expansion has strengthened and secured Canadian management and administration jobs in coastal and rural Atlantic Canada.

As it stands, the Cooke family has a worldwide network of cold storage and distribution facilities. We are consistently focused on vertical integration and diversification in terms of geography, products, and markets. Our strategy has been to achieve growth through acquisitions and organic growth in the seafood sector that are both sustainable and meet market demands.

As an Atlantic Canadian seafood company, we have global operations in Canada, the U.S., Scotland, Argentina, Spain, and Chile. We have sales offices in Canada, the U.S., Europe, and Asia, and thus fully support the Canadian government's participation in the TPP. The Cooke group of companies regards this partnership as an essential component of our future success. We compete on a global scale, and with this partnership, we see the promise of trade opportunities in various export markets.

Our current trade with TPP countries is approximately half a billion dollars in fresh and frozen seafood. One of the most significant attributes of this agreement is that it would give us a competitive advantage over our rivals in non-TPP countries. In the past, we have supported similar initiatives, such as the Canada-EU Comprehensive Economic and Trade Agreement and the Canada-Korea Free Trade Agreement.

As a leading Canadian supplier of seafood, we believe we will benefit from the implementation of the TPP. The ease of access to markets such as Japan, one of the largest seafood markets in the world, will prove to be extremely beneficial to our business and our contribution to the Canadian economy overall. We also look forward to achieving access to markets in countries like Vietnam as we look for ways to further diversify our product portfolio and geographic expansion.

Thank you for the opportunity to speak to the committee today to express our support for the TPP.

●(0920)

The Chair: Thank you very much for your presentation. You have very impressive operations and quite a reach around the world, so it's good to hear from you.

We now have Patrick Colford from the New Brunswick Federation of Labour. Go ahead, sir.

Mr. Patrick Colford (President, New Brunswick Federation of Labour): Thank you, Chair.

On behalf of the 40,000 members of the New Brunswick Federation of Labour, we want to thank you for giving us the opportunity to present our views on the impact on Canada of the possible Trans-Pacific Partnership agreement.

I want to begin by expressing my sincere appreciation of your willingness, and that of Minister Freeland and your government, to sustain an open and frank dialogue regarding the Trans-Pacific Partnership negotiated under the previous administration.

It is a deeply flawed agreement, and our view is the cost of the TPP outweighs the limited benefits that might arise from this deal. Proponents of this deal only expect it to boost Canada's GDP by about 0.5%, and that's 10 years down the road. That's about as much as the previous government promised to pay the dairy industry in compensation for TPP losses. This leaves nothing to cover the losses to the auto sector and other areas.

A key study from Tufts University predicted that workers in all 12 TPP countries would lose out because the TPP would increase income inequality. This flawed agreement is about protecting the rights of multinational corporations. It does nothing to help workers or the environment.

The two sectors with the most to lose are auto and dairy. I also want to touch on our concerns with the provision of public services, rising drug costs, and investor challenges to environmental regulations.

First, the automotive sector is essentially important to Canada's research and development, high value-added production in manufacturing exports. In 2014, approximately 40,000 Canadians worked in motor vehicle manufacturing and another 70,000 in parts manufacturing. A five-year phase-out of tariffs on Canada's imports of Japanese vehicles will quickly eliminate the incentive to manufacturers here in Canada. It will encourage Japanese assemblers to import vehicles. Unifor has estimated that the TPP could lead to the loss of 20,000 jobs in the auto sector alone.

The Canadian dairy sector provides high-quality, locally produced food, while supporting small family farms in rural communities. Under the TPP agreement, foreign dairy producers would be able to access an additional 3.25% of Canada's 2016 dairy milk production. This comes at a time when the dairy industry is already under considerable stress. About 250 million litres of milk and subsequent production jobs are at risk annually.

We have many concerns with the model of investor-state dispute settlement. By now, the problems with this model of dispute settlement are well known with the unaccountable and ad hoc nature of the arbitration panels and their expansive definition of what constitutes an investment. The fact is that they do not operate in partnership with national court systems, but above them, and there is an apparent lack of deference to the prerogatives of governments, or even to ask for jurisprudence on any given issue.

With regard to public services, the TPP chapter on public services locks in the current level of privatization with so-called ratchet and stand-still clauses. This makes it more difficult for governments to introduce new public services such as pharmacare or child care without subjecting themselves to an ISDS claim. Canada already has the second-highest per capita drug costs in the world. The TPP would further constrain efforts to reform prescription drug purchasing provisions in Canada.

When it comes to the environment, the TPP also contains broad prohibitions on economic or environmental performance requirements, such as requiring technology transfers or local sourcing to foster green industries. Such restrictions would serve as a chill on governments contemplating steps required to make the transition toward a low carbon and climate resilient economy.

It's time to come back to more reasonable forms of investor protection. These protections should be in line with national judicial processes, should privilege state-to-state settlements, and should emphasize investors' responsibilities just as much as the protection of their assets.

● (0925)

In conclusion, given the high economic and political stakes, Canadians deserve no less than a full and substantive discussion on the potential consequences of this draft agreement.

Thank you very much.

The Chair: Thank you, sir.

I think we have enough time for every MP to have a dialogue for five minutes. If we keep to five minutes, everybody will be able to have a shot at this.

We're going to start off with the Conservatives. Mr. Ritz, go ahead.

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): Thank you, gentlemen, for your presentations today. As you rightly point out, we've heard some of this in arm's-length groups attached to you across Canada.

Before the negotiations there was the *Canada Gazette* process, and there were close to 100 different businesses that took advantage of that, and a number of individuals as well. Then, during the negotiations, you were able to have input into what was being discussed if you signed a non-disclosure agreement. Did any of you take advantage of that?

Mr. Andrew Young: I'm not aware that we did take advantage of that. It's possible that somebody from our company may have, but I don't believe so.

Mr. Joel Richardson: Yes, we did.

Mr. Patrick Colford: I personally haven't, but I know some of my colleagues were part of those discussions.

Hon. Gerry Ritz: As we move forward.... As you know, we signed a number of trade agreements, and the biggest concern that always came up was whether companies in Canada were ready to take advantage of what was out there on the world stage.

Are any of you contemplating training or taking advantage of some of the training that's out there to make sure that your associates are willing to do this? I know Cooke already has a global footprint. I've worked with some of your companies around the world, Andrew. Joel, you do as well. On the union side, is there any kind of training on what you're going to have to do to compete with the Koreans, with the Japanese, that type of thing?

Mr. Patrick Colford: Those dialogues have been happening for years with the former CAW, of course, and now with Unifor. They're actually taking the lead when it comes to the automotive industry, in training the workers and having those dialogues with government.

Hon. Gerry Ritz: Good. All right.

Mr. Joel Richardson: Could I speak to that, Mr. Ritz, if you don't mind?

We've been talking to a number of companies, not just about this but also about CETA. One of the things we hear is that there are some real challenges with in-house company expertise for new foreign markets. It has been our recommendation that the Department of Global Affairs and the Government of Canada look at expanding the trade commissioner service, not just in key distant markets, but to specifically look at ways they can help companies build more of an in-market presence. That may be through the identification of distributors, buyer agents, representatives, beyond just the current—

Hon. Gerry Ritz: A trade show is all of those things.

Mr. Joel Richardson: Yes, it just takes it one step further.

Here at home, the trade commissioner service over the past number of years has gone through some challenges in Atlantic Canada. There's one Global Affairs representative at the staff level in New Brunswick. For a multi-billion dollar export industry, it is not sufficient to serve the companies. We really believe that we need to enhance that Global Affairs department, and even here at home domestically, to get more people paired up with our companies.

Hon. Gerry Ritz: That's an excellent point. There is actually backup on specific areas like Agriculture Canada. We have experts, and they're starting now, on websites and so on, to entice people to come forward so they can help them do whatever they're looking for, connect potato sellers with potato buyers, and so on.

I'm a firm believer that we have to get our heads around the fact that we need to sell what the market wants, not what we have. We raise beef with a 16-ounce T-bone. Well, that will feed a village in Japan. They're looking for a two-ounce cut. We have to come up with ways of doing that carve-out on our beef without destroying the actual carve-out itself and having too much waste.

There's education required at all levels, and certainly government has a big role to play in that, but industry itself has to partner with government in order to get the right training. Government sometimes misses some of that.

There's a lot of discussion that the Americans may not ratify this, and right now there's a clause which says that if six countries with 85% of the trade value don't ratify it, it won't happen, but that can be changed with the countries that are left. Should Canada proceed if the Americans don't?

Well, you can. The other 11 countries can actually have a different agreement and continue on. Most of the concerns we hear are with the Americans, the Buy American clauses, all those types of things that they have to get their heads around.

● (0930)

Mr. Joel Richardson: Yes. I think we have to recognize.... I'm looking at this purely from a New Brunswick perspective. The United States is our best customer, and we need to make sure we're not doing things necessarily that are going to upset the apple cart from a solid and stable market that currently is our best customer.

I'm not saying that it couldn't be ratified, but there needs to be a lot of consideration for where we currently sell, for sure. Any opportunity we have to open a new market, whether it's through a trade agreement or through other negotiations, is very much welcome.

Hon. Gerry Ritz: We've also found over the years that with the country of origin label on softwood lumber, if we keep the Americans honest, then they tend to deal fairly, too.

The Chair: Your time is up.

Ms. Ludwig, go ahead.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Good morning and thank you so much for joining us. I have to say how thrilled I am to have our trade committee here in New Brunswick.

I have a number of questions. As someone who worked for almost two decades in trade education, my first questions are for you, Mr. Richardson.

With the preparedness of New Brunswick exporters for trade, we have companies like Cooke, McCain, and Irving that have in-house expertise, as you have mentioned. How prepared, in your experience, are New Brunswick exporters for entering into the TPP market members?

Mr. Joel Richardson: I would suggest that for those that are at a larger scale, as you pointed out, and that have the in-house resources, sure.

One thing that I've observed happening—and I don't know if this is unique to Atlantic Canada, but I know that it is something we promote heavily—is there seems to be a bit more of a collaborative approach here between companies.

There are some smaller SMEs, even with 10 employees or under 200 employees, that are getting some mentorship from some of the larger, more successful companies in the market. We've been an advocate to say that if there is training going on....

Cooke's a great example. They provide ongoing access. They make appearances at conferences. Their executives talk about their experiences in key markets. Those are absolutely critical to helping the other companies along.

For the bulk of companies, I would suggest there is still a low level of awareness. It's not about that TPP is out there and it's being negotiated; it's about what the market opportunities are on a country-by-country basis, and on a product-by-product basis, for what they have to offer, or what they should be offering in those markets. What's the export continuum to help them get there in terms of staffing and market intelligence? How do they work with the trade commissioner service once they're there or to get there?

Another key point that has been brought up to me from companies is that at one point in time Canada did have a large emphasis on foreign trade missions to support some of the markets. Those have seemed to be less Canada led and more province led, which I think is great, but it was always powerful to see the Government of Canada going into a market. Look at the recent results from Prime Minister Trudeau's trip to China. There was a company in Fredericton that participated in that. It was a tremendous opportunity for exposure, connectivity, and new relationships.

• (0935)

Ms. Karen Ludwig: Thank you so much for raising those points, because one of the opportunities here with the consultation is beyond and much broader than TPP. It's also about what our Canadian companies require to be prepared to enter into export markets. Where are the gaps? Where has there been a lapse in the last even 20 to 25 years?

When I first started working in trade preparation, we focused heavily on trade missions. We focused on qualifying Canadian companies to go off to the trade missions and the significance of the trade commissioner service, but also helping companies become more aware. It is hard for the companies, as you mentioned, that have fewer than 10 employees, and there is work to be done there.

Regarding Cooke, certainly over the last 30 years, Mr. Young, you have expanded your market for employees. As your company entered into more global markets, expanded, and became more integrated into those markets, how have the types of jobs that you have offered changed? How have the training requirements and the investment in training changed? Looking at the wage increases, we often hear trade agreements are about big business, but certainly every business has to start at some size, and Cooke started off as a small business. We in New Brunswick appreciate that you take an integrative role into our small rural coastal communities.

Mr. Andrew Young: You're absolutely right. You always have to start somewhere. I'll use an example outside of the TPP simply to illustrate what you're talking about. We sold, from New Brunswick.... We had zero sales into China as of two years ago, and having nothing to do with a trade deal, today in 2016 we will sell well over \$70 million in China. We're looking at opening up sales offices there. But in order to do that, it requires people on the ground here in New Brunswick to understand how to access the market, how we were going to transport into the market. There are trucks that will leave the Blacks Harbour plant every night on their way to China. But that didn't happen overnight and it did require some retraining. It did require specialized jobs in New Brunswick in order to help develop that market. The same could be said for markets like Japan.

The Chair: Thank you, Ms. Ludwig.

We'll move to the NDP now, and Ms. Ramsey, for five minutes.

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

I think on balance, what's facing us here at the trade committee, is that there are benefits for certain sectors, but overall, the deal itself is flawed in many ways. You pointed out some things, Mr. Richardson, around the challenges to Canadian companies to be able to export. I believe the amount was 10.4% of small and medium-sized enterprises were exporting in 2011, so the majority of small and medium-sized businesses are not in these markets at all.

I have one quick question for Mr. Young. How many people are you employing here in Canada at Cooke Aquaculture, and how many Canadian jobs would TPP create here?

Mr. Andrew Young: Today, we have more than 1,500 employees in Atlantic Canada, so the majority of Canadian jobs would be Atlantic Canadian jobs. There would be a few more outside of that in the rest of Canada.

I wouldn't be able to put a number to job creation as it relates to the TPP. We don't really go by those metrics. We're looking for a level playing field, and access to markets is important to us, and we already know—

Ms. Tracey Ramsey: Thank you.

We have estimates of 60,000 job losses, so we're trying to determine where jobs will be created through the deal as well.

Mr. Colford, you brought up drug costs and the patent extensions. This is one of the most deeply concerning pieces of the Trans-Pacific Partnership to most Canadians. I wonder if you could give us a perspective from your membership, as well as from people in general in New Brunswick how they feel about the cost of drugs being increased through the Trans-Pacific Partnership. You also mentioned pharmacare. How would they feel about the inability of us to create a pharmacare program because we could potentially be sued for doing so?

• (0940)

Mr. Patrick Colford: The short answer for that, I guess, is that I can give you some specifics.

As most people know, especially in the northern part of this province, a lot of people live well below the poverty range. Actually the same can be said.... As a member here knows, Saint John has some of the highest poverty rates. We're hearing stories of people having to cut their heart medication and other medications in half, into fours, because at the end of the month, it's necessary to make a choice between affording to have their medication or to have their lights on. I know that sounds really, really scary, and maybe a little bit on the fearmongering side, but the extension of these drug patents, I think, only serves to increase that.

When it comes to pharmacare, it's no secret that Canada really needs a pharmacare program. That was the vision for medicare when it was first established in this country. With these possible lawsuits that could happen, that could only serve to really quash a program that we really need here, not only in New Brunswick but in Canada.

Ms. Tracey Ramsey: Thank you.

Mr. Richardson, as a former auto worker, I certainly understand what you're saying about the implications for auto. An economic impact study was just released from Global Affairs Canada. It was pretty dire. It showed some pretty negligible growth over the next 24 years, 1.27%. But understandably, it was saying that auto manufacturing will be hurt.

I'm going to read you a line from it:

As a result, Canada's bilateral trade with existing FTA partner countries is expected to decline under the TPP Agreement. Net Canadian exports to the existing FTA partner countries would drop by US\$1.5 billion, largely due to an erosion of NAFTA preferences in the US and Mexico....

Perhaps you could tell us about the implications of that to your membership here in New Brunswick. I also wonder if you have a breakdown of your percentage of exports to the U.S. versus globally.

The Chair: A short answer would be good.

Mr. Joel Richardson: Sure. On the first question, with respect to the auto industry, I would say there's no impact here in the province. We have no auto industry here in this region, nor in Atlantic Canada, nor do we have any real number of companies that would feed into that supply chain in terms of components or other things. I'd defer to my Ontario colleagues to speak with you about that, if you don't mind, but I thank you for sharing it with me.

On the second piece, New Brunswick's exports, 87% of everything we make in New Brunswick is exported to the United States. The remainder, all other countries, would fit the rest of that. That gives you some idea of what we're looking at.

We already do significant multi-million dollar sales to countries already in the TPP. Irrespective, as Mr. Young said, of China, there are already a lot of sales into those markets.

The Chair: Thank you, sir.

We're going to move to the Liberals, with Madam Lapointe, for five minutes.

[Translation]

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

I want to welcome the witnesses who are joining us today. I am really happy to be here with you in New Brunswick.

Mr. Young, I would like to follow up on what our colleague Ms. Ramsey said.

The Trans-Pacific Partnership would lead to an increase in employment. If the agreement was not ratified, could Cooke Aquaculture Inc. experience a decline in employment?

[English]

Mr. Andrew Young: No. To be perfectly blunt, we don't rely on trade deals in order to expand our business globally. We're already out in these countries. The level playing field aspect of trade deals is always helpful to us, but there would not be any job losses if this were not ratified.

[Translation]

Ms. Linda Lapointe: Thank you.

If this does not work, what countries do you want Canada to focus on in terms of free trade agreements?

[English]

Mr. Andrew Young: They would be the two countries that I mentioned in my submission. Japan is arguably the largest seafood market in the world. Obviously, easier access to that market is going to be helpful. We actually have a sales office in Japan. Then there are other growing markets, such as Vietnam, where we've explored, along with some of the Canadian trade commissioners, accessing markets like Vietnam that are growing. We look to those for future sales.

• (0945)

[Translation]

Ms. Linda Lapointe: Thank you.

I will ask a more specific question.

Under article 20.16, the signatories will not be able to provide or maintain any subsidies for fishing that negatively affect fish stocks or subsidies given to vessels engaged in illegal, unreported and unregulated fishing.

I would like to hear your thoughts on that.

[English]

Mr. Andrew Young: That has never been raised with me, so I'm not sure how much of an impact that would have. I think it would be minimal. Again, I haven't been part of any internal discussions as they relate to that, so I would say the impact would be negligible.

[Translation]

Ms. Linda Lapointe: Thank you.

Mr. Richardson, you briefly talked about currency manipulation with various countries in the Trans-Pacific Partnership. I would like to hear your comments on that. Could that kind of manipulation be prevented? What challenges do you think are involved in that?

[English]

Mr. Joel Richardson: I'll couch that in my comments made in an earlier round—looking for ways to maintain competitiveness for New Brunswick companies. If there are any opportunities to maintain competitiveness on the currency side, certainly, I think that's an important consideration. I'll be the first to admit I am not a currency expert; however, I know it is an issue with fluctuating dollar values and securities, so I would just suggest that I'd couch that in maintaining competitiveness for our companies.

[Translation]

Ms. Linda Lapointe: Thank you.

You also said that our exports from New Brunswick could double by 2030. You talked about the elimination of tariffs on products such as seafood, maple syrup and potatoes. With that elimination, what products would have the most potential in terms of increased sales?

[English]

Mr. Joel Richardson: With this particular agreement, we've looked at it, and we've also looked at some of the provincial data with the Government of New Brunswick. If you look at the opportunity for market access and tariff reduction on industrial goods, metal, mineral products, market access for wood forestry products, other types of paper products, uncoated paper, paper board, duty-free access and removal of tariffs, as Mr. Young said, for the fish and seafood product industry—that includes things like frozen snow crab, herring roe, lobster, salmon—market access for agricultural and agrifood products, potato products in particular.... As Mr. Young said, Japan is a key market for that with, I think, about a 13.5% tariff or something coming off in Japan on the prepared potato side—that's very substantial—and a number of other pieces.

[Translation]

Ms. Linda Lapointe: Could the demand be met if tariffs were removed for potatoes?

[English]

Mr. Joel Richardson: Yes, I believe we not only have the capacity on the product side, but we have the capacity on the people side. There are approximately 47,000 people in New Brunswick who are unemployed, so there is a workforce available. As I mentioned, we've seen that some of the manufacturing sectors have gone down over the last number of years, and we do see an uptick in growing our export sales as a way to put people back to work, particularly on the goods-producing side.

[Translation]

Ms. Linda Lapointe: Thank you very much.

[English]

The Chair: We're going to move to Mr. Dhaliwal, for five minutes. Go ahead, sir.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you to the presenters. It's always great to come to Atlantic Canada. There's always a warm welcoming hospitality from the people in Atlantic Canada.

My question is for Mr. Young.

Mr. Young, since 2002 there has been a 47% loss in the global market when it comes to the aquaculture industry. I understand that you're looking for a level playing field to compete on the international scene, but if we ratify the TPP, do you think we will be able to gain some of that market we lost since 2002?

● (0950)

Mr. Andrew Young: I can't speak for the industry overall. I can only speak for our company's experience.

I think what you're getting at is there are really different levels in the market. When you compete at the higher end of the scale, it's much different from when you compete at the lower-quality products.

A lot of the products that get imported into Canada and the United States typically tend to be on the lower end of the quality scale and pricing scale. Again, that's not part of our competitive network. We tend to be on the premium side. On our end, again, access to markets is important. Again, we're not impacted very much at all by the imports coming in.

Unfortunately, I can't speak to the industry as a whole. I can only speak to our own experience.

Mr. Sukh Dhaliwal: Mr. Colford, you talked in general about the auto industry and whatnot. We are in New Brunswick today. You said it's a flawed agreement, but on the other hand, if I look at it this way, we are in a free enterprise and workers always gain when opening up to different markets.

Could you focus only on New Brunswick and how it will help your members if we ratify the TPP, or how it's going to negatively affect them if we go for that as well?

Mr. Patrick Colford: Thank you very much for the question.

I think it's going to harm our members a little more than benefit them. As Mr. Richardson had alluded to, there may be more jobs, but my worry is that on that level playing field, if you will, in order to

make products and things sustainable, we'll have lower wages. It will become a race to the bottom.

Again, I'll come back to the auto industry. We're already seeing that with jobs and manufacturing being shipped to Mexico, because the wages are lower there, and there is more of a profit margin to be made, if you will.

All in all for New Brunswickers, I don't see this being a great deal whatsoever for our members and New Brunswickers.

Mr. Sukh Dhaliwal: Mr. Richardson, you mentioned new and emerging markets. Do you see any other country that is not part of the TPP, or is part of the TPP and we'd have bilateral agreements, that would benefit people in New Brunswick?

Mr. Joel Richardson: I think there's been a substantial effort made by the federal government and the provinces on working together, particularly for the countries involved with CETA, with Europe. We do see that. CETA is holding some promise for New Brunswick as well. CME has been very supportive of that, as have many New Brunswick companies. We have been part of that negotiation as well.

Again, many sectors within New Brunswick, particularly on the agriculture and aquaculture sides, could benefit substantially from increased exports into European countries as well, along with other value-added types of products in the forestry industry, high-end industrial equipment, and a number of other areas.

The Chair: Thank you, Mr. Dhaliwal.

We'll move on to our last MP for this round.

Mr. Van Kesteren, you have the floor.

Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC): Thank you for having us here in Saint John. It's a wonderful place. As was stated, we're learning lots. It's great to visit the area to get a proper perspective. We thank you for taking this time to be with us.

Mr. Young, I want to go to you first. Your industry is fascinating. Of course, your focus is on farms. Do I have it right that as this industry increases, there will be less stress on wild stock? Is that a correct assumption?

● (0955)

Mr. Andrew Young: That's definitely part of the aquaculture business proposition. Just so you know, 30% of our global sales are non-aquaculture. That's a growing segment of our total business. But in terms of your question, yes, that is one of the major benefits of aquaculture. It takes stress off of wild stocks, which, as most people know, have been declining drastically over the last 25 years.

Mr. Dave Van Kesteren: It's very heartening to hear that. Are we seeing a reversal in areas where we've seen overfishing, where your industry has been able to compete against that, which is subsequently better for the environmental picture?

Mr. Andrew Young: To use salmon as an example, there hasn't been a commercial Atlantic salmon fishery since the early 1970s. Salmon aquaculture actually only started in earnest in the 1990s. It fills a void that exists in the market. There's also a wild salmon fishery, of course, on the west coast in both Canada and Alaska. Those fisheries coexist very nicely in terms of meeting the demands of the consumer today. But definitely there's a big demand for farmed salmon from consumers.

I can speak anecdotally about the argument of aquaculture versus wild, but I can't speak as an expert as it relates to the net benefit of having aquaculture as an industry globally.

Mr. Dave Van Kesteren: So it's a good-news story.

As a little sidebar, I come from southwestern Ontario, as my colleague Ms. Ramsey does. Wheatley is in my riding. I don't know if you're familiar with Wheatley, Ontario, but it's the largest freshwater fishing port in the world. There's a fair fishing industry there as well.

I visited a processing plant, and they, too, have quite an expanded trade with China. However, that is for processing. Is that the case with you as well? Do they buy stock and then process it in China?

Mr. Andrew Young: Our sales into China are right to things like supermarket chains and distributors for restaurants. The product literally comes out of the ocean here, is processed here in New Brunswick, and is sold fresh into China. We're not part of the reprocessing where we're sending it to China and then it's coming back. We're actually selling fresh fish into China.

Mr. Dave Van Kesteren: You're doing processing here.

Mr. Andrew Young: It's being processed here in Blacks Harbour. All of it is certified in Blacks Harbour and then it gets put on a truck and goes to Montreal. It's flown to Doha and then it goes from Doha into the Chinese market.

Mr. Dave Van Kesteren: How much of the processing labour is done by foreign workers as opposed to domestic workers?

Mr. Andrew Young: In that plant, we have very little access to foreign workers. It's almost exclusively domestic. That plant needs more workers. We have a very hard time finding labour. We could put through a lot more business in our plant in St. George if we had greater access to labour and foreign workers.

Mr. Dave Van Kesteren: Am I running out of time?

The Chair: Yes, you're out of time. I'm sorry. I know you're on a roll.

Mr. Dave Van Kesteren: That's a shame. I'll look forward to having a quick discussion afterward, but thank you very much.

The Chair: That wraps up our first session this morning.

Gentlemen, thank you very much for coming in. It was very informative, and there was good dialogue with the MPs and good questions from the floor here. I wish you continued success. You're welcome to stay throughout the day. We have many presenters here.

Just a reminder to the audience, you cannot take photographs during the session, but in between sessions you can take photographs and even talk to some of the MPs, if you want.

We're going to break for 10 minutes now, and then we're going to go to our next panel.

● (1000)

_____ (Pause) _____

● (1015)

The Chair: We're going to begin the second panel that we have this morning.

Welcome, panellists and stakeholders. If you were here earlier, you might have heard my opening remarks. Our committee has been going across the country and we've done six or seven provinces so far. We're finishing up Atlantic Canada and then we'll have a video conference with the territories. Over 20,000 emails have come to us from Canadians. We're going to be receiving emails until the end of October. We've had 125 briefings and 265 witnesses, so we're hearing a lot across Canada. We started early in the year.

The other issues that our trade committee is facing are softwood lumber and trade with the United States and we have a European agreement. Our committee is fairly busy. We have committee members from right across the country.

When we finish consulting with Canadians at the end of October, we're going to put a report together. That will take us a month or so, and at the end of the year, we're hoping to put a report in front of Parliament.

Welcome and thank you very much for coming here today and being part of this whole process.

In this group of panellists we have Connors Bros., the Council of Canadians, and Grand Manan Fishermen's Association.

We'll start with David Lomas from Connors Bros. Welcome, sir. You have the floor.

Mr. David Lomas (Vice President, Marketing and Business Development, Bumble Bee Seafoods International, Connors Bros. Clover Leaf Seafoods Company): Connors Bros. Clover Leaf Seafoods Company is one of Canada's oldest companies. We've operated a sardine and herring cannery in Blacks Harbour since the 1880s. We currently employ about 600 people at our Blacks Harbour facility, and are one of the main employers in Charlotte County, New Brunswick. In addition, we operate an international sales and marketing office in Saint John, New Brunswick, which sells seafood through our own brands in over 50 markets around the world. Our Canadian head office is in Markham, Ontario. We're responsible for just under half of all canned seafood sales in Canada just through our own brands, Clover Leaf and Brunswick. In addition, we have a sushi-quality frozen seafood food service business through our affiliated Anova unit. We are affiliated with Bumble Bee Seafoods in the United States, with its headquarters in San Diego, California, and we are owned by Lion Capital, a U.K.-headquartered private equity firm.

I'll skip to the main concerns that we have with respect to the TPP. Connors Bros. Clover Leaf Seafoods Company has several concerns related to the proposed TPP FTA with respect to our Canadian operations. The current herring resource constraints from Canada mean that there are no market outlet advantages gained by the TPP for our company with production from our Blacks Harbour canning facility. We currently have to procure finished goods mainly from Europe to meet our overall corporate requirements for branded sales in Canada, the United States, and other international markets. Labour cost differentials among many of the TPP parties such as Mexico, Malaysia, Peru, and Vietnam put our continued production at risk in New Brunswick. Our labour standards and obligations are also disproportionately higher than many competitive sources supplied by TPP partners, which further affects our competitiveness.

The simple elimination of tariffs, without addressing other regulatory issues affecting our operations in Blacks Harbour, may be a threat to the competitiveness of that operation. This results from operating requirements imposed on Blacks Harbour for regulatory compliance under a number of Canadian regulatory bodies, including CFIA and DFO. One example is with respect to import restrictions on raw material being processed in Blacks Harbour. We are currently unable to import herring from Sweden to offset our shortage of locally available fish. The concern is that this may be a vector for marine diseases being spread through the Bay of Fundy region. To our knowledge, several TPP parties where canned sardine products are produced are not similarly constrained and freely import and process fish harvested from outside their territorial waters.

We are unclear on what implications the TPP will have with respect to NAFTA. We currently export canned sardines from Canada to the United States and Mexico, and our affiliated company, Bumble Bee Seafoods, has major concerns about the TPP with respect to its operations and its market position in the U.S. market. Bumble Bee Seafoods is the largest branded canned seafood company in the U.S. market.

Those are the essential concerns that we have.

• (1020)

The Chair: Thank you very much, sir, for staying within time.

We're going to move over to the Council of Canadians. We have Leticia Adair and Paula Tippett.

You have five minutes together. You can split your time or do it whatever way you want to do it. Go ahead.

Ms. Leticia Adair (Saint John Chapter, Council of Canadians): All right. Thank you.

Chair and members of the Standing Committee on International Trade, thank you for the opportunity to address the committee on the issues that concern us.

Both Dr. Tippett and I are health care professionals and have more than 30 years of experience each in the field, she as a family physician, and I as a registered nurse. We are also here representing the local chapter of the Council of Canadians.

Although it is not really possible to predict how the TPP will be interpreted or enforced, we are left to draw on our experience with

previous trade agreements, such as NAFTA, and their impacts, such as the use of dispute resolution procedures.

Canada has suffered the most under investor-state dispute settlements. Our country is in first place among developed countries for the number of ISDS lawsuits against us. This has cost millions of dollars in damages. The TPP builds on the NAFTA model, but goes well beyond the traditional free trade issues.

It's very important for us to keep in mind that this was a made-in-America deal and that it was negotiated behind closed doors between U.S. corporate advisers and officials, not parliamentarians like you from participant countries.

As we are understanding now, the TPP will affect us in many ways. We want to really convey to your committee the negative impacts that the TPP will have on New Brunswickers, Canadians, and global citizens to access affordable medications.

According to a Health Council of Canada study, 21% of Canadians with the lowest income report not filling a prescription because of cost compared to 2% of those with the highest income. Rising prescription costs lead to negative health outcomes, and we have experienced it ourselves. Some studies have demonstrated that increased out-of-pocket costs for prescription drugs have resulted in negative health outcomes. Older patients were less likely to fill their prescriptions when they had to pay for them. This resulted in increases in the rate of hospital admissions, emergency care, and visits to physicians.

Health Canada has stated that high prescription drug costs will rise under the pending free trade agreement. The TPP and similar trade deals will add more than \$800 million to prescription drug costs in Canada at a time when our drug prices are already 26% higher than the Organisation for Economic Co-operation and Development median.

If the TPP is ratified, many more Canadians will experience higher costs, and this will represent a significant financial burden relative to their income. Some additional individuals will be faced with the difficult choice between putting food on the table and taking necessary medication.

The TPP requires extended patents and facilitates evergreen practices, allowing pharmaceutical companies to stay in monopoly protection for drugs whose patents are about to expire by adding new uses and modifying formulas.

Canada has made important contributions to the world's health by contributing to the development of affordable vaccines and by investing in the Global Fund to fight AIDS, TB and Malaria. The TPP will undermine these contributions when the provisions in it drive medicine prices up. The hardships that this agreement will impose on the poor and sick in developing countries that are part of this agreement are reason enough for Canadians to reject such abuse of intellectual property provisions.

The TPP will have profound effects on the criteria that Canada uses to decide on drug safety and effectiveness, how new drugs are approved or not for marketing, market surveillance and inspection, the listing of drugs for unpublished formularies, and how individual drugs are priced in the future.

Drug prices need to be affordable so our patients and millions of others still waiting for treatment can get the medicines they need. It is our understanding that generic competition in the production and distribution of health technology saves lives by reducing price and increasing access.

I will let Paula continue.

• (1025)

The Chair: You only have a couple of minutes, so it will have to be brief.

Ms. Paula Tippett (Saint John Chapter, Council of Canadians): When I saw on the schedule that we were to be on a panel with Connors Brothers, I got a sudden craving for Brunswick sardines, so I had to go to the kitchen and eat some.

We are very fortunate in Saint John, New Brunswick, to have ready access to safe, local, nutritious, and affordable food. Will safe local food be as readily available to us after CETA and the TPP? I don't think so. What about maritime turkeys or local chicken? Turkey farmers have said that reducing tariffs and increasing imports under the TPP will put them out of business, and I believe them. Locally produced sardines, turkey, chicken, eggs, cheese, and milk are excellent, safe, and affordable protein sources for the people of Saint John to buy to feed their families. We need to protect all of them from CETA and the TPP.

For over a century, Saint John has had an excellent system for protecting the public's health. The city market managers always had the authority to ensure the food sold in the market was wholesome. When the Saint John Board of Health was established, and then the provincial health department, we had health inspectors to ensure our food workers were trained in food safety and that our food was safe to eat.

When I was health officer for the four counties from St. Stephen to Sussex, the public health system worked well. One weekend evening, I got a call at home from the head of the emergency department at the regional hospital. A number of people had arrived ill. Samples had been taken from a woman who was vomiting. They had all had takeout food from the same restaurant. I called the health inspector for the area. He went to the restaurant, located the contaminated food, took samples, and threw the rest of the contaminated food in the garbage, stopping the outbreak. The restaurant owner was informed of the food safety rules he had broken, which had resulted in the outbreak of illness.

We take safe food for granted, but we shouldn't. With NAFTA and the harmonization of our food standards with some other places, there has been a deterioration in food safety in Canada. Federal inspectors and inspection services have been reduced. Food processing can take place far away from where it's eaten. Meats are especially dangerous.

In 2008, 22 people died from eating sliced meat from Toronto, which was contaminated with listeria bacteria from meat slicers that

were not properly cleaned. The listeria outbreak lasted from June to October, five months. Compare this to the few hours it took to end the outbreak in Saint John. Many people across Canada became ill in 2012 from E. coli bacteria in beef from out west that was processed in a plant with poor hygiene practices. An inspection at this plant in 2014 showed no running water in the sinks of the men's and women's washrooms, no paper towels, and other problems. This plant was said to have processed 40% of the beef in Canada exported to the U.S.

Since NAFTA, American-origin lettuce, other fruits and vegetables, and even nuts have been contaminated with disease-causing bacteria. In May of this year, CBC announced a massive recall of frozen fruits and vegetables produced in the U.S. from 2014 on, in regard to a listeriosis outbreak that began in 2013, causing illness in many people and some deaths.

Am I to slow down?

The Chair: No, you're way over time. You're three minutes over time. I'm trying to be polite and trying to get you to get right to your point so we can have a dialogue with all the MPs.

Ms. Paula Tippett: I'm sorry.

The Chair: Are you finished?

Ms. Paula Tippett: Yes.

The Chair: Thank you very much.

We're going to move on to the Grand Manan Fishermen's Association.

Ms. Bonnie Morse (Program Co-ordinator, Grand Manan Fishermen's Association): Good morning, and thank you for the opportunity to address the committee today.

The Grand Manan Fishermen's Association represents inshore commercial fisherman on Grand Manan Island. Grand Manan is located in the mouth of the Bay of Fundy and is about a one and a half hour ferry ride to mainland New Brunswick. Our population has been steady, at around 2,500 for the past 200 years. While aquaculture and tourism contribute to the economy of the island, it is most dependent on the health and prosperity of the fishery.

Members of our organization are owner-operators. They own their own boats and licences and fish them themselves. They are small business owners who generally employ at least two other people besides the captain, and there are about 100 of them on our island. The fact that fishermen operate small businesses and offer good employment opportunities in rural coastal communities is often lost in the discussion about the fisheries.

Our fishermen fish lobster, scallops, groundfish, and herring. Lobsters were our primary species, with a landed value of close to \$80 million on Grand Manan in 2014-15, the last year that statistics were available. New Brunswick's GDP grew last year based on the growth from resource industries, including fisheries. Despite the way the fishery is sometimes depicted, we are a growing, healthy industry.

Traditionally our lobster market has been primarily the United States, with much of the catch moving through the Boston market. The economic downturn in 2008 combined with increased lobster catch throughout the Maritimes changed that. While the U.S. is still a primary market, more markets have opened up in Europe, and more recently an emerging Asia market, which has allowed the industry to diversify its dependence on any one economy.

As such, we are very interested in trade and in securing market access for our products, particularly in Asia. The Trans-Pacific Partnership agreement is of keen interest to us. However, we note that China is not part of it and have concerns about what that may mean.

We, with many other inshore fishermen's groups across the country, are members of a national organization, the Canadian Independent Fish Harvesters' Federation. This federation represents the independent fleet sector of the Canadian fishing industry and wants to participate in the discussion about our trade policy. We want to be able to do so from an informed perspective.

It has been frustrating that there has been very little information forthcoming about the portions of the TPP that could and will impact fisheries. We are requesting that there be a briefing provided to the federation specific to the fisheries issues.

• (1030)

Ms. Melanie Sonnenberg (Project Manager, Grand Manan Fishermen's Association): We know that trade agreements are not just about the trading of products; they're also about rules, particularly about rules that give rights to corporations that can override national legislation. This is of great concern to us, because Canada's approach to fisheries is based on the owner-operator concept. Rules like owner-operator and fleet separation were put in place to make sure that fishing communities benefit first and foremost from the adjacent fisheries resources. They are critical for rural development and sustainability in Atlantic Canada. They rest on the notion that Canada's fisheries resources are a common property resource to be managed by the federal government in the public interest and for the benefit of Canadians.

Our concern about the TPP is that certain key countries behind the deal, like New Zealand and Chile, both fishing nations, over the last several decades have taken a very different approach to their fisheries resources. They have in essence privatized access to fisheries quota. The situation is quite alarming in New Zealand. Fish quota is now harvested by foreign industrial vessels, South Korean for the most part, using indentured crews from very low-wage countries like Indonesia, the Philippines, and Vietnam.

The working conditions aboard these vessels have been described as slave-like by *Bloomberg* business report. This was confirmed by New Zealand department of labour investigations after repeated cases of crews jumping ship to flee the abuse they were subjected to.

This kind of arrangement, having a country's fisheries resources harvested by foreign industrial boats using slaves, is no doubt good for the bottom line of companies that control or own the quotas, but we don't see how it could be good for fishermen or fishing communities.

News last week that similar practices were taking place in Hawaii only emphasize the need to maintain and enhance Canada's approach to fisheries management.

Let's be clear here: fishermen understand the market. We deal in it every day. We know the market doesn't care about our fishing communities or their future. Our concerns are that the big fishing companies of the Pacific countries involved in the TPP, including our own, will use the negotiations—which we understand were conducted in secret and which Canada had to sign on to before even seeing them to be allowed into the deal—to get access to Canada's fisheries resource at our expense.

That critical policy like owner-operator and fleet separation, and the notion that Canada's fisheries resources are a common property resource, will be sacrificed so that other sectors of the economy, pork producers perhaps, can get access to TPP markets. We want to participate in the shaping of our international trade policy, and we want to do it on an informed basis. What we don't want is to have our interests and the long-term interest of our communities and future generations traded away by people who do not value the importance of coastal rural communities.

Thank you.

The Chair: Thank you. You're right on time.

Apparently, you have a very vibrant fishing industry up there. It's a beautiful island and I'd recommend to any Canadians or travellers to go to your island. It's a wonderful stay and hospitality. It's great to see you here this morning.

That wraps up our briefings. We're going to move on to dialogue with the MPs.

We're going to start off with the Conservatives for five minutes.

Mr. Van Kesteren, you have the floor.

Mr. Dave Van Kesteren: Thank you all for being here. We're having a wonderful visit here. We're learning lots about your industries and your people.

I'll start with you, Mr. Lomas. I'm somewhat confused. Is yours a multinational company?

• (1035)

Mr. David Lomas: We have a Canadian legal entity, Connors Bros. Clover Leaf Seafoods Company, and we are in turn owned by Lion Capital, which is a U.K.-based private equity firm. We're affiliated with Bumble Bee Seafoods. I'm just talking strictly about the legal structure. Functionally our president and CEO is based in San Diego, California. The president of Connors Bros. Clover Leaf Seafoods Company is based in Markham, Ontario. He was formerly living here.

Mr. Dave Van Kesteren: Do you fish globally? Do you have a presence in different areas?

Mr. David Lomas: We're primarily a processor and marketer and seller of canned seafood products.

Mr. Dave Van Kesteren: Does that product come from different locales?

Mr. David Lomas: I'm here today to speak more with a focus on our operation here in New Brunswick.

Mr. Dave Van Kesteren: I'm confused, because on the one hand, the local fishing population, those who are involved with the locals in places like Grand Manan, are concerned about your types of operations. Yet you're concerned that trade deals won't benefit you. I'm just looking to square that.

Mr. David Lomas: Let me clarify one point. Connors Bros. is one of Canada's oldest food companies. We've operated a sardine cannery in Blacks Harbour, New Brunswick, 45 minutes south of here, since the mid-1880s. The history of our company is one of consolidation. In 2004, Connors Bros. basically entered into a merger with Bumble Bee Seafoods.

However, here today we employ 600 people in the Blacks Harbour area, and we process herring into canned sardines—

Mr. Dave Van Kesteren: I get that. I'm sorry to cut you off but I have only five minutes. I really want to get to the bottom of this.

You're talking about fish quotas for herring and the fact that you're allowed only so much, and yet the other parties are worried that these quotas will not be respected and we'll see overfishing. I know that you don't fish but you get that fish from different sources. Quite frankly, I was a little bit surprised to hear that. I'm concerned about those things. I'm concerned about overfishing and the world fish population and having good rules. I always understood that those rules were being applied generally and increasingly applied and that we were improving the situation. You seem to indicate that when you say you don't get the quota that you need in order to move it across, and yet your group is saying that we're moving in the opposite direction.

Mr. David Lomas: You're touching on a lot of different points that I don't think five minutes can do justice to. First of all, just to clarify again, Connors Bros. does harvest. We have a seiner. But we also buy from many of the local fishers here including weir fisheries in addition to seiners. The point I'm trying to make is that right now, we've seen a situation in which the total allowable catch, the TAC, in the Bay of Fundy Area has now declined to around, I think 50,000, tonnes.

Mr. Dave Van Kesteren: Is that because the quota has decreased?

Mr. David Lomas: The quota has decreased. We actively support and our livelihood is tied up with sustainable resources.

Mr. Dave Van Kesteren: We have to do that, yes.

Mr. David Lomas: We have to do what's necessary.

The point I'm trying to make is that we also run a processing plant. Through our branded products, we have a market outlet potential that is far in excess of what we are able to process from locally available fish, and that includes fish that is harvested in the United States and imported into Canada by us.

The point I was trying to make in this context was about the regulatory framework under which we are currently operating. Our

main concern is that there be a level playing field between us and competing processors and providers of product in the global markets, and that includes Peru and Vietnam. There are other places outside of the TPP that we directly compete against, for example, Morocco and Thailand. There are a number of them; it's very much a global business.

As things stand right now, we're looking for finished goods just to meet our branded-product outlet requirements.

With respect to the Bay of Fundy, we're deeply tied in with what goes on within the fishery and with our partners in this resource, and their concerns are our concerns in the context of that relationship.

• (1040)

The Chair: Thank you, sir. We're quite a bit over time, but that's fine. You had some good information there, so I let it go.

We're going to move to MP Ludwig, who is hosting us here in this wonderful province. It's great to be here.

You have the floor for five minutes.

Ms. Karen Ludwig: Thank you.

Thank you all for your excellent, very detailed, and locally concentrated presentations.

My first question is for you, Mr. Lomas.

From what I'm hearing, and my experience with Connors in Blacks Harbour, which is in New Brunswick Southwest, we have a company that is importing in order to export. I fully understand and appreciate the concerns around the level playing field, because we've often heard from Connors and from other companies across the country about the challenges behind the sanitary and phytosanitary requirements. You gave the example of Sweden. If the stocks were here locally, if the local herring stock were as plentiful as it was 50 years ago, there probably wouldn't be the necessity for importing.

So certainly, in terms of your concerns regarding the importing side, yes, there is work that needs to be done there, and we have heard that from different businesses. My question on that is whether you think, with the harmonization of sanitary and phytosanitary measures, there's an opportunity for us to actually raise the standards, as opposed to the concern we heard from many witnesses that we're actually lowering the standards with the TPP.

Mr. David Lomas: I see the TPP as a framework. It's a trade agreement among the participating members, and the relevance of that is primarily to facilitate trade among those members. We already export canned sardine products from Blacks Harbour into the United States, Australia, New Zealand, and Mexico a little bit, and we are also actually importing some product from the United States. When I say we, I'm talking about our Canadian-branded business under Clover Leaf. There's also a little bit from Vietnam on some sushi-grade frozen seafood products, through one of our affiliates in Canada.

But primarily speaking, I see that really our main competitors would be outside of that TPP set, and it's then about the regulatory environment and framework imposing challenges against our competitiveness within the canned seafood business, particularly—

Ms. Karen Ludwig: On that, we have heard from a number of businesses the concern that if the U.S. ratified and we did not, it may have an overflow effect and affect Canada's relationship with and competitiveness in the U.S., because the U.S. has bilaterals with Japan, Australia, and others. It's a concern that some others have raised.

To the Grand Manan Fishermen's Association, thank you so much. You definitely raised the concerns and the opportunities for the local fishers to have a voice at this table, which is absolutely critical. Those are our communities in coastal southwestern New Brunswick.

On the owner-operator issue, I know the significance locally, why we want to keep it local. Could you explain in greater detail to the group the significance of the boats being operated and owned by someone offshore?

•(1045)

Ms. Melanie Sonnenberg: When you have an owner-operator fishery, you have, just as it says, a person who owns the boat and they're in essence a business, a small business, but a business and they're contributing in a big way. We have only to look at the west coast to see how corporate takeover has taken that right away from people. We here on the east coast still enjoy it, although the policy has been eroded considerably over the years and we've lost some of that. When the owner-operator takes his boat away from the wharf, he generally, as in our lobster fishery as an example, has two to three people on the back end who are making what we would call very good money in our community. They're contributing. All that money stays in the community.

Ms. Karen Ludwig: What would be an example of good money?

Ms. Melanie Sonnenberg: We've had crew members in the last couple of years who would be in the \$150,000 range and upwards, depending on the captain. That's for somebody who can come out of school and go directly out fishing, with some minor investments to get there. They make a very reasonable wage, more than that, actually. In our case, where we live on an island and we're very isolated, these things are critical. That money being in the community keeps us functioning. If we take that away, and we see corporate ownership take over, for example in the lobster fishery, then our economy is closed and there's no more opportunity. We've seen this in other sectors. When you take that away from the community, cashflow is reduced and that in turn affects your businesses, your families, and so on. For us, it would be devastating. To speak in a broader term, most coastal communities are somewhat isolated, even when they're not on an island. From a broader perspective, it's really important to the fishing industry that we understand where this agreement is going to take policies like that.

In the case of Connors, they already have a quota fishery with the herring, and that is a different discussion. But the lobster, for example, is not. To see things happen that would allow that sort of thing to go on would be absolutely a devastating situation for us.

The Chair: Thank you. We were over a bit there.

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

Ms. Tracey Ramsey: Thank you so much for your presentations. I think they really give us a snapshot of New Brunswick and the concerns you have individually.

Ms. Sonnenberg, I just loved what you had to say about the bottom line and about what's good for fishermen and communities here, because that translates across Canada into what's good for the Canadian people, for our communities, and for our public health and public safety. Those things have to be protected and are paramount in anything we do, so I appreciate your words.

Ms. Adair, you mentioned evergreening in the patents. I think that most Canadians are unaware of the way that drug corporations, large pharmaceutical companies, use this to extend patents. One simple example is the EpiPen. It's not the epinephrine, which has been a drug for 40-plus years in Canada, but it's the mechanism of delivery which continues to keep the cost of that high.

I wonder if you could speak to us about the impact of less affordable medication on people here in New Brunswick.

Ms. Leticia Adair: I work in a nursing home. We have seniors coming to our facility and we see them come with medications that are totally new, brand names that are very similar to the generic drugs we have. I was concerned with the simple diabetic drug people have been taking. All the pharmaceutical companies have to do is change the dosage. It's slightly tweaked to evergreen it. That would bump it up to a new brand-name medication.

We see a huge epidemic in diabetes. We also see medications that are available as generics. The pharmaceutical companies, however, push them at doctors at conferences or while training. They slightly change the formula. It's a possibility and not even proven sometimes that the drug might help. People are paying an incredible amount for their medication. Our facility is run by the provincial government and the aim is to reduce costs, so we start with generics. The general population, however, is being victimized with the high prices of these medications.

For us, evergreening is a huge concern. It's not just going to be new medications that work. Some medications are just going to be transformed with a different name, a different formula.

•(1050)

Ms. Tracey Ramsey: Thank you.

I know you didn't get to finish, Dr. Tippet. I wonder if you could finish your thoughts on food safety and the way the TPP threatens food safety for people here in New Brunswick and across Canada.

Ms. Paula Tippett: I was just starting to make the point that the weaker food safety standards in TPP countries would further threaten food safety in Canada. There was an example of the unsafe food imports from Malaysia and Vietnam, and how that's treated, the shrimp that are raised in human waste, and then treated with antibiotics. These things may not be properly labelled under the TPP to reflect this.

The other thing that people are worried about is the U.S. milk. Canada has banned recombinant bovine growth hormone produced by Monsanto, and the U.S. has not. People are worried about that.

The assumptions of equivalents for animal and dairy products and other food products under the TPP that well-informed members of the Canadian public don't consider equivalent, should be done away with.

Many Canadians object to forced consumption of GMOs, dairy products that might contain rBGH. Many are allergic to certain things; many object to food irradiation, and they should all be protected from harm, by either bans or labelling. The labelling of the country of origin should be clear, and of the substances and processes that may affect health adversely. It should all be labelled well to protect the health of Canadians.

Ms. Tracey Ramsey: I think exactly what you're saying is the concern that we have. This alternative to the trade agreement, we know that only six of the chapters actually affect traditional trade, in the way we think about it, and I think you've all brought good examples of the other chapters that exist in the TPP. I thank you for your contribution today.

The Chair: Thank you, Ms. Ramsey.

We're going to move over to Mr. Dhaliwal of the Liberals. You have five minutes.

Mr. Sukh Dhaliwal: I come from beautiful British Columbia. B. C. is a leading exporter of seafood, particularly wild seafood, which accounts for two-thirds of a \$1-billion industry. It is said that, if the TPP is ratified, it will open access to Pacific nations, which will create stable, long-term predictable jobs on the west coast as well as on the east coast.

I would like to hear comments from the panel. Would you agree? Is this true for New Brunswick?

Ms. Melanie Sonnenberg: Our experience with what we know in British Columbia is that we've seen a great downturn in the fishery, in terms of access by individuals to keep these communities going. It has been a huge concern. We belong to a group, as Bonnie referenced in the presentation, the Canadian Independent Fish Harvesters' Federation, through which we've called out to government to help re-establish owner-operator in British Columbia.

The corporate monies, again I go back to this; we're unclear about what this will mean to us. I think it would be premature for us to really get into the weeds, in terms of where this takes us, but until we fully understand the regulatory side of it and how it impacts us, I don't think we can say that it's all bad. I think we have to open up a dialogue with the industry at a higher level than we've done to date, so that we can better understand what it means to us, but make sure that we're protected in the process.

I'm not really sure how to answer it at this point, given what little we know about some of those questions that we have.

• (1055)

Mr. Sukh Dhaliwal: Have you been approached by any of the officials, or have you approached them the other way around?

Ms. Melanie Sonnenberg: This is the first opportunity that we've had. We have had some discussion in the industry about it. We've had a fair bit on our plate, in the last year or so, with the owner-operator policy, so we've been very focused on that, but this has started to, of course, get more and more traction. You'll hear from the national body. I just spoke with Ms. Ludwig about that, and you'll probably be receiving a brief from the group, then hopefully, we can appear from that standpoint as well.

The Chair: Thank you. Go ahead, Mr. Lomas.

Mr. David Lomas: From a processor's perspective, with respect to the east coast and west coast—and I'm familiar with the west coast, as I worked for British Columbia Packers at one point—they're very different. You have to look at it on a sector-by-sector basis within fisheries. Salmon fishing and salmon products are very important on the west coast. The wild salmon catch is very different from what we have on the east coast.

I would refer you to the Fisheries Council of Canada for some information. It can give you some numbers and describe the structure of the respective coasts. I think it will give you some idea of which sectors are important. Each one of them has different competitive dynamics. We're all export driven, regardless of whether you're on the west coast or east coast. The domestic market requirements are, generally speaking, a low portion of the total output. We are, basically, exporters of our fisheries resources.

Mr. Sukh Dhaliwal: Thank you.

Dr. Tippett, you mentioned that TPP would negatively affect affordable medicine. You talked about low- and middle-income families. It's my understanding that if we open up markets, if we open up free trade, it brings affordability to middle-class families.

Aside from medicine, do you think there will be a net positive gain when it comes to that?

The Chair: Do you understand the question?

Ms. Paula Tippett: No.

Ms. Leticia Adair: May I answer?

The Chair: Yes, go ahead.

Ms. Leticia Adair: On the affordability piece, just opening the market doesn't mean that the prices are going to go down, because the main aim of the pharmaceutical companies—and they're the ones who drew up the TPP agreement—is to keep the patents on medications, which keeps the medications at higher prices. If Canada, for example, were to stop a patent, as they are doing with Eli Lilly, for example, then they are sued under ISDS.

We don't foresee it. We hope against hope. It would be nice if they decreased, but they will not. NAFTA has shown that the medication prices just....

The Chair: Thank you.

We're going to go to Madam Lapointe for five minutes.

[Translation]

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

I want to welcome the witnesses who are appearing before us today. I am happy to be here with you in New Brunswick.

My question will be more for the representatives of the Grand Manan Fishermen's Association, as well as the Connors Bros. representatives.

Is it difficult for you to recruit workers?

[English]

Ms. Bonnie Morse: For the commercial fishery, during the very busy peak times, it is a bit of a challenge, particularly because we're on an island and we have a very limited workforce. There are times when it is a problem to find workers, but throughout the season, it generally levels off. Because the economy on the island is so good, in general, finding workers has been a problem. We have a lot of openings, particularly in the service industry.

[Translation]

Ms. Linda Lapointe: Thank you.

A bit earlier, witnesses told us that they had a fairly available workforce, but probably not on the island. It is difficult for you to recruit workers.

• (1100)

[English]

Mr. David Lomas: The answer from the processor's side is, yes, we do. That reflects, in some ways, the interest level of Canadians in working in a fish plant. This has been something that has been well publicized before, when there are restrictions placed on temporary foreign workers coming in. The short answer is yes, we are challenged in finding sufficient employees who will work in a fish processing plant.

[Translation]

Ms. Linda Lapointe: Thank you.

If the Trans-Pacific Partnership agreement was ratified, we could assume that exports from New Brunswick would increase. In that context, would it be even more difficult to recruit workers?

[English]

Mr. David Lomas: As I said at the outset, from Connors Bros.' perspective, our challenge is we're constrained on resource right now. While we would love to be able to export a lot more—

[Translation]

Ms. Linda Lapointe: So there are some problems with the supply.

Mr. David Lomas: Yes.

Ms. Linda Lapointe: Thank you.

Earlier, we talked a lot about food security. Do you think that adopting the TPP agreement would help us increase sales to Japan?

That country accepts and prioritizes the food safety standards we apply here, in Canada. Earlier, you talked about Vietnam and Malaysia, but Japan really appreciates our food security when it comes to our exports. Do you believe that exports from New Brunswick to Japan could be increased if the tariffs were removed?

[English]

Mr. David Lomas: Historically, we've only had very nominal sporadic exports of our products into Japan. The issue very often transcends just simple tariff issues and some of the regulatory aspects. It also speaks to what products you have to sell that are of interest to that market.

Within fisheries there are certainly many areas, but within the herring side of the business from the Bay of Fundy area it has not been an important market for us at all just by the nature of products that we provide. I'm sure in other sectors of the fishery that would not be true. There is certainly a very active trade with Japan. I know from the west coast there certainly is, but insofar as our neck of the woods in the herring side is concerned, it's very limited and I don't see the TPP would dramatically change that.

[Translation]

Ms. Linda Lapointe: Thank you.

[English]

The Chair: You have half a minute.

[Translation]

Ms. Linda Lapointe: I have a question for you, ladies.

You said that this agreement was signed behind closed doors. Were you consulted when consultations on the TPP began last year? My question is for the Council of Canadians representative.

[English]

Ms. Leticia Adair: Before the agreement was signed by the Canadian government, personally, we weren't. We don't know whether our national organization was, but, no, we were never....

[Translation]

Ms. Linda Lapointe: Thank you very much.

The Chair: Thank you, Ms. Lapointe.

[English]

We're going to finish up with the Conservatives.

Mr. Ritz, you have five minutes.

Hon. Gerry Ritz: Thank you, ladies and gentlemen, for your presentations today. As you can see, the diversity of opinions is actually very good. It ends up with a stronger agreement at the end of the day.

Mr. Lomas, you said that most of the fisheries, and maybe I'm paraphrasing a little, that you're export driven. The vast percentage and the last groups that we had basically said the same thing. Is it not important to have diversity of markets? You rely a lot just on the American market and I understand, and you made the comment about Japan. The point with Japan is they want fresh fish. They don't want it canned. That's the difference there.

Is there any strength then in having diversity of markets in keeping the Americans honest? We found that when we were negotiating with them on country of origin labelling, on beef and pork, and we also found it on softwood lumber, which is still under discussion, that if you have other markets that create demand, then the Americans tend to toe the line and become fair traders rather than just free traders. Is there strength in having that diversity?

• (1105)

Mr. David Lomas: The answer would be yes.

Hon. Gerry Ritz: Yes, the easy answer.

Mr. David Lomas: Again, just to qualify this in respect to the Connors Bros., historically, we've been exporting for well over 100 years. In fact, there was a sales sheet I saw from 1923 which said that at the time Connors Bros. was exporting to over 50 markets around the world. At that time the tariff structure into the U.S. was very prohibitive, so the U.S. was not a very important market to Connors Bros. Uniquely, perhaps, as the result of our long history, we have always developed a very diversified branded seafood outlet business. We've always been very diversified.

Now today, yes, certainly, the U.S. market through our brands in the U.S. is very important to us. We are export driven. We look for those opportunities and we look to optimize the returns on the products that we have available to sell from this area. So, CETA, TPP, in theory, if the playing fields are level, then, yes, it would be a positive thing.

Hon. Gerry Ritz: There was also talk about the chapters that were closed when Canada started to take part in the negotiations. I can assure you, all of those chapters were opened and discussed. There were changes made within those chapters.

A case in point from an agricultural perspective, cheese compositional standards were taken away in one of those closed chapters. We were able to open it and bring that back into Canada's favour. That's worth about \$800 million to our dairy farmers. There were a lot of discussions.

You made the comment about quasi-slavery on some of the catching boats around the world. There are chapters in there on labour standards, environmental standards, and on food safety as well. The countries exporting product into Canada, in order to gain

our market, have to do it to Canadian standards. The labour that they pay on their boat has to be to Canadian standards; the environment that they're working in has to be to our standards, and of course the food safety has to be to our standards as well, to keep us safe so that we're not importing stuff that is less than what we expect in Canada. It is very important to have those chapters in there.

When you folks from Grand Manan talked about not having a proper briefing, have you asked for one now? You have a local guy who is the Minister of Fisheries. I'm sure Dominic would be happy to sit down with you, or your parent organization will call him, to run through everything.

Ms. Melanie Sonnenberg: At this point we haven't because we're letting him get his feet under him in his new portfolio, but now that we're into the fall, yes, we will be asking for it.

Hon. Gerry Ritz: He has officials who have their feet under them and have been involved all the way along. He's a tap dancer; he's fairly quick at being adept in it. We look forward to that.

Thank you for your presentation, Dr. Tippett and Ms. Adair. You mentioned that our drug costs in Canada are second in the world, on the wrong end of the scale, and have gone up some 26%. To what do you attribute that? What's to blame?

Ms. Leticia Adair: Many of the drugs that are being introduced into our country have been introduced through back doors, like many of the pharmaceutical companies I was mentioning before. They've prepared this training, or presentations for the doctors. They're basically enhancing the new preparations. It's a fact; I couldn't really tell you exactly what because—

Hon. Gerry Ritz: You're speaking to the evergreening of the product.

Ms. Leticia Adair: No, not evergreening, just the regular.... The facts have been analyzed in the OECD countries, who pays the most per comparative population for drugs, and we are really in the highest.... It's not necessarily evergreening. Evergreening is the new measure that the companies are thinking about. It is a fact, whether they discuss the measures the companies use or whether it's just the number of drugs that people are being prescribed.

Hon. Gerry Ritz: How do they get away with that in Canada, when the companies that produce are global, the Pfizers of the world, and so on? How do they take advantage of just the Canadian market, when they don't take advantage of some of the other markets?

• (1110)

Ms. Paula Tippett: We have long patent protection. We allow them to have their patents for a long time. We used to have a program, and we had a good Canadian generic drug industry, a lot of it in Quebec—

Hon. Gerry Ritz: We still do, actually.

Ms. Paula Tippett: Yes, but it's diminished from what it was.

The long patent protection makes it difficult for the generics to make drugs. At one time we had a program where they could pay a fee to the person who developed the drug, to the company—

Hon. Gerry Ritz: Pay a royalty.

Ms. Paula Tippett: —that developed the drug. They could pay a fee to them and make the generic product of that drug. That's the way it should be, because then you have access for the government to buy drugs and for the public.

Hon. Gerry Ritz: Thank you.

The Chair: Thank you, Mr. Ritz.

That wraps up this panel.

Thank you very much for coming, and for the good submissions and the good dialogue with the MPs. It's going to be used in our final report.

Could you stay for a few seconds? The CBC wants to do a shot of all of us sitting around and getting along, as good Canadians do, and having input with parliamentarians.

Our committee has done something different from most committees. At the end we set time aside for any of the audience that wants to comment. If anybody in the audience wants to go to our open microphone, it will be in about an hour and a half.

You will have two minutes. We will need your name and where you're from. Then I can call your name when we're ready to go. That'll be in about an hour and a half, but I'd like to get you registered first with your name and where you're from. When I read your name off, you can go to the microphone for two minutes and tell us what you think about the TPP.

It won't be a dialogue back and forth with us, we're just going to be here to listen at that open mike for what you have to say. It's your time to say what you want. Try to keep it within two minutes.

It's worked quite well. We've done it in every province. In some provinces there were more in the audience coming forward than others, but it was lively and it was good. People expressed right from their heart what they thought about TPP, what they loved about it, what they didn't like about it, and what they wanted changed. It went well.

I don't know if other committees are going to start the open mike process, but it's worked well for us so far. I remind you to put your name down and register.

On that note, we're going to suspend.

Mr. Sukh Dhaliwal: Tell them the time that open mike will be.

The Chair: I think it's at two o'clock, Mr. Dhaliwal.

We're going to break for 10 minutes, and then there will be a new panel coming up.

• (1110) _____ (Pause) _____

• (1130)

The Chair: We're going to get going here, folks. We're doing well this morning and moving on to our third panel.

Welcome, panellists. You know why you're here. Our committee has been travelling the country on the TPP agreement. We're hearing from Canadians. We're hearing from stakeholders, companies, corporations, unions, and employees. We have over 200 or 300 submissions, and over 20,000 individuals have sent us emails. We're getting a big uptake and we're going to be wrapping it up in the month of October. We're doing Atlantic Canada all this week and we'll have a few more submissions in October. We'll take any submissions from the public until the end of October. Then through November and December we'll put our report together and present it to Parliament at the end of the year.

Thank you for being part of this whole process. If you would keep your remarks to five minutes, we would appreciate it, so we can have lots of time for dialogue with the MPs afterward.

Without further ado, we'll start off with Leigh Sprague from the New Brunswick Union of Public and Private Employees.

Thanks for coming, Mr. Sprague. Go ahead, please.

• (1135)

Mr. Leigh Sprague (Legal Counsel and Chief Negotiator, New Brunswick Union of Public and Private Employees): Thank you.

The New Brunswick union, headquartered in Fredericton, has about 8,500 members, about 7,000 of whom work in the public sector here in New Brunswick. We are the New Brunswick component of the National Union of Public and General Employees, the 360,000 member NUPGE. We have concerns about the effects of TPP on public services, both as users of the public services and as employees working to provide them.

First, it's that the agreement adopts a negative list approach, meaning that all services and investments are subject to the TPP's provisions unless specific reservations or exclusions are negotiated and identified in the country's specific sections.

Canada has negotiated a reservation in the area of social services, as well as aboriginal treaty rights and cultural industries, and in doing so, and I'm quoting from the text:

Canada retains the right to adopt or maintain a measure for supplying public law enforcement and correctional services as well as the following services to the extent that there are social services established or maintained for a public purpose —income security or insurance, social welfare, public education, public training, health, and child care.

While this appears to be a positive step, our issue is that the phrase “public purpose” is not defined within the text of the TPP. This is problematic, as all governments do not share interpretations of what constitutes a public service. Ultimately, it would be up to the arbitration program, with the dispute settlement, to build up a jurisprudence around what it is that public purpose means. We could come to a time where we find the Canadian government and provincial governments constrained as to what they are permitted to do.

The annex also doesn't include various ancillary services that ensure the ongoing functioning of the social services that I mentioned. For example, in the area of health, it does not identify ancillary health services, such as cleaning services, maintenance and administration, as social services. Therefore, anything in that area would be subject to the TPP.

The negative list also means any unanticipated services that are deemed to serve a public purpose in the future will not be protected by the reservation, and will thus be subject to the provisions of the TPP, because they haven't been identified in the current text. Things that governments in Canada might want to provide as a public service in the future, that are unanticipated as of now because they don't exist yet, governments would be constrained in their ability to provide those services.

An additional concern linked to this is based on the standstill and the ratchet provisions of the TPP. The standstill provision is intended to create an irreversible minimum standard for liberalization through the exclusion of new or additional restrictions. According to this provision, governments are not allowed to implement new regulations or restrictions on trade and investment. Quite the opposite, governments are required to only move toward greater conformity with the provisions of the agreement. As an extension to this, the ratchet provisions prohibit governments from reversing any voluntary privatization efforts.

Not only does the standstill provision create a new standard of liberalization of trade and investment in services, but the ratchet provision prevents government from reducing privatization in the future. Perhaps even more troubling than the potential trend toward privatization is the fact that it will be irreversible. As a trade union, particularly one that has members working in the public service, it's natural that we would be opposed to privatization as a concept, but I think regardless of one's view of whether or not services are best delivered by the public sector or private sector, the irreversible nature of some of the rules here in the TPP around that should be bothersome to all of us, because it potentially constrains governments in the future.

The Chair: Do you want to wrap it up with some final comments?

Mr. Leigh Sprague: I can. In fact, that was essentially it, the concern around the future autonomy in those areas.

The Chair: Thank you, sir.

We're going to Mr. Peter Johnston from Cavendish Farms. Thank you for coming. You have the floor.

Mr. Peter Johnston (Director, Quality Assurance, Cavendish Farms): Thank you.

Good morning. My name is Peter Johnston. I'm the director of quality assurance for Cavendish Farms. I focus on food safety and regulatory within our company. I've worked for Cavendish for just over seven years. I've been in the food industry for just over 20 years.

Cavendish Farms is a proud family-owned Canadian company with roots in Atlantic Canada. Our operations began in 1980 in Prince Edward Island. That year we shipped 25 truckloads of product a week. In 2015 we shipped 728 truckloads a week. Cavendish Farms is the fastest-growing retail brand in Canada. For the past two years, most of North America's quick-service restaurants have been our clients. We are also one of the largest private-label packers for many retailers and food service suppliers.

Aside from providing products for the U.S. and Canadian marketplaces, we export to more than 50 countries around the

world. We are the fourth-largest frozen potato processor in North America. We have four plants in Canada and one in the United States. We produce more than 1.46 billion pounds of finished product a year. Our current market share in the TPP countries ranges anywhere from nothing to about 3.5%. However, as you'll hear later, we do see opportunity in these markets if the TPP is ratified. Duty rates range from 0% to 40% within TPP countries.

I did bring a handout with me. There are additional details within that handout. I do apologize, but I wasn't able to get it translated very quickly.

Our duty rates on french fries and frozen potato products are currently the same as in the United States. If the United States ratifies the TPP agreement and Canada doesn't, Canadian processors will be at a significant disadvantage. Processors in the U.S. have a slight edge with logistical advantages, as they are closer to ports for shipping and require fewer days in transit. To be competitive, we cannot allow any additional barriers to these potential markets.

I can offer some examples of export challenges in the TPP countries. In Japan, the number one importer of frozen potato products outside of North America, there are non-traditional requirements on food safety and quality. They also require very specific packaging and labelling. In Mexico, one of the top three markets for imports of frozen potato products, they recently passed new laws that require unique packaging as well for retail packaging compared with the rest of the world. In Malaysia, market and cultural sensitivities require unique SKUs, or stock-keeping units. In Chile and Peru, where we believe import opportunities are significant, non-traditional barriers to trade exist, including microbiologic and inorganic tests that are not required in other markets and not traditionally done in the industry. Their process to register a new product is bureaucratic and time-consuming. It can take up to a year to register a product.

In order for Canadian frozen potato products to be competitive, increase exports, and not lose existing market share in TPP countries, the Government of Canada must ratify the Trans-Pacific Partnership agreement.

Thank you.

● (1140)

The Chair: Thank you, sir.

That's a lot of french fries; holy smokes. Are you saying it's a billion and a half pounds a year?

Mr. Peter Johnston: That's correct. All of our facilities combined put out a billion and a half pounds per year. About half of that comes off of Prince Edward Island.

The Chair: Great. We'll be heading there this evening.

We'll move now to Unifor. We have Jessica Smith.

Welcome, Jessica. Go ahead.

Ms. Jessica Smith (Unifor): My name is Jessica Smith. I'm here before you as a member of Unifor Local 4606, where I represent 1,300 members in the health care sector, predominantly in long-term care. Unifor also represents 30,000 members in Atlantic Canada and 310,000 across the country.

I came to Canada as a temporary foreign worker. I moved here from the United States because, as a country, Canada more closely mirrors my beliefs and ideals, with our universal health care, labour relations, and environmental concerns. All of these things are at risk from the TPP, but what I'm here to talk about specifically is how the TPP relates to being a temporary foreign worker.

It's a stressful time of uncertainty when you work this way. I've heard it called "modern slavery" many times, including by our own media. When you work as a temporary foreign worker, the company that has hired you and paid for your labour market impact assessment controls your future. We tend to be very subservient, and I use "we" because I am part of this history, but it's something that's not forgotten. If we rock the boat and our employment is terminated, so is our ability to remain in Canada. It's because of this that we do things for our employers that our Canadian counterparts would speak against. We tend to be moved around our job sites more. We're asked to work overtime more frequently. We work more when short-staffed and even when we're sick for fear of losing our jobs and, in turn, our Canadian future.

Immigration is an important key to the diversity of our nation, and diversity is a huge strength. When developing trade agreements, labour must be a key factor in these talks. Job security is economic security. As economic globalization occurs, we need to progressively look at what this means to our workforces and how we can actively work to get these trade deals to bring all people into the deal while lessening the economic divide that continues to grow apart.

Free trade deals, especially the TPP, actively work to widen that divide. Chapter 12 of the TPP, which the U.S. opted out of, specifically gives rights to the multinational corporations that allow them to completely circumvent Canada's immigration laws. It completely negates the labour market impact assessment, while also lifting the percentage of temporary foreign workers they are able to employ.

Let's start with the labour market impact assessment. This was created to ensure that companies bringing in temporary foreign workers don't abuse the system. It requires that they show proof of an attempt to hire a Canadian first.

As an immigrant, I understand the need for this. No immigrant is coming to Canada to take a Canadian's job. We come to seek opportunities for our future, a future that lets us walk beside Canadians and not see them unemployed. By allowing multinational corporations to ignore the labour market impact assessment, this will not always be the case.

To borrow an example from the report of the Canadian Centre for Policy Alternatives, "Migrant Workers and the Trans-Pacific Partnership", Japanese automakers could easily move engineers from Japan into Canadian operations under the intra-corporate transferee rule. This could happen even if there's a Canadian engineer, with experience, currently on unemployment. The labour market impact assessment may have its flaws, but it's put in place to prevent this from happening.

Then there is the fact that the TPP lifts restrictions on the percentage of temporary foreign workers in a workplace. This aspect is at particular risk of being abused at places that often "contract-

flip", such as airports or the oil industry. Corporations ought to award these contracts to the companies whose proposals are the cheapest. If the company is from a TPP nation, especially Japan or Australia, they would be able to not rehire any of the workforce that was employed by the previous contract winner and doing the job. Instead, they could bring in temporary foreign workers at a much lower pay rate, with decreased benefits. This makes the employees more beholden to that corporation.

I feel that the TPP is a missed opportunity. We should be looking to negotiate a progressive fair trade agreement that does not allow companies to circumvent our labour laws but enforces and equals them by making corporations truly look at the labour market impact assessment and by offering permanent residency options when a need is truly found for employee migration.

Thank you.

The Chair: Thank you, Jessica. Welcome to Canada. When did you come here?

Ms. Jessica Smith: It's eight and a half years ago now.

The Chair: Very good.

We're going to start our dialogue with the MPs.

We're going to start with the Conservatives. Mr. Ritz, you have five minutes.

• (1145)

Hon. Gerry Ritz: Thank you, ladies and gentlemen, for your presentations today. They have been very informative. I loved hearing from you.

Mr. Johnston, I was intrigued with the size and scope of what you've developed in starting out as a small player and then growing to the size you are now. We hear a lot of discussion about jobs that potentially will be lost if we do this, but you're an example of jobs that are created when you expand your trade footprint, and that's good news.

I'm looking at page 5 of your deck. As we look at the tariff rates in some of the TPP countries, it's going to make a huge difference to you to level that playing field. You don't have the U.S. statistics on that page. Was there a reason they were left out?

Mr. Peter Johnston: There are no trade tariffs between the U.S. and Canada.

Hon. Gerry Ritz: No, it's flat.

Mr. Peter Johnston: It's flat, exactly. This would look the same for the U.S.

Hon. Gerry Ritz: You didn't show that but...

Peru is an interesting... I was down there and I think there are 3,000 varieties of potatoes grown. They have 28 different ecoclimates. Then they have the seed bank, of which Ag Canada funds a portion. They have tens of thousands of different seed varieties.

The really interesting potato is one that is all knobby and bumpy. It's called the mother-in-law potato. If you go to your girlfriend's house and the potential mother-in-law peels the potato very accurately and nicely, it means she likes you. If she just hacks it all up, she doesn't. That's the potato industry in Peru.

You show the differences in the market from 2014 to 2015. Your increase in Japan and Singapore was phenomenal. Those are valuable markets. On the dollar numbers you still did well. It was the access you lost in Malaysia, Australia, New Zealand, and so on, which weren't big markets to begin with, but it's the value of these markets, not the volume.

Mr. Peter Johnston: It's the value of these markets. Getting your foot in the door, if you will, should develop further opportunities. These are growing markets. The Asia-Pacific is the growing region for our market and our products.

Hon. Gerry Ritz: How much do you spend as a company on research and development to analyze market by market, and sell what they want, not what we have?

Mr. Peter Johnston: Without giving a dollar value, a significant amount. We have a significant amount of effort and energy in our market insights, not only in Canada and the U.S., but globally.

Hon. Gerry Ritz: It's an amazing story, and I thank you for it.

Mr. Sprague, as a lawyer, in your presentation, you talked about there's not a legal definition of "public purpose" and you would like to see it defined. Is there not a historical definition in Canada that would supersede? Or are you saying that just goes to zero and we start over?

Mr. Leigh Sprague: I believe there is some case law from arbitration boards and other trade agreements, jurisprudence that uses either "public purpose" or similar phrasing. Again, it's about control. We'd be ceding the growth of the meaning of the term "public purpose"; we'd be giving that up.

Hon. Gerry Ritz: Have you done an analysis of public purpose in the other TPP countries compared to Canada? How much difference is there and where would we see an attack coming from, if I can say it that way?

Mr. Leigh Sprague: No, it's not the other countries' interpretations that we'd be concerned about.

Hon. Gerry Ritz: But they're the ones who would have to... because it's only within the TPP bloc of countries, those 11 other countries. I was wondering if you had red-flagged someone, as in Japan is going to be the big offender, or the U.S., or something like that.

Mr. Leigh Sprague: No, not in that sense.

Hon. Gerry Ritz: Ms. Smith, welcome to Canada. With eight and a half years, you're well versed. Welcome here.

You talk about 1,300 members in long-term care. Of course that's a growth industry across Canada when we look at the baby boomers and the bubble that's pushing, and I'll be getting there very soon myself.

You talk about trade deals that should lift all labour standards. I agree with you wholeheartedly. That's why there's a chapter in the TPP on labour standards that says anyone coming to Canada with

any kind of export or expertise or whatever, has to meet those Canadian standards.

Is that not good enough? How do we make that even more Canada-friendly?

The Chair: If you can make it a short answer, it'd be appreciated.

Ms. Jessica Smith: Yes, not a problem.

Under the chapter, and I'm not sure, are you talking about chapter 12 or the other chapter that specifically talks about the labour language?

• (1150)

Hon. Gerry Ritz: The labour chapter.

Ms. Jessica Smith: Yes. The labour chapter specifically has very vague language and there's no way to truly enforce it. It talks very much—

Hon. Gerry Ritz: Lawyers tend to like vague so they can kind of move it this way and that way.

Ms. Jessica Smith: You do to a point, but if there's no enforceable way to enforce it when it talks about that they'll endeavour or that countries will consult with each other to make sure something happens. There's no system in place to actually ensure it's going to happen.

That's the issue with that. There's no guarantee it's going to happen, because there's nothing in place saying it has to happen: we'll consult with other countries on these issues, or we'll endeavour to make sure these things will happen. There are no set, enforceable rules.

Hon. Gerry Ritz: The language isn't strong enough.

The Chair: Thank you. We're going to move to the Liberals now with MP Ludwig, our hostess in New Brunswick.

You have five minutes.

Ms. Karen Ludwig: Thank you all for your informative presentations. Leigh, it's nice to see you again after all these years from the early days of New Brunswick Community College.

I have a number of questions.

Ms. Smith, regarding the temporary foreign workers program, I want to reassure you that our government is reviewing that entire program. A report should be coming out later on this year. It's before the standing committee.

We face an interesting situation in New Brunswick where there are concerns regarding temporary foreign workers and abuses. The cases I've heard locally are quite different, and less so than in other parts of the country, but we also face a labour shortage. As a federal government, we're working toward what's called the Atlantic growth strategy. Over the next 16 months, we are looking to promote immigration that is employer-driven by 2,000. Looking at the chapter within the TPP under labour mobility, is it not specifically directed to highly skilled labour requirements that are locally needed?

Ms. Jessica Smith: I'm sorry, what's the question?

Ms. Karen Ludwig: Is it highly-skilled and not general labour?

Ms. Jessica Smith: There are many different sections within it. There are four different ways they could be brought into the country. Some of them require more standards and more education, but some of them are vague. They say things like "specialist", but it doesn't go on to define what that means, or what kind of specialties they have. Is it something that could easily be trained here? They're not things that are specific within that. Once again, it's a vague thing, so that they could easily bring people in.

In regard to the report on the temporary foreign workers, it was released, I think it was last week, and there are some issues that are being brought forth. It still doesn't address the issues when it comes to the abuse of these temporary foreign workers and things like that, because it doesn't talk about.... The pathways to permanent residency aren't set in stone. They're not for the lower-income groups, and there's still quite a bit of work in that industry.

Ms. Karen Ludwig: There is a fair bit of work being done right now on the path to citizenship. In particular, in a riding like mine, which is New Brunswick Southwest, we do have a number of temporary foreign workers who do need to have a path to citizenship because they contribute highly to the local population.

I am pleased to say there is work being done on an easier path to citizenship. I'm optimistic that through the Atlantic growth strategy program and initiatives it will make that easier and the best for our local communities.

Mr. Johnston, regarding Cavendish Farms, how many employees do you have within Canada?

Mr. Peter Johnston: Within Canada, we have approximately 1,100 direct employees.

Ms. Karen Ludwig: Then is it fair to say that, as a result of international trade, your employment needs have changed from the early years with your 25 trucks going to 700-some now, and also with more specialized positions?

Mr. Peter Johnston: Yes. Mr. Chair, international trade is not only the backbone of why we are where we are today, but it's also what we're going to be looking for in the future for Cavendish Farms and to continue to employ Canadians.

Ms. Karen Ludwig: For labour itself, over the last 25 years, how significantly have you relied on the foreign labour for the diversity of language, the knowledge of the foreign markets, and the experience of entering and sustaining your company in those markets, such as Japan, Australia, New Zealand, Peru, and Chile?

● (1155)

Mr. Peter Johnston: I don't have a number, but I will say that an increasing number of our employees are—if you'll excuse the term—come from aways.

Ms. Karen Ludwig: Okay. We're not supposed to use that anymore.

Mr. Peter Johnston: Oh, I'm sorry. They're not directly from Prince Edward Island. They are from outside of Prince Edward Island, and outside of Canada. Our business relies on foreign workers coming to Canada to continue working for us and to allow us to continue operating efficiently and effectively.

The Chair: This has to be very quick.

Ms. Karen Ludwig: How significant is it that Canadian employees—let's say from Cavendish Farms—are also going into those markets as an exchange. Do some of your employees ever work abroad, representing Cavendish Farms in the foreign markets, as well, so there is an exchange between....

Mr. Peter Johnston: We certainly do. We have employees in foreign countries, for sure, yes.

Ms. Karen Ludwig: Thank you.

The Chair: Thank you.

We're going to move to the NDP. Ms. Ramsey, you have five minutes.

Ms. Tracey Ramsey: Thank you so much for your presentations today.

I have a couple of things. Mr. Sprague, you mentioned aboriginal treaty rights. Unfortunately, aboriginal people were not consulted at all on the Trans-Pacific Partnership. We've had them here before this committee. In the actual document itself, there's no reflection of the rights they are owed here in Canada.

There's no jurisprudence, no case law that applies in the investor-state dispute settlement resolution processes. Even if we had those in Canada, they would not apply, unfortunately.

The question I have for you is around the standstill. I think it is important for folks to understand that, in the standstill clause itself, think about pharmacare. If we enter into the TPP today, and then down the road we decide we'd like to implement pharmacare in Canada, we could be sued for doing that, because we will not be able to create new public programs for the benefit of Canadians. I wonder if you could speak to the impact of the standstill clause on public sector workers.

Mr. Leigh Sprague: Yes. That's just it. If Canada Post didn't exist today, we wouldn't be allowed to create it tomorrow if we entered into the TPP.

I think the concern is twofold. One is about unanticipated services that I mentioned, things that don't exist today that might exist in the future. Two, I think there's a concern around the one-way nature of decisions around privatization. If the government decided to sell a public utility to a company from one of the TPP countries, the next government wouldn't be able to reverse that decision. That's an example of the undemocratic nature of some of the potential outcomes that's very concerning.

Ms. Tracey Ramsey: This would ultimately affect the 8,500 members you represent in NUPGE.

Mr. Leigh Sprague: Of course.

Ms. Tracey Ramsay: Ms. Smith, I think the strategy that MP Ludwig is speaking about is important. It's important that we try to create a way for the temporary foreign worker program to be improved in Canada. Unfortunately, in the TPP, all the rules will be removed. As flawed as this program currently is, anything we're trying to do to improve it will simply be removed with the stroke of a pen in signing the Trans-Pacific Partnership. The problems we currently have with the temporary foreign worker program will only be exacerbated because this framework doesn't exist.

I wonder if you can speak a little about how that will impact workers here in New Brunswick, who are looking for work under that program or who currently work in sectors that are affected by the program.

Ms. Jessica Smith: How the TPP is going to affect them is if they're trying to extend their work permits and switch to another employer or something like that. As I said, it makes them more beholden to that employer. As well, it makes it harder for them to get more employment if they have people bringing in more workers. Once they've been in Canada for some time, their standards start to match the Canadian norm as far as labour goes. They start saying they deserve to be treated this way; they deserve these things. It's going to be harder for them to get employment with those corporations because they'll be bringing in more people who aren't at that level yet.

I speak on this because I see it happen all the time in long-term care. We don't have that percentage within health care because there's a need for health care workers, so we have a large percentage of temporary foreign workers.

I see it every day. When they first come into our country, they're very timid, very afraid. When they've been here longer, once their permanent residency comes into play—if they managed to get it through the provincial nominee program, or if they married a Canadian, or however they ended up getting their permanent residency—they become more involved in things; they become more outspoken. It does very drastically affect the way workers work and how they live their lives.

● (1200)

Ms. Tracey Ramsey: I think we've heard today, too, that with the high unemployment rate here in New Brunswick, at 40,000, at least through the temporary foreign worker program there's an ability to prove that need locally. If that need doesn't exist, then I can only imagine that more folks will be coming in, which will be an even greater challenge to those in New Brunswick who are looking for

work, who either are already unemployed or are then affected by this shift that will happen under the labour mobility chapter.

It's interesting. You mentioned, of course, that the U.S. opted out of this chapter. They said that no one will dictate their immigration standards in their country. I really wish that had been the same for us here in Canada.

A voice: For sure.

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

We'll go to the Liberals. Madam Lapointe, you have five minutes.

[Translation]

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

I want to thank the witnesses for joining us this morning. I appreciate hearing all your points of view.

Ms. Smith, you talked about chapter 12 and foreign workers earlier. You are more concerned about the arrival of temporary workers from Japan and Australia. Why is that?

[English]

Ms. Jessica Smith: It actually has to do with the side papers of the chapters where they talk about the temporary foreign workers. We were able to opt out of some industries versus others with most of them, but with Japan and Australia specifically, they're very open. It's not really part of the regulations. It's very much more of an open labour system as far as temporary foreign workers go. That's why I say those specifically.

[Translation]

Ms. Linda Lapointe: Thank you.

Mr. Johnston, I am glad you have joined us today.

You talked about special packaging for Japan. Is that the only country requiring that type of packaging?

Are you having trouble hearing me?

[English]

Mr. Peter Johnston: I'm sorry, I missed that question. Could you repeat the question, please.

[Translation]

Ms. Linda Lapointe: You talked about specific packaging, especially for Japan. Do other countries you export to have any other problems in terms of packaging?

[English]

Mr. Peter Johnston: Yes, the packaging for Japan is very specific to Japan. It cannot go to any other country, so the regulatory barrier, if you will, ensures that we only produce packaging of finished products for that marketplace. Some other countries, including within the TPP, are more open to common packaging that we can market in various countries, but Japan is one that has very specific packaging and labelling requirements.

[Translation]

Ms. Linda Lapointe: Thank you.

The document you have submitted to us indicates that Japan and Vietnam apparently impose the highest tariffs on your exports. Would those tariffs be eliminated once the TPP was adopted?

[English]

Mr. Peter Johnston: That is correct. I believe there's a phase-in period of three to five years, along those lines. Elimination of those tariffs is critically important for us. That would benefit our business significantly.

[Translation]

Ms. Linda Lapointe: Okay.

Do you think you could increase your potato exports to Japan and Vietnam?

[English]

Mr. Peter Johnston: With the current tariff rates in place, it is very challenging for us to compete globally with other suppliers. With these tariffs removed, absolutely. It really opens the door for us to increase the volume of product we can market into that expanding marketplace.

[Translation]

Ms. Linda Lapointe: Could you meet a higher demand? Do you have the facilities required to meet those countries' demand and increase your potato sales?

[English]

Mr. Peter Johnston: The North American suppliers certainly do. Cavendish Farms alone does not. However, it certainly allows us to plan longer term from a capital investment perspective at our various facilities and that has a trickle-down effect right through our suppliers, through our growers, the agricultural community, and so forth.

There are certainly opportunities within our network to expand and there are other areas where we produce beside Prince Edward Island. I talked about Ontario and Alberta. These are markets that we can serve from these facilities as well with increased volume, absolutely.

• (1205)

[Translation]

Ms. Linda Lapointe: That's significant. It would basically lead to investment opportunities. Thank you for the answer.

I would like to put a question to Leigh Sprague.

Earlier, my colleague Mr. Ritz talked about the Canadian definition of public purposes. What would you like the Canadian definition to be? I felt that you were very apprehensive about public purposes. What are your views on that issue?

[English]

Mr. Leigh Sprague: Certainly, I think we would be best served by the most broad and liberal definition that we could give to "public purpose". If there was an agreed upon definition it would have to be that, anything that has a public element tied to it. For example, for ancillary health services like cleaning, is that for a public purpose or not? It serves the public, but you could argue that it isn't.

[Translation]

Ms. Linda Lapointe: Thank you very much.

[English]

The Chair: Thank you, Madam Lapointe.

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

Mr. Sukh Dhaliwal: Thank you to the panel members.

I have a quick question for Mr. Johnston. Mr. Johnston, if we don't ratify the TPP, which markets will take your import shares?

Mr. Peter Johnston: Hypothetically, if the TPP is ratified and Canada does not sign up, if you will, and other markets, the United States and Australia do, those countries are french fry producers and would certainly benefit from that, and we would certainly pay a penalty for not signing up.

Mr. Sukh Dhaliwal: Thank you.

Ms. Smith, I came to Canada 32 years ago and spoke very little English. You mentioned the word "engineer" in your presentation. I did go to the University of Calgary. I did my engineering degree. I was a professional engineer in Alberta as well as British Columbia, as a B.C. land surveyor. When you mentioned moving those particular trades into Canada under the TPP, because you need to be part of a professional organization to call yourself an engineer, I don't believe that those engineers who do not have their designation will be able to work on Canadian projects.

On the other hand, you mentioned the temporary workers. I'm a big supporter of permanent immigrants because of some of the reasons you mentioned, the exploitation of labour, and particularly for women.

Ms. Ludwig mentioned that we are looking at the temporary foreign worker program. Do you have any suggestions on how this program should be tailored to make sure that those individuals are not the victims of exploitation?

Ms. Jessica Smith: I read the report that came out last week about the temporary foreign workers specifically. Within our country, they did discuss trying to set up some different systems, because most people won't call the telephone line that they could call because there's a risk of retribution from their employers. I think the easiest solution you have is to look more toward where we clearly have a need, to the permanent residency option at a quicker rate, or even at the beginning, because clearly we have that need in our labour market to bring in these temporary foreign workers. If they work in our country, they deserve to live in our country.

Tracey Ramsay said a minute ago that this is great for our country and we really should do that, but the TPP circumvents those rules anyway. Even if we were to do that within our nation, the TPP would still not be beholden to those rules.

Mr. Sukh Dhaliwal: You mentioned we need permanent immigration. There was a time that we needed engineers, doctors, accountants, but now our own children, in fact, are.... There is a brain drain to the U.S. particularly as far as the medical profession is concerned. Instead of those particular professional people, don't we need a workforce that will be able to sustain our manufacturing, our agriculture, and our seafood industries, with lesser qualifications?

●(1210)

Ms. Jessica Smith: Do you think we should lessen qualifications? Is that what you're saying?

Mr. Sukh Dhaliwal: That's right. We don't necessarily need all the doctors, engineers, accountants and lawyers, but we need a general workforce that should be able to sustain both industries that need those temporary workers right now.

Ms. Jessica Smith: Yes. As I said, I think that's really important. I think that's why we have the labour market impact assessment, to show the industries that do need that workforce, so that's why it's so important that we hold the TPP countries to that same standard, to ensure that Canadians who need those jobs are given the opportunity to get those jobs as well. Yes, it is important that we do need to get those workforces brought up, so that's why we have the labour market impact assessment. I think it's really important that we do bring in those workers. I think it's really important we bring in those workers in a way that's going to be a very positive change for them, like permanent residency options as opposed to being temporary foreign workers for a year at a time. I know that will change if the report is approved that was given last week, but as I said, we have to hold the countries that are part of the TPP accountable as well; otherwise, our talking about the Canadian temporary foreign worker program is wonderful, and it really does need those revamps, but we also need to be reminded that these countries will be able to completely circumvent that based on the TPP.

Mr. Sukh Dhaliwal: Is there a particular—

The Chair: Your time is—

Mr. Sukh Dhaliwal: —almost up.

The Chair: No, it's not almost up. It's up, up, and over. We're going to move on to our last MP on this panel.

Mr. Van Kesteren, go ahead, sir.

Mr. Dave Van Kesteren: Thank you, Chair.

We have these folks until 12:30, so I have 20 minutes.

The Chair: Not really.

Mr. Dave Van Kesteren: I wish I did because I'd be talking to Mr. Johnston for 20 minutes. He's just given us a little piece of the story, and I'm going to give him an opportunity to talk a little more about it, but first, my introduction.

Yes, Chatham-Kent—Leamington is my riding. Wheatley—I told him about Wheatley harbour—also has Cavendish Farms there. I'm very proud to have you, fish and chips, the whole nine yards.

On the history of potatoes, Mr. Ritz talked about South America. That's really where potatoes first came from. I read one time that by the 17th century, 100 years after potatoes were introduced to Europe, they were the staple diet of Europe. Incredible. I did some calculations: 1.5 billion pounds and there are seven billion people in the world; if you were selling all your taters just to Canadians, we'd have to eat 1,500 pounds of potatoes. So it's a no-brainer. We have to export.

I get excited when I start thinking about the potential. You're obviously a very clever bunch of entrepreneurs, and you do great work. You have a fabulous formula. I know that in the greenhouse industry in my neck of the woods we talk about potential for

greenhouse consumption and, again, we just scratch the surface in North America compared to Europe. If we look at the United States, with 200 million people within a 24-hour drive, there are so many potatoes. Wow. If Asia—its staple diet is still rice—finds out about potatoes.... I've done a little bit of research on potatoes, and I know just how much the potato has to offer. It has everything. I understand one time there was a person who lived an entire year just eating potatoes.

So, tell us about the potential for growth. This is exciting stuff, because I can just see this expanding exponentially.

Mr. Peter Johnston: Thank you for the question and opportunity.

The potential for Cavendish Farms, and the Canadian french fry industry as a whole, in the Asia-Pacific region is very exciting. It's an area where we are seeing the greatest expansion and the realization of the benefits of potatoes and potato products, as you referenced, with regard to nutrition and ease of consumption and what have you. We see great interest in these marketplaces. These marketplaces demand very high-quality, very consistent product, and we're able to deliver that. Quite frankly, that has enabled us to be better at what we do and more consistent about what we do.

For Cavendish Farms, to have these tariffs up against us today just makes it very challenging. If TPP is ratified and these barriers are eliminated, it will enable us to take our long-term strategy and really put it into effect from a capital development standpoint. The growth is in this area. The North American market for and consumption of french fries is relatively flat; it's well-developed. The opportunity is in these Asian-Pacific countries. We are very excited about the opportunities and are interested in not only selling more french fries but in simply employing more Canadians. We're an east coast-based company, and we're very excited about the opportunity to further develop and employ more east coast Canadians, as well as Canadians in the Wheatley, Ontario, area and in Lethbridge, Alberta, at our facility there. The potential opportunities to produce and export more product, and just the simple trickle-down effect that has within the industry, is significant.

●(1215)

Mr. Dave Van Kesteren: I said before that this has been an exciting trip for us. We've gone across the country, and this is just another exciting story. I can tell you about the farmers in Alberta, Saskatchewan, Manitoba, Ontario, and Quebec. Every time we go, we find another industry that has this incredible opportunity to expand, and subsequently, we find out from other panels that when that happens, it increases that industry's capacity, as well.

Can you tell us a little bit about, in Prince Edward Island and in New Brunswick—we're in New Brunswick right now—where there will be other industries that are going to benefit from your growth once that starts to explode?

The Chair: It will have to be a quick answer.

Mr. Peter Johnston: The agricultural industry in P.E.I. employs 3,700 employees. I mentioned the number of employees we have. As we continue to grow and invest in P.E.I., the economy grows with us. Farmers, when they know we are going to be there long term and grow long term, can also go to the bank and have commitments to grow long term as well. These are the benefits that really pay off and that you don't see on the front page, if you will.

Sure, we will benefit also, but it's the trickle-down effect throughout the economy, throughout the industry on Prince Edward Island and the other provinces we operate in. There are benefits to our growth on the mainland side also, on the New Brunswick side, from contractors and workers we have to bring over to supplement because of the amount of work we're doing.

The economic benefits of what we're doing and what we can do if this is ratified are significant and are not to be underplayed.

The Chair: Thank you.

That ends our third panel today.

To the witnesses who came here for this panel, thank you very much. Thank you for your briefings, for doing them on time, and for the great dialogue you had with the MPs. Your information is going to be used in our draft when we put together our report.

Thank you again.

• (1220)

We're going to suspend for half an hour.

• (1215)

(Pause)

• (1300)

The Chair: Sorry for the little delay, folks.

Good afternoon, everyone. We are continuing on with our TPP consultation process, and we're here in Atlantic Canada, in beautiful Saint John. We had panellists all morning and we're finishing up with our fourth panel.

Today we have Joel Gionet, with the crab fishermen. We also have Jim Quinn from the Port of Saint John. It's good to see you both.

Do the crab fishermen want to go first? Go ahead, sir.

• (1305)

[*Translation*]

Mr. Joel Gionet (President, Association des crabiers acadiens): Thank you, Mr. Chair.

Good afternoon, everyone. Thank you for inviting us to appear before your committee.

Each of you should have a document that I had printed in English and in French. I will make my presentation in French, and it will only take three or four minutes.

In New Brunswick, snow crab is landed by four distinct groups of fishing enterprises: first nations fishing enterprises, with 15% of the catch; new access fishing enterprises, with 12% of the catch; fishing enterprises from Prince Edward Island, with 9% of the catch; and traditional fishing enterprises, with 64% of the catch.

New Brunswick has three major associations of traditional crabbers. The Association des crabiers acadiens, of which I am president, brings together the majority of traditional crabbers in New Brunswick.

On page 2 of my document, you can see what our fishing areas are. In 2016, the second largest snow crab quota in Canada came from the southern Gulf of St. Lawrence, with about 22,000 metric tons, 90% of which came from fishing area 12.

New Brunswick landings represented 62% of the total catch allowed in that area, or approximately 14,000 metric tons. Fishing enterprises that are members of our association produced approximately 30% of those landings.

On page 3, we have a chart representing the world snow crab landings—for Canada, Russia, the United States, Greenland and Japan. Canada is the world's largest snow crab producer. American landings of snow crab have decreased significantly since 2000. Snow crab is also produced in Russia, Japan and Korea.

Page 2 provides information on the Canadian snow crab landings. Newfoundland accounts for more than half of Canada's snow crab landings. Fluctuations in the value of snow crab landings are due mainly to fluctuations in the Canada/U.S. exchange rate.

In chart 3, you will see what the Canadian crab and snow crab exports are by province and importing country. Canadian exports of snow crab mainly go to the U.S. and Japan. Those are the two main buyers of our crab. Since the decrease of American landings in 2000, most of Canada's snow crab exports have been going to the United States. Prior to 2000, a large portion of our production was exported to Japan.

New Brunswick exports more snow crab to Japan than the other Canadian provinces. A portion of the Newfoundland snow crab exports go to China. Over the past two or three years, China's interest in luxury products, including snow crab, has increased.

On page 5, you will see a chart that outlines U.S. and Japan snow crab imports. As that chart shows, Canada accounts for a very large share of U.S. snow crab imports. Japanese imports of American and Canadian snow crab have diminished significantly since 2000. Japanese imports of Russian snow crab did increase significantly between 2000 and 2009, but they have dropped off since 2010. It is difficult to be specific on this, as there is a lot of illegal fishing in Russia.

• (1310)

The figures we currently have may not be the most accurate, but they give some idea of what Japan buys from Russia.

For us, the Trans-Pacific Partnership and any other steps or improvements that would help our product find its way to other countries and other markets would be a positive development. In other words, the elimination of the 4% tariff on Canadian snow crab exports to Japan is an excellent measure. Moreover, since none of the other TPP countries produce snow crab, we would benefit from a lack of new competition against Canadian snow crab exports and from the potential development of new markets.

Thank you.

[English]

The Chair: Thank you, sir. They are very impressive numbers. I'm from Cape Breton Island and I know crab is very important to all the fishers I represent. You put it in the context of the world and Atlantic Canada, but over half a billion dollars' worth of sales is very important to the Atlantic economy. Thanks for your presentation.

We're going to move to Mr. Quinn from Port Saint John.

Mr. Jim Quinn (President and Chief Executive Officer, Port Saint John): Good afternoon. Thank you for the invitation to appear before this honoured committee. I'll speak a little about who we are at Port Saint John, where we see benefits from the trade agreement, and go from there.

As you may know, Port Saint John is one of 18 Canada port authorities. We have our own legislation known as the Canada Marine Act. You are in the city that is the home of the third-largest port by volume in Canada. We're the home of Canada's largest oil refinery, and the largest deepwater oil port. We also host Canada's only marine LNG terminal. There is no mistake about it; we are very much an energy corridor for Canada.

We have a diversified cargo base that includes growing sectors in the areas of cruise; bulk commodities; a marine renewable energy base, such as tidal power and others; and of course, one of Canada's fastest growing container businesses. This growing container business has led the governments of Canada and New Brunswick to invest with the port on a \$205-million project to modernize our westside terminals. This project is now under way.

All of this activity has caught the attention of the global shipping world and has led to the introduction of DP World, the fourth-largest terminal operator in the world, to form a partnership with Port Saint John to operate our terminals beginning in January 2017. This partnership includes its private sector investments in the tens of millions of dollars for modernized equipment, including cranes, the first two of which will be arriving in the port in October 2016. All of these factors speak to the importance of Port Saint John as a major trade gateway for Canada.

We believe that removing and reducing tariffs on a wide range of goods can only help build increased trade on a multinational basis. New Brunswick is one of the largest trading regions per capita in Canada today. While the U.S. is our largest trading partner, we do trade with the world, including countries involved in the TPP. By reducing trade barriers on a multinational basis with countries we now trade with, it allows for stronger opportunities for our provincial shippers and receivers.

As I mentioned, we have a growing footprint, involving a large, diverse cargo base. The TPP would help that footprint to have even a

larger significance for other shippers and receivers beyond the borders of New Brunswick that trade through our port today, and who will trade through our port in the future. This should lead to stronger bottom lines for all involved in the supply chain.

What does this mean? One should be able to conclude that stronger bottom lines resulting from higher demand should lead to increasing production and financial viability, which would assist with stronger job opportunities. This in turn would help to grow our tax base, providing governments with increased revenues to carry out essential services in health, education, and infrastructure, to name just a few.

Some of the key benefits that we see from TPP in terms of the effect on ports are increases in the transfer of customs procedures between countries. That is a very good step. It would provide an opportunity to accelerate the principles introduced through the Canada-U.S. beyond the borders initiative. Getting the rules right, and agreeing on a system based on mutual interests of security for those goods being transported between countries, be it from a physical security point of view, an environmental security point of view, or a health security perspective, can avoid unnecessary delays getting goods in and out of the marketplace.

These objectives only underscore the value of ports as an essential transition point, and are the backbone to a national and regional economy. Studies have shown that up to 90% of products that North Americans use in their day-to-day lives have been moved by water at one point or another before arriving in the hands of the consumer.

I am very pleased that you're here today and have chosen our port city for your hearings. There is no doubt about Port Saint John's strategic location to Canada's trade. We have an advanced uncongested highway system feeding into more heavily populated marketplaces in North America. We are one of the few ports that provides options to shippers and receivers with respect to rail services, as we connect to several class I railways. We are a gateway to the world, and move billions of dollars of value for our country through this port.

I thank you for the opportunity, and look forward to your questions.

● (1315)

The Chair: Thank you, sir.

We're going to move now to Paul Gaunce, from the Dairy Farmers of New Brunswick.

You have a very impressive dairy industry here. I drove from Moncton down to Saint John yesterday, and I saw some beautiful dairy farms along the way. I commend you on the good-looking farms and all the milk you produce.

Go ahead, sir. You have the floor for five minutes.

Mr. Paul Gaunce (Chairman, Dairy Farmers of New Brunswick): I waved at you when you drove by my farm. I live in Pessekeag. The four lane took 20 acres off the side of me, actually.

• (1320)

The Chair: That's not good.

Mr. Paul Gauce: Well, it was swamp; it wasn't bad. It could have been worse.

Thank you very much for the invitation. I just got it at four o'clock on Friday afternoon because you had a cancellation, but I'm really glad to be here. I know you people have probably heard from the Dairy Farmers of Canada before, and maybe from other provinces as well, so you're not going to hear a lot that's new from me, maybe more of a provincial perspective, and maybe a personal one.

The TPP deal, when you put it into numbers and compare it to New Brunswick, probably wipes out about half the milk production in the maritime provinces—that market access—milk that Canada will never be able to make. The Dairy Farmers of Canada's number is that it's \$246 million out of the Canadian economy. How do we get that money back? It's a trade deal, right? With a trade deal, you're supposed to break even or win, hopefully win.

We are also going to be allowed access to those markets. That's great. They have a huge population. I think sometimes in trade deals people look at Canada and see the huge land mass we have and figure there's a big market they can capture, because we're just as big or bigger than the United States land-wise. But they forget that we have 35 million people. It's not a huge market.

So how do we gain access to those other countries and make money? With WTO agreements we're limited on exports. With the price of milk today in the world, it's not lucrative for producers to make milk for that, because we'll all go out of business. So we have to get export expertise in the markets that make us money. Look at the fine-cheese market in Europe. If we had one-tenth of that, with 450 million people, that would be huge. We would have a hard time in Canada making that amount of milk.

It's an exciting time for me to see if we can get into those types of markets. I have no doubt in my mind—and I hope most of you have had a chance to sample some of the fine cheeses we make in this country—that we can compete with any place in the world with the quality of dairy products that we make here. Three of our largest processors process 80% to 90% of our milk. They're all global players. They know the export market well, where there are opportunities. I don't doubt that they would be able to find good export opportunities in the other countries in the trade deals that we've signed in the last couple of years.

Some of our concerns are about the compensation package that was promised. I know the government is doing its due diligence, but it hasn't announced yet whether it is going to follow through with that or not. It would certainly help mitigate the loss of income to producers. It would also help us find more ways to be competitive and efficient with research and technology on farms today.

It's difficult for me to assess how this trade deal will wash out. As I said, when we look at this trade deal.... Yes, we lost, but I'd like to take a bigger picture of things. Ten years from now, if we show economic growth and this country does well from this trade deal, the dairy industry should benefit, because all of those people who had that economic growth are going to buy more dairy products.

We did a survey in the last few years with Canadian consumers, and 91% of them wanted Canadian milk. There's a reason for that. We use all the things that we have at our disposal to make sure that our milk is the highest quality, safest, and most sustainable milk that's made in the world, and we have the paperwork to prove it.

Thank you very much.

The Chair: Thank you, sir.

I don't know if any of you folks have seen this video that my wife showed me one day. It's called *From Sussex and I Know It*. It's about these young fellows in a dairy barn. They've got the rubber boots on. It's a really cool video. I don't know if you were in that video or not, Paul, or maybe your son was, but it was—

Mr. Paul Gauce: No. That was David Brown's and Mark Webster's sons. Actually, both those young fellows have moved to Toronto, and they have a record deal right now.

The Chair: Do they? And all because of this video.

Mr. Paul Gauce: Yes.

The Chair: We're going to move now to the dialogue with the MPs.

We will start off with the Conservatives. Mr. Van Kesteren, you have the floor.

Mr. Dave Van Kesteren: Thank you to our final panellists. It has been a very interesting day.

I wasn't raised on a farm. We were talking about this earlier. My wife was raised on a dairy farm, and we've experimented in farming a little bit as a family now. We have 100 acres and a few cows, so I consider myself an amateur farmer, but every time we have these hearings, I learn more.

Mr. Gauce, what is the average herd size of a dairy farm here in New Brunswick?

Mr. Paul Gauce: In New Brunswick we have 198 farms now. The average herd size—I'll base it on kilograms of butter fat—is around 75 kilograms of butter fat. If you take a rough average, it takes 75 cows to make that 75 kilograms and then usually you'll double it because you'll have young stock.

Mr. Dave Van Kesteren: So it's 150.

Mr. Paul Gauce: It's 75 to 150 head.

Mr. Dave Van Kesteren: Is that comparable to the case in the rest of Canada? It seems to me that's a little bit higher than in Quebec or something.

Mr. Paul Gauce: It is higher than in Quebec, but you have to remember that we have 198 producers and Quebec has around 5,000. They have a lot of smaller farms, but they're going that way.

When I started milking cows 37 years ago, we had 600 producers in New Brunswick, and now we're down to fewer than 200. We're making more milk. There are a similar number of cows, but farms have gotten bigger just for efficiency gains.

Mr. Dave Van Kesteren: Would you consider the dairy industry in New Brunswick fairly healthy at this point?

Mr. Paul Gaunce: It could be healthier. It's certainly been tough the last year and a half because the world price of milk has gone so low for skim milk powder. Butter is still staying quite high, but skim milk powder is very low because there's a glut, and it has certainly hurt our blend.

With our WTO agreements, we export probably 20% of our production now just to meet the agreements we have. That certainly shows an effect. Skim milk powder is running around \$1,500 a tonne. Two years ago it was \$5,500 a tonne. It's a huge difference in price.

Mr. Dave Van Kesteren: Well, I'm glad to hear that you see some opportunity in the cheese industry, and I agree with you. I've had some of the Canadian cheeses. We're even starting to produce Gouda cheese. I think it's as good as the Dutch one, so once we get Canadians hooked on that stuff...

Mr. Paul Gaunce: Don't be surprised if there isn't some Dutch background in the making of it. We have a lot of Dutch farmers in Canada. Actually, if it wasn't for Dutch people, the world would probably be short of milk, because there are Dutch farmers pretty well everywhere.

Mr. Dave Van Kesteren: They certainly have made a good contribution. Even Mr. Eyking in Cape Breton was telling us about his family and how they've grown the industry there as well. It's a good story, and I have been excited to go through this process with the consultations, and especially with dairy, we see such opportunity.

I'm glad to hear that it's healthy. It can always be healthier, but maybe with the right tuning we can turn it into the world-class dairy industry that it's always been known as.

Mr. Paul Gaunce: Part of that opportunity will involve making sure our processing plants get upgraded and get more capacity. The market growth in Canada alone is actually pushing them to the limits for what they can make now. It certainly needs some upgrading in that area too.

Mr. Dave Van Kesteren: Good.

I don't know how much time I have left.

The Chair: You have a minute and a half, sir.

Mr. Dave Van Kesteren: Mr. Quinn, I know we're not going to get all the way across, but it's a fine port you have up here in the city, and I didn't realize it was the third largest. So it's Vancouver, Montreal, and then Saint John?

Mr. Jim Quinn: That's right. It's by volume, by tonnage.

•(1325)

Mr. Dave Van Kesteren: With regard to the trucking industry, I've always known that. With Mike Allen, a former colleague, we had a trucking caucus in the past. They were very eager to join that, because apparently you have such a huge....

Is most of the produce passed through by truck or by rail?

Mr. Jim Quinn: Most of the traffic that's containerized is by truck, and we're working hard to make that into an intermodal type of trade, which is essential. We're equipped for that because of those rail connections that I talked about earlier.

Mr. Dave Van Kesteren: How important is the trucking industry to the province then? Can you comment on that?

Mr. Jim Quinn: It's immensely important because our producers and our shippers and receivers are located throughout the province. If I had a map of New Brunswick, you would see dots throughout the province to show those who do business through the port, and that business is moved by truck. It's absolutely essential, and we have among the finest truckers in Canada here in New Brunswick.

Mr. Dave Van Kesteren: That's what I have heard. I guess I'm out of time.

Thank you.

The Chair: Time's up, but those were some good questions.

We're going to move over to the Liberals and the only New Brunswick MP on our committee. Ms. Ludwig, go ahead.

Ms. Karen Ludwig: Thank you very much for your presentations.

I'm going to start off where Mr. Van Kesteren left off, regarding the Saint John port authority. When we were doing public consultations in Saskatchewan, we heard from the Saskatchewan Association of Rural Municipalities, which said that it had seen what occurs when rail level of service is unable to meet the demand; shipments are delayed by weeks and contracts aren't honoured.

How prepared is the Saint John port if the agreement is ratified and CETA is ratified to work with the increase in capacity, or do you need anything further in terms of infrastructure?

Mr. Jim Quinn: That's a very good question, because in fact we're getting ready. Through our modernization, we're going to be moving our capacity from about 125,000 20-foot equivalent units—TEUs are an international standard for containers: 20 feet long, 8 feet wide, 8 feet high—to 330,000.

We'll also be including an intermodal rail yard at the back of the container terminal that will be able to hold a unit train of about 12,000 feet. The magic is that when cargo moves in and out of Saint John, those shippers and receivers have options to get to the marketplace, which is really good from a competitive standpoint.

We'll be very well placed when you think about what's happening in other ports in North America, specifically the eastern U.S. ports, where there's congestion not only within the gates of the port, but just as importantly outside the gates of the port, on the highways and whatnot.

Here there is an option for cargo to come into an area that can feed those areas, come in over the top, if you will, or continue down through Maine or up through Moncton to get to the populated areas of North America.

Ms. Karen Ludwig: With that increased capacity, do you have any projections on the numbers for new employment or changes to employment that could be offered as a result?

Mr. Jim Quinn: We do. We had some independent studies done, and they looked at that. They're estimating that the current jobs that are directly related to the container business from what we do today, about 500 jobs—that's direct and indirect—will more than double as we approach that capacity. Again, those are direct and indirect jobs. It doesn't include the induced jobs. There will be several hundred more induced jobs because of that.

It has a big impact, not only locally within the port for pilots, tugboat operators, longshoremen, and people of those professions, but just as importantly, it's the trucking industries, the rail line industries, and all the services providers that support those.

There will be a significant increase in those types of job opportunities.

Ms. Karen Ludwig: Mr. Gionet, regarding the crab producers, those are very impressive numbers that you have put before us.

You mentioned that there is no competitor, no competing country, involved with the TPP. What position does Russia play in all of this in terms of also selling into the TPP member countries?

[Translation]

Mr. Joel Gionet: Russia exports its crab to Japan and some to China. Over the last few years, Russia's stock has been in constant decline, since illegal fishing accounts for nearly all the crab. I could not tell you what Russia's future is in this market. In my opinion, that country's stocks will crumble over the next few years, similar to what happened in Japan a few years ago.

• (1330)

[English]

Ms. Karen Ludwig: I have a quick question, and then I'm going to go on to Mr. Gaunce.

Mr. Gionet, do you have any issues with labour, in terms of attracting new labour to work on crab catches?

[Translation]

Mr. Joel Gionet: No, not at all.

It's true that it is sometimes difficult to recruit workers for fishing boats and plants because the fishing season is pretty short, lasting only 10 to 12 weeks. Companies need a lot of labour over a short period of time. Of course, the workforce recruitment issue is recurring, but our main challenge is successfully putting our crab on new markets. Our sales in the United States and Japan are currently stagnant. Buyers come to us. It would help if we were able to develop other markets and go look at the markets in other countries, as the snow crab we fish in the Atlantic is a luxury product. It's a very nice product. I even think that it's the most wonderful product in the world. In that sense, it would be worth our while to explore other countries' markets.

[English]

The Chair: Thank you.

Before we go to the NDP, I have one quick question for Mr. Quinn.

Does your port have the capacity for these post-Panamax boats, as far as the depth of the water and being able to park them are concerned?

Mr. Jim Quinn: Yes, in fact the modernization is going to greatly enhance that. For example, we're going from a depth alongside at low water—and I emphasize low water because as you probably know, we have an eight and a half metre tide twice a day here—of 12.2 metres, and that will be going to 15.2 metres to accommodate those much larger vessels that will become more and more commonplace in this particular trading corridor.

The Chair: Thank you.

We're going to go to the NDP now. Ms. Ramsey, you have five minutes.

Ms. Tracey Ramsey: Thank you to our guests today. I would like to speak to Mr. Gaunce first.

You were wondering about growth. You were asking what could potentially be the growth for all Canadians. We now have an economic impact study that's been released by the government, and it shows 0.127% over 24 years. Ironically, the amount that they quantify that is \$4.3 billion, which is the exact same amount that's offered to dairy in supply management compensation over the first 15 years. If that money is to come, which I hope it does, we'll actually be in the negative by the end of the 24 years that they're projecting here. So the net benefit doesn't exist for Canada, according to our own government, when we look at the forecast.

You spoke about it wiping out half of New Brunswick's dairy.

Mr. Paul Gaunce: Half the Atlantic's.

Ms. Tracey Ramsey: Half the Atlantic's. Oh my, that's such a strong statement.

I just want to ask you, what would be the impact on communities here in the Atlantic to have that great a loss?

Mr. Paul Gaunce: In New Brunswick, we run first and second, depending on how good a year potatoes have. New Brunswick dairy farmers put about \$110 million into the GDP in New Brunswick. Jobs I couldn't tell you, but the spinoff in farm equipment dealers, farm supplies, and veterinarians is just huge.

Ms. Tracey Ramsey: I come from a rural riding.

Mr. Paul Gaunce: We have three large processors in this province.

Ms. Tracey Ramsey: That would be devastating, I can imagine.

Mr. Paul Gaunce: In Sussex we're still stinging from the closure of the potash mine back in the spring. There were 400 jobs lost there in one fell swoop. So, yes, we certainly wouldn't want to see the dairy industry go.

Ms. Tracey Ramsey: No, I wouldn't either. I come from a rural riding, so I can appreciate the spinoff in, essentially, the communities that are supported by agriculture and farmers. Thank you for that.

[Translation]

Mr. Gionet, I think that the Canadian snow crab is the best in the world. I love snow crab.

I would like to ask you a question about non-tariff barriers.

[English]

The question that I want to ask you is, are tariffs the only barrier, the 4% that exists in New Brunswick for the crab exports, or are there non-tariff barriers that exist as well?

[Translation]

Mr. Joel Gionet: I think there are some non-tariff barriers because certain countries would prefer to receive our crab alive. I think that is starting to be the case. Currently, some fishing industries are trying to send live snow crab in very small quantities to Asian countries. It works, but it requires a lot of work and a lot of equipment.

To answer your question, I would say that tariff barriers are not the only issue. There are other problems, but some of them cannot be resolved. I think that we are on the right path when it comes to being able to transport live snow crab to Asia and around the world.

• (1335)

[English]

Ms. Tracey Ramsey: Do we have enough, do you think, with crab producers in New Brunswick to meet that capacity? Is there enough live crab that you'll be able to meet the capacity of the markets in the TPP?

[Translation]

Mr. Joel Gionet: I should point out that snow crab is managed annually. Every year, the stock is assessed and capture rates are established. We have been fishing snow crab in the southern Gulf of St. Lawrence since the mid-1960s. We have experienced both highs and lows in that time period.

Today, in 2016, the stock is in excellent health, like never before, as we are only fishing adult male crabs. Females and the young never come to the surface. No other fishing activities take place in the crab fishing areas. We fish crab using conical traps that are placed on the sea floor. That is an extremely environmentally friendly process. The species is in good health, but it definitely has a limit. On average, over the past 20 years, the limit may have been about 25,000 metric tons per year.

[English]

Ms. Tracey Ramsey: Thank you.

Mr. Quinn, you spoke about jobs, which I think are very important, not just in New Brunswick but across Canada. The only assessment that we have to go on is a study that's been done out of Tufts University that shows we would lose 60,000 jobs in Canada by signing the Trans-Pacific Partnership.

I'm wondering if you could speak specifically to how many jobs you feel would be gained in the Saint John's port through the signing of the TPP.

Mr. Jim Quinn: In Saint John, in our port, it's a business increase. I think there are studies which show that for every 1,000 increase in the number of containers in a port, it equates to about one full-time job directly at the port, but I think the real answer is more tied to the increase in traffic in and out of the port. The port's a transition point, and there are those jobs that support the movement of cargoes in and out. We aim to be a port that is not experiencing congestion and to get things to the consumer shelf a lot more quickly than through other ports, which is why we feel we're in a very competitive

position when it comes to the movement of cargoes in and out of this part of North America, not just Canada.

Ms. Tracey Ramsey: We have a beautiful port, that's for sure.

The Chair: Thank you, Ms. Ramsey.

We're going to move to the Liberals with Mr. Dhaliwal, for five minutes.

Mr. Sukh Dhaliwal: Thank you to the panel members.

I come from a town where the port is key to the businesses in moving economic goods.

Mr. Quinn, you mentioned that the TPP will streamline the customs procedures. By doing so, how quickly will the goods move? Other than streamlining the processes and procedures, what are the other procedures or mechanisms that will come into play that will increase the efficiency of the shipping terminals?

Mr. Jim Quinn: There are a couple of things.

One is that in reviewing the TPP and the elements that affect marine mode, customs is one that crosses modes of transportation. There's discussion about streamlining the processes and procedures, which is a good thing the more we get the rules right and get them streamlined.

We have a very good initiative now between Canada and the United States called beyond the border, which offers some advantageous streamlining of inspections. For example, when a cargo that's in a container on a rail is inspected in Canada, that inspection could involve Homeland Security. It would then allow that traffic to proceed across the border without having to stop and have different cars pulled for further inspection or whatnot. Those are the types of things that are really good steps forward, and we need to go, I would humbly suggest, further and faster on that.

I think the theme that's embodied in the TPP only encourages that type of activity to continue to be strengthened and help our trade flow. I think that's the point I was trying to make.

• (1340)

Mr. Sukh Dhaliwal: In my previous terms as a member of Parliament, there were two major issues we were facing at the Vancouver port. One was the diversity in employment, particularly when it comes to women, because of the lashing task, or whatever they call it. The second thing was the trucking industry. There have always been worries that there will be a strike, and then the competition will go to Seattle.

Do you see any of those issues locally, as well? By increasing that job base by ratifying the TPP, how would you make sure that it provides equal opportunity for women?

Mr. Jim Quinn: On the first question of diversity, there's no doubt about it that the marine industry seems to be the slower mode of transportation, whether it comes to technology, changing of routings, or things of that nature. I would suggest the marine industry has a way to go to have much better, stronger diversity with respect to employment of everybody that's involved in that transportation chain.

I'm encouraged, because there are organizations in Canada, such as the Canadian Institute of Traffic and Transportation, CIIT, that have promoted the presence of women in particular among their ranks. Last year I was at their annual conference in Niagara Falls. It was a conference of about 200 practitioners in that logistics business. I would say the majority of folks there were representatives from under-represented groups. That's encouraging, because that's getting to the younger people who have to be promoted and be encouraged to follow those skill sets and competency learning opportunities to situate them to take positions in this transportation mode. In Saint John, we need to move in that direction in a more meaningful way.

With respect to trucking, and the question about strikes and things of that nature, we've been very fortunate in this port. Our truckers in New Brunswick work well with the other service providers in our port, whether it be the longshoremen, the terminal operators, the stevedores, or indeed with the port itself. They are very much a part of what we call our stakeholder inclusion group. We seek their advice as we bring strategies forward to our board of directors who manage the port as they put forward a strategic direction for us. The trucking folks are represented through that inclusion model, and so they have opportunities to give us their ideas.

The basic principle is that we run ports, and people who run trucking businesses know a lot more about trucking than ports know about trucking. It's a great opportunity to gain that experience and knowledge from that particular group of people.

Mr. Sukh Dhaliwal: Are there any negatives you see that ratifying TPP will bring to New Brunswick?

Mr. Jim Quinn: In the two areas you have raised, I think it is positive. It creates opportunity, opportunity creates growth, and growth is going to cause people to think about their career choices. That would cover all groups, including under-represented groups in New Brunswick. This is good. If we can increase business and opportunity, we'll see a stronger, more diversified workforce over the longer term.

The Chair: Thank you, Mr. Dhaliwal.

Mr. Gionet, you mentioned that when they are pulling up the crab they're only catching the males. They come to the surface and then they throw the females and small ones back in. Is that how it works, or is there a type of trap that keeps them from coming up?

[Translation]

Mr. Joel Gionet: The female is very small. The mesh on our traps is large, and the female does not stay in the trap. All that we capture are males whose shell is of the legal length—95 millimetres. Once in a while, one or two young crabs get stuck between two large males. Females almost never come to the surface.

[English]

The Chair: I understand it's important that they don't come to the surface, because it's so deep that they can't drop them back in. It's good that the traps let them go through.

We're going to move over to the Liberals, with Madam Lapointe.

● (1345)

[Translation]

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

I want to thank the witnesses for joining us today. I appreciate their being here to talk to us about these issues.

I will briefly address Mr. Quinn, from Port Saint John.

Have you calculated your competitive advantage over other ports in the northeastern U.S.? You said that the roads and the railways help the goods move more quickly. Have you taken the time to calculate that competitive advantage compared with the ports in the northeastern United States?

[English]

Mr. Jim Quinn: When we examined our business case for the federal and provincial governments to consider, we talked about competition in the markets we tend to focus on. We feel that the amount of cargo that moves into Canada via U.S. ports provides a unique opportunity for us. We have strong ports in eastern Canada, such as Halifax, Quebec, Montreal, Saguenay, Trois-Rivières, and Sept-Îles. The different ports in the eastern part of our country are well situated to accommodate different competitive forces.

Here in New Brunswick, we have two ports, the port of Belledune in our northern part, and in the southern part we have the port of Saint John. The port of Belledune concentrates on things like wood pallets, coal, aggregate cargoes, fabrication, things of that nature. We focus more on products that are historically traded through this port, such as wood products, oil products, and containers. We are the only container port in New Brunswick .

We tried to assess the strength of our port 50 years ago, in order to see where that strength had one and how to get it back. We're still in close proximity to those large marketplaces in New England and central Canada. We talked about how to move things in a more efficient way, particularly in the north-south corridors. We considered how to build other opportunities to take advantage of congestion in other ports and the location of distribution centres.

I don't think it's any secret for those who live in Atlantic Canada that if you're driving down to, say, Boston, there is an increased amount of traffic year by year. You used to be almost to Boston before you ran into heavy traffic, but now the congestion is very evident. There have been lots of studies done. The North America study done on the movement of goods within the eastern seaboard of the U.S. and beyond shows that the congestion is only going to grow.

We look at those cargoes to see how we can—

[Translation]

Ms. Linda Lapointe: Sorry to interrupt you, but I would like to put a few questions to the other witnesses.

Mr. Gionet, you previously said that crab stocks vary between 20,000 metric tons and 25,000 metric tons. You also said you would like to move toward the Asian markets. Do you have a surplus of crab during the fishing season, which lasts from 10 to 12 weeks?

Mr. Joel Gionet: We currently have no surplus of crab. Over the past two years, stocks in the Bering Sea, in Alaska, have been declining, and we have had no problems selling off our crab. However, during the years when Alaska had huge quotas, it was not hard for us to sell off our crab, but we did have to sell it at a lower price.

Ms. Linda Lapointe: So the prices become less advantageous.

Mr. Joel Gionet: Exactly. With a bit of competition among the countries buying our crab, we could negotiate a better price for our product.

Ms. Linda Lapointe: Okay.

Do you believe that illegal fishing is practised here like it is in some TPP countries?

Mr. Joel Gionet: Are you talking about here, in Canada?

Ms. Linda Lapointe: Oui.

Mr. Joel Gionet: No.

Ms. Linda Lapointe: But there is illegal fishing in other countries.

Mr. Joel Gionet: There is no illegal fishing here. We cannot exclude the possibility of an individual running that risk, but there is no systematic illegal fishing in Canada. It is impossible to fish illegally.

Ms. Linda Lapointe: Thank you for meeting with us today.

I will now talk about dairy products.

Mr. Gaunce, how do you think the New Brunswick dairy farms compare to the Quebec ones? You said that the dairy farm herds in Quebec are larger than those in New Brunswick.

Quebec's dairy producers do not like the Trans-Pacific Partnership agreement, the TPP. Are New Brunswick's dairy producers in favour of signing that partnership agreement?

[English]

Mr. Paul Gaunce: If I look at the big picture, I can't tell you today, but I'm trepidatious for sure because I'm losing market. If it's a good trade deal and if 10 years down the road we're showing economic growth, and if we are fortunate enough to gain access to those markets and can sell milk there to help mitigate the loss in production, then I'll be happy.

I can't answer that. We can do all kinds of studies and guess what kind of growth we'll have, but we don't know. As long as trade is fair, I think both countries can win, or all the countries in the TPP deal can win.

We have to make sure when we look at trade deals that we're all working under the same rules. I don't work under the same rules as a dairy farmer in New Zealand, for example, or a dairy farmer in the United States. Some of them are subsidized differently. We don't get any subsidies. We get our money from the marketplace. That's the way it should be done, but the world market gets screwed so badly because these farmers are subsidized. They dump milk on the world market and cause a glut, so the price drops.

• (1350)

[Translation]

Ms. Linda Lapointe: Thank you very much for your answers.

[English]

The Chair: Thank you.

We're going to move on to our last MP for the day. Mr. Ritz, you have five minutes.

Hon. Gerry Ritz: Thank you gentlemen for your presentations today. They're very interesting topics. I have one question on the crab fishery.

On the graph you showed, the consumption in Japan, which is the premier market, has gone down quite a bit over the last few years. Is that simply because they want live crab, or are there other factors at play?

[Translation]

Mr. Joel Gionet: The key factor is that they want live crab. Since Japan is very close to Russia, Russian well boats dock directly in Japan to unload their catch. That is actually why Japan has turned to Russia for its supply of snow crab. The United States turned to Canada because their stock in Alaska is declining. We sell them our snow crab at high prices. So Japan has turned a bit to Russia to the detriment of our exports because it could no longer compete with the United States.

[English]

Hon. Gerry Ritz: Thank you.

On the port, a fantastic job, you're looking ahead and that's wonderful. If I remember hearing you correctly, Jim, you said your tonnage is going to increase threefold with the expansions you're talking about doing. Is that correct?

Mr. Jim Quinn: With respect to containers, it will increase from 125,000 to 330,000.

Hon. Gerry Ritz: You talk about interoperability among a number of railways. Do they all use the same trackage coming in, or do they all have separate lines coming in? How does that work?

Mr. Jim Quinn: The way it works is that we have our local short-line that connects to CN and then connects over to other short-lines and into other rail lines like Pan Am, Norfolk Southern, CSX, lines like that, and of course, Canadian Pacific.

Hon. Gerry Ritz: The interswitching rules that we have now let you do different things, or they can come in further than before.

Mr. Jim Quinn: That's right. I think the biggest issue again is the cross-border inspections, building on beyond the border.

Hon. Gerry Ritz: That's a great initiative. Once the U.S. election is finally over and done with, maybe we'll start to get further on that. It's been like pushing a rock uphill for the last few years.

The other thing that really interests me is the just-in-time nature of a lot of the deliveries that are being done now. In terms of your reach, the eastern seaboard is a given, but it's getting congested even for you to come in around. Are you shipping all the way into Chicago, Philadelphia, and places like that to get out into the Midwest?

Mr. Jim Quinn: Well, right now we're primarily an export port. The imports are starting to go this way, but absolutely, the goal with our new operator in particular is that we're looking at those different marketplaces.

Hon. Gerry Ritz: Yes. You'll be able to draw from those areas that far out then, too.

Mr. Jim Quinn: That's right.

Hon. Gerry Ritz: That's fantastic. Good.

Turning now to dairy, Paul, it's great to chat with you guys again. You made a comment about the quality of Canadian cheese, which is winning awards globally. There were, I forget how many, cheese manufacturers at the Paris food show last fall. They picked up award after award after award. They're doing exceptionally well in terms of getting into that marketplace. Cheese and yogourt and so on have been sort of an unknown factor on the Pacific Rim because of their shelf life, but over there they're starting to get a taste for it. There are some amazing opportunities for Canadian producers.

The other thing that's never talked about—we just talk about the loss of quota value, the 3.25%—is that there are lots of ancillary gains. More and more countries...for instance, Vietnam. The last time I was in Vietnam, they were looking at bringing in 10,000 Canadian dairy heifers, because they recognize that our genetics are the best in the world; that's proven every day. The animal husbandry that we have, the animal handling, the feed rations that have been developed, the equipment, the electronics, the collars around the cows that read out everything going in—all of those things are in huge demand around the world. Those are all exports, and we'd then have access to those countries as well.

So it's not a zero-sum game by any stretch. It's the whole industry writ large. Because you've had a solid bottom line for long, you've been able to develop way beyond what everybody else has done.

• (1355)

Mr. Paul Gaunce: That's very true. Being a secure industry has certainly helped us move ourselves forward. We do have some of the best genetics in the world. Even China, one market that you didn't mention, is looking at our genetics. China is actually looking at infant formula from here.

Hon. Gerry Ritz: Yes. I've been involved in some of those discussions.

Mr. Paul Gaunce: That's a huge marketplace, and we're just making little inroads into it, but we're working on it.

Hon. Gerry Ritz: In Inner Mongolia I was on a couple of dairies that feed back into Beijing. One had 12,000 milking head and the other had 15,000 milking head. The biggest one I was ever on was in Saudi Arabia, at 90,000 cows. They all stood in little garages with water peeing down them all day long, because they wouldn't milk otherwise. It was not efficient by any stretch, and neither were the big ones I was on in China. They used a rotary parlour that was

dialled up way too high. The cows were kicking the milkers off and nobody was even going out to put them back on again. We stood there and watched.

There's a tremendous amount of education, and you, as the leading dairy farmers in the world, have expertise that's valuable.

Mr. Paul Gaunce: Maybe they need robots.

Voices: Oh, oh!

Hon. Gerry Ritz: Well, you know, that's not a bad thing, but it's pretty hard to have enough robots to do 15,000 cows.

Mr. Paul Gaunce: It would be expensive.

Hon. Gerry Ritz: Yes.

So this is a tremendous opportunity, and we're looking forward to the plus side. As you already pointed out, you have to look at a balance overall: the net benefit, the net gain. From the last statistics that I saw, roughly 30% of supply-managed industries also are involved in the trade sectors as well. They have grain, a beef herd, pork, and so on.

There's one thing we have never done well as a country—it's starting to happen now, and it's again coming out of the Pacific Rim—and that's the value-added potential.

The Chair: Mr. Ritz, you're going to have to wrap her up.

Hon. Gerry Ritz: One of the markets that always shocked me was Hong Kong. They went through \$7 million of beef tongue and stomachs a year. We don't eat a lot of that here. It's that potential where all those products that are hitting the trash can here have that kind of value in those other foreign markets.

Thank you.

Mr. Paul Gaunce: Yes, it's a shame to lose that waste.

You should try tongue. It's really good.

Hon. Gerry Ritz: Oh, I have. My dad always liked it pickled. I never drank enough to do that, but....

The Chair: That wraps up our panels today, and we're on time.

To the witnesses, thank you for coming this afternoon and giving your submissions. We had a good dialogue back and forth. Good luck in the businesses you're in. You're in three totally different sectors, of course. It was good to see you all here.

We'll suspend for a minute so that the witnesses can leave. Then we'll go right to our open mikes.

Just so anybody here new is not familiar with our open mike, we've been doing this right across Canada. It's going very well. There's no dialogue between the MPs and the person at the mike. We're just here to listen.

We go from mike to mike. We'll go to mike one, and then we'll go to mike two, and back and forth. We've been giving people two minutes. When you hit the two minutes, I'll put up this white card. I'll let you go right to two and a half, if it has to be, but then we'll have to cut you off.

That's how we'll work it. It seemed to work well for everybody else.

We'll suspend, and then we'll come back in a few minutes.

• (1355) _____ (Pause) _____

• (1400)

The Chair: We're going to get started. We have six presenters today.

We have Paula Tippett, Loch Lomond, at mike one. That's not Cape Breton's Loch Lomond, is it? We have a Loch Lomond in Cape Breton.

You go ahead. You have a couple of minutes.

Ms. Paula Tippett (As an Individual): Thank you. I will read the following comments by Ann McAllister of Rothesay, New Brunswick, an observer at these proceedings.

While many aspects of the TPP alarm me, I am especially concerned about the damage it could do to locally produced food. Here are some examples.

Because corporations in the TPP must have access to bid on most government contracts, Canada can't give preference to local suppliers or enact "buy local" policies without the spectre of a lawsuit under the investor-state dispute settlement provisions.

Also, the TPP will promote global transnational agriculture instead of locally produced food, with the following consequences. Shipping food to Canada produces higher greenhouse gas emissions than moving food from local producers to local markets. This will worsen climate change. Cheap food from overseas will underprice local producers and push them out of business. Cheap food is made possible by paying low wages to overseas workers, and this exacerbates their poverty. Money paid to global transnationals leaves the local economy. For every dollar spent locally, seven dollars are generated to circulate through the community.

I am also concerned about the potential for recombinant bovine growth hormone to enter the Canadian dairy market from U.S.-produced milk. I fear that Canada could be sued under the ISDS if it tries to keep milk with this hormone out of the Canadian milk supply.

In summary, the TPP will discourage the government's policies promoting and protecting local food production. In the face of climate change, it is imperative that Canada build local food security. For this reason, I urge the government not to ratify the TPP.

Thank you.

• (1405)

The Chair: Thank you.

We have Philip Blaney at mike two. Getting ready at mike one is Gregory Wright.

If you can, please slow down a touch, because we have translators.

Go ahead, sir.

Mr. Philip Blaney (As an Individual): Thank you.

I'm going to read from a section of a letter that was sent to Congress in the United States. It's from 223 professors of law and economics. They urge Congress to reject the TPP and other prospective deals that include investor-state dispute settlement. That's the thing I have a major concern with. Here is some of it:

We therefore urge you to protect the rule of law and our nation's democratic institutions and sovereignty by rejecting this TPP as long as ISDS is included.

...ISDS grants foreign corporations and investors a special legal privilege: the right to initiate dispute settlement proceedings against a government for actions that allegedly violate loosely defined investor rights to seek damages from taxpayers for the corporation's lost profits. Essentially, corporations and investors use ISDS to challenge government policies, actions, or decisions that they allege reduce the value of their investments.

I have a comment on that. It seems to me that where it seems to be so broadly open that there's a huge loophole, we could be sued for bringing actions to address climate change, protecting the rights of indigenous people, and stopping human rights violations. But at the other end, it also seems that corporations could sue us because we didn't take any action on climate change, and because not taking action on climate change would threaten their future profits when we get to that point in time when we're screwed, when temperatures rise over four degrees or something like that, when sea levels rise, and there's deforestation and so on. I won't get into that.

They continued:

Through ISDS, the federal government gives foreign investors—and foreign investors alone—the ability to bypass that robust, nuanced, and democratically responsive legal framework. Foreign investors are able to frame questions of domestic constitutional and administrative law as treaty claims, and take those claims to a panel of private international arbitrators, circumventing local, state or federal domestic administrative bodies and courts. Freed from fundamental rules of domestic procedural and substantive law that would have otherwise governed their lawsuits against the government, foreign corporations can succeed in lawsuits before ISDS tribunals even when domestic law would have clearly led to the rejection of those companies' claims.

The Chair: Thank you, sir. Your time is well over.

I'd like to remind everybody that we're not here to respond, we're only here to listen. Thank you for coming to the mike.

We'll move over to Gregory Wright, and at mike two is Jean Marc Ringuette.

Go ahead Gregory, at mike one.

Mr. Gregory Wright (As an Individual): Thank you.

I'm a business agent with the International Brotherhood of Electrical Workers Local 37.

I just want to say I'm not against trade. There are pros and cons to any deal and the question is whether the pros outweigh the cons.

I'm going to tell you a story. I grew up in the 1980s and 1990s. The big talk at that time was the NAFTA deal. I think we'd all be naive thinking it's all positives and there are no negatives. There are pros and cons.

Recently, I've been studying for my MBA, so I'm observing today.

We're not the European Union, the largest trading bloc in the world; we're not it. The NAFTA agreement didn't work out the way we thought. Just ask our folks in the manufacturing sector. It didn't work out the way that we all thought it would work out.

I'm concerned for my family, concerned for our members, and concerned for our sovereignty. This is more than a trading agreement. I'm concerned with the labour mobility, chapter 12 specifically. There was no consultation with the Canadian building trades. Merit was consulted, which represents 1% of the industry. There is no "hire Canadian first" policy. I'm also concerned about higher prescription drug costs, food quality and labelling, and air and water quality.

I'm slightly disappointed in today, and I'll tell you why. I negotiate contracts for a living. I like to seek to understand and to be understood. There are times when I was frustrated, where there were people strengthening their positions. That's fine. But I expected consultation in the discussion. I'm just trying to understand.

I'm against this trade deal as it is. I would advise the government not to support this deal as it is.

Thank you.

• (1410)

The Chair: Thank you, Gregory.

We're going to go to Jean Marc, on mike two, and we have David on mike one.

Mr. Jean Marc Ringuette (As an Individual): Thank you for allowing me to speak today.

I'm not against trade, like Greg and the people before me said. I think trade deals that are good and fair make for good business. I'm not against that. I'm not against growing our Canadian economy and lending opportunities for everyone to grow.

I think today I'll speak mostly on chapter 12, mostly on the labour mobility issue, which seemingly opens the door to weaken the middle class. I believe last year Canadians spoke pretty loud and clear that the middle class are the people that we're trying to bolster up. I think chapter 12, with its language as it is, is very, very broad and very, very weak, and really creates a weakening of the middle class by the weakening of laws, the weakening of safety laws.

I believe Canada was built by bricklayers, not lawyers. When I look at this trade deal, what I see are lawyers who are going to have to be involved in litigation, not bricklayers to build our country, not tradespeople to build our country. It's very, very unfortunate. This country does not need 36 million lawyers to settle trade deals, because the money will run out. If you're not getting your money from the workers of Canada to run the government and run the

affairs of the government, it's going to run out. Trust me. I can do the math. It's pretty simple. You guys are all very intelligent people, far more than I am.

When I looked at this and I read chapter 12, I thought of the analogy that my kid was going to school and was mowing my lawn for \$20, and that \$20 would be paid back somehow by him putting it toward his tuition or, God forbid, giving some board money back to the house. But the way I read this labour mobility agreement, if the kid down the street says he'll do it for \$15, then I'm obligated to let him do it for \$15. I would have to hire him, or my neighbour would go and get a lawyer and sue me. Right?

I find it very ridiculous that we don't see the value, especially in chapter 12, of either taking out that language, which the United States has done, or making it so it is fair for everyone. I do not want to send my kids to Malaysia to go to work. It's a long, damp commute back on the weekend.

Thank you very much.

The Chair: Thank you sir.

We're going to move over to David on mike number one and Ms. Adair on mike number two.

Go ahead, David.

Mr. David Beaudin (As an Individual): I thank the committee for giving me the opportunity to speak as a private citizen on this proposed treaty. I think the TPP is just another bad deal for Canada and Canadians, in a long list of bad deals that started with the Canada-U.S. Free Trade Agreement under Prime Minister Mulroney.

In the last 30 years, despite promises of economic growth and prosperity under many similar deals, the majority of Canadians are no better off than they were in the 1980s, and many are worse off than when these treaties were enacted. A small elite has profited mightily, and this has led to the disgraceful economic inequality we see across this country, of which this city is a prime example. The free trade agreements may not be totally responsible for this inequality, but they certainly didn't prevent it.

Global Affairs Canada has predicted a permanent GDP increase of 0.127% by 2040, as a result of enacting the TPP. If I were to promise you a profit of just over one-eighth of one per cent over 24 years, you probably wouldn't jump at such an opportunity.

Two aspects of the TPP are of particular concern to me. As a retired physician who practised under medicare, but in a country without a universal pharmacare program, I've seen first-hand the adverse effects of high drug costs. Some patients, because of cost, forgo treatment altogether, or are forced to choose less effective or more dangerous treatments, or sometimes forgo the necessities of life, so as to purchase medication for their spouses or children.

Experts in medical economics predict that the cost of pharmaceuticals will increase significantly if we enact the TPP. I would also like to point out that the government may be constrained in regulating the pharmaceutical industry, and may even be prevented from developing a national pharmacare program.

This brings me to a second major concern about the TPP, namely the investor-state dispute settlement provisions. Under NAFTA, this has been a bonanza for multinational corporations, and the small number of private adjudicators and lawyers who participate in these extrajudicial, secret, and binding tribunals. These tribunals can decide on the terms of the free trade agreement, but a government's laws, policies, and regulations interfere with future profits to foreign investors. As a result, they can impose fines on governments, even when the disputed laws, policies, and regulations, are in place to protect the environment and/or public interest.

Canada has been sued at least 39 times under NAFTA, and Canadian taxpayers have paid over \$190 million in known awards or settlements.

In conclusion, I would just like to say that I think this agreement, as it stands, is a bad deal for Canada. As the other speakers have said, I am not opposed to trade, but I want it to be fair trade.

•(1415)

The Chair: Thank you sir.

Mike Bradley, can you go to mike number one. We're going to go to Ms. Adair.

Ms. Leticia Adair (As an Individual): My presentation this time is on behalf of myself. For the past 25 years, I have worked with refugees and newcomers to Canada, and from the standpoint of human rights, and as a mother and a grandmother who wants to leave a better world to my children and grandchildren, I'm speaking to you.

The WHO, the World Health Organization, constitution outlines the right to enjoyment of the highest attainable standard of physical, and mental health of the fundamental rights of every human being without distinction of race, religion, political belief, economic, or social conditions. The right to health has also been enshrined in article 25 of the 1948 Universal Declaration of Human Rights, to which we are a signatory.

In Toronto, in 1966, article 12 of the International Covenant on Economic, Social, and Cultural Rights was signed, as well as various other international treaties to which Canada is a signatory.

In June of last year, UN experts voiced concern about the TPP's potential adverse impact on human rights. I join their call for human rights impact assessments to be done for the TPP, before the negotiations go any further. This panel also drew attention to the potential detrimental impact these treaties and agreements may have on the enjoyment of human rights, as enshrined in legally binding instruments, whether civil, cultural, economic, political, or social saying that their concerns relate to the right to life, food, water, sanitation, health, housing, education, science, culture, improved labour standards, an independent judiciary, a clean environment and the right not to be subjected to forced resettlement.

We, all of us, need to start a discussion and plan of action based on human rights, not corporate rights. I beg you, this agreement should not be ratified.

•(1420)

The Chair: Thank you.

We're going to move to the last member of our audience today.

Mr. Bradley, you have the mike. Go ahead, sir.

Mr. Mike Bradley (As an Individual): Hi, I'm Mike Bradley, and I'm just representing myself as a citizen of Canada.

I find it appalling that we would lose some of our democratic rights to this deal. In other words, we have the right, as of now, to set our own environmental laws, our own economic policy to some degree, although that's been eroded by NAFTA. It is just appalling that a group of very wealthy investors should demand our resources, our materials, to take them away, and not only take them away, but also avoid the taxes in paying for the resources. The few jobs we'll get will not last long, and the monies will be exported offshore and into tax havens.

It really is an appalling deal, and our trade webs have been appalling deals for Canada. We built a country with our own purpose in mind and now we are opening it up to the world, which theoretically could be a good thing, but it's a bad thing if we are degraded in opening it up to the world; in other words, our citizens have to accept lower standards that we tried to avoid, that we tried to flee from, and now we have to accept them just to make a few people rich.

Thank you.

The Chair: Thank you, sir.

I thank the audience for their participation today.

That finishes our first leg in Atlantic Canada, New Brunswick. We're going to move on to P.E.I. this evening. We'll be in Charlottetown tomorrow, then Newfoundland on Wednesday, and then Halifax on Thursday. We'll be going back to Ottawa and finishing our report. We should have it done by the end of the year. Your comments will be entered into our report. Thank you for participating.

That ends the meeting.

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