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Chair

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, everybody. Welcome to the House of Commons international trade committee.

We have been very busy since the start of this session. Of course, our main issue right now is the TPP, but our committee deals with other trade issues as well. We are finishing up on the European trade agreement, but we also have many other issues, especially with the United States. We have softwood lumber and a couple of agricultural issues. The dairy and chicken industries have issues with the States. Our committee is fairly busy, but the TPP is our main focus.

My name is Mark Eyking. I am the chair of our committee. We have members from all across the country. We don't have the full committee here, but we have a good representation. We have Ms. Ramsey and Mr. Van Kesteren from southern Ontario; Mr. Ritz is from Saskatchewan; Ms. Ludwig is from New Brunswick; Madame Lapointe is from Quebec; and we have Mr. Dhaliwal from British Columbia. We have a good representation across Canada.

We landed in your beautiful province last night, and we took a bus ride through, which was nice. It is beautiful country here. I have been here many times, being from Cape Breton and a farmer. You are blessed with your resources and the people you have. We got to taste some of your stuff last night. We had lobster and potatoes, so it was a really good start to our leg here.

We have gone through six provinces so far—seven now. We finished New Brunswick yesterday. We are going to do Atlantic Canada the rest of the week. We are going to Newfoundland and Nova Scotia. We have had video conferences with the territories. We have over 125 briefs, and we have had over 260 witnesses. We are doing a couple of things a little differently from many committees. We are accepting emails from average Canadians on what they think of the TPP. Right now we have over 20,000 emails. We are also doing open mikes in each meeting, where we are hearing a lot from Canadians across the country.

October will wrap up our consultation process, and in November and December we will be putting our report together. After that, it will be presented in the House of Commons.

Thank you for coming. Everybody's input will be reflected in the report we do.

As you could see last night if you watched the debate in the U.S., the TPP came right up there. We are going to do our part in Canada to make sure we have a good report. We are also watching very closely what they are doing down there, because it has a reflection on where we go from here.

We have farmers, or representatives of the farmers, right off the bat here this morning. I am a vegetable farmer from Cape Breton, so I know many of the farmers from P.E.I. I went to agricultural college with many of them. They are good bunch to hang out with.

Without further ado, we are going to start. With us this morning we have the Dairy Farmers of P.E.I., the National Farmers Union, and the P.E.I. Federation of Agriculture.

We usually try to keep each group to five minutes. If it gets to be over five minutes, I will put my light on or give a reminder, and you can wrap up. Then we will open dialogue with the MPs. This format has gone quite well, and everybody seems to get in their five cents' worth.

Without further ado, we are going to start with the Dairy Farmers of Prince Edward Island. We have Mr. Douglas Thompson and Mr. Ronald Maynard.

Whoever wants to go, go ahead, sir.

Mr. Ronald Maynard (Director and Corporate Secretary, Dairy Farmers of Prince Edward Island):

Thank you very much. My name is Ron Maynard. I am a dairy farmer from Prince Edward Island, and I'm the secretary of the Dairy Farmers of Prince Edward Island.

The Dairy Farmers of Prince Edward Island is pleased to appear in front of the committee. It is important to emphasize that the Canadian dairy sector makes a huge contribution to the Canadian economy. It contributes \$19.9 billion to the GDP and \$3.8 billion in taxes every year. It sustains 221,000 permanent full-time jobs. Dairy is either the top or the second in seven of the 10 agricultural provinces. It is second in Prince Edward Island only to potatoes.

Furthermore, unlike other jurisdictions where farmers' income is heavily subsidized, Canadian dairy farmers receive no direct subsidies and derive their income from the marketplace, a marketplace that would be further diminished by access granted in both the CETA and the TPP agreements.

According to initial government estimates, the sum of access granted was at 3.25%. After running some figures, we think it will probably be closer to 4%. The milk displacement of this agreement will never be produced in Canada and will result in perpetual loss of revenue of as much as \$246 million to our farmers and the Canadian economy.

Furthermore, these numbers do not take into account the impact of the CETA. To secure the CETA deal, Canada offered as much as 2% access to the Canadian dairy market as was granted to the European Union. The access granted in this agreement will allow the EU to ship an additional 16,000 tonnes of cheese, an additional 17,000 tonnes of industrial cheese to Canada. The expropriation of the Canadian cheese market granted under CETA amounts to a loss of revenue to dairy farmers to as much as \$116 million in sales going into cheese processing annually in perpetuity.

Unfortunately, the combined effect of CETA and TPP will seriously impact Canadian dairy farmers' bottom line year after year. This loss cannot be substituted through exports. As a matter of fact, only 9% of dairy production is traded in the world. Dairy is mostly produced domestically and for local needs.

While we are working on strategies to take advantage of some export opportunities, they remain limited as a result of the WTO panel in 2002, which essentially concluded that export sales at below domestic prices constitute an export subsidy.

• (0910)

Mr. Douglas Thompson (General Manager, Dairy Farmers of Prince Edward Island): In a similar manner to CETA, TRQ administration is very important to ensure these products are imported in a manner that is coherent with supply management and which helps preserve the stability of the Canadian marketplace for milk and dairy products. This is particularly true for butter since the agreement will prevent the Canadian Dairy Commission from importing the TPP butter TRQ as it currently does for the WTO TRQ. Clarification is needed about who will be able to import as well as the role the CDC can play to ensure that the impacts of the agreement are limited.

While we are pleased with Canada's compositional standards for cheese were preserved in the TPP agreement, we do have some concerns with respect to whether or not Canadian regulations and standards will be applied to imported goods. The growth hormone rBST, for example, is banned in Canada but remains in use in other countries.

In addition, some of the labelling requirements for sugar, sodium, and trans fat content mentioned in the Minister of Health's mandate letter are different from country to country. These have important implications for Canadian businesses, which could be placed at a competitive disadvantage if importers do not face the same regulations. It would also create confusion for Canadian consumers who might struggle with products not made to the higher Canadian standards.

Mr. Ronald Maynard: After the TPP negotiations were concluded in October 2015, in order to ensure no negative impact on Canadian dairy farmers as a combined result of CETA and TPP... On compensation for supply management farmers for their losses as a result of TPP, the Government of Canada announced a multiple

mitigation measure and a \$4.3-billion compensation package to be delivered over 15 years.

It is important to keep in mind that, although the original \$4.3 billion, 15-year compensation represented a significant sum, this is a government investment in all of the supply management sectors—chickens, eggs, turkey, hatching eggs, and dairy—to mitigate the CETA and TPP deals. At the time of the announcement, while the government specified that the entirety of the CETA portion of the \$4.3 billion was meant for dairy, the government did not specifically say how much of the TPP portion of the package was destined to each of the supply management commodities.

After announcing their intent to consult with the dairy sector on CETA compensation within 30 days in May 2016, the government requested that the Dairy Farmers of Canada submit a framework for compensation for CETA to the Minister of International Trade and Minister of Agriculture, which was done on May 18. To date, the government has still not committed or offered any feedback from the proposal of the CETA package.

In addition to awaiting a commitment on the proposed CETA compensation, the DFPEI and our partners at DFC continue to expect a package geared specifically toward mitigating the effects of TPP, should it come into effect. The \$4.3 billion package that was initially proposed to supply management remains a minimum expected of a combined CETA and TPP package.

In conclusion, DFPEI, along with its partners at DFC, has never opposed Canadian trade strategy as long as there is no negative impact to dairy farmers. Our position is simple: a dairy farmer should not have to pay the price for our nation's trade agreements.

While we would prefer not to have additional market access in the dairy sector conceded in the TPP agreement, we recognize that the government fought hard against other countries' demands and pledged to lessen the burden with mitigation measures and a compensation package. The government chose to make concessions on dairy to secure a TPP trade agreement for Canada. The compensation to dairy farmers' revenue lost was part of the compensation the Canadian government was willing to make.

Mr. Douglas Thompson: There's a couple of things on Prince Edward Island—

The Chair: I'm sorry, you're well over time. If you don't mind, could you wrap it up?

Mr. Ronald Maynard: That's basically the bottom line.

The other information is that we have 168 dairy farms here on Prince Edward Island. We're talking about losing on average 74 cows. What this will mean is that we have 10 farms that will be out of business because of the loss of milk sales on Prince Edward Island, so that's 10 out of 168. That's our bottom line.

The other aspect of it is that the 17,000 tonnes that's coming in will more than likely be fine cheese. On Prince Edward Island here, our major processor is a cheese processor. Their major product is fine cheeses, basically havarti and feta, so it may affect them to a greater extent than other processors in other places. This is a co-op owned by the producers on Prince Edward Island.

Thank you very much for your time.

●(0915)

The Chair: Thank you to the Dairy Farmers of Prince Edward Island for that briefing.

We're going to move on to Mr. Phelan of the National Farmers Union.

Go ahead, sir.

Mr. Reg Phelan (Regional Coordinator for Region 1 and National Board Member, National Farmers Union): Thank you.

As was mentioned, I'm with the National Farmers Union. I'm the regional coordinator for the Maritimes and a national board member.

Doug Campbell was supposed to be here with me. Doug's a dairy farmer from the western part of the province. He's likely delayed. It's not often we have traffic jams in P.E.I., but I ran into one myself this morning getting here. There was an accident on the Hillsborough Bridge and they were saying there were a few others around, too. Hopefully, he'll be along shortly.

The National Farmers Union opposes the Trans-Pacific Partnership agreement and recommends it not be ratified by Canada. Our comments will focus on the damage the TPP would do to Canadian supply management systems, particularly for dairy; the harm its procurement rules would do to local food system development; its lack of benefit to other aspects of agriculture; and the unacceptable restriction on sovereignty of democratically elected governments that would result from TPP investor-state dispute settlement mechanisms.

Turning to the TPP and supply management, supply management rests on three pillars: production disciplines, import controls, and cost of production pricing. All three are interlocked, so that weakening one pillar weakens the whole system.

In the first five years of the TPP agreement, the other 11 TPP countries would gain tariff-free access to 3.5% of the current Canadian dairy market, 2.3% for eggs, 2.1% for chicken, and percentages for turkey and broiler hatch chickens also. In subsequent years, there's also provision where tariff-free access to these markets would increase.

The governments of TPP members United States, New Zealand, and Australia have embraced an export-oriented approach to dairy which has resulted in extensive losses for their farmers as world milk prices fell drastically. Instead of disciplining their members to match demand, these countries aim to sell more milk to pry open Canadian markets. However, this will not solve their problem.

Selling more at prices below the cost of production would simply increase the volume of losses, deepen debts, and push farmers out of business. For European farmers now, I think their price is half the price realized by Canadian farmers, so the pressure is on internationally.

Canada's TPP side letter with Australia says:

Canada confirms that Australian dairy products, including those imported under HS Chapter 3504 such as milk protein concentrates, can be utilised in dairy processing in Canada to the fullest extent possible, including in cheesemaking.

Milk protein concentrate imports are highly controversial and are used by processors to replace domestically produced milk. The TPP agreement would require 80% of the fluid milk imports to be processed in Canada.

Canada's side letter with the United States commits both countries to immediately be assessed the equivalency of each other's pasteurized fluid milk safety regulations, with assessment to be done by the end of 2017. Determination of equivalency would open the door to U.S.-produced fluid milk being processed in Canada, even though U.S. regulations allow doubling the somatic cell count, a key indicator of quality and herd health, and of course we don't have BST in our milk here either.

The text of the TPP together with those two side letters would deny Canadian farmers full access to our domestic dairy market and transfer a significant portion to non-Canadian producers. Canadian dairy consumption is growing slowly because changing tastes and aging demographics have resulted in reduced per capita consumption of dairy products. TPP market concessions add on to those given away previously through the World Trade Organization and ratifying the CETA. Each deal chips away at Canadian farmers' share of our domestic market by increasing the amount of tariff-free imports allowed.

The brunt of this market loss in our supply-managed sectors will be felt by young people who aspire to become dairy, egg, chicken, and turkey farmers. Without the market to support new entrants, they will be denied the opportunity. Some retirement-age farmers may be willing to take a payout in compensation for TPP-related losses. The National Farmers Union rejects that option because of injustice to future generations of farmers.

• (0920)

The TPP local procurement rules mean governments and public agencies could not implement programs to purchase local products as a way to support the vitality of local agriculture. If ratified, the TPP, like CETA, would prevent governments from putting local content requirements into procurement contracts. It would require all governments to use a tendering system to give corporations in TPP countries an equal chance to supply these goods and services. If foreign companies are the successful bidders, the jobs, profits, and multiplier effects from filling those contracts would occur outside of Canada.

The Chair: Excuse me, could you wrap up, sir?

Mr. Reg Phelan: Okay.

Procurement rules unfairly pit locally owned competitive companies against large corporations.

We think there are very clear conflicts between a lot of what was offered, particularly in the ISDS and climate change in Canada. Canada has signed on to the Paris agreement, and we've made a commitment to reduce greenhouse gas emissions to prevent global temperatures from rising. We think the TPP would allow corporations to sue governments for compensation for loss of future profit. I think we need to address climate change, and TPP is going to make this quite difficult.

Trade deals like the TPP are superficially about trade. They are ultimately designed to limited the authority of national governments over their own economies, and to expand the scope of power of multinational corporations. These deals contain ratchet mechanisms, such as the investor-state mechanism, that make it difficult, if not impossible, for countries to roll back concessions to corporations and reclaim democratic control.

Placing these powers into corporate hands by ratifying the TPP would be anti-democratic and contrary to the interests of Canadians, including future generations.

Thank you.

The Chair: Thank you, sir.

We're going to move on to Mr. Godfrey and Ms. Robinson from the P.E.I. Federation of Agriculture.

You have five minutes.

Ms. Mary Robinson (President, Prince Edward Island Federation of Agriculture): Good morning. My name is Mary Robinson, and I am a member of the sixth generation of my family to farm here on Prince Edward Island. We farm potatoes, soybeans, grain, and hay. I'm also currently the president of the P.E.I. Federation of Agriculture. With me today is Robert Godfrey, our executive director.

We want to thank you for this opportunity to present today here in Charlottetown. We understand this committee has been meeting with folks in cities all across Canada to hear the issues on this topic, and we appreciate being included in the effort.

The PEIFA is the province's largest general farm organization, representing the interests of 80% to 85% of farms across the

province. We have approximately 600 farm members, as well as 15 different commodity organizations, ranging from cattle and dairy producers, to potato and strawberry growers, to fur breeders and honey producers. We have great diversity, and with this great diversity in membership comes diversity in the context of trade agreements. We represent both offensive and defensive interests, much like the federal Government of Canada.

Mr. Robert Godfrey (Executive Director, Prince Edward Island Federation of Agriculture): The PEIFA would like to thank the negotiators for pursuing Canada's interests for both exporter and supply-managed sectors. We understand the pressures they faced throughout the negotiations. The PEIFA is supportive of the outcome of the Trans-Pacific Partnership. Global Affairs Canada's economic impact report, released earlier this month, painted a picture that illustrated the importance of this agreement, an estimated gain of \$4.3 billion to Canada's GDP. It also pointed to the potential loss of \$5.3 billion if this agreement goes ahead without Canada. It presents an opportunity for Canada as well as an opportunity for our farm community.

The job now is for government to help in ensuring there are real market gains for our exporters. It is also important that the government commit to a compensation package for any losses that our supply-managed sectors may incur as a result of this agreement. This agreement will affect our supply-managed commodities. We will leave much of this to our colleagues, the Dairy Farmers of P.E.I., but we certainly want to echo their concerns.

When it comes to trade, the PEIFA has always been supportive of the supply-managed commodities' position: trade is essential for the Canadian economy, but it should be pursued in a way that provides no negative impacts to supply-managed farms. They should not have to pay the price for a nation's trade agreements. It's that simple.

You will recall that a compensation package was committed to last October, as Ron outlined a few minutes ago. The PEIFA asks that this government commit to do the same. The compensation of supply-managed farmers for revenues lost is part of the compromise the Canadian government was willing to make. The supply-managed sector estimates that the sum of access, and therefore the loss of potential revenue, will be substantial. The dairy industry, one of our largest members and one of the largest of agricultural sectors in P.E.I., estimates a Canadian-wide decline in the economy of \$246 million per year. Chicken, eggs, and turkey are also estimating significant losses of revenue with the implementation of the TPP. These displacements of products will be filled by foreign farm operators and will represent real losses at the farm gates of island supply-managed farms. We would hope that an announcement of this package will be forthcoming soon.

In addition, it promised to tighten up the many leaks in the current import regime for supply-managed products. In many cases, these loopholes allow almost as many imports of supply-managed products as do the current TRQs. Our supply-managed sectors would certainly benefit from a more robust system that limits imports to the intended limits.

● (0925)

Ms. Mary Robinson: On the export side, the real gain for Canada is the equal footing in the Japanese markets we will have with our competitors from the U.S., Australia, and Mexico. However, these gains only come about if Canada is a signatory to the TPP, as Australia already has a free trade agreement with Japan. As you know, if Canada does not ratify the TPP, these gains will be lost to the Australians.

The PEIFA is hearing reports from the U.S. suggesting that Congress wants to amend some of the provisions of the TPP or to introduce other legislation that would alter the TPP. This is not to mention the rhetoric coming out of the presidential election, where both candidates have publicly opposed the current version of the agreement.

It's important for us to remember that often the devil is in the details. Phytosanitary issues can act, and have acted, as a non-tariff barrier for agricultural products. The P.E.I. potato industry, our economy's largest agricultural economic contributor, is especially attuned to this. The PEIFA cautions the Canadian government to keep this in mind as the process moves forward. We ask that the Canadian government remain vigilant throughout the ratification process of the 12 TPP countries, ensuring that no changes are made that would undermine Canada's interests, and specifically those interests related to the ag sector.

Now that Canada has successfully negotiated trade agreements with the EU and the TPP, the PEIFA is advocating that government sit down with industry and develop an overarching export strategy that will identify what is needed for Canadian agriculture, including Prince Edward Island farmers, to take full advantage of these trade agreements.

Finally, we want to assure you that the PEIFA and our national partner the Canadian Federation of Agriculture are ready to work in collaboration and partnership with you and our government to further the interests of Canadian farmers.

Thank you for your time.

The Chair: Thank you to all presenters.

We're going to start off the dialogue with the MPs. We'll begin with the Conservatives. Mr. Ritz, you have the floor.

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): Thank you, ladies and gentlemen, for your presentations. It's good to reacquaint myself with a number of you I have met over the years.

A six-generation farm, Mary, that's fantastic. Keep it going another six; certainly, the ability is there. There's a hungry world, and of course, they all want more Canada. They recognize the great job you do as farmers, and that our processors do in delivering that good, safe quality food product.

Non-tariff trade barriers are always a huge impediment to the stability and predictability of trade corridors. There's been a lot of fuss made that only six chapters of the TPP speak to tariffs, and then there are a lot of other chapters that would fall under that line of non-tariff trade barriers. There are chapters on standards for food safety, so that what's coming into Canada is done at the same standard as ours, not coming in with lesser quality. We began that work a number of years ago, with the beyond the border initiative with the U.S., which made back and forth inputs, veterinary drugs and so on, so much more affordable and accessible in a timely way.

Then, of course, there are labour and environmental standards to make sure that other countries rise to Canadian standards, but not bring us to theirs. It's a very comprehensive trade agreement. Yes, there is give-and-take for the farm sector.

My question for you would be on the point you made. In the U.S. right now with the campaign going on, there's a lot of rhetoric. If the U.S. doesn't ratify it, should Canada continue to push to be a part of the other 11 countries in the TPP?

● (0930)

Mr. Robert Godfrey: I think we have to work very closely in collaboration with our largest trading partner. I think the idea that the U.S. will walk away altogether is.... I don't know if I want to say it's unlikely, but it depends on who wins, I guess. This is all pure speculation. I would agree with you, that they are our largest trading partner by far, and we would have to work very closely with them.

To ratify the agreement, you need six of the signatories to ratify it and that represents—

Hon. Gerry Ritz: It represents 85%.

Mr. Robert Godfrey: —85% of GDP. If the U.S. does not ratify it, that would be a significant hit if that actually happens.

Hon. Gerry Ritz: There's no stopping the other 11 countries from sitting down and agreeing that that will be set aside and they can move forward. It could be done. I've had those discussions.

Mr. Ronald Maynard: Right. What I would recommend in that case is to work with the U.S. If the U.S. walked away, I would work with the U.S. on that and I'd probably reignite our FTA discussions with Japan. I think that would put pressure on the other 10 signatories to take a harder look at what's going on and I'd go from there.

Hon. Gerry Ritz: Yes, I don't disagree with you on that. I'm a little more bullish though, on the fact that we need diversity in our trade portfolio, just as you do in investments. You mentioned the different crops, Mary, and that's why you don't put all your eggs in one basket, literally. That's a terrible cliché, but it's true.

I'm very bullish that we should move ahead with the trade agreements that benefit Canada overall, absolutely, but at the end of the day, I think that it's very important we grow into that Pacific Rim market, because that's where the next move will be.

Over to the Dairy Farmers, gentlemen, thank you for the great work that you do across Canada. There's a little misinformation in some of the stuff that you were talking about. You talked in terms of CETA being 16,000 tonnes and 17,000 tonnes. I don't know where you got those numbers.

Mr. Ronald Maynard: I'm sorry, that's 1,700 tonnes of industrial cheese and 16,000 tonnes of fine cheese.

Hon. Gerry Ritz: Yes, I was involved in the numbers. Those are static numbers. There's no indexing of that. That's a finite number, so 20 years from now, that's still what they get, and at the same time as we grow our market, there's the ability to absorb that cheese.

There's no definition that says it's all going to be fine cheese. The buyers and sellers will decide on what the market will take in. I'm also extremely proud of the fact that Canadian cheese makers go to the European shows and win awards. They are starting to develop that marketplace, as well as exporting their cheese into that market. There are offsets that are happening just at the market level.

Cheese competition standards was a huge win. That was in one of the chapters that was supposedly locked and loaded. We couldn't go back into it. We did. We were able to go back into all of those chapters and work with what was in the best interest of Canada.

There are two other...well, there are more than two, but the two that are most prevalent trade irritants are diafiltered milk and spent fowl. There is work being done on that. We've had some hearings. I know Minister MacAulay is trying to get up to speed on that. The point that I made in committee the other day is that the people sitting with the officials are already up to speed. They know what needs to be done in order to change those.

It amazes me that other countries can use those tariff loopholes, if you will, on exports on the WTO agreements, and we can't as a country.

The Chair: Excuse me, Mr. Ritz, your time is up. I know you're on a roll, but we have to move to the Liberals. Maybe we can get some more in later on.

We're going to move to Ms. Ludwig.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Good morning.

Thank you very much for your presentations. Your comments and concerns and opportunities definitely tie in with many of the other consultations that we've had across the country, and in particular, a meeting with the New Brunswick contacts yesterday.

To what extent have P.E.I. organizations been previously involved with consultations in regard to the TPP?

It's an open question for all of you.

● (0935)

Mr. Ronald Maynard: We've worked through our national organization, the Dairy Farmers of Canada, of course, which has been very involved. Mr. Ritz has seen our faces a number of times in

his former portfolio. We've been continuing to work with the present government on an ongoing basis. That's a national organization, so we're members of that organization.

Mr. Reg Phelan: Yes, we've worked nationally. I think we made presentations to this committee before, in western Canada. We're also quite involved here in the other trade.... We're also part of a trade justice group in P.E.I., in which there are quite a few organizations involved. We've also been involved in forums on trade issues. We've been trying to educate people about it and hear what the issues are. It's an ongoing debate here.

Ms. Karen Ludwig: Ms. Robinson and Mr. Godfrey.

Ms. Mary Robinson: Our input has been at the Canadian federation level. In terms of direct contribution from the P.E.I. federation to the federal government, this is our first.

Ms. Karen Ludwig: In terms of our consultations, what we've been hearing is certainly very important, because we're hearing from coast to coast to coast. If there is ever an opportunity for this to be reopened for changes, we certainly have gathered significant input from across the country. We've heard comments from witnesses regarding innovation, identifying new markets, trade training, the concerns about export, and we've heard concerns about Canadian sovereignty, climate change, and human rights.

My second question is for the Dairy Farmers. Looking forward in helping mitigate risk, can you tell me the situation with your milk-processing plant in Sussex?

Mr. Ronald Maynard: The processing plant in Sussex is Dairytown. It's a powder plant. It's 50 years old. It is the plant of last resort in the Atlantic provinces. It is past its prime, of course, and we need a new plant to handle the surplus milk that we have at certain times of the year, as well as ongoing opportunities. Dairy is more and more an ingredient base. We produce milk, but protein and fat and lactose and many other constituents have now.... Milk is now "mined", as they say. We need a plant that will produce that in the Atlantic provinces, so we can market our product to what the customer is looking for.

Assistance would be helpful in convincing the processor to move to building a new plant in the Atlantic provinces.

Ms. Karen Ludwig: Is there any product adaptation being done in the dairy sector here in P.E.I., or even in the Atlantic region, to adapt to new markets for export?

Mr. Ronald Maynard: What I've just said is that the opportunity there is in the ingredients. Mr. Ritz talked about opportunities as far as the cheese goes. Cheese is our main product here on Prince Edward Island, and we are looking at opportunities in that market for specialty cheese. There's also the artisan cheese. There are a couple here on Prince Edward Island that have started. They're small. They probably will not be export people, but direct marketers.

That's the innovation that's on Prince Edward Island.

Ms. Karen Ludwig: My next question is regarding succession planning. In terms of the agricultural sector as a whole here in P.E.I.

The Chair: I'm sorry, you only have five seconds left, so I don't think it's going to be fair to the witness to throw in that question. Maybe we'll get around to it.

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

Ms. Tracey Ramsey (Essex, NDP): Thank you so much for your presentations. I think you've mapped out very well that this trade agreement has a huge price to pay for dairy. One of the first presenters that we had at committee was the Canadian Dairy Association. To me, it's astonishing that we're talking about opening up our dairy market to potentially huge losses that the \$4.3 billion won't sustain past 15 years with the loss of family farms. I'm from a rural riding. I understand the impact of that. I think most Canadians would be shocked to know that this is what is being discussed in the Trans-Pacific Partnership.

I want to speak to something Mr. Godfrey said about the economic impact study. The \$4.3 billion that's being predicted by the government currently is over 24 years. If they give the \$4.3 billion over 15 years to dairy, we're in a loss. We have been pushing very hard on the government to come forward with whether they're going to honour the previous Conservative amount that was offered to dairy farmers with the understanding that that's not enough to sustain the industry going into the future.

These are dairy farms, I can assume, like mine in my riding, that have been here for hundreds of years, a hundred-plus years, as long as Confederation or before, as we learned happened here in P.E.I. There is a great price to pay in supply management in our agricultural sector for access to what appears to be one market, Japan. We're entering into this agreement where we'll see incredible losses in all of our communities that will ripple out.

I want to ask you how losing 10 farms in a province the size of P.E.I. would impact your community. What would that look like? I know spin-off jobs exist in my five municipalities that are based on farming. It would devastate my region to lose 10 farms.

● (0940)

Mr. Ronald Maynard: Any time that you take jobs from a rural economy, it has a dramatic effect. There's not another job. You're not in downtown Toronto where there's probably another job to be had. If the job in the dairy farm is gone, the people are gone also. It has a ripple effect most certainly on the economy.

Ms. Tracey Ramsey: My next question is about the non-tariff barriers, because we're already 97% tariff-free with TPP countries. There are some tariff reductions that will happen. I know some of

them are in potato farming, but I wonder if you could speak further to what non-tariff barriers exist with the countries in the TPP for your farming in potatoes here in P.E.I., as it's your number one commodity.

Ms. Mary Robinson: I'll start, and Robert can finish until Mark cuts us off.

I know in my lifetime as an adult working on our farm, I've seen us go through the process of PVY N. I've also seen wart, and we also had the twist of the needles in the last couple of years. Each of these issues creates an opportunity for our largest trade partner to deem our products a risk to their industry, so they close the border to us. A lot of the times from our perspective it's incredibly unfair because they say, "You have PVY N; we're closing you down", but they haven't done any testing on their side. It's like saying you're not pregnant while never having taken a pregnancy test. It's incredibly unfair and it's the low-lying fruit. It's a great way to shut down trade and, because our products are fairly highly perishable, it really cripples us.

Ms. Tracey Ramsey: We've heard it repeatedly here at committee. I know there is a committee that will be established in the TPP, but what we've heard from other sectors is there's no strength to it. There are no teeth to it. There's no ability or process within it to actually address the issue. Just simply, there will be a committee to talk about them.

I think that, on the whole, we need to look at trade remedies for the non-tariff barriers that can become huge issues when you're looking at trading with other countries.

Do I still have time? I'm trying to rush through because we never have time.

The diafiltered milk is obviously an issue that we've been facing here. We just had some hearings. This is another really serious issue. I know that we're here today to talk about the Trans-Pacific Partnership, but what we're talking about essentially is now opening our market to the U.S. in a further way. Diafiltered milk is one way that we have milk proteins coming into the country nefariously. I'm wondering what other challenges you see coming forward with the U.S. market.

The Chair: Sorry, Ms. Ramsey, but you used up all your time with your introduction and now your time is up.

I might seem like the tough guy here, but we've been doing pretty well. I don't know if it's the air in P.E.I., but MPs are just on a roll here today. I'd like to get every MP to be able to have their five minutes in so I have to be pretty close with the clock.

I will now move to Madam Lapointe, for five minutes.

● (0945)

[Translation]

Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Good morning and welcome.

I am pleased to see that a woman took charge of the family business and that this is the sixth generation. I am very pleased about that. It is very good.

I listened to your comments, which were all very interesting. However, as Ms. Ramsey said, we only have five minutes.

Earlier, you said that you were very concerned that the trans-Pacific partnership may be signed without Canada's participation.

Prince Edward Island has problems with the dairy products, but overall, would signing the TPP be beneficial for the province?

For all the products, would it represent an increase in exports?

[English]

Mr. Robert Godfrey: I think the perils of not signing and being outside the world's largest market outweigh the issues that we've outlined.

As I've said, PEIFA has the very same position you do. We represent both offensive and defensive interests, and as a whole, we are in support of signing this agreement.

[Translation]

Ms. Linda Lapointe: So that means you are hoping that we sign the trans-Pacific partnership.

[English]

Mr. Robert Godfrey: Yes.

[Translation]

Ms. Linda Lapointe: Okay. Thank you.

If the agreement were not ratified, with which countries would you like us to sign a free trade agreement?

[English]

Mr. Robert Godfrey: Obviously, we would keep the free trade agreements we have with the U.S. and Mexico, which are our two largest. There are large benefits for our beef and pork sectors, in particular in Japan. There are opportunities in Australia and New Zealand as well, but I don't think it's any secret—as Ms. Ramsey already pointed out—that Japan holds an awful lot of potential for us.

[Translation]

Ms. Linda Lapointe: Thank you.

Mr. Phelan, you said that the consumption of milk per capita was declining.

Aren't derivative products, such as yogurt and cheese, on the rise per capita?

[English]

Mr. Reg Phelan: Yes, I believe they are. We have a cheese plant on P.E.I. here, and they're experimenting and doing a lot of extra processing for cheese products here.

[Translation]

Ms. Linda Lapointe: Don't you find that opening up the markets is an opportunity to export processed products?

[English]

Mr. Reg Phelan: Yes, we see an opportunity in doing it, but we don't see much opportunity in selling it at way below the cost of production, which is a big problem with the so-called trade agreement. It's more about control rather than trade, and that's one of our big points about it. Because right now, as I mentioned earlier, the Europeans are producing milk and they're looking at trying to subsidize it incredibly, but the amount of dollars is just beyond...and I think they're backing away from it now. But the producers there have just gone in a downspin because of the signing and taking away supply management.

If they look at a marketing system like supply management that we have here, rather than trying to dismantle it, I think it's much better to trade on such a system as that.

When you mentioned Japan, we have been trading even before... A good example of that was when we had a wheat board in western Canada. We traded quality wheat with Japan and others, and they were interested in getting it because of the service we provided, the quality we provided. Once you take away those types of marketing approaches, and bring down the quality of a product, and bring it way below the cost of production, I think we're in for a lot of problems, particularly for our future generation of farmers.

[Translation]

Ms. Linda Lapointe: Thank you.

You talked about Canadian standards for food products. That gives us a competitive edge.

We've talked a great deal about Japan. Do you think Japan would like to trade more with us because of our standards?

[English]

Mr. Ronald Maynard: The capital consumption in Japan is very small. Japan also has a protected dairy market. The opportunity for exporting dairy to Japan is not substantial. It's a niche market, but there is very little potential in dairy.

● (0950)

The Chair: Thank you, Madam Lapointe.

We're going to move to Mr. Dhaliwal, who fell in love with P.E.I. lobsters last night. I think he has a suitcase full of them now.

Mr. Dhaliwal, you have the floor.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Mr. Chair, and my thanks to the panel members.

Mr. Phelan, you mentioned the [*Inaudible—Editor*] period of five years and tariff-free access to 3.2% of Canada's dairy market.

Would you fellows like to see an outcome fairer than the five-year [*Inaudible—Editor*] period and 3.25% market access? Please explain your reasoning as well.

Mr. Ronald Maynard: What we're seeing is that this is what the government had to give to make the deal. That's not our job. Our concern is that it has an effect on dairy farmers' revenue. We would like to see no further access given. Canadian farmers want to produce milk for Canadians, and Canadians want to buy Canadian milk. The reason this product is coming is that it's cheaper. Mr. Phelan talked about the price of milk in Europe. I'm also involved in the International Dairy Federation. My colleagues there are hurting. They're crying because of the very low price of dairy products around the world right now.

We have a standard of living that's higher. We have costs that are higher. For my friends and colleagues in New Zealand, there's no such thing as winter. I have to maintain feed and housing for my cattle for six months of the year because it's -10°. My costs are higher. We are in Canada; we have higher costs. Everything costs more in Canada. That's our bottom line. If you want to have a trade deal that benefits Canadians, fine, but we as dairy farmers shouldn't have to pay for that benefit to the community.

Mr. Sukh Dhaliwal: So you favour zero access. Ms. Ramsey mentioned smaller Canadian farms being devastated from the impacts of the TPP, but I'm going to take a positive approach.

This question is for all on the panel. Do you see any positive benefits from ratifying the TPP for these small family farms? Is there an advantage to them in preferential access to open markets?

Mr. Ronald Maynard: The problem is logistics. If I'm a small Canadian farmer, everyone is looking for volume. I can't afford to meet standards. I can't afford your export requirements, import requirements, or licensing for a small volume. That's an issue for the smaller processors like we see here on Prince Edward Island. If I'm in the dairy business, and I'm a major, if I'm Agropur, Parmalat, or Saputo, I'm already a multinational. It opens new opportunities.

If I'm a smaller processor, then there's a real challenge to set up distribution, marketing, and everything else. That's the challenge we see in the CETA. We see that the market is open for Canadian products there, but it's the logistics of getting in. Right now, the importers that are coming in add another 10% to their volume. They already have the market distribution and everything else set up.

Export is fine, but we think the greatest opportunity is to feed Canadians. In agriculture and dairy, we are doing it. The market is growing. It's not for fluid milk, most certainly. It's in the speciality products—the yogourt, the fine cheeses, the ingredients. That goes to your question about plants for dairy products. We need to be in that market because that is the future, in ingredients.

• (0955)

The Chair: Thank you, sir, and thank you, Mr. Dhaliwal.

We have five minutes left. We're pretty well on time here.

We have enough time for Mr. Van Kesteren. You have the last five minutes.

Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC): Everyone, it's my first time on the island. Thank you for your hospitality. I've been to every province in this country, and I saved the best for last, and I mean it.

I hear some clapping, and you can clap, because I called my wife last night and said, "We're moving. I am going to take you to this island."

Voices: Oh, oh!

Mr. Dave van Kesteren: What a beautiful place. I come from one of the nicest agricultural areas in the country. I would argue it may be the best. At this point Kent County in southwestern Ontario grows everything.

However, last night I saw some corn, and I don't think it was there for silage. Am I wrong? Are you going to harvest that corn? You're growing corn here.

Mr. Ronald Maynard: Yes.

Mr. Dave Van Kesteren: I saw some soybeans.

A number of years back my father-in-law was farming about 40 kilometres north of London. If you think about that lateral line, that's probably well below Boston, at least, just to give you an impression. The big news at that time was that they were starting to grow soybeans. When I look at P.E.I., wow, you're at the cusp of something really exciting. I don't know if you realize that, but this is an incredible time of year for you.

We just bought some farmland, and I don't mind saying that we paid \$10,000 an acre. We thought we had lost our minds. Land in Kent County right now is selling for \$20,000 an acre. I heard tell about some land prices around here, and I think we ought to start buying land here.

You have enormous potential on this island. We had a talk yesterday with some people from Cavendish about their potato production: 1.5 billion pounds. If you look at the population of the world, what potential for growth.

I want to encourage you, first of all, I think that you island Canadians have maybe one of the greatest potentials that I have yet seen in this country. I know you have some challenges. I know we have to work through those things. I wanted to make that comment, more than anything else.

There is great potential for growth in your potato industry. We haven't talked about that, and yet if anybody talks about P.E.I., they talk about potatoes. Mary, Robert, or Reg, do you want to tell me how you feel about the potato industry, where that's going, some of the challenges you have, and maybe where you see some of the greatest growth potential?

Ms. Mary Robinson: I want to speak to that point with regard to high land prices. I can tell you that here in our province we're going through a municipalization and amalgamation exercise, and we're developing a land use policy. As we see these rising prices for agricultural land, it makes it very difficult to pencil out for our primary producer. It's one of the biggest threats we have to protecting our resource land.

When we see outside interests looking at our province and wanting to come in to buy land at these high values.... We have a lot of Amish, Germans, and Dutch coming in. We all got off the boat at one point and we've all bought land, but right now when Canada looks at protecting its food sovereignty, we need to make sure these trade agreements allow us to be profitable on our farms. These high land prices are crippling for a lot of people.

Mr. Dave Van Kesteren: What is a high land price? I'm just curious.

•(1000)

Ms. Mary Robinson: It's laughable from an Ontario perspective. For the better part of my life, high value land traded at \$3,000 an acre. Currently, we have had confirmed rumour—and take that with a P.E.I. grain of salt—that land prices are around \$5,000 an acre, which is a massive increase.

Mr. Dave Van Kesteren: I've heard some rumours at \$25,000.

Ms. Mary Robinson: Yes, and you pencil that out on potato production and the cost of farming here on P.E.I., as Ron alluded to, the high costs that we face. We have high input costs and high costs to get product to market. When you pencil it out, you have to qualify what it means to be profitable on a farm if you're paying \$5,000 or in excess of \$5,000 an acre.

The Chair: Mr. Phelan.

Mr. Reg Phelan: One of the aspects we do have here in P.E.I. is the Lands Protection Act, which is about 30 years old. It took us quite a while to get it in place, but I think it's part of what's protecting some of our land base here. As part of that act, we have a maximum amount of acres that you can own, and we have three-year crop rotation to try to be implemented as part of that.

I think it's very important in terms of that, trying to protect our soil here in P.E.I. It's very sand-based, and in order to keep the organic matter up, we need that crop rotation and we need diversity. That's part of the problem the potato industry is running into here now. It just doesn't have that land base. When you're trying to put that in less.... We're having quite a problem with trying to keep the soil together because it has been so sandy. In order to keep that organic matter up, we need a bit more diversity. We need a little more in terms of that to keep the quality there.

Mr. Dave Van Kesteren: May I ask one little question that hasn't been asked yet?

The Chair: It's going to have to be a quick one.

Mr. Dave Van Kesteren: I'm curious. We talk about tonnage in tomatoes, and how that's from 20 to 40 to 45. What's the tonnage in potatoes within the last 20 years?

Mr. Reg Phelan: One of the problems we're having here now is that our yields are starting to decline a bit. This is what the big processors are saying. They're saying they want to dig deeper wells so they can put more irrigation on. In terms of what's happening there, a lot of times when the soil gets mined out, the yields are going to decline and the quality will decline too. That's one of the aspects we're having to work with here, and it is a major problem.

The Chair: Thank you.

I think the federation wanted a very quick response, and then we will wrap it up.

Ms. Mary Robinson: Yes.

Coming from a potato-producing area and farm, I'd have to say that with plant breeding and genetics as they are, and with improved conservation and everything else that we do on our farms—improved agronomy, site specific, everything—generally we are seeing yields not decline.

On my farm, we do not irrigate. I'm one of six who owns my farm; I'm not the only one. We don't wish to irrigate. We don't grow for a processor. We grow for table. Our yields are either steady or increasing year over year. A lot of it is Mother Nature. Some people aren't looking for increased yield; they're looking for a different product.

We have the Little Potato Company growing small potatoes. That means they do it in a shorter time frame and they take off a lower yield. It's in the farmers' nature to want the most per acre, but the bottom line is different than that.

The Chair: Thank you.

Panellists, you gave us a good introduction to agriculture in P.E.I., a good snapshot. I noticed a lot of interest in agriculture from our panellists. We're going to have other farm groups here this morning and we'll be able to ask some questions.

Thank you very much for coming. You're welcome to stay. We have many more sessions to go here this morning.

Since we're over time a bit, we're just going to break for about five to 10 minutes and then get back at it. I'd appreciate it if MPs don't take off too far.

We'll suspend.

•(1000)

_____ (Pause) _____

•(1010)

The Chair: We'll reconvene the meeting.

Welcome anybody who's just arrived, and especially our new panellists for our second panel.

My name is Mark Eyking, and I'm the chair of the House of Commons trade committee. We have most of our committee with us. We had to leave some in Ottawa to take care of things back there. Many of our MPs are from right across the country.

We are a very busy committee. We're dealing with trade, and Canada is a big trading country. We're dealing with CETA right now. We're dealing with softwood lumber, and we're dealing with agriculture issues with the United States. But our main focus is the TPP. As you are well aware, the TPP involves over 12 countries, 40% of the world's GDP, 800 million people, so it's a big deal. As many of you may know, it was brought up pretty strongly last night in the U.S. debate, so it's a hot topic.

We knew that it was very important. Our committee embarked on this study at the first of the year. We've gone through seven provinces now, and we're going to finish up with the Atlantic provinces this week. We've talked to the territories by video conference. We have had a lot of input. We've had over 125 briefs, 265 witnesses, and 20,000 emails, and they're still coming in.

We're planning on wrapping up our study at the end of October. Then we have to put a report together for the House of Commons. We hope to have that presented by the end of the year, or the beginning of next year.

There is a big interest and we see this as we go across the country. I think as Canadians know more and more about it, that's why they're providing their input.

We welcome the panellists here for our second hour. First of all, we have translation. I think it's channel one for your headphones, but I'm not sure. If you can, try to keep your presentation to about five minutes. Also, MPs try to keep it to around five minutes. If we do it that way, we can often get our input in here and it goes well within the hour.

Without further ado, I'm going to start off with Jordan MacPhee from the Environmental Coalition of Prince Edward Island. Go ahead, sir.

• (1015)

Mr. Jordan MacPhee (Board Member, Environmental Coalition of Prince Edward Island): It's nice to see you again, Mark. I don't know if you remember, but I met you in March last year. I was part of a little contingency with the NFU Youth. We met when you were still the opposition critic. I don't know if you remember, but nice to see you again.

The Chair: Yes. It's good to see you, sir.

Mr. Jordan MacPhee: The Environmental Coalition of P.E.I. or Eco-PEI, is a non-governmental organization that was established in 1989. The focus of our organization's work is public education, community events, and advocacy on issues related to P.E.I.'s environment and the use of our natural resources. The issue of trade falls under this focus.

It is Eco-PEI's position that Canada should not ratify the Trans-Pacific Partnership, or TPP. The central reasons for our stance against the TPP are: one, it will place further stress on already strained environmental systems in Canada and P.E.I. in exchange for minor economic benefit; two, the investor-state dispute settlement mechanism, or ISDS, would allow corporations to sue the government for federal and provincial policies, and the TPP will weaken our ability to effectively legislate environmental controls for the interests of Canadian citizens; and three, Canadian taxpayers will become financially responsible for legal challenges initiated by private interests against federal and provincial legislation, including but not limited to environmental law. Together, these will have the ultimate effect of undermining Canada's sovereignty in favour of corporate interests.

The TPP seems to be part of a trend in recent decades and reflects the willingness of western governments to erode their democratic institutions for the potential prospect of economic growth at any cost without critical concern for the consequences of that growth. We are

not against free trade itself, but before a country signs on to any agreement, it is crucial to consider how and to whom the benefits and costs of that agreement are being distributed, and whether the overall deal is beneficial to Canadians and society as a whole. It is our understanding that the TPP will concentrate most of the benefits to a few certain groups while funnelling most of the costs and the negative consequences to the majority, all the while weakening Canadian legislative authority.

We would like to provide the committee with some context of our local economic and environmental situation in P.E.I. in order to illustrate how the TPP, if ratified, might affect us as a province. According to the Government of P.E.I., roughly 12% of our economy is based in the agricultural, fishing and food processing sectors. Islanders are aware of some of the environmental pressures caused by the agricultural industry. It's a sensitive topic on P.E.I., as almost everyone knows a farmer as a friend or family member.

These pressures include the heavy use of nitrogen fertilizers and pesticides, the leeching and runoff of these chemicals into groundwater and nearby streams, the erosion of fertile top soil from island farms, damaged soil that is less productive and less able to retain moisture, and the resulting increased demand for greater and greater quantities of island groundwater for irrigation.

We want to make it completely clear that Eco-PEI is not against island farmers. We understand the economic pressures that farmers are under today and the realities they must face in order to make a living. Many farmers are responsible for hundreds of thousands or millions of dollars in capital infrastructure investments and it is impossible for them to suddenly switch to a new model of production.

However, the TPP is not an answer to farmers' problems, as we have seen with free trade agreements in the past. According to Statistics Canada, since the Canada-U.S. Free Trade Agreement was signed in 1987, farm exports have increased threefold over this time but total outstanding farm debt on P.E.I. has risen from \$159 million in 1987 to \$748 million in 2015, a fourfold increase in less than three decades. This trend of rising exports and rising farm debt is similar all across Canada, with farm debt rising from \$23 billion in 1987 to \$91 billion in 2015, also a fourfold increase.

If Canada ratifies the TPP, it would increase P.E.I.'s economic dependence on the export of industrial agricultural products, which would further entrench island farmers in a production system that is already causing harm to the environment's systems we depend on to grow our food. At the same time the economic incentives for young people to get into farming are almost non-existent. Speaking from my own experience as a young person on P.E.I. who is trying to start a farm business, I know how difficult it is to manage the financial difficulties and other hardships of starting a farm even on a small scale.

As a country we need to think about the future of industries and the upcoming generation trying to build an economy that actually understands the ecological limits to growth. The TPP does the opposite. The hope would be that the TPP would substantially benefit Canada economically, but even proponents of the TPP estimate there will be minor economic benefits in terms of projected GDP growth if Canada were to ratify. According to a January 2016 working paper by the Peterson Institute, written in favour of the TPP, the projected GDP gain for Canada by 2025 is estimated at 0.9%, one of the weakest gains among potential TPP signatories. Those who are less optimistic, such as Dan Ciuriak, the former deputy chief economist at Foreign Affairs and International Trade Canada, has estimated net gain at only 0.1% of GDP by 2035.

• (1020)

In either of these cases, the benefits pale in comparison to recent deficit projections announced by this federal government, and in comparison to Canada's GDP as a whole, they are little more than a rounding error.

Our final central concern is with the investor-state dispute settlement mechanism, also known as the right of foreign corporations to sue otherwise sovereign governments through private tribunals.

In March 2015, a NAFTA tribunal oversaw a challenge by Bilcon, a company that proposed a quarry in Nova Scotia that was denied, and decided against Canada. Bilcon is now seeking \$300 million in damages for loss of potential future profits. Donald McRae was Canada's appointee on the arbitrations tribunal. Remarking on the negative effects of ISDS, he said:

Once again, a chill will be imposed on environmental review panels which will be concerned not to give too much weight to socio-economic considerations or other considerations of the human environment in case the result is a claim for damages under NAFTA Chapter 11. In this respect, the decision of the majority will be seen as a remarkable step backwards in environmental protection.

In summary, Eco-PEI's position is that the TPP will place further strains on the environment for little economic return, undermine Canadian sovereignty, and open up the federal government, and therefore Canadian taxpayers, to expensive litigation with private interests. For these reasons, Eco-PEI recommends that Canada not ratify the TPP.

The Chair: Thank you.

We're going to move over to the Prince Edward Island Fishermen's Association. We have with us Mr. Avery and Mr. MacPherson.

Go ahead, sirs, for five minutes.

Mr. Ian MacPherson (Executive Director, Prince Edward Island Fishermen's Association): Good morning to you, Mr. Chairman, and members of the international trade committee. My name is Ian MacPherson and I'm the executive director of the Prince Edward Island Fishermen's Association. Today I'm joined by our association president, Mr. Craig Avery, who has over 40 years of experience in the commercial lobster fishery.

Traditionally, the lobster harvesting sector may not be directly involved in international trade. However, our intent today is to give the committee an overview of the Prince Edward Island lobster

industry from a harvester perspective and the importance of expanding markets over the past several years.

The P.E.I. Fishermen's Association, PEIFA, represents close to 1,300 harvesters on Prince Edward Island. Although our primary species is lobster, our members also harvest herring, mackerel, halibut, bluefin tuna, snow crab, and scallops. The fishery, along with agriculture and tourism, is one of the top three economic drivers of the Prince Edward Island economy.

One of the primary reasons that our organization wanted to present today was to comment on the significant change that has taken place in the lobster industry over the past five years, and how our organization is working diligently to prevent a return to wild price swings of the past. We see market diversification as a key component to an overall strategy that will provide suitable returns to all components of the supply chain. For today's discussion we will focus on export and trade in lobster, although many of our discussion points can be transferred to other species.

As recently as 2012, the price paid to harvesters for lobster was at levels that were significantly lower than prices paid in the previous 10 years. With escalating operating costs, this rendered many fleets in Atlantic Canada unsustainable at prices that were in the range of three dollars per pound. As a result of a gulf-wide tie-up, harvesters made a strong commitment to change their industry. Although a number of programs were in place, such as reducing and retiring licences and increased sustainability measures, the harvesters realized that we were too dependent on several traditional export markets.

Historically, Prince Edward Island has produced much more processed lobster versus live lobster. Past ratios of 80% processed lobster versus 20% live lobster were the norm. We are seeing this ratio lessen due to the addition of more live storage on P.E.I. However, processed product is still the primary market for most of our lobster.

Although there are co-operatives where fishers are involved in both harvesting and production, most harvesters deal with commission buyers who sell to plants on and off the island. In the past two years we are also seeing more harvesters become directly involved in live lobster export.

Many parts of the supply chain have worked hard over the past three years to improve the financial return to harvesters; however, continued work needs to be done. The traditional markets of the United States and Europe continue to be important. However, with the doubling of catches over a recent six-year period, the development of alternative markets is critical. To put this increase in perspective, the lobster catches in P.E.I. increased from 16 million pounds to 30 million pounds during this period. That's an annual number.

This recent expansion of Asian markets over the past five years has been a contributing factor in increasing financial returns to the harvesters. Much of this increase in sales has been attributed to the emerging middle classes in countries such as Korea and China, where items such as lobster were not affordable in the past.

The PEIFA has invested in our own brand that is owned and controlled by the harvesters. Although we are still early in the stages of market development, we are seeing a keen interest from international buyers and consumers who are seeking a more direct connection with the harvesters. From a harvester perspective, it is critical that any trade agreements include clauses that address factors such as resource sustainability, fair labour practices, fair pay components, and conducting fisheries that are not harmful to the surrounding environment.

The PEIFA and Fisheries and Oceans Canada are working on a number of regional initiatives that will contribute to more efficiency in our fishery. The owner-operator model that works in many countries around the world is strong and effective in Canada. Organizations such as the PEIFA strongly support the continuation of these independent businesses. Each of our captains has a significant financial investment in their fleets, which translates into a direct connection with our fishery. It is important that the focus of any pending trade agreements not be solely based on increasing trade volumes. The lowering of the current tariffs are projected to have a positive effect on the Canadian lobster industry; however, the focus of market expansion should be increasing the value of existing exports versus increasing exports at all costs. This will require a slight change in focus from both federal and provincial governments.

• (1025)

In the past, Canada has held a higher global position in exporting seafood than our current ranking. It is important that this be kept in proper perspective so we are not seeking export growth at the expense of resource sustainability.

The PEIFA and our Master Lobster brand are seeking strategic partnerships that will develop into long-term relationships that will benefit Canada and our trading partners. We understand that this does not happen overnight. However, having these goals in mind will greatly benefit Canada in the long term.

Our Canadian oceans are extremely valuable resources that we are privileged to harvest on behalf of the people of Canada. The harvesters of the Prince Edward Island Fishermen's Association take this responsibility very seriously and advocate that the factors of resource sustainability, fair labour, fair payer practices, protection of the environment, and the continuation of the owner-operator fleet be cornerstones of any agreements before they are ratified.

The Chair: Thank you, sir, for that briefing.

We were in New Brunswick yesterday, and we heard from many fisher groups. Many of the concerns and opportunities you raise were raised yesterday. We realize how important an industry it is. Trade deals are important, but how they work out is very important, so thank you for your briefing.

We are going to move to Mr. Greg Donald from the Prince Edward Island Potato Board. Go ahead, sir.

Mr. Greg Donald (General Manager, Prince Edward Island Potato Board): Good morning, and welcome, especially those who haven't been to P.E.I. before.

My name is Greg Donald. I'm general manager of the P.E.I. Potato Board. The Potato Board is a potato grower organization here in P.E.I. We also represent the dealers and exporters on the island.

I'd like to first hit on the key points relative to this agreement, and those would be that we support the TPP. We certainly support opportunities with countries where we can remove tariffs, level the playing field, and generate opportunities for all sectors, in particular our processing sector, but also for fresh and seed potatoes as well.

I'd also like to highlight that a very important component of the TPP is inclusion of provisions to deal with phytosanitary issues and concerns. That's very important. I know there are examples of trade agreements in the past where, in particular with potatoes, those haven't been addressed. It's very important that this provision has been identified and is going to be there. I'd also raise the issue that we need adequate resources within the CFIA, within the plant health division, to deal with that

I would also point out that we've seen another agreement where issues have come up with tariff rate quotas. Hopefully that's not something that is involved with this agreement.

The last point would be the continuing need for investment in agricultural research, particularly potatoes, and in breeding to better meet the needs of the countries where there are opportunities. Those are the main issues.

This is a little about our industry and the board. The potato industry is the backbone of the economy here in P.E.I. It contributes over \$1 billion either directly or indirectly to the economy here, so it's important to us. We have about 200 family farms. We all, and certainly I have had the opportunity to travel to many parts of the world. They are small family farms, not industrial farms. I'm not really sure what the definition of that is, but they are small family farms here in P.E.I. We produce about 2.5 billion pounds of potatoes, which is about 25% of Canadian production. About 60% of our crop goes to processing for french fries, potato chips, and other processed products, 30% for the fresh or table market, and 10% for seed.

For P.E.I.'s total agricultural exports, we have numbers in 2014-15 of about \$345 million. Of that total export in dollars, 85% is from potatoes. That's both fresh and processed potatoes, so it's very significant. In the last year, we shipped seed potatoes to eight countries around the world, fresh potatoes to 15 to 20 countries, and processed potatoes to close to 40 countries. Similarly with many other products, the U.S. is by far our largest trading partner of that. Of that, \$296 million, 81% of it is to the U.S. There's obviously a relationship with them, and that business is very important to us. Having said that, like any business, it's important that we continue to open doors and grow. Unfortunately, doors continue to close, so it's important to diversify our markets and look for opportunities for growth. That's very important, and we believe that TPP offers that opportunity.

Those are the main things that I wanted to touch on. Again, to summarize the points of interest, the tariffs and the phytosanitary issues are very important, that we have the resources to accomplish that, and furthermore, continued investment in programs like Growing Forward to support good research and development of things like new potato varieties.

Thank you very much.

• (1030)

The Chair: Thank you, sir.

We had a bit of an introduction to the potato industry with Cavendish Farms yesterday in New Brunswick—

Mr. Greg Donald: Yes, I understand that.

The Chair: Boy, they do a lot of french fries. They're talking about potential in Asia, so we had a good sense of that yesterday. It's good to see you guys here.

We're going to move on now to dialogue from the MPs.

We're going to start off with the Conservatives. Mr. Van Kesteren, you have the floor.

Mr. Dave Van Kesteren: Thank you all for attending this morning, and thank you for your hospitality.

Yes, when we—I'm talking Ontario—talk about P.E.I., we think about about potatoes, but we forget oftentimes that the fishery is such a big part of the island as well.

We saw the collapse of the cod industry. How's the state of the lobster industry? You talked about the need and how you've managed that. I'm just curious. How is that? Is it healthy? It is declining? Is it growing? Maybe you could give the committee some direction on that.

• (1035)

Mr. Craig Avery (President, Prince Edward Island Fishermen's Association): We put a lot of sustainability measures in place over the years with mandatory escape mechanisms. We've increased carapace size. Stocks have been increasing steadily over the last 10 to 15 years. Last year, I think, was a record; the lobster catch in Prince Edward Island was 30 million pounds. This year in area 25, which is fishing right now, it looks like it's going to be a record catch. The stock is in great shape. We've taken all kinds of measures, and I think for the future...the recruitment levels.... We've

done studies with DFO, working with fisheries. I think the stock is in the best shape it's every been in.

Mr. Dave Van Kesteren: Good. That's great news.

Did you say 80 million pounds?

Mr. Craig Avery: It was 30 million.

Mr. Dave Van Kesteren: Obviously, that doesn't all go to Canada. Maybe you mentioned, but I missed it. How much of that goes to the United States as opposed to Canada?

Mr. Craig Avery: How much are we exporting?

Mr. Dave Van Kesteren: Yes.

Mr. Craig Avery: It's still around the 70% to 80% range.

Mr. Dave Van Kesteren: That would be because of geography, I suppose. It's closer to send it to Boston than to Toronto or something like that.

Mr. Craig Avery: That's right, yes.

Mr. Dave Van Kesteren: Have you ever thought about...because down east, we get lobster, but it's not part of our culture.

Mr. Gerry Ritz: This is down east. You're central.

Mr. Dave Van Kesteren: Yes, I guess I am. Well, we're not really central. Winnipeg is central. The west calls us east.

We don't think about the lobster until we come here. Has there been a movement or a plan to introduce Canada more to...when the lobster festival is on, to spread it across the country?

Mr. Craig Avery: As Ian mentioned in earlier, the Fishermen's Association have taken the initiative of our own branding. This summer, for instance, I was in Calgary at the stampede. We're going back out there again next week, and we're trying to expand those partners all over Canada.

Mr. Dave Van Kesteren: Good, congratulations.

Mr. MacPherson, did you have a comment you wanted to make?

Mr. Ian MacPherson: I was just going to add that I think we all realize there needs to be a multi-pronged approach. We've historically been dependent on one or two pretty key markets, and we want to diversify, but not neglect our domestic market either.

Mr. Dave Van Kesteren: It's kind of a shame that those Americans are getting all that good lobster. We should be eating it in the rest of Canada.

How much time do I have, Mr. Chair?

The Chair: You have over a minute and a half.

Mr. Dave Van Kesteren: Good. We'll go back to potatoes.

We just mentioned briefly that figure they gave us, 1.5 billion, and we talked about the history of the potato, how it became the European staple diet in the 1700s, how it took over the grain, and the fact that in Asia, rice is still the staple diet.

As an organization, you must be considering that this potential for growth could suddenly give you a huge market. Is that something you're prepared for when that does happen? Because all of us know potatoes are just the best food there is.

Mr. Greg Donald: Actually, Asian-Pacific countries would represent probably one of the largest growth areas, particularly in processed products. We're experiencing that today, and certainly that's been a major growth area for the processing sector of the industry. That's there today.

Obviously, from Prince Edward Island's perspective, there are only so many potatoes that we can produce. I had the pleasure of coming in earlier and hearing some of the comments from some of the other groups. So there is capacity on our island, and as we focus on going forward, as in any business it's about how we can better differentiate ourselves, get a premium for our product, and at the same time improve our productivity. That's where the focus is, and to do that, the focus is on rotations and improving from that perspective.

Some of those countries in Asia are large potato producers as well, which is worth noting. I think we know China, for example, produces 20 times more potatoes than Canada, and last year they announced potatoes as their new staple for food production.

• (1040)

The Chair: Thank you.

Your time is up, Mr. Van Kesteren.

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

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

Mr. Donald, you mentioned some of the markets that you have access to when it comes to potatoes. Which markets do you see the most potential in through increased access in the event of ratifying the TPP?

Mr. Greg Donald: With the TPP in particular, again noting that it's important that through the agreement we maintain the existing business we do with the U.S., just to point out that it's obviously a very significant market for us. Another one I'll bring up is Japan. Most certainly Japan already has no tariffs on potatoes, seed and table potatoes. We do not have access to that market.

Currently, the U.S. exports about \$9.3 million into Japan. That would certainly be a country that I would highlight as an opportunity to have access to that market. Certainly, in particular, some of the other Asia-Pacific countries would be opportunities, certainly fries, which I know, processed products—we've talked to Cavendish—and also fresh and seed potatoes.

Mr. Sukh Dhaliwal: When I was growing up, I never heard about fries and chips in India, for example. You mentioned China is already producing its own potatoes. Even though India is not part of the TPP, do you see a future there when it comes to P.E.I. farmers?

Mr. Greg Donald: Yes. India, I believe—I'd have to call a friend—might be the second-largest potato producer in the world. Don't quote me on that. It's a very large producer. There are opportunities, yes. Seed potatoes, new varieties that can provide for specific needs are an opportunity. P.E.I. has an excellent reputation in growing good

quality seed, so that's an opportunity. On the processing products as well that would be an opportunity, yes.

Mr. Sukh Dhaliwal: Mr. MacPherson, I enjoyed the lobster, and as my friend Dave on the other side said, we should have access. In B.C. lobster is very seasonal as well. Ratifying the TPP, and I hear that you support that, will benefit the P.E.I. fellows here.

Mr. Ian MacPherson: Yes. Certainly, we don't want to go back to where we were in 2012 where our supply far exceeded demand, and so there has been a lot of hard work in developing those new markets.

I think we want to be very cautious not to all of a sudden go for being dependent on two markets to being dependent on a couple of markets in another part of the world. That makes no sense. We're trying to be strategic in the companies we're working with. There are markets that are more focused on quality than price and those are the markets we want to pursue.

Certainly there are those types of countries within this proposed agreement.

Mr. Sukh Dhaliwal: Overall it depends on the young fellow. I see you have some reservations, Mr. MacPhee. What would you like to see, if we ratify? Is there anything you'd like to comment on to have part of the agreement that will help young people like yourself to get into farming and carry on the family traditions?

The Chair: You have one minute.

Mr. Jordan MacPhee: It's about diversification of the production systems we have on P.E.I. It's for all industries across Canada. If you're diversifying the types of industries that a person can make money at, it's easier for young people to break into the industry. If there's already an intense level of market saturation and ownership of that market by existing producers how are young people going to break in?

When you centralize production into just a few systems rather than many ways to make money, it's difficult. If we created deals across Canada and with other countries that made it easier for us to make money from selling different products, like a mixed vegetable farm or anything from IT, instead of it being from people who already own the market... I don't know how that's done, but I think this is a way of further centralizing the economy in existing hands, rather than making it easier for new people to break in.

• (1045)

The Chair: Thank you, sir.

Thank you, Mr. Dhaliwal.

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

Ms. Tracey Ramsey: Thank you for the presentations today.

Mr. MacPhee, you mentioned something that I want to dig into a little bit and that's the ISDS provision, the investor-state dispute settlement resolution process that exists in the TPP. For folks who don't know, in chapter 11 of NAFTA, it was the first time that two developed countries engaged in this type of an established resolution system together. Previously it was always a developing country coming to a developed one. What we've seen under NAFTA is we've become the most sued country in the world under this provision. So \$190 million has been paid out, but the asks are now in the billions, and we have cases against us, currently, that are creeping that way because they simply contain this projected future loss number that's pulled out of the air.

We have a very progressive court system here in Canada, so this is where I think most Canadians question the need for this non-reciprocal...essentially a tribunal that exists with three for-profit arbitrators determining whether or not we can legislate for good in Canada.

You mentioned that it weakens legislative ability, and as a member of Parliament that's a deep concern to me. We see cases across Canada—you mentioned the quarry case, in particular—and because you are here speaking mostly about the environment, you know there's a huge human cost to our not being able to legislate for the good of Canadian people, in particular around our environment.

I want to ask you if you think that the ISDS will hinder our ability to legislate or regulate to essentially honour what we signed on to in Paris around our environmental commitments to Canadians.

Mr. Jordan MacPhee: I've read assurances that things like a carbon tax, for example, wouldn't fall under a challenge. I'm not sure why that falls outside the parameter of ISDS, but I've heard assurances that policy implementations like a carbon tax or the carbon pricing system in Canada in the future wouldn't be potentially under threat, but that's only one aspect of many ways to reduce carbon emissions.

If we're going to implement policies that promote local agriculture, for example, to try to limit the amount of carbon dioxide that is emitted through just flying food all over the world when it can be locally produced and consumed, a company from a TPP signatory might say that local agriculture policy affects our ability to break into the market because you're cancelling out all outside companies from being able to bid into that process. That's just one example.

If we have municipalities or provinces all across the country wanting to implement a local agricultural policy in the next couple of decades, and that is stopped—

Ms. Tracey Ramsey: They wouldn't be able to under TPP because of the standstill clause, so with anything that we attempt to regulate to improve that would fall under a public sphere, and certainly there are public sector workers in Environment Canada, we would run up against issues, I believe, in trying to implement legislation that would benefit Canadians. One of them that concerns me is the climate change targets that we've signed on to. If we try to do that after we sign, would we end up being sued by a corporation for attempting to do so? Would they claim that it was an unfair trade barrier to them? That's my concern.

I have another question about the potatoes, because we've been talking a lot about that. You mentioned that 81% of your trade is with the U.S., so I wonder, in signing the TPP, would that increase our ability to trade with the U.S., and would it change anything that exists currently with our relationship with the U.S. specifically?

● (1050)

Mr. Greg Donald: I don't believe so, and again, I was just acknowledging how important the relationship we have with them is —

Ms. Tracey Ramsey: I agree.

Mr. Greg Donald: Having said that, we want also to diversify our markets, and it would be good to have other customers as well.

Ms. Tracey Ramsey: So if we sign, it wouldn't change, and presumably if we don't sign, you still would enjoy that 81% with the U.S. through the FTA and NAFTA.

Mr. Greg Donald: Are you stating that they would still be signing it?

Ms. Tracey Ramsey: Yes. So if we weren't part of the TPP—

Mr. Greg Donald: There is also a possibility that they may not sign it.

Ms. Tracey Ramsey: Yes, that's what I'm saying. You're saying if we sign on there really wouldn't be any difference for that 81% for you. In the same way, if we didn't sign, and the U.S. signed, would it change anything for us in terms of potatoes and your 81%?

Mr. Greg Donald: Yes, I would say it depends on how the U.S. would view that. That is how I would answer that in a short answer.

Ms. Tracey Ramsey: Hopefully, they still want our potatoes.

Mr. Greg Donald: That's my answer.

The Chair: Thank you. Time is up, Ms. Ramsey.

We are going to Madam Lapointe, for five minutes.

[Translation]

Ms. Linda Lapointe: Good morning and welcome. I am pleased that you are here with us today.

I will add to what Ms. Ramsey was saying about potatoes. Earlier, you talked about the Chinese market, which produces 20 times more potatoes than Canada. You also talked about Japan, where you want to diversify the markets, and the United States a little. Right now, we have no access to the Japanese market. What can the potato product sales on those markets represent, either in tonnes or in monetary value? What can those sales represent for Canada?

[English]

Mr. Greg Donald: Are you specifically asking about processed potatoes?

[Translation]

Ms. Linda Lapointe: Either table potatoes or processed potatoes. Which ones can be more profitable for you?

[English]

Mr. Greg Donald: I know you spoke with Cavendish Farms yesterday. They would be much better qualified to talk about the value of the processing business. Certainly, I could speak from a seed and fresh perspective, and the question, just so I'm clear, referred specifically to Japan?

[Translation]

Ms. Linda Lapointe: It's more in relation to Japan, because there wouldn't be a tariff anymore. Earlier, you said that you did not have access to the Japanese market right now.

[English]

Mr. Greg Donald: Yes. To answer your question, that would be... For example, the U.S. is currently selling \$9.3 million there. I would say there is at least a \$9.3-million opportunity there. That is a good example for this agreement, but I could also probably point out other countries, such as Taiwan or South Korea, where there are agreements in place, but we can't sell potatoes there. With Japan, Taiwan, and South Korea, I would say the opportunity for table stock and chip stock potatoes would be probably close to \$20 million.

[Translation]

Ms. Linda Lapointe: Thank you.

I now have questions about lobsters. We all love them.

You said that quality products were sought after by some markets. I thought you were referring to Japan. You insisted that we send the products directly to the United States. However, how much have the sales of lobster gone up in Japan in recent years?

[English]

Mr. Ian MacPherson: I don't have the exact statistics with me today. However, the majority of the increase over the last five years has been in China.

[Translation]

Ms. Linda Lapointe: You know that China is not part of the trans-Pacific partnership, correct?

[English]

Mr. Ian MacPherson: Yes, but a lot of what needs to be done in Japan is some more education in terms of what we have to offer as a product. The quality of processed products has increased dramatically over the last few years, and one of the positives is that there is basically zero mortality. That is very attractive to the restaurant, tourism, and other businesses, because it is a very high-value product, and there can be losses through the live shipments. We have been focusing on getting the word out that we have a desirable high-quality product that is becoming more convenient to consumers. New products are being developed, and we need to continue to do that, to get that out to more people and increase our sales to Japan.

● (1055)

[Translation]

Ms. Linda Lapointe: Thank you.

You mentioned China just now. I interrupted you not because I didn't want to talk about China. What exports are on the rise in that country?

If we had to hold meetings with China to promote our trade with that country, what would you like to see?

[English]

Mr. Ian MacPherson: That trend has helped us a lot. Sales to China, from P.E.I.'s perspective, doubled every year over the last five years, so this has been significant in putting the supply and demand balance more in place. Korea has been a very attractive market also, in terms of wanting quality product.

I will be careful what I say here, but certainly we don't want to just go into markets that are strictly price-driven, in that you are looking for product at lower prices. We need to maintain the amount of money that is going back to the harvesters. We cannot go back to \$3 lobsters, so we need to be strategic in what markets we pursue.

[Translation]

Ms. Linda Lapointe: Thank you very much.

I think my time is up. I'm sorry. I would have liked to ask you questions.

[English]

The Chair: Before we move on, I have a question for the lobster people.

Out of P.E.I. and going to Asia, are most of your lobsters live lobsters? How do you ship them? Do you put them all in containers and take them to Halifax or Moncton? Do they fly direct? How do they get from here, technically, from your wharf to the tables in Asia?

Mr. Ian MacPherson: Our ratio has typically been 80% processed versus 20% live product. That's maybe changing a little bit in the last few years because more live storage is being added. That's certainly infrastructure that we need, to make our plants more efficient and also to give us more opportunities. Typically, the product is transported to Halifax. When Halifax is busy, it has to go all the way to Toronto, but Halifax is a primary market. It is done typically by 20-foot or 40-foot container loads, and they're obviously refrigerated to keep them frozen.

The Chair: Thank you.

We're going to move on. Madam Ludwig, I think you have the floor. Go ahead.

Ms. Karen Ludwig: Thank you very much for these excellent presentations.

I just want to go over quickly what I've heard this morning from the panel, starting with Mr. Donald, the need to diversify markets, looking at the value of the Growing Forward program, continued research in the area of potato production. Mr. MacPhee, one of the things that resonated with me was succession planning, which we had talked about in an earlier panel, and the need for youth to enter into this market. In the area of lobster production, it would be resources, the inability, responsible fishing, fair labour, enforcement of the owner-operator model, education, Japan, the higher value products, product modification possibly for lobster, if we're looking at infrastructure requirements. Mr. Eyking just asked if it was a 40-foot refrigerated container.

What resources do all of you access in P.E.I. to support trade? Are you accessing the trade commissioner service, the provincial services, Trade Team PEI? What are the ones that you find of great benefit? What are some of the opportunities for us to help support all of you in those areas for our programs?

Mr. Greg Donald: I guess I can start off. I would say all of the above, and we certainly do. On your list, I just want to point out at the start that I can't stress enough the importance of addressing phytosanitary-type issues—

Ms. Karen Ludwig: Yes, sorry, that was on my list too.

Mr. Greg Donald: —when it comes to potatoes, because it becomes very political. I heard you ask an excellent question earlier about non-tariff trade barriers. There are lots of opportunities for those with potatoes. So I can't stress enough the importance of adequate resources at the CFIA in the plant health division to address those.

As well, market access is very important, I would highlight. There are many countries where there are opportunities today. Again, quite frankly, we can deliver as good or better quality potatoes from P.E.I., from a plant health and quality perspective. Our major trading partners are doing business with these countries, significant business, that we should be doing business with as well. There needs to be more attention within the market access division to working through the issues around potatoes.

• (1100)

Ms. Karen Ludwig: Okay, thank you.

What about the lobster area?

Mr. Ian MacPherson: Certainly, we understand that version three of Growing Forward is currently under discussion. There is some discussion of a similar program, I believe, to include the seafood industry. We've kind of been left out of some of those programs in the past, and we would really encourage all parties to support that type of initiative. We have a great brand out there in terms of the Canadian brand, but we also have to back that up with proper promotion and marketing.

We're quite new to this. Certainly ACOA and the provincial support, Trade Team PEI, have been excellent in helping us, because we're on a steep learning curve, but there have been great support mechanisms. I know that Mr. King, from the processors association, will speak this afternoon. I'm not here to speak on his behalf, but certainly investments in infrastructure, like live holding capacity, increasing that capacity, makes our plants run more efficiently, gives

us the option, if the live market's strong, to put more product into the live market, and gives us more flexibility. The processing plants on P.E.I. need us, as harvesters—

Ms. Karen Ludwig: Exactly.

Mr. Ian MacPherson: —and we need them also, and we want to keep those jobs here in Atlantic Canada.

Ms. Karen Ludwig: On the processing side, what do you do with your no-claw or one-claw lobsters?

Mr. Craig Avery: They go to the processing sector mainly, or if the company is processing tails, raw tails, we use some of that.

Ms. Karen Ludwig: You may want to look into the clawing up expansion that was announced recently in Nova Scotia. It was specifically regarding processing, but looking at no-claw or one-claw lobsters, and just different ways to remove the meat in a very high pressured heat.

Thank you.

Mr. Jordan MacPhee: This plays into what Mr. Dhaliwal was asking before. I had looked into the Growing Forward program for my own start-up venture, to invest in simple things like a greenhouse or a tractor, and the help that I could get through that. That's an important capital investment that I can access in order to start the business. I think more things like that would help younger people get into the market, because I can't afford to take on the debt of a \$1.5-million tractor, or 3,000 acres of land, or 1,000 acres of land. But you can make a living on 10 acres of land and a \$10,000 tractor. It's just a matter of scale and getting to a high-value low-quantity market, rather than a low-value, high-quantity market, because we're a small province.

We can't compete with Iowa and other large-scale.... There's a limit to it. We can compete to a certain degree, but I think in order to really compete in the future, programs like Growing Forward that help young people get into high-value markets is really important.

Ms. Karen Ludwig: I will wrap this up quickly, I'm not sure if I can stress strongly enough how important it is that a young person is here on our panel, because you are our future and the future of our industry. Often young people think outside the box, and we really need your input at all times regarding any of these panels and any of our sectors that we're discussing.

Mr. Jordan MacPhee: Thank you. I appreciate that.

The Chair: Thank you, Ms. Ludwig.

We're going to wrap up this round with Mr. Ritz.

Hon. Gerry Ritz: Thank you, ladies and gentlemen, for your presentations here today. It's all good information that we can certainly make use of.

Jordan, I'll start with you. You said a couple of things that I'll take exception to, talking about farm debt and farm assets. They're actually in better shape than they've been for 30 years, the debt-to-asset ratio. Farmers on this end...and Mary can probably tell you that. Net income has been going up steadily. This year it's down a bit, but in the past four out of five years it's been setting records. So things are good on the farm, but we want to keep them there.

There are programs available for young entrepreneurial farm ideas through Farm Credit Canada. They have a complete separate pot of money that has less demand on it. All they need is a good business plan from you saying what you want to do, how you want to do it, and they'll adjudicate it. You'll have a far better chance because they understand the need. It's a separate pot of money dedicated to exactly what you want to do. The thing you're going to have to address is how you do the seasonality of fresh vegetables. I agree with you. It's all about value, not volume. Ian made that point as well. But there are programs out there that maybe aren't well advertised, so certainly check that out.

Mr. Jordan MacPhee: Right. Let me just comment about the asset-to-debt ratio. I forget in which years the graph started, but I've seen exports over a certain amount of time that have risen by 20 times. I think it was from the 1980s, around when the Canada-United States Free Trade Agreement was signed. In the same period of time, net income has risen six times, adjusting for inflation; so you see exports rising by over three times the amount of the productivity, and the money coming into the farm. On that same graph, there was a flat line at the bottom, and that's actually the money that's staying with the producer. There's a lot of money coming into the Canadian economy, but a lot of it is going to the middlemen.

• (1105)

Hon. Gerry Ritz: Sure, I've seen the ability of overlaying different graphs and coming up with an idea that you want. But talk to these guys. They'll actually tell you where it's at. That's not really reflective of what's happening out there today. Yes, the cost of farming is expensive, and yes, there's a lot of cash flow that's required, and so on, but they're also able to hang onto a lot more money than—

Mr. Jordan MacPhee: This was Stats Canada. This wasn't like, you know....

Hon. Gerry Ritz: Yes, well, you're overlaying different things. But at the end of the day, certainly talk to the actual farmers. They'll tell you that life is pretty good.

On the whole aspect of diversification of trade, stability and predictability of markets, I'll go to the potato guys for just a second, on the phytosanitary stuff. We constantly argue with our major trading partner. The problem we have with the U.S.—and we've had this discussion, Greg—is that we'll have an agreement with USDA, but then state by state they will change it.

When you go to a TPP type of initiative, where the U.S. signs on on behalf of the states, if the states start to play silly buggers with phytosanitary, you can use the ISDS clause and actually take them to court to bring them to heel and to apply those new regulations. The ISDS is not just harmful to Canada, if you want to categorize it that way, it also creates a level playing field that we can use in reverse on some of those types of situations. We had this fight with potato wart,

potato cyst, on seed potatoes and table potatoes. It's there to safeguard both imports and exports.

I had a number of other things, too, but we never have enough time.

There's never enough money for everything that needs to be done around marketing, but certainly with the new GF3, or whatever they're going to call it, coming up, there's lots of work to be done, and it has to be driven by innovation, by marketing, and so on.

Turning to the lobster guys, fisheries has always been a bit of an anomaly. You're under DFO, but the marketing is done by Ag Canada. There's always that tossing back and forth as to who's going to do it and how it's going to happen. A number of good food trade shows happen all around the world that you guys are taking part in and making connections.

Japan is a premium market, a value market. I agree with you that it's about value over volume. Canada is known around the world, commodity by commodity, as a premium supplier of quality products. We demand a little more for them, but we get them. Japan is actually buying more wheat now at a higher premium price than they did under the old wheat board regime. It's about making those connections.

There is tremendous work being done by our trade consular services. We kept increasing them, and I know the Liberals have every intention of doing that as well, because they're there to serve you. These are educated people. For the first time ever, in the last five years we have agriculture and CFIA people embedded in embassies and consulates around the world, to be there to help you, because they understand the files. It's not a Global Affairs person with an ag file; it's an actual ag person with your file. Make use of them. Make those contacts, the ambassadors, or back through the marketing side, Fred Gorrell and his guys at Ag Canada.

I know I'm out of time. It's unfortunate.

The Chair: You're out of time, Mr. Ritz.

That wraps up this panel. Thank you very much, panellists, for coming. That was a very diverse group, a lot of information, and good dialogue with the MPs.

We're going to suspend for 10 minutes and then continue with our next panel.

• (1105) _____ (Pause) _____

• (1125)

The Chair: We're going to continue with our TPP consultation process.

This is our third panel. We've had quite a few interesting panellists talking about the various industries and perspectives in P.E.I. on this major agreement that's in play right now, the TPP—12 countries, 800 million people, 40% of the world's GDP. Our committee has been travelling across the country. We've done seven provinces and we're finishing up in Atlantic Canada. We're also hearing from citizens. We have over 20,000 emails sent to us and we'll be receiving them into October. After October we'll be putting our report together and we'll present it to the House of Commons.

I thank the panellists for coming here. The way we do it is we'll start off hearing from each of you, for around five minutes, about your background, what you're thinking, and then we'll open it up to MPs to dialogue with you.

We have two groups. We have witnesses from the aerospace industry and from Trade Justice PEI. The seafood processors might come a little later, so we'll see what happens. If not, we'll try to get them on the next panel.

Without further ado, we're going to start off with Trade Justice PEI. If you could keep it to five minutes, it would be appreciated.

Ms. Rosalind Waters (Member, Trade Justice PEI): Thank you very much for inviting us to speak today.

Trade Justice PEI represents 20 island groups and hundreds of individuals on Prince Edward Island who oppose the Trans-Pacific Partnership. The idea that eliminating all barriers to trade will bring prosperity to us all is falling on hard times. Evidence and opinion are mounting against it. Most recently, Tufts University reports on both the CETA and TPP confirm that benefits from these deals accrue to the corporate elite rather than to workers, and also that seeking to boost exports as a substitute for domestic demand is not a sustainable growth strategy for Canada.

Nowhere is this more obvious than in Prince Edward Island where the agenda is driving unsustainable agricultural models, and at the same time taking away our democratic rights to legislate in the public interest. We have fish kills in many of our rivers year after year, and estuaries that go anoxic on a regular basis because of heavy inputs of nitrogen-based fertilizers.

Our current strategy for agriculture is weighted towards producing massive amounts of potatoes. This requires monoculture of a crop that is heavily dependent on high inputs of chemical fertilizers and pesticides that have devastating effects on our environment. P.E.I. ecosystems simply cannot support any more of this type of agriculture.

Our concerns with the TPP include its adverse impact on supply management and rural communities, the locking in of privatization, and also the single-minded focus on expanding industrial agriculture.

Today we want to talk about three issues: health care, ISDS, and labour rights. Loss of democracy is a thread through all of these three topics.

The requirement that Canada extend patent protection for pharmaceuticals blocks any future attempt by a government to control drug prices. It is estimated that it will cost islanders between \$2 million and \$3 million annually in increased drug costs. On P.E.I., services such as dialysis and emergency services in rural areas have recently been threatened due to budget cuts. An increase in drug costs will put further pressure on P.E.I.'s health budget, putting services at even greater risk. The rights given to corporations through the market access rules and investor-state dispute provisions create barriers to strengthening medicare. Bringing services such as pharmacare, dental care, and home care into the national public program would be exposed to challenge.

Investor-state dispute provisions in the TPP give corporations extraordinary rights to sue taxpayers whenever public interest legislation gets in the way of their profits. The tribunals which hear these cases are outside of the Canadian legal system and can order governments to pay corporations millions of dollars. It amounts to a huge transfer of risk from corporations to the public purse. That's unfair and it's anti-democratic.

As Atlantic Canadians, we're close to three NAFTA cases which demonstrate well the effect of ISDS on public interest legislation: the Bilcon case in Nova Scotia; ExxonMobil versus Canada, involving a Newfoundland job creation policy; and threats to New Brunswick's efforts to introduce public auto insurance in 2004.

P.E.I. is a very fragile ecosystem. Our only source of water is our groundwater, and demands from the community for policies protecting our land, rivers, and shellfish industry include a moratorium on hydraulic fracking, no drilling of oil in island waters, controls on land use, and a moratorium on high-capacity wells. These policies could all be targets of ISDS.

Under the TPP, companies doing business in Canada will be freer to transfer skilled trades workers and technical employees to Canada, even when Canadian workers are available to perform the jobs. In a high unemployment region such as P.E.I., this provision is particularly offensive.

● (1130)

Pro-TPP studies project tiny economic gains, and the models used are highly unrealistic. Critical studies using more realistic models predict increased inequality and job losses. Already 93% of Prince Edward Island exports to TPP countries are tariff-free.

The Chair: Excuse me. Could you wrap it up in the next half minute?

Ms. Rosalind Waters: Yes.

Any increase in exports will likely be offset by increased imports and intensified competition in the U.S. market. Let's remember that Vietnam is the third-largest exporter of seafood in the world and has very low labour costs.

For all these reasons, we believe that the TPP is not in the interests of islanders. The agreement drives loss of democratic control over policy, unsustainable development, and increasing inequality.

Thank you very much.

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

We're going to move to the aerospace industry in P.E.I.

We look forward to hearing about your industry and your perspective. Go ahead, gentlemen.

Mr. Eric Richard (President, Aerospace and Defence Association of Prince Edward Island): Good morning. Thank you for giving us the opportunity to offer our input into the Trans-Pacific Partnership agreement. Before doing that, I would like, first of all, to provide you with some historical context of the aerospace and defence industry on Prince Edward Island, which I hope will give you all a sense of the importance of the sector to the province's economy.

Our industry itself is only 25 years old, dating back to a 1989 federal government announcement of the closing of CFB Summerside, which had housed 413 Transport and Rescue Squadron. One of the solutions used as an economic adjustment strategy was the privatization of the base facilities and the employment of those assets to pursue aerospace and training development initiatives.

In 1991 the base assets were turned over to a new entity, Slemmon Park Corporation, and shortly after two firms moved into what is known as Hangar 8: Atlantic Turbines International, a gas turbine engine maintenance, repair, and overhaul company initially employing 20 people, in year one, and Bendix-Avelex, a gas turbine engine and fuel control maintenance repair and overhaul company employing 16 people in year one. Today Atlantic Turbines is now Vector Aerospace and employs over 450 people, and Bendix-Avelex has evolved into Honeywell Aerospace, Summerside and employs close to 100 people.

A number of other companies have since established operations in either Slemmon Park or other areas of Prince Edward Island, including Summerside and Charlottetown. As for the dynamics of the industry

in this province, it is centred in the commercial maintenance, repair, and overhaul space as well as manufacturing, but also includes a number of marine-based companies that are active in pursuing opportunities in the national shipbuilding strategy.

Since those early days, growth has been very attractive. First year annual sales for the initial two companies of \$45,000 have grown to 11 companies in 2015 generating close to \$430 million, 75% of which is export-related, and employment is more than 950 people. From its origins to today, it is clear that the aerospace and defence sector in Prince Edward Island is very important to the economy of the province for not only the export sales, payroll, and taxes it generates, but for diversifying the economy as well.

Aerospace and defence is now the third-largest industry in the province and holds itself well against the country. In fact, a recent economic impact study concluded that, among the 10 provinces, the aerospace and defence sector in P.E.I. is second only to Quebec in per capita value of international exports.

With that historical context serving as a backdrop, the aerospace and defence sector of P.E.I. is reliant on export-driven revenues. By extension, we welcome efforts in achieving access to export markets. In general, we support the Trans-Pacific Trade agreement; however, we will also say that we are not aware of the overall effect the agreement would have on our sector here in Prince Edward Island. We understand that tariffs will be removed on aerospace parts, but we are not sure of the effect on maintenance, repair, and overhaul services.

As well, we are unclear as to how well defined the efforts in standardization have become to this point, particularly as they relate to adopting AS9100 and ISO 9000 under the Asia-Pacific aerospace quality group and ISO.

In closing, we generally support the TPP. We don't see it as a major game-changer to our industry; however, we look forward to monitoring the progress and defining standardization such as technical regulations and conformity assessment procedures that include testing, inspection, and verification.

Thank you very much.

• (1135)

The Chair: Thank you. What a story. We often hear of tourism, fisheries, and agriculture, of course, the big three, and look at how your industry grew. It's a bit of an example, too, where the government set the table—sometimes I guess they do things right—and private industry took it from there. It's a good story, and thanks for coming.

We have another witness who might be in later, Dennis King, but we are going to start the questioning, and if he comes in, we'll let him jump in and then continue on with the rounds. We're going to move on and start off the dialogue with the MPs.

Mr. Ritz is first. Go ahead, sir, for five minutes.

Hon. Gerry Ritz: Thank you, ladies and gentlemen, for your presentations today.

As diverse as trade agreements are, there's a diversity of opinion from across the country as to whether we should even have them. We see that over and over, so it's our job to winnow through all of this and put together a report that is reflective of what we've heard, and the government of the day at the end can make the final decision.

It's a great story, the aerospace sector here. We've watched it grow exponentially for a number of years. It's a tremendous job you guys have done.

With the shipbuilding we're talking about, and in the jobs you're already doing, are you part of global supply chains? You're not just searching out your parts right here in P.E.I. Are you pulling in from other venues around the world?

Mr. Eric Richard: Yes and no. It depends on which company you're dealing with. From a marine standpoint, it's the development of systems for the shipbuilding strategy, so it's from within. There is some manufacturing in the aerospace sector. They are developing parts completely for export because of the global market they serve. Then you have the repair and overhaul side, which is bringing in imports to manage the overhaul and repair of equipment, and then exporting that finished equipment out.

Hon. Gerry Ritz: On the specialty parts you export, do you ever send out technicians to explain, to help run through the drawings, and all of those types of things? Are you not concerned about experts of the same calibre coming into Canada through the TPP to help you with certain things, or to help other companies? Are you not concerned about that exchange of experts?

Mr. Lennie Kelly (Executive Director, Aerospace and Defence Association of Prince Edward Island): I don't think so. Particularly on the marine side, we have companies that produce integration systems. When they export those systems, they provide the technical expertise to go with those systems, and they train the people in the various countries on how to use them, how to install them, and how to maintain them.

Hon. Gerry Ritz: That can be ongoing as updates come up for things like that. It's not a one-off. Over the months and years you continue to send experts, and import experts, and make that happen.

Mr. Lennie Kelly: A lot of after-market services go with it.

Hon. Gerry Ritz: Exactly, and that's the nature of it today.

You mentioned the standardization and quality of parts. ISO 9000 was one, and what was the other? I didn't write them down fast enough.

Mr. Eric Richard: ISO has varying degrees of standardization around the globe. You have 9000 as the standards around procedures. AS9100 has standards around manufacturing, and you have—

Hon. Gerry Ritz: You have the right grade of bolt. It doesn't pop when you're in mid-air, and things like that. It's simplification of it, but—

• (1140)

Mr. Eric Richard: Right. That is to the root of it. What you're talking about is making sure that procedures and standards that occur here are required globally, as well. It levels the playing field.

Hon. Gerry Ritz: What you're sending out meets those standards, but what you're concerned about is ordering from country X, and they may not have. Do you not have a way of checking that?

Mr. Eric Richard: Right. You might be alluding to something that's been mentioned in the past about bogus parts, especially in the aviation and marine industries.

Hon. Gerry Ritz: Yes. Especially in aviation. If it's cheap, there's a reason.

Mr. Eric Richard: Right, generally speaking. You have to take into account that manufacturing processes and technology make it easier, too.

If I look at what we've done today compared to 30 years ago in how we manufacture a part, it's night and day. You look at it, and you can't figure out how they did it 30 years ago.

Hon. Gerry Ritz: Now with 3D printers and all those types of things, it's amazing. You get that concept right in front of you in minutes. It's something to behold.

Thank you.

Turning to the Trade Justice group, thank you for your presentation. You mentioned you represent 20 other groups here in P.E.I. Would it be possible to get a list?

Ms. Rosalind Waters: There is a list attached to the underside of our speaking notes.

Hon. Gerry Ritz: I haven't seen that. That's great. Thank you so much for your presentation.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Ritz.

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

[*Translation*]

Ms. Linda Lapointe: Good morning and welcome.

Ms. Waters, earlier, you said that Prince Edward Island's ecosystem was very fragile and that, if the focus is on monoculture, mainly potatoes, that could have a significant impact on the ecosystem.

Do you have any studies supporting what you said?

[English]

Ms. Rosalind Waters: What I would do is check with the Environmental Coalition of Prince Edward Island. They have information on their website, and if there are any studies on that, you would find them there.

Mr. Ron Kelly (Member, Trade Justice PEI): Did the question have to do with the study about the potential impact on the P.E.I. ecosystem?

[Translation]

Ms. Linda Lapointe: Yes. You talked about the environment and the effects of monoculture. You said that this would have a negative impact on the ecosystem.

Do you have some evidence to establish those facts?

[English]

Ms. Rosalind Waters: There are certainly studies that have been done on the level of nitrates in our rivers. There are about 14 active watershed groups on Prince Edward Island. They have analyzed. They have taken samples of the water in our rivers and measured nitrates. It's a sensitive issue on Prince Edward Island. It is the one issue that comes up every election. Probably the most common issue in letters to the editor is the concern over fish kills, anoxic rivers, and what are the other issues that we don't know about that might have an impact on human health.

[Translation]

Ms. Linda Lapointe: Thank you very much, that's nice.

[English]

Mr. Ron Kelly: I think there would also be some studies done through the University of Prince Edward Island by Michael van den Heuvel. Plus, there would be statistics from the provincial government through their annual statistical review of the ongoing trends in agriculture for larger farms. The industrial model and the connection through the processors could be very well documented. I don't know whether it's all done in one study, but there would be parts that would be available through various sources.

[Translation]

Ms. Linda Lapointe: Thank you very much.

I would like to ask some questions about the aerospace industry. The name of my constituency is Rivière-des-Mille-Îles. It's just south of Mirabel. Bombardier and Bell Helicopter are in my backyard. Many people who work for Bell Helicopter and Bombardier live in my riding. A number of companies in my riding work in supply chain management.

The fact that you now own 11 companies that have diversified in the last 25 years is quite impressive. Have I understood correctly?

[English]

Mr. Lennie Kelly: That's correct. We have seven companies on the aerospace side and the others represent the marine side.

[Translation]

Ms. Linda Lapointe: That's interesting. Where do your employees in the various companies receive their training?

• (1145)

[English]

Mr. Lennie Kelly: Most of them are trained here on Prince Edward Island through our local college, Holland College. We have a number of training courses specifically for gas turbine repair and overhaul. A lot of them come through Holland College, but there are some skills so specialized that they're not available here and need to be imported.

[Translation]

Ms. Linda Lapointe: Thank you.

A little earlier, you did not know exactly what the impact of signing and ratifying the TPP would be on aerospace here in Prince Edward Island. I have met with pan-Canadian organizations in the aerospace industry, and they were in favour of the TPP. Have you met with those people?

[English]

Mr. Lennie Kelly: We haven't met with them, but I read their press releases. There's a difference between the original equipment manufacturers in your riding and what we do here in our industry. In your riding, they're manufacturers. When I read the dynamics of the agreement, I saw that the manufacture of aircraft parts was going to be affected positively by the agreement. Our industry is mostly maintenance repair and overhaul, and that's a service. I didn't see anything in the agreement that would affect us one way or another.

[Translation]

Ms. Linda Lapointe: Okay, thank you very much.

[English]

The Chair: Thank you, Madam Lapointe.

We're glad to see Mr. King here. We were looking forward to your coming here. Are you okay to give us your presentation?

Mr. Dennis King (Executive Director, Seafood Processors Association of Prince Edward Island): Yes, I have some very brief opening words.

• (1150)

The Chair: You have up to five minutes, but if it's less, that's fine too, and then we'll get right back into the rounds of questioning.

Go ahead, sir.

Mr. Dennis King: I represent the Seafood Processors Association of P.E.I., which is largely made up of lobster and mussel processors. Obviously, exports are the bulk of our business. Currently, 75% of our live exports go to the U.S., and 11% go to China. About 76% of frozen lobsters go to the U.S., and 12% go to Japan, and then we have European markets. The mussel business is exported almost 100% to the United States.

We're obviously very interested in new trade opportunities. We have been working for the past six or seven years to come up with more diversified, value-added products, so we can really revolutionize how we do our business on a day-to-day basis. We have found a tremendous market, particularly for lobster. There's a tremendous demand worldwide for our product. Our job has been to get it to the market, produce what the market needs, and break down some of the barriers.

Mussels...I always try to talk about both industries, because they make up my membership. There is some interest in frozen mussel opportunities to get to some of these new markets. Mussels have long been a fresh product, so trying to get that product to far-off markets is a challenge. We've been working on some new processes to try to extend the shelf life but the big opportunity for foreign far-off markets would be with lobster, not just for P.E.I. but for the region.

Many of you also know the challenges we face with labour. All these things go hand in hand. We're intrigued by the opportunities that could potentially be connected with the TPP, same as we are with CETA.

We want to work in lockstep with the industries. Our industry still has a lot of growing to do in that world though, and the way the world is changing, and access to world markets is changing, the way we do processing in this region will probably change dramatically within the next 15 to 20 years.

Essentially I'm here to try to field as many questions as I can, and once again, my apologies for being late—

The Chair: That's no problem.

Mr. Dennis King: —but welcome to P.E.I.

The Chair: Before we start, I have a question for you.

You mentioned you're mostly shellfish and it's lobster and mussels. You don't do crab or oysters?

Mr. Dennis King: Some of our guys would do oysters. Oysters are a live product, so there's not a great deal of processing involved in it, but there would be some cross-pollination with some of our guys. One of our members would do rock crab, and even some spider crab has been coming on the last few years, depending on whether the market would sustain it.

The Chair: Is that the green crab? I'm from Cape Breton, and we have green crab coming in. Nobody liked it, but they're starting to catch it and trying to sell it somewhere.

Mr. Dennis King: It's been viewed as an invasive species for a long time. I know in P.E.I. in the last 10 years some R and D money has been invested to try to find out if there's a market for it. There wouldn't be any green crab production here yet, but some rock crab.

The Chair: Thank you, sir.

We're going to go back to a dialogue with the MPs, and we're going to go to the NDP now. Ms. Ramsey, you have five minutes.

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

Thank you, Mr. King, for joining us.

I think that even Mr. King, Mr. Kelly, and Mr. Richard would agree that increased drug costs to people on P.E.I. are concerning. It is part of this trade agreement, that there will be an increased cost because the patents on pharmaceuticals will be extended. We heard about this yesterday in New Brunswick. In every province we visit, we hear about the concerns people have about being able to afford the medication currently in Canada, let alone having an extension on patents. This affects our communities. It affects the health of our country. Ms. Waters presented on that earlier, and I wonder if you could expand a little on what you think the impact of that will be here in P.E.I.?

Ms. Rosalind Waters: We have a disproportionate number of seniors living on Prince Edward Island, and many of those seniors do not have private insurance. They're living on quite low incomes. It's those people who are going to be getting hit twice. They will pay once through their taxes—well, that's if there's any compensation of course; if there's government compensation to the provinces for the cost, then we'll be paying for that—and they'll also be paying at the drug store when they pick up their medication.

Do you want to add anything?

Mr. Ron Kelly: I think we've seen from past trade deals that there has been a similar impact from the Canada-U.S. trade agreement, NAFTA. Even though, if I remember correctly, there was the promise of a drug prices control panel 20 or 25 years ago—maybe even longer now—I don't believe it had the effect that it claimed initially of decreasing prices. We've been paying for that ever since. We anticipate that that will continue under this trade deal.

Ms. Rosalind Waters: Of course it will also impact insurance premiums most likely, because the insurance companies are going to be paying out larger amounts of money to cover people's drug costs. The interesting thing is that after patent protection was extended as a result of NAFTA, brand-name manufacturers pledged to invest 10% of their sales earnings in research and development in return for the patent extension. Since about 2002, they've consistently failed to meet that commitment, so it's not a good arrangement in any way.

Ms. Tracey Ramsey: Agreed. I think they promised 10%. They got up to 11% and now they're down to four.

Ms. Rosalind Waters: Five—

Ms. Tracey Ramsey: They're not reinvesting in new drugs. The evergreening is also really concerning. They can re-patent drugs on a constant basis because they tweak the formula very lightly.

Something else that you talked about are NAFTA cases, which again speak to the ISDS provisions and our concerns around that. When you ask most Canadians about the TPP, this is one of the provisions they talk about. They are concerned because we're the most sued country under these provisions. You mentioned one case in New Brunswick, public auto insurance. I wonder if you could expand on that a little bit and tell us what ended up happening there.

Ms. Rosalind Waters: Well, they never got their public auto insurance.

It was an election issue, and the new government came into power on the promise of making auto insurance public. My understanding is that there was both the threat of a nation-to-nation suit and an investor-state dispute. They were threatened with two disputes. Presumably that was from an insurance company. The long and the short of it was that the government backed down and never implemented the policy.

• (1155)

Ms. Tracey Ramsey: What you just described is the regulatory chill, which is something that we've heard about at this committee. It's not that we were actually sued; it's the threat of being sued that prevents us from creating legislation that benefits Canadians, our public health, our public safety, things like public auto insurance, and these types of programs. It is a very serious concern.

Something else that you mentioned is the labour mobility chapter. It is very concerning. We can't compete with Malaysia at 11¢ an hour. It's just impossible. When Mexico is afraid of Malaysia, we should be concerned, because we've lost jobs to Mexico under the NAFTA provisions, certainly in manufacturing, but in other sectors as well.

I wonder if you could speak a little further about—

The Chair: I'm sorry, you're not going to have time to ask a question. Your time is up. We have to move on.

Mr. Dhaliwal, you have five minutes.

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

Mr. Richard and Mr. Kelly, you said there's not going to be any positive or negative impact of the TPP on the aerospace industry, particularly not in P.E.I., but congratulations on the great achievement of diversifying the economy here.

Is there anything that you see might help your industry to grow in the future?

Mr. Lennie Kelly: Some of our members are already in the markets that would be encompassed by the TPP. When we called for input into the hearings a month ago or so, we did not hear anything from our members who are already in those markets, as to whether or not ratification of the TPP was going to be helpful or not. I guess our position, then, would be that it's not a major game-changer; otherwise they would have let us know.

Mr. Sukh Dhaliwal: Mr. King, you mentioned there might be some labour challenges. Could you elaborate on those please?

Mr. Dennis King: Our issue for the last couple of years has been that most of the facilities that we represent are in rural Prince Edward Island, so we've been facing the standard challenges that many rural locations face, which is youth migration and an aging population. In the past couple of years we have had as much as 40% of our workforce reduced to the point at which it has been impacting production, intake production, and we have used programs such as the temporary foreign worker program in the past to fill up some of that missing area.

Our industry would be the first to suggest that perhaps we will be coming to rely on that, so over the last 18 months we've really undergone a thorough look within. We've increased wages by a couple of dollars per hour. We've worked more diligently on recruiting. We had a program this year in conjunction with the Government of Canada and the Government of P.E.I. through which we hired high school students and college students for areas. I think 225 was the uptake on that, it was a great program.

We do think that for us to remain competitive in this business, though, understanding where we're located and the changes in the population, we're going to need some type of workforce addition. We don't particularly like the temporary foreign worker program. We would love it if the foreign worker program could be a more permanent avenue for us.

Mr. Sukh Dhaliwal: Thank you for that. I have the same feeling.

I came to this country as a permanent immigrant. The way I look at it, your need is not necessarily to have a highly trained technical workforce. You probably need a workforce that can sustain the farming communities, just like in B.C..

• (1200)

Mr. Dennis King: All of these facilities would need some type of skilled labour. We would say it's a skill but it's probably not a skill that would be defined under a standard program. People have to be efficient and work well for longer periods of time standing up. They're pulling meat out of shells and they are operating equipment. There is a certain amount of skill to it, but I guess for the government classification under the temporary foreign worker program, it would be called a low skill.

Mr. Sukh Dhaliwal: Ms. Waters, you mentioned that it might have a negative impact. Now I see the contradictory remarks between Mr. King and you.

In certain fields of professionals, such as architects and engineers, it won't affect them because you need to have that professional designation to work in Canada. Those people in Malaysia, as Ms. Ramsey was saying, won't have those qualifications. Do you see—

The Chair: Sorry, Mr. Dhaliwal, but you won't be able to get that question in because your time is up.

Ms. Ludwig, for five minutes.

Ms. Karen Ludwig: Good morning and thank you all for your presentations.

Mr. King, I represent a riding in New Brunswick that is very coastal. We have a big lobster business in southwest New Brunswick. Are you working together? Think of a trade deal. Trade deals bring together countries into a regional pact. Looking at the lobster industry, particularly in Atlantic Canada, are you familiar with any programs or any collaboration between associations that are working together to promote and market the lobster industry and looking at value-added services?

Mr. Dennis King: Do you mean in terms of employment or in terms of marketing the product?

Ms. Karen Ludwig: The marketing itself.

Mr. Dennis King: Five years ago there was a serious issue with pricing, and the lobster hit a crisis. The Lobster Council of Canada was formed with the desire to bring the three provinces of the Maritimes together to be part of a generic marketing program.

The industry had a little bit of an upswing, and there's been some lost traction on that, but the Lobster Council of Canada has still invested some money into a generic marketing program. This year P. E.I. was the first province to charge a 1¢ per pound levy, money that's going to go to marketing generic lobster. That's 1¢ per pound from the fishermen and 1¢ per pound from the processors, so it's actually 2¢. The processors' money is in a pot right now waiting for the other provinces to come on board. In the meantime, we've funded the Lobster Council of Canada \$16,000 or \$18,000 to keep it functioning so that we can meet the objectives.

We have a plan in place. We need the funding.

Ms. Karen Ludwig: Thank you. That's great.

In terms of innovation and product adaptation, are you familiar with any work that's being done in the fisheries or in the lobster area on that?

Mr. Dennis King: I have four of these reports under the same situation, where in facing our labour challenges we had to look within.

The problem with lobster in particular is that there are no facilities that are the same, and there's no place where you can just go and say, "I need this", and pick it off the shelf.

There's a need for automation. There's an understanding of the need. The gap right now is in R and D, and that whole process of the commercialization of it. Lots of people want to try things, and lots of people will use it, but in the middle is where we're missing something.

Ms. Karen Ludwig: Sure. The time you need to try it and test it is typically during the high season, when everyone is busy.

Mr. Dennis King: Yes, and with record landings of lobster coming in, it's hard to designate part of it.

Ms. Karen Ludwig: Absolutely.

I find the labour shortage on the lobster side really interesting. In my area the challenge is that there is a lot of labour that is more than willing to work in the lobster fishery because of the yield on the

lobster, but it's the other industries now that are being impacted. It's generally the same issue, but it's a push and pull between industries.

In terms of the temporary foreign workers program, our government is reviewing that program and has put out a report on it. I remember very clearly that David Ganong, from Ganong Bros. said to me several times in the last year that the problem with that program is the "t"; it should just be "the foreign workers program" bringing them in.

Are you familiar in this area with the Atlantic growth strategy that's specific to the four Atlantic provinces?

• (1205)

Mr. Dennis King: Yes, we had a briefing on it earlier this summer.

Ms. Karen Ludwig: In terms of the Atlantic growth strategy, that should help us out in this area with labour. The plan is for it to be employer-driven, whether it's based on the sector or the location. By 2017 there should be an increase in this area in particular of about 2,000, and that is separate from any aspect of the temporary foreign workers program.

Mr. Dennis King: The one aspect of it that intrigues us as an industry is that we always seem to focus on the recruitment. The retention is another key part. If we could find a way to remove the "t"....

We make the argument that 50 temporary foreign workers in Beach Point are keeping 150 local people working. I know there's a popular opinion that maybe they are taking jobs. Our view as an industry is that they're actually keeping and adding jobs here, because they are there filling that void that we can't seem to be able to fill.

Ms. Karen Ludwig: Certainly.

Ms. Waters talked about the aging population. There are a lot of opportunities in the Atlantic provinces for services for an aging population, but we do need to have an influx of people to even keep our schools and services alive. We have schools in our fishing communities in southwest New Brunswick that would not at this point remain open without the workers who have come in for the plants.

Thank you.

The Chair: Thank you. Your time is up.

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

Mr. Dave Van Kesteren: Thank you all for being here.

Mr. King, I'm going to start with you.

I was telling the folks in Saint John that I represent a riding that has the largest freshwater fishing port in the world, Wheatley. I think you're probably aware of Wheatley. In terms of size, it's not much bigger than this area, but for a freshwater fishing port, it's in....

We share a lot of the same concerns that you have. We've touched on the foreign workers program. I know this is certainly not out of your interest, but we're hearing some real challenges for fisher people...fishermen—I don't know if that's politically correct anymore.

A voice: Fishers.

Mr. Dave Van Kesteren: Fishers. We've solved it.

Are you experiencing the same thing here in P.E.I.?

Mr. Dennis King: We were up until this year. Like many places, a lot of our people who would normally be doing that job were in Fort McMurray or elsewhere in Alberta. With the downturn out there, there seem to be more of what we call corks, or fishing assistants, this year than there were in other years. We think that also helped us with the trickle-down. People who may have been filling some of those jobs were then more available to work in the facilities. But yes, it's a challenge. If the P.E.I. Fishermen's Association were here, they would be able to speak more articulately than I would on it, but it's an issue.

Mr. Dave Van Kesteren: Have you spoken to the government? I certainly made the recommendation to the past government that we attract people who are interested in fishing. In my neck of the woods there are a lot of Portuguese, for instance, who would love to immigrate to Canada.

Have you spoken to the government about that, for example, there has been a study done, that you will need somebody and you found replacements through immigration?

Mr. Dennis King: Probably not directly on that. As the executive director of the association, I'll say that our focus was really to try to plug the holes in the dam. We were more focused on trying to get ready to process mussels and lobster this spring. We probably didn't get down to that level yet.

Look, I think it's important. I think we have to be more creative in how we try to find solutions. I mean, these are big operators. The GDP impact from processing alone in P.E.I. is over \$200 million. It's a big industry, and it's run on labour. We need to find a way to be more creative.

Our industry has to take responsibility. We have to be better at it. We have to be more cutting edge—suggestions like you gave.

Mr. Dave Van Kesteren: You did indicate that it's getting better. You've offered more money, but we both know it's not just the money. As you said, this is tough work. It might be different with Maritimers, but in my neck of the woods it's really challenging to get people to stand there and do the processing in a way that's cost-effective.

Have you been able to encourage the local population with piecework in those areas to fill that gap?

• (1210)

Mr. Dennis King: One of the great things we did in the last two years is work with some seniors groups who work four-hour days.

The problem with the industry is that this is a fresh live product. This isn't like carrots, when on Friday afternoon you can leave the carrots on the floor and come back. When 75,000 pounds of lobster

come in that day, they have to be dealt with. That has, in the past, made it so that you'd come in at eight o'clock in the morning and you wouldn't know what time you were going home. You could work until nine that night or whatever—long, long days.

Some of the facilities have been bringing in some seniors for four hours in the evening so it shortens the day for others. Once again, it's just a small example, but a creative way to try to.... High school students weren't eligible for the program until they were done their exams and their school year, but they could work some evenings and weekends. In the peak times in May and June, that takes a lot of pressure off a facility.

Mr. Dave Van Kesteren: Thank you for that. I'll take that home. I've never heard of that in my neck of the woods.

Mr. Dennis King: Well, a lot of seniors want to work a little bit, so maybe they can work 15 to 20 hours.

A voice: They can get a real job.

Mr. Dave Van Kesteren: Thank you.

The Chair: Since Mr. King came a little late, which was fine, Mr. Ritz and Madam Lapointe didn't have a chance to ask him any questions, so we're going to give them a couple of minutes each, if he doesn't mind.

Mr. Ritz, go ahead.

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

It's good to see you. You all do a tremendous job. As you say, it's always about labour and timeliness on best-before date product and best-before hour product, really.

What type of strain does it put on you, in that part of your processing is seasonal? As you said, you get 75,000 pounds of lobster in and you have to deal with it. The other part is almost annual, in that you have farmed mussels and oysters, and so on, which is good because it keeps your processing open year-round. The stress of the seasonal, then, on top of the farmed, how do you deal with that?

Mr. Dennis King: Well, yes, the mussel industry is unique because it's a smoother process, and they do it throughout the year.

Hon. Gerry Ritz: It's predictable.

Mr. Dennis King: Yes. With lobster, when you're talking May and June when we're fishing here, and then in the fall season, which is still ongoing, you're more subject to the peaks. We never use the word "glut", but the glut of lobster that would come in. Throughout the rest of the year, we're importing Maine or southwest Nova lobsters, so there are all kinds of work, but it's a more predictable process. The peaks are when it's volatile and challenging. The two busiest months are May and the first week of June, really.

Hon. Gerry Ritz: You gear up accordingly. You also need markets that adjust to that as well. You're out there working ahead of that busy season to make sure you have the markets in place, so you slow down the mussels a little bit and speed up the lobster a little bit.

Mr. Dennis King: They kind of work...it's two different tracks, really.

Trucks are leaving every day with fresh mussels and lobster.

Hon. Gerry Ritz: Thank you. That was the point I needed.

The Chair: We're going to go to Madam Lapointe.

[*Translation*]

Ms. Linda Lapointe: Good afternoon and welcome.

I had the opportunity to chat a little, but not with you. I have to say that the mussels have piqued my interest.

You said that you are working on diversifying the products and that you export frozen mussels. Are they still in the shell?

[*English*]

Mr. Dennis King: Some are flash-frozen or packed. It's a process. It's a small percentage of the market right now.

[*Translation*]

Ms. Linda Lapointe: Since the product is new, do you think it will be on the rise? Do you think you'll be able to increase sales?

[*English*]

Mr. Dennis King: I'm a believer that the market will lead the way for the product. I think the challenge is a good one for here. There are only so many mussels we can produce, and we're almost producing them at that level. How the market may be changing over time is that there may be greater demand for value-added, and maybe that will make the pricing different for the restaurant or for the chef. They send them in vacuum packs. They take them out of the shell, freeze them, and put them back in the shell. It's quite a neat little process. One of our members is really—

• (1215)

[*Translation*]

Ms. Linda Lapointe: It's interesting.

My colleague asked me a question. Are they farmed mussels?

[*English*]

Mr. Dennis King: Yes.

[*Translation*]

Ms. Linda Lapointe: Okay.

Right now, Japan has tariffs. Are there tariffs for the lobster and mussels?

[*English*]

Mr. Dennis King: I believe so, yes.

[*Translation*]

Ms. Linda Lapointe: Okay.

If Canada signs the trans-Pacific partnership, could you see your lobster and mussel sales going up on the Asian markets?

[*English*]

Mr. Dennis King: I certainly see that an influx for lobster is more immediate.

Having said that, our mussel processors are regularly on trade missions and things like that. I think we've made some inroads in

Hong Kong, for example. I think the seafood industry is no different from some others. If you want to talk about China, they're trying to find what part of the market they need to be in. They don't just want to be protein and low end. They want to be at the high-end levels. I think the mussel industry is trying to find their niche or their in in those markets.

I do see that making it easier to get our product to the market...I think the market will then drive the product and it will find its way in through there. I believe that.

The Chair: Thanks.

[*Translation*]

Ms. Linda Lapointe: I still had a lot of questions.

[*English*]

The Chair: A short one.

[*Translation*]

Ms. Linda Lapointe: Right now, where are the mussels you are producing in Prince Edward Island being sent? Are they all exported or are they for Canadian consumption?

[*English*]

Mr. Dennis King: It would be 100% North American. It would be Canada and the U.S.

[*Translation*]

Ms. Linda Lapointe: Okay.

Thank you very much.

[*English*]

The Chair: Thank you, panellists.

We were in New Brunswick and the port authority gave us a tour afterwards, which was very nice. We get panellists, and they talk about their operations or what they're involved with. If only we had the time to visit your places and understand what you're doing, it would be great.

We're short on time and we have to go to Newfoundland tonight, but we appreciate your coming in, all of you, and hearing your different perspectives. We're going to break now for half an hour, and then we'll be back for our last panel.

• (1215)

(Pause)

• (1310)

The Chair: Good afternoon, everyone, and welcome, especially the new panellists who we have. This is our final panel for the day.

As many of you are aware, we are studying the TPP, and we're consulting with Canadians.

Our committee is very busy. We're finishing up on the European agreement and we're dealing with many U.S. issues—softwood lumber and agricultural products—but the TPP has been our main focus over the last few months. We've visited seven provinces and we have a couple of provinces left on our Atlantic tour. We've consulted with the territories through video.

We have had more than 125 briefs, 200 witnesses and 20,000 emails. We're one of the first committees in the House of Commons that has opened up to the public for their input, so we have received more than 20,000 emails. We also have an open-mike session at the end for anybody in the general public who wants to give comments. That has been going quite well.

We still have a few meetings back in Ottawa, and we're probably going to be wrapping up at the end of October. Then we have to bring it all together and do a report, which takes at least a month or so, and then we will present it to the House of Commons at the end of the year.

Yes, it's a big deal, as many of you know. It deals with 12 countries, 40% of the world's GDP, and 800 million people. We're hearing everything as we go across the country. We're hearing pros and cons, and some people want things changed in it. Of course we have a watchful eye on what's happening down south. The TPP was brought up last night in the debate between the two presidential candidates. Often what happens down there also has an impact on how we end up doing things up here.

Without further ado, we have the P.E.I. Cattle Producers, the P.E.I. Health Coalition, and the Sierra Club.

The Cattle Producers will go first. We have Brian Morrison and Rinnie Bradley.

If you could speak for around five minutes we'd appreciate it so that we can have time for dialogue with the MPs. If you go over five minutes, I'm going to ask you to wrap it up.

Go ahead, folks.

Mr. Brian Morrison (Chairman, Prince Edward Island Cattle Producers): Thank you for the opportunity to speak today.

My name is Brian Morrison and I'm the chair of the Prince Edward Island Cattle Producers association.

The TPP, for our province here... We're an exporting province, of course, we do have the only federally inspected beef plant east of, I believe, Ontario now. To make our plant profitable, to make our producers profitable, we need to utilize the whole animal, and in other parts of the world they use different parts from what we do here, so exporting is basically a win-win for our province if we're able to access markets all around the world with fewer trade barriers, for sure.

There are pros and cons to everything—we know that—but Canada by and large is an export country, so the more products that we can move to markets where they want them and appreciate the different pieces of an animal, the better. On Prince Edward Island our provincial government has targeted us as a food island exporter, so we are very much focused on niche markets, whether it be livestock, lobster, seafood, soybeans, whatever it might be. Whatever we can grow and produce here we don't have a large quantity of, so we need to find customers around the world who want a specific product, and grow forward. We're very much behind the trade initiative from an export province, for sure. There are many details and things that are far beyond myself.

We have a small soybean plant on Prince Edward Island that ships in excess of 10,000 acres' worth of product to China, so with fewer tariffs and fewer barriers for that business, it boils back down to the primary producer being able to get paid more. We have a small beef processing plant on Prince Edward Island, so we're actively looking for niche markets around the world for product, whether it be Wagyu beef that can be exported, or whether it's just different parts of the animal that other places use, and they don't in North America. It's very important to us as an export province to have trade deals and fewer tariffs in different places.

We are working quite hard as an association on the export of beef. Just today there are six animals' worth of beef in Hong Kong that came from my farm a week ago. We're working very hard to develop relationships in different places of the world that want a specific product, and when you're small scale like we are here, we can adapt quicker to smaller niche markets and hopefully return better money back to the primary producer so that they can expand their...

I should back up a little bit. We have about 400 beef producers on Prince Edward Island, and most are family farms, small businesses, a father, son, grandson kind of thing. We can adapt more quickly to smaller markets and niche markets around the world. That's where our association has mostly been focusing.

Once again, I probably got ahead of myself, but I really want to thank you folks for coming to Prince Edward Island and for giving us the chance to present in front of you today.

I'll turn it over to Rinnie for a second, and then we'll wait for questions.

Ms. Rinnie Bradley (Executive Director, Prince Edward Island Cattle Producers): I don't have a lot to add on behalf of the P.E.I. Cattle Producers, but on behalf of the Canadian Cattlemen's Association for sure. Our country is largely an exporter, and it's very important to us as new markets open, especially since the BSE, with the challenges that has created for the industry... Every time another market opens, it does benefit provinces like ours. We have better access to domestic markets as well. We realize what is at stake here with the TPP and the reduction of tariffs on Canadian beef going into countries like Japan and being on a competitive level with Australia.

We hope that going forward negotiations can continue so that Canadian beef is at least as competitive as Australian beef or U.S. beef. It's very important to the industry, as a national industry.

The Chair: Thank you.

While everybody was eating lobsters last night, I had a hamburger. It was made from P.E.I. beef. It was really good. It tasted like what I used to get at home. We used to have grass-fed beef and I always had a taste for it. But you're right, that sometimes we cannot compete with these big mega-feedlots of the world. It's to get in that niche. With grass-fed, hormone-free beef, there could be a niche out there for you, and that's very important.

Anyway, thanks for your presentation.

We're going to move to the P.E.I. Health Coalition, and we have Ms. Boyd.

Ms. Mary Boyd (Chair, P.E.I. Health Coalition): Thank you for inviting the Prince Edward Island Health Coalition to participate in this hearing.

Our coalition of community and labour groups has been in existence since 1979 and sees huge problems with trade agreements such as the Trans-Pacific Partnership.

First, it is very important that Canadians have access to medical drugs when they need them, but currently Canada's pharmaceuticals are the second most expensive in the world, second only to the United States. Canada needs a publicly funded prescription drug plan accessible to all Canadians. It would save Canada close to \$11 billion annually, and \$45 million for Prince Edward Island.

The intellectual property chapter of the TPP could shadow this by preventing Canada from buying bulk drugs at a greatly reduced price. By extending patents, the TPP would increase drug costs by at least 5%, or \$636 million annually. CETA would add another 6.2% to 12.9%, or \$850 million to \$1.6 billion.

For this province, the CETA costs would increase from \$3.8 million to \$6 million by 2023, at the same time that 23% of Canadians cannot afford medications as prescribed.

Furthermore, the availability of generic drugs about to enter the market would be delayed by five years. It is reasonable to expect that if both agreements are ratified, those costs would be cumulative.

Ninety-one per cent of Canadians want a publicly funded prescription drug plan with equal access for all. We fear that the TPP and CETA could prevent this and increase costs way beyond the reach of those who are already struggling.

The Parliamentary Secretary to the Minister of International Trade told us that the federal government would compensate the provinces for some of the increased costs. The same was said about supply management. Why take perfectly good and workable programs that serve Canadians well, destroy them with trade agreements, and then say, "We will compensate them"? It makes no sense. What kind of nation building is this?

Second, our coalition believes there is inadequate protection in the TPP and CETA for our public medicare system. Health care should not be part of trade agreements. It is not a tradeable good nor a profit-making commodity. Provisions in both the TPP and CETA fail to protect health care from the investor-state clauses.

Under the TPP, Canada will be vulnerable to court challenges from large corporations, if they think we are giving preference to Canadian interests. This is already happening with Eli Lilly on patent extensions here, and with the Philip Morris tobacco company against Australia's plain packaging of cigarettes.

The investor-state dispute settlement chapter could seriously limit delivery of Canada's health care and cause a chill effect to policy-makers.

Roy Romanow stated that Canada's public system of health care belongs to the people of Canada. It is the people's program, paid for by our taxes, and it is based on Canadian values of care for each other. We cherish the fact that any Canadian is entitled to free medical care in the doctor's office and in the hospital. We desire the same for people needing medication. We need to expand and improve medicare, not hand it over to challenges and barriers of the free market corporate agenda.

Third, the TPP would pressure Canada to speed up approval of drugs, increasing the 3% to 4% of new drugs that have to be withdrawn yearly because of safety concerns.

• (1315)

Fourth, the TPP would end supply management and open our borders to more milk products from the U.S.A. In Canada, we already fought and won the battle over the rBST hormone in milk. Under the TPP, it would not be traceable or labelled. Canadians don't want this hormone imposed on us.

Taking supply management from farmers would lower our current standard. The TPP is mainly a financial agreement protecting multinational investments and intellectual property. It's not about safeguarding health care. Our trade balance is better with nations with which we have no trade agreement. Canada's health care is too important to be part of the TPP and its negotiating process. The values and principles of our public system of health care leave no room for corporate control. Health care is not a business, and introducing privatization into the system goes against the common good of all Canadians.

• (1320)

The Chair: Could you give us your final comments.

Ms. Mary Boyd: I'm just about finished.

The Chair: Okay, then go ahead, sorry.

Ms. Mary Boyd: I wanted to go into the draft chapter, but I only have a few comments. I don't know if—

The Chair: You have a half a minute, so perhaps you could wrap it up.

Ms. Mary Boyd: In a half minute, I might.

The Chair: You might be able to get some of your comments in when people are asking questions later on.

Ms. Mary Boyd: All right, I'll mention just two things then, quickly.

We're concerned about article 7.1 of the chapter on technical barriers to trade where it says:

Each Party shall allow persons of another Party to participate in the development of technical regulations, standards and conformity assessment procedures by its central government bodies on terms no less favourable than those that it accords to its own persons..

We ask, where is the sovereignty?

Finally, we are concerned about the international scene. We're concerned that groups like Médecins Sans Frontières have been warning about the extensions on patents on drugs and what that's going to do all over the world to people who are dying now from curable diseases because they don't have medicines.

I would end by saying that Canada has always been a country that cared about those things, and to sign these trade agreements is going to not only hurt Canadians and our ability to care for our health care system, but it will also have repercussions all over the world, especially for the people in poverty in the global south. It's just not the way to go. For that reason, we cannot support the ratification of the TPP.

The Chair: Thank you.

We're going to move on to the Sierra Club. We have Mr. Reddin. If you could keep it to five minutes, we would appreciate it.

Mr. Tony Reddin (Atlantic Chapter Executive Committee, Sierra Club Canada Foundation): Thank you.

My name is Tony Reddin. I'm a volunteer with Sierra Club here on P.E.I. As hopefully you already know, Sierra Club is the oldest environmental public interest organization in North America. I want to speak especially about environmental issues, and in particular climate change and how the TPP will have a negative effect on action that we can take to mitigate climate change which, as we understand it as citizens, is a big priority for this federal government.

To begin, I think it's worth remembering that our planet is in trouble. Widespread deforestation has accelerated and creates biodiversity loss and soil erosion. World fisheries are on the verge of collapse. Climate disruption stands to destabilize world food supplies, undercut economic development, and threaten communities with extreme weather and sea level rise. It already does threaten communities, and we've seen many examples of that, including here on P.E.I.

As we move toward these planetary tipping points, strong climate policies, ambitious environmental laws, and decisive government action are desperately needed, and "action" is the key word here. I appreciate this chance to speak and have you listen, but action is what we need, and the sooner the better.

Unfortunately, right when we need active policy-making most, investment rules in these trade agreements such as the TPP are restricting the ability of governments to set policies in the interest of the public.

While foreign investment in international trade can help to drive economic development, current rules go way too far in granting broad privileges to corporations at the expense of public welfare and the environment, and the most harmful of those rules are due to be expanded in the TPP.

The Sierra Club in the United States has done some terrific documents on these issues, and I'll forward you the main one that I'm

quoting from. It's on the TPP and various environmental agreements, especially multilateral environmental agreements that Canada and the U.S. have signed. The TPP environment chapter fails to honour those agreements. They're international agreements we've signed, and yet the TPP could weaken or destroy those agreements which are critical for environmental protection.

I won't talk about all of them, of course. There's the agreement on climate change, which we are all familiar with. It was signed in Paris. There's a standard that's set for agreements like this, and earlier ones, in terms of whether we're going to honour them. For that, it would require countries to live up to their commitments in the United Nations Framework Convention on Climate Change that was signed in Paris, or is in the process of being signed. It would require them to explicitly protect the ability of countries to adopt, maintain, and implement rules and policies to address climate change, including greenhouse gas emission standards, feed-in tariffs, a carbon cap or tax, and any related border tax adjustments, renewable energy programs, government programs that cultivate local production of clean energy and green goods, and energy efficiency standards or labels.

The TPP environment chapter doesn't even mention the United Nations Framework Convention on Climate Change, and yet, as we can clearly see, increased trade, as is expected, would significantly increase climate-disrupting emissions because it would spur increased shipping. It would increase consumption, which is again going to increase emissions, and would increase fossil fuel exports. There are some really enlightened examples of this that I hope to get to. Despite those connections and the likelihood that the TPP would increase emissions that cause climate change, the TPP fails to even mention the words "climate change". An earlier draft did include that, but it was changed in the final agreement.

• (1325)

The Chair: If you could wrap up, we'd appreciate it.

Mr. Tony Reddin: Okay.

Instead, it includes the non-binding assertion that transition to a low-emissions economy requires collective action, but it requires nothing to require such action—and again action is the key here—or to prevent the TPP from increasing climate-disrupting emissions. The TPP environment chapter also fails to require TPP countries to adhere to their UNFCCC commitments, despite the fact that all the TPP countries are party to the climate convention.

Finally, it offers no protection from TPP rules that would allow foreign investors and governments to challenge climate and clean energy policies in unaccountable trade tribunals. It includes no safeguards for green jobs programs that could run afoul of the procurement rules or fossil fuel export restrictions that could violate TPP rules on trade in goods, energy-saving labels that could be construed as technical barriers to trade, or to adjustment mechanisms that could conflict with TPP rules, despite boosting the efficacy of domestic greenhouse gas mitigation, or an array of climate change policies that could be challenged by foreign fossil fuel corporations as violations of the TPP special rights for foreign investors. With no protection for such policies from the TPP's polluter-friendly rules, the TPP could not only spur increased climate-disrupting emissions, but also inhibit domestic efforts to curb such emissions.

We must therefore reject the TPP in order to avoid its negative impacts on action to mitigate climate change.

The Chair: We thank you, sir.

We're going to move to the dialogue with the MPs.

We're going to start with the Conservatives. Mr. Van Kesteren, go ahead, sir.

Mr. Dave Van Kesteren: Thank you all for attending our final meeting here on beautiful P.E.I.

Mr. Reddin, I think everybody appreciates groups that keep industry and business people honest, making sure they're doing the right thing and guiding them along the right way. I have a couple of questions.

Which would you say are the worst nations for producing carbon emissions?

Mr. Tony Reddin: I'm not sure of the relevance, but of course Canada has to accept its place in a—

Mr. Dave Van Kesteren: No, I'm asking for the worst. You must grade them. You must be able to name number one, number two.

Mr. Tony Reddin: Well, it's not something that I worry about. What Canada is doing is my concern. But the United States and China are probably the two highest. That would be my guess.

Mr. Dave Van Kesteren: As for fish stocks, we heard from the seafood processors and we heard from the Prince Edward Island Fishermen's Association. They still use “fishermen” when they should probably be saying “fishers”. We talked about fish stocks. That concerns me, and I think all of us around this table are concerned. When we were in New Brunswick, we had an opportunity to talk to a group involved with fish farms. They can have a very positive effect on fish stocks, too. The P.E.I. Fishermen's Association told us that the stocks were good here. The lobster stock is starting to increase. Would you agree with their analysis?

• (1330)

Mr. Tony Reddin: I agree that there are plenty of lobsters. The reasons are complex, and I'm not an expert on that.

Mr. Dave Van Kesteren: We're doing a pretty good job here in Canada as far as—

Mr. Tony Reddin: Oh, no. One of the major factors for that is that there are so few cod to eat the lobster.

Mr. Dave Van Kesteren: But they're coming back, too, aren't they?

Mr. Tony Reddin: The lobster, I mean that's—

Mr. Dave Van Kesteren: We're all cognizant—

Mr. Tony Reddin: Just because there's a lot of one species doesn't mean that the balance is there, that's for sure.

Mr. Dave Van Kesteren: Do you think that our fishing industry is in bad shape, and that it's depleting? They don't agree with that.

Mr. Tony Reddin: Well, no, not for lobster. That's what they're fishing right now. There's plenty of them.

Mr. Dave Van Kesteren: We're going to be seeing the fishing community in Newfoundland, and they need to know if we should enact new legislation. Are you suggesting that we have stronger

quotas on, say, bluefin tuna? I'm just mentioning a few—you mentioned cod—possibly flounder. Where are we in danger?

Mr. Tony Reddin: I don't have an opinion on that. I think we're doing okay as far as quotas and that sort of thing go now that we've had the cod collapse and such crises. There are a lot of problems still, but my point is climate change and its effects on the oceans are a major blow to the future of fisheries. It's already being felt in the fishery, and more so in the health of the ocean. It's beyond what we want to take from the oceans. We're tied to them, and it's critical to the oceans' health to be protected.

Mr. Dave Van Kesteren: Okay, thank you.

I want to skip over to the Cattle Producers. P.E.I. is just one surprise after another. You said there were—I wrote it down—400 producers of cattle. What would the average herd size be?

Mr. Brian Morrison: The average herd size on Prince Edward Island is probably around 100 animals or fewer. We have a few larger producers, but a large producer on P.E.I. is 1,000 cattle. I had the opportunity to be in Calgary three weeks ago, and 50,000 heads is an average in places out there. No, we're smaller, with more diverse farms on P.E.I.

The Chair: Could you wrap it up?

Mr. Dave Van Kesteren: Okay, just quickly.

Do they use crop rotation with crops or do they have pasture and leave it just for their animals?

Mr. Brian Morrison: No, crop rotation is used on P.E.I. Some small areas are pasture only, and that's wetter land that can't be cropped. Most of the land on the island is in a three-year, five-year rotation.

Mr. Dave Van Kesteren: Okay, thank you.

The Chair: Okay, sir, thank you.

We're going to move to the Liberals, and we're going to start off with Ms. Ludwig.

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

Mr. Morrison and Ms. Bradley, back in April, the National Cattle Feeders' Association submitted a brief to our committee. In that brief they said:

The most significant immediate benefit that NCFCA members would get from the TPP would be greatly improved access to Japan, a market already absorbing Canadian agri-food products worth over \$4 billion annually—considerably more than Canadian agri-food shipments to the entire market of the EU. Canadian beef exports to Japan were worth over \$100 million in 2014. Canadian beef producers expect to double or triple annual exports to Japan to nearly \$300 million.

You mentioned during your presentation that Australia and the U.S.A. are immediate competition to the Canadian market. What might be the impact if the Americans and the Australians ratified TPP and Canada did not, in terms of the competition threat from Australia and the U.S. to Canadian beef exports?

• (1335)

Ms. Rinnie Bradley: We have the numbers on that, but I can't find them here at the moment.

Ms. Karen Ludwig: Even in general, would it have much of an impact?

Ms. Rinnie Bradley: The competition for the TPP, not so much for the Canadian market, is not the U.S. and Australia, but certainly the U.S. and Australia could be our biggest competitors for access to those markets in the TPP. If we are not part of the negotiations getting into that trade agreement, we will lose out on any further access to those markets, or any existing markets, perhaps, too. We're already facing high tariffs there, but the TPP would bring us down to levels that are an advantage over Australia. Certainly the U.S. is not clear on where they're going with the negotiations. We encourage Canada to get out ahead of the U.S., do its own negotiating, try to get agreements in place so we can worry about keeping our own markets there and expanding. Certainly Japan is an excellent market, and we want to expand that, as opposed to losing it.

Ms. Karen Ludwig: Okay, thank you.

Mr. Reddin and Ms. Boyd, I have two questions.

To what extent have your organizations participated in consultations on TPP, CETA, or previous trade agreements? Can you tell me a Canadian trade agreement that you do support, and why?

Mr. Tony Reddin: Of course, we've taken what involvement we can. Most of us have been volunteers in the previous consultations, sending in submissions and such things. As far as trade agreements go, I'm stretched to think of one, but that's not usually what we're thinking about. We look at what happens when we have agreements like the free trade agreement, and the problems that come up, especially with challenges that corporations make to their profit margin.

Ms. Karen Ludwig: Ms. Boyd, is it the same response?

Ms. Mary Boyd: We haven't had much opportunity to be in any kind of consultation like this because of the secrecy of CETA and the TPP for so long. There hasn't been much time. There's been a lot of work catching up, but we've been following it and trying to get information.

You asked about a trade agreement that we could agree with. Until some time around the 1980s, the trade agreements were quite sound and good. It was more or less "I'll trade with you for what you need, and you'll give me what I need." These were great trade agreements. However, with these modern ones now, the constitutions and everything else are written by the big corporations. These are about investment rather than trade. We're not against trade, but the TPP especially will cement the control of big business over—

Ms. Karen Ludwig: I only have 30 seconds.

Looking forward, if other countries are trading in terms of trading blocs and working back and forth with each other, there are obviously pluses and minuses. What might be the impact if Canada were no longer involved with those types of trade agreements?

The Chair: A quick answer, please.

Ms. Mary Boyd: I really think that Canada has to do more on its own self-reliance. It has to build up its own markets here in Canada, for sure, and it has to get away from selling raw products and trading them off. It has to go back to some industrialization of this country.

What we've done with the trade agreements is that people say you can get money by selling your raw materials and your energy to the world. Everybody says forget about industrialization, that this is the easy way to go. Trading off our raw materials is a huge mistake. It's shown in every sector how we're losing and losing.

We have a green economy that is a challenge for us to build in Canada, which in 10 years could produce a million jobs. It would help so much with all our problems with climate change. Why don't we get to work on that, build that, create those jobs for Canadians, strengthen this nation? We'll be stronger as we face the other nations.

I'm not against trade, but the kind—

The Chair: Thank you, Ms. Boyd and Ms. Ludwig.

We're going to move to the NDP now, and Miss Ramsay for five minutes.

Ms. Tracey Ramsey: I thank you all for your presentations.

From the cattlemen's association, we've certainly heard this in every province, and federally as well. We understand the market that you'd like access to in Japan. Unfortunately, as you can hear from this particular panel, quite often we hear that this deal is about far more than just tariff and non-tariff barriers. The six chapters that deal with the type of trade you're interested in having aren't the issue. It's the other 24 chapters of the 30 that are concerning.

The environmental impacts are very real. The ISDS cases that have been brought against Canada quite often have an environmental theme. We can look at the Bilcon case, challenging the environmental assessment process federally and provincially, and the Murphy Oil case, challenging our corporate social responsibility to the communities that they exist in. We look at AbitibiBowater, and the Lone Pine case for fracking in Quebec. This has tied the hands of provincial governments and our federal government over and over around environmental issues that legislators are trying to improve for Canadians.

This is legitimate. This is absolutely happening, and for hundreds of millions dollars. These cases are being brought forward. It impacts the way that we are going to be able to legislate.

You mentioned the Paris accord. We've had Jacqueline Wilson, a lawyer with the Canadian Environmental Law Association, come before our committee. She said that the TPP environment chapter doesn't protect the environment. It won't likely be enforced, and it's not nearly strong enough to counteract the environmentally detrimental provisions elsewhere in the TPP.

Could you comment on that?

• (1340)

Mr. Tony Reddin: As I said, I was just looking at the various agreements that we already have on environmental issues, such as the United Nations Framework Convention on Climate Change. The TPP will, in effect, override those, and a lot of good work that went into that is going to be lost, indeed made even worse. The environmental protection that we have would be lost by the overriding provisions of the TPP.

It's more of a disaster than we already have, which we certainly have.

Ms. Tracey Ramsey: I think it has definitely threatened our environmental sustainability, and we need to take a harder—

Mr. Tony Reddin: It's so critical at this time to really take that seriously, not just climate change but all the—

Ms. Tracey Ramsey: I only have a couple of minutes. I'm going to go to Ms. Boyd.

Thank you very much for your presentation as well. You mentioned Médecins Sans Frontières, which has also been before this committee. The nurses of Canada have been before this committee saying that the TPP drug costs would harm Canadians. We've heard from many experts in the medical field, the health field, who say that the TPP endangers Canadians' health. So, that's widely supported.

The international aid is a very interesting piece that's been brought forward to us as well. We haven't really dug into it too much. On the one hand we are proud of our achievements throughout the world to help with diseases that are ravaging communities across the globe, and on the other hand we're going to sign an agreement that's going to make it more expensive to provide that aid. I wonder if you could speak a little bit to the implications of that.

Ms. Mary Boyd: Well, it's a little bit like saying we'll end supply management and we'll end those things to get the TPP and then we'll compensate. We're not going to be effectively giving our aid to the right places if we have to compromise with the TPP and we have to allow extensions of patents that cause a scarcity of medicine to those countries.

I spent six and a half years in West Africa. I was right with the poverty-stricken people. I've seen people die of curable diseases because they lack the help, the pharmaceuticals, and all those things. This has been going on and on. We're saying as Canadians that we're compassionate and we want to help change this, and then we get ourselves muddling into a trade agreement that complicates it, when there are all kinds of ways that we can give effective aid that will

really help, whether it's restoring the funds that have been taken from the non-governmental organizations which are doing such great work overseas, or whether it's directing our bilateral aid in different countries in a way that's going to really strengthen their health care.

Ms. Tracey Ramsey: Yes, and we're spending this money already. It needs to be improved, but we are spending a significant amount of money to do this international aid, and we're going to make it more difficult.

I just want to share a quote from Jason Nickerson of Médecins Sans Frontières, who said that the TPP strengthens and reinforces this broken system.

I think that sums it up.

The Chair: That wraps up the time for the NDP.

We're going to move back to the Liberals. Madam Lapointe.

[Translation]

Ms. Linda Lapointe: Good afternoon and welcome.

Thank you for your presentations. I very much appreciate your views. It is very interesting to hear the views of the Prince Edward Island producers.

Earlier, you said that parts of the carcasses weren't used. What were you referring to? What is not being used from the beef carcasses here in Canada?

• (1345)

[English]

Mr. Brian Morrison: It's not pieces that aren't used. It's different parts of the animal that are worth more in other parts of the world, whether it be the tripe, the internal organs, and so on. It's just that different cultures, different people, eat different things, and with being able to market around the world, you can send more value to pieces that people appreciate more, I guess, in other parts of the world than we do in North America.

[Translation]

Ms. Linda Lapointe: Okay.

My understanding is that, if you were able to open those markets, you could ask for a higher price on those parts, which would probably be used for other things.

[English]

Mr. Brian Morrison: Yes, that's exactly right. We get a small amount of money for them now, but we could get a greater return.

[Translation]

Ms. Linda Lapointe: Can you calculate how much you are making now from those parts and how much you would be making if those markets were open?

[English]

Mr. Brian Morrison: Unfortunately, I couldn't put an accurate figure on it, but it is something we could get for you.

[Translation]

Ms. Linda Lapointe: Yes, I would appreciate it. That's important.

Earlier, you said that there were 400 producers in Prince Edward Island and that they were mainly family businesses with a few employees.

Have you calculated how many jobs that would be created or consolidated, if the Asian markets were open?

[English]

Mr. Brian Morrison: Well, in terms of processing, we have a small processing plant on Prince Edward Island that employs around 100 people. So, if there's access to foreign markets where we can value-add different products and value-add and process them differently here, I could see the processing plant doubling in size, which doesn't seem huge to maybe Alberta, but it is huge for Prince Edward Island.

[Translation]

Ms. Linda Lapointe: They are good jobs. Are the jobs in the processing sector paid more than minimum wage?

[English]

Mr. Brian Morrison: Yes, most definitely. I don't think there are too many minimum wage processing jobs anywhere anymore.

[Translation]

Ms. Linda Lapointe: Earlier, we talked about Australia a little. I think Australia already has an agreement with Japan.

If Canada does not ratify the TPP, do you think you might be losing some markets compared to the United States and Australia?

[English]

Mr. Brian Morrison: Oh, very much so. For every percentage that a tariff is in place, that means your competitor can sell that percentage cheaper. Yes, every trade barrier, every percentage of dollars makes a huge difference in the Canadian industry for sure.

[Translation]

Ms. Linda Lapointe: Thank you.

My next question is for Ms. Boyd.

You talked at length about the price of patented and generic drugs. Even though the patents are longer lasting and better protected in Europe, the prices of drugs in Europe are lower than in Canada. How do you explain that?

[English]

Ms. Mary Boyd: That's because every country except Canada that has a universal system of health care also has a universal drug plan.

[Translation]

Ms. Linda Lapointe: Did you know that we have a drug plan in Quebec?

[English]

We have this in Quebec.

Ms. Mary Boyd: I read that, and congratulations. It's wonderful.

In the European countries, they have it, and that's why the price of drugs is low. We don't have it in Canada. We need it. It's amazing that we don't have it already. It could be coming down the tube, hopefully. But we're up against the power of the big pharmaceuticals. That's the problem that this trade agreement also brings up. They are looking at our intellectual property rights, and they are looking at ways to get more control of our market, and we're producing less research and fewer jobs in that area.

When you have the big pharmaceutical companies that make three times as much money as anyone on the Fortune 500 list, that's how much profit they have and they're eager for more, and control. We're going to go in the face of that thing and say that it's okay, that we'll be the boy scouts of Canada, or the lap dogs for the United States and the corporations, and we will enter into the TPP. We are making ourselves so vulnerable it's not even funny.

I don't know if that answers your question completely.

● (1350)

[Translation]

Ms. Linda Lapointe: No, but your answer is helping me understand a lot better.

Thank you very much. I'm sorry, I have no more time.

[English]

The Chair: Thank you.

We'll move to Mr. Dhaliwal.

Mr. Sukh Dhaliwal: I'm going to continue with Ms. Boyd on patents.

I'm certain that you came across an article written by Matthew Wallace that offers potential argument in favour of patent restoration, one being that it incentivizes innovation but it offers companies enough monopoly time to allow adequate pharmaceutical development, and the lack of monopoly time would be a hindrance to drug development. I would like you to make comment on that.

Also, are you able to think of a scenario that balances a pharmaceutical drug's ability to properly develop without rushing, and a generic drug's ability to enter the market and compete?

Ms. Mary Boyd: I haven't heard about Mr. Wallace.

You know very well that there's been a tremendous amount of research that has gone into this by Canadians. The problem is that as we keep extending the patents, and we had an agreement that 10% of research and development would be Canadian, which it's never been.... I don't think you could have a meaningful time under the TPP where you could develop something because of the strength of the pharmaceutical companies. They want to make the changes. You can see that.

It's something unbelievable. About 85% or more of the drugs that we sell in Canada now and that come on the market are not new drugs. They've been evergreening drugs. We're going to have more and more pushes by corporations to quickly get the drugs through, which adds to the lack of safety of those drugs. That's why we say we need a pharmaceutical program in Canada that's public, added to our national system, which will protect Canadians and give us the free drugs we need, because so many Canadians can't take the medication as prescribed by doctors. Why have a long-drawn-out thing to try to get somewhere under a trade agreement? We have to tackle this right now for our country and get it done.

That's one thing. I can't see that it could be any other way.

As far as developing a scenario, do you mean a scenario that would help us to get control of our pharmacare industry ourselves so that we would better serve Canadians?

Mr. Sukh Dhaliwal: Right. We need a balance between serving Canadians on one side and making sure of the ability for the drug to be developed properly on the other, and also that we have enough time and resources.

Ms. Mary Boyd: Australia is one of those countries that's doing a good job of that. They have a lot more generics than we do. They have an almost free drug program. New Zealand is doing a great job. If you look at Scotland and Wales, nobody pays anything for their drugs there. In Great Britain, in general, there's hardly any...but they're developing some drugs. There are lots of examples in the world. Most of Europe, Australia, and New Zealand have it. I was in Australia last year and saw how they are developing their generics. It is a worldwide trade with who they produce the generics for, who they ship them out to, and so on.

Here we're getting new drugs coming on the market with one ingredient; the name is changed, the price goes up. It's a terrible racket. Then there's the safety. They say now you shouldn't take a pill or a drug unless it's been on the market for three or four years, because we don't know with these new drugs what half of them are doing, and yet people are demanding them. With a pharmaceutical program, there would be no advertising. You would streamline the number of drugs coming on the market, and you would pick the best drugs so that Canadians would have the best medical care they could possibly get.

All of those things people have put together in very good studies. They're all available, and we certainly need them.

• (1355)

Mr. Sukh Dhaliwal: Thank you for your work, and thank you for your comments.

The Chair: Thank you, Mr. Dhaliwal.

We're moving to our last MP for this afternoon. Go ahead, Mr. Ritz, for five minutes.

Hon. Gerry Ritz: Thank you, ladies and gentlemen, for your presentations of diverse viewpoints. We welcome that.

Ms. Boyd, thank you for the work that you've done in Africa. You've been on the ground, and you've seen what is needed.

You made a number of points, and one point I picked up on is that you see Australia and New Zealand as good examples of bringing generics to the market. Do I have that right?

Ms. Mary Boyd: Yes.

Hon. Gerry Ritz: Then why as TPP signatories, which they are and we are, could we not partner with them and gain from their expertise through the TPP? Why would that be stopped?

Ms. Mary Boyd: I don't know how that would work, because there are 12 countries involved, and therefore we would be dealing with all 12 countries and the competitiveness of the United States and the big corporations.

Hon. Gerry Ritz: There's an overarching umbrella with the TPP, but within that umbrella each country can deal with the other country on specifics that they need to do.

Ms. Mary Boyd: Well, sir, we could do that without the TPP. We could just do it. That's the thing.

Hon. Gerry Ritz: It's not happening. I'm just saying, is the TPP the article that would finally facilitate that?

Ms. Mary Boyd: No, it wouldn't be. It wouldn't be, and there was an awful lot of concern in Australia about the TPP. Many, many people share the concerns that many Canadians have. They say that it is not good for Australia.

Hon. Gerry Ritz: Great. Thank you.

Brian and Rinnie, on cattle, of course, we export half of what we produce here in Canada, and it's very similar with pork. When you get into the grain side, it's 80% to 90% in some cases, but we're learning to add value, not just volume, in our exports. We're adding value.

You talk about the small processor here, which is good. They have the flexibility to adjust to what's needed in a lot of these other countries and not just sell what we have, but what they want. That was the whole genesis of the beef centre of excellence in Calgary. We now have all these people from our marketplace coming and showing us how to carve up our beef without losing the quality of those cuts, and so on. It's a good news story, and again, it's all about value.

You made the comment, Brian, about selling into other countries what we get a lesser price for here. I guess the best example is a trim that used to go to the U.S. for basically the cost of transport. It's now going into a lot of that Pacific Rim, including some of the countries that we're trying to set up deals with for hotpot, and we're getting a double A price for it. Rather than just giving it away for the cost of transport, we're getting a double A price. That, coupled with some of the other areas on bone meal and even the hides, tripe, offal, and all that you were talking about, has been adding \$200 to \$300 per animal in value that we weren't getting at all, simply because now we've redirected it. That's the nature of these trade agreements, being able to derive what they need, working in concert with them, supplying that, and getting that extra value.

You mentioned one other example. You had sent some beef directly into Hong Kong. When we first got beef access into there, the first cuts going in were stomachs and tongues—and I don't see that on a lot of menus here in Canada—to the tune of about \$7 million a year. That's a tremendous amount of value for stuff that was going into the grinder, just into the garbage. That's the nature of getting outside of our country and looking offshore. It also keeps the Americans honest. Country of origin labelling was extremely harmful to us. A good diverse stock portfolio is one thing, but a good diverse trade portfolio is another.

If you have any other comments on adding value by looking at these other markets, I'd be happy to hear them.

Mr. Brian Morrison: You've certainly hit on most of them that we're working on, for sure. Hotpot is a big thing that we're very excited about here because we can take our trim and double, triple, or quadruple the value of it, and then if we get into breed-specific animals as well, it just goes up. Prince Edward Island is uniquely situated for raising livestock because I believe in Alberta—and correct me if I'm wrong—a cow-calf pair grazes on about 30 acres.

● (1400)

Hon. Gerry Ritz: The best is 10 and then up from that.

Mr. Brian Morrison: Yes. So on Prince Edward Island, we can put a pair on an acre and then be environmentally sustainable. We have a tremendous ability to grow grass in Atlantic Canada and on Prince Edward Island, and we need to get back to... Environmentally sensitive areas need to be taken out of crop production and put into livestock production. It's great for the environment; it's great for habitat and so on, to leave the land the way it was.

Hon. Gerry Ritz: You talked about the size and scope of some of the farming operations on P.E.I. It's not dissimilar to the rest of Canada. Ninety-eight per cent of agriculture in Canada is still family farmed, family owned, family run. Some of them are large. I'm not aware of any 50,000 cow-calf pairs in Alberta, but there are feedlots of that size, definitely, up to 100,000. One is just going down now because of carbon tax and some of the taxation that's happening in Alberta, but there are all kinds of operations that are 1,000 to 2,000 head.

Thank you.

The Chair: Thank you, Mr. Ritz.

That ends the dialogue with the MPs, and it ends our fourth and last panel today. Witnesses, thank you for taking time out of your day to come and talk to us and tell us your feelings, which are very important.

If you figure you didn't convey something to us, we will take submissions of anything else that you want to add. We're taking submissions up until the end of October.

Thank you again. We're just going to break for a couple of minutes, and then we're going to hear from the audience. I'll just remind the audience that you're going to be limited to two minutes, so get your thoughts together for two minutes, and we'll start off in a few minutes.

We'll suspend.

● (1400)

_____ (Pause) _____

● (1405)

The Chair: We're going to continue on with our TPP consultations.

Here's where we open it up to the audience. I just remind you we're going to keep to two minutes. We have two mikes, so we go from one to two, back to one. What I'll do is ask Ana Whealtery to go to mike one, and to mike two will be Edith Perry, I think. We'll start off. Keep your comments tight.

When it's two minutes, I'll just raise a white sheet. If you have some final thoughts, go to two and a half minutes. We can live with that. Then we'll go to the next one.

Go ahead, Ana. You have the mike.

● (1410)

Ms. Ana Whealtery (As an Individual): Okay, thanks.

Today I'm representing the P.E.I. Food Security Network. We're dedicated to changing community attitudes and public policy to achieve environmentally sustainable production and distribution of food; access of all people to affordable, healthy food; liveable incomes for food producers; and P.E.I. self-reliance in food. We formed in 2008, and our membership includes people who are working for environmental causes, dieticians, people involved in women's equality, and people with disabilities, as well as people from the Medical Society of PEI, and the Healthy Eating Alliance. We also have farmers and fishers who belong to our network.

P.E.I. has been called, at times, the garden of the gulf, Canada's food island, the million-acre farm. We have good farmland here. We're surrounded by a rich marine ecosystem, and we have farmers and fishers who have the history, the knowledge, and skills to take advantage of those gifts and produce healthy, high-quality food. Yet, this is a place where one in five children lives in a home that experiences some level of food insecurity. Of all Canadian provinces, P.E.I. has one of the highest rates of food insecurity.

On the other hand, we haven't done a terrific job of tending this garden of the gulf. Our food and agriculture policy is centred on the monoculture of potatoes, for french fries, which is arguably not real food, and the export market. It's an industrial model that demands intensive application of fertilizers and pesticides, uses water, and has devastating effects on our environment.

The fish kills due to pesticide runoff into our streams and anoxic events in many of our estuaries, both of which occur on a regular basis, must be included in the costs of this way of doing business. The depletion of our soil and organic material, the loss of soil to erosion, and the high levels of nitrates in our water can also be counted as costs.

We have a vision of a sustainable food system rooted in the concept of food sovereignty, which puts control locally. Our specific concerns include the impact on our dairy farmers, which is an example of a system that does provide healthy food locally. We're concerned about the rights that are given to corporations, in particular, around the investor-state provisions and procurement provisions that interfere with our government's capacity to develop policies that promote local food systems and ecologically sustainable production of food.

The Chair: You're well over time. Sorry.

We're going to go to Ms. Perry at mike two, and Colin Jeffrey, be ready at mike one.

I'll remind everyone here that we've received over 20,000 email submissions. Sometimes people are here and they think of other things that they want to add. We'll take any submissions that come in. Yes, we have over 20,000. You have until the end of October. If you don't know where to send it, we have people here who will help you.

Right now, we have Ms. Perry at mike two. Go ahead Ms. Perry.

Ms. Edith Perry (As an Individual): I am an older Canadian citizen who was born and raised on the Prairies, and whose family comes from farmers on both sides, and I married a veterinarian, who comes from a Nova Scotia farm, so that establishes my credentials. What do I feel about this trade deal? Not much.

Did any trade deals up to now benefit most citizens? No. They certainly didn't benefit me and many others in our communities, including my family across the country.

I'm not going to say much more than this, because I think you've had umpteen presentations, with all kinds of facts and figures and whatnot.

The major concern that I have, particularly about what will happen in P.E.I., and in the Prairies, and across Canada, is water. Is water going to become the new oil? Will it become a wild west, where somebody with power, a rancher, will be able to protect their water supply, which is our common good?

Other concerns are corporate ownership, a monopoly on prescription drugs, supply management in agriculture, and corporate interests will trump everything. There is a nickname that some of us have given to the TPP: the corporate investor rights agreement.

That is my submission. I have a little bit more fleshed out in a written submission.

• (1415)

The Chair: Thank you, Ms. Perry.

We're going to go to Colin Jeffrey at mike number one, and at mike number two will be Andrew John Lush, I believe.

Go ahead, sir.

Mr. Colin Jeffrey (As an Individual): Yes, good day.

I am the current chair of Save Our Seas and Shores, an Atlantic Canadian-wide organization working to protect the health of the Gulf of St. Lawrence.

The Gulf of St. Lawrence is scientifically known to be the most biologically diverse and productive marine region in Canada. A DFO report from 2009 estimates that the economic value of industries in the gulf is \$2.7 billion per year, and that sustains 52,300 jobs or more. It's certain, though, that many of these industries rely on renewable resources provided by the gulf, and having a healthy, sustainable gulf ecosystem is critical to the furthering of those industries into the future.

My members and I are very concerned that the TPP undermines the ability of the Canadian government, both federal and provincial, to enact and uphold environmental legislation which allows us to maintain these ecosystems in a sustainable manner.

I'll give a few examples of that, which show these trade agreements are already undermining the ability of governments to uphold legislation, and they're certainly costing taxpayers a lot of money.

An example right here in the Maritimes is the Bilcon case in Digby, Nova Scotia. The American company Bilcon proposed building a large quarry on the Digby Neck. Because of local citizen concern, the environmental assessment became a panel review, the most robust type of environmental assessment. The panel review in the end rejected the development.

Bilcon appealed that decision using a NAFTA tribunal, which voted in its favour. That's outside of our court system, of course. The dissenting government arbitrator found no breach of NAFTA rules and discussed the importance of socio-economic considerations in environmental assessments, and described the tribunal's decision as a remarkable step backwards in environmental protection.

To conclude, essentially allowing companies to sue the government over perceived lost profits puts Canadian taxpayers at risk and it puts our environmental legislation at great risk.

Thank you.

The Chair: Thank you, Colin.

Could Leo Broderick go to mike number one.

Right now, we're going to hear from Andrew John Lush at mike number two.

Mr. Andrew Lush (As an Individual): Hi, my name is Andrew Lush and I'm going to be speaking about the investor-state dispute mechanism particularly related to hydraulic fracturing. It's a good follow-up to what Colin was talking about, especially as one of the companies involved in potentially drilling in the Gulf of St. Lawrence is the company that spilled radioactive toxic fracking fluid on P.E.I. in 2007.

I was going through some information on the web about the ISDS, the investor-state dispute settlement mechanism, and I came across a paper from Columbia University and I thought, well, it's all here. They have analyzed it and they have all the answers, and it's full of problems. When I finish talking a little bit about hydraulic fracturing related to the ISDS, I'll read the conclusion of the report and I'll leave that with you.

Our group was formed at the end of 2012 to educate people about the risks of fracking, or slick water high volume hydraulic fracturing, on P.E.I. A lot of people can't believe that we would ever have fracking here, but if you look at the map, you will see we are surrounded by exploration and drilling leases out in the ocean and in all the other provinces, from southern Quebec, as we've talked about earlier, through the whole of the maritime region.

Right now, P.E.I. is enacting a water act, and that act is hopefully going to put a ban on fracking. We're the only province in the whole region that doesn't have a ban or a moratorium right now. In fact, companies can buy, for 40¢ an acre, fracking investigation leases, which in other provinces automatically convert into drilling rights. So we are really exposed to this right now. A company could come in tomorrow, buy the leases for an area, and start doing the test drilling. A mechanism like the ISDS that is already in NAFTA, but will also be in the TPP, could allow those companies to sue the federal government to allow them to carry on with fracking, even if our water act or any municipal laws actually put a ban on fracking.

With that in mind, as my two minutes are up, I'm just going to read the conclusion of this report.

Overall, the US claims to have made a number of improvements to the ISDS system and investment protection standards included in the TPP. While reforms would of course be welcome, the changes that have been made to the TPP do not address the underlying fundamental concerns about ISDS and strong investment protections; in some cases, the changes represent just small tweaks around the margins, while in other cases, the provisions represent a step backwards. At their core, ISDS and investor protections in treaties establish a privileged and powerful mechanism for foreign investors to bring claims against governments that fundamentally affect how domestic law is developed, interpreted and applied, and sideline the roles of domestic individuals and institutions in shaping and applying public norms. For this reason, the TPP should drop ISDS altogether, or replace it with a new and truly reformed mechanism that addresses the myriad concerns that are still lurking in the TPP.

I'll leave this paper for you.

• (1420)

The Chair: Thank you, sir, and leave it with us. That's good.

We are going to go to Leo next, and then if Teresa Doyle could be on deck for microphone two, I'd appreciate it.

Okay, go ahead, Leo.

Mr. Leo Broderick (As an Individual): Thank you very much for the opportunity to present to this committee. My name is Leo Broderick and I'm with the Council of Canadians, and I do know that the Council of Canadians has made presentations to your committee across the country.

For all the reasons we heard today, we support anyone who is against the TPP, and we have identified the reasons why.

I want to identify one additional concern that has not been raised, and that is this. President Obama not too long ago said that the Trans-Pacific Partnership is more than a trade deal. He went on to say that the United States must write the rules of the global economy, and if it didn't, it would be left in the hands of the Chinese government. Our concern with the TPP is that it is closely linked with the rising U.S. militarism in the Asia-Pacific region. We do know that the United States is significantly changing its international foreign policy regarding Asia. It's moving out of the Middle East.

We do know that the people in these 12 countries, including Canada, do not want the TPP, and if we do sign the TPP, we will be engaging in more militarism led by the United States of America. Let us not forget that the U.S. is still trying to cling onto global power, and Canada must not be a partner with what the U.S. has planned for Asia. It is the policy to isolate China. We do know that in this country we produce military weapons, and there is a huge secrecy with military production in the United States.

We say no to the TPP for many reasons, but in particular, we stress this afternoon that we fear the rise of militarism and the threat to people's peace and security.

Thank you.

The Chair: Thank you, sir.

We're now going to mike number two. Teresa Doyle is going to be there.

Perhaps Devan England could be ready at mike one.

Go ahead, Teresa.

• (1425)

Ms. Teresa Doyle (As an Individual): Thank you. I am Teresa Doyle, a musician.

According to Global Affairs Canada's recent analysis, the TPP would increase GDP by a mere 0.127%, but not until 2040. We're gaining virtually nothing in this trade deal by giving away so much. In fact, there are few barriers to trade left in the world.

This is not an agreement about trade. It's an agreement about investment and it is a cash grab by the billionaire class.

This ISDS mechanism, in many countries, like Australia, they don't include it. Since 2011 they have no longer included it in their trade deals. Many Europeans are backing away from it. I don't understand why Canada is being so lax about this, because we are the most sued country in the world. That's prohibiting us to have our say in our own democracy and our own environmental and labour laws. It hamstrings democracy and environmental action on climate change.

Who stands to gain? It costs an average of \$8 million to launch a suit under an ISDS. Of the companies that are suing governments, 90% are making in excess of \$1 billion a year. This is a cash grab by the billionaire class and it has to be stopped in its tracks, because environment and democracy are not externalities.

We need to take a hard core look at all of the trade deals we've signed to see if they're actually working for Canadians, because when the Liberals gained power last year and threw out Stephen Harper, we expected a change in policy. We expect real action on climate, on trade, and democracy.

If you do want to take down an unfair tariff barrier, look at what Canadian musicians face. American musicians flood up here, and have done so for decades. We open our arms, no tariff, but for me to go into the United States, I have to apply for a visa at a cost of \$450, and wait 120 days before I go in. There's one little tariff you could work on, but in the meantime, leave us our democracy.

The Chair: Thank you.

We'll go to Mr. England.

Darcie Lanthier, could you be ready at mike number two.

Go ahead, Mr. England.

Mr. Devan England (As an Individual): My name is Devan England. I'm a software developer who has been part of the Canadian software industry for over nine years.

I would like to start by thanking the committee for granting me this opportunity to speak today in opposition to the Trans-Pacific Partnership and to share my perspective on why it should not be ratified.

The TPP is a large agreement with many parts to it. It calls for changes to regulations that affect not only trade, but also things like environmental protections, pharmaceuticals and online privacy.

One of the areas that is of particular concern to me as a technologist is the section on intellectual property. For example, copyright terms in Canada generally last for the life of the author plus 50 years. The TPP would require increasing this term to the life of the author plus 70 years. The argument in favour of increasing the term is that it would encourage more innovation, but this is completely wrong.

Think about it. Would you be discouraged from writing a book because you would have exclusive rights to it for only 50 years after your death, instead of 70? Of course not. Changes like this do not benefit innovators of the present. They only benefit rights holders of long dead innovators of the past.

Cambridge University researcher Rufus Pollock has calculated the ideal copyright term to be around 14 years, period. This is the balance between incentivizing innovation by granting exclusivity and fielding further innovation by terminating it.

The Chair: I'll give you a little extra time, but you have to slow down. We have translators and they have to be able to translate. Take your time and I'll give you two and a half minutes in total, but just take your time with it.

Mr. Devan England: Thank you.

The TPP also seeks to introduce anti-circumvention measures into our copyright laws. In a nutshell, this means that any software limitation which is in some way related to copyright may not be bypassed without breaking copyright law.

A real-world analogy would be that the law that makes it illegal to, say, steal a car would also make it illegal to unlock the car by any means other than the original key. If you locked the key in the car, you could not open it with a coat hanger. You couldn't call a locksmith to open it for you. There wouldn't even be a locksmith because the tools of that trade would be illegal. You wouldn't even be able to make a backup copy of your key in case you lost the original.

Anti-circumvention laws have been in place in the United States for some time now, and they have been widely abused to prevent their abuse and eliminate healthy competition in the market and further business goals that have nothing to do with copyright.

These all come at the expense of consumers and the general public. If the intellectual property provisions of the TPP were tabled independently, I have no doubt they would be shot down quickly. They are objectively not in the public interest, so why are they here? Perhaps because in a document that is thousands of pages long the intellectual property changes feel relatively small.

Consider what would happen if the entire TPP had been presented, not as one monolithic agreement but as a collection of focused proposals that could be evaluated individually. For every country involved, the changes that were accepted would better reflect the values of their citizens. If that public interest were truly the priority, then the TPP would have been presented this way.

Thank you.

• (1430)

The Chair: Thank you.

We are going to go to mike number two with Darcie Lanthier.

Go ahead.

Ms. Darcie Lanthier (As an Individual): Darcie Lanthier *en français*, but here on Prince Edward Island we say "Darcie Lanthier" and hope for the best.

I just wrote my talk while I was sitting there, so it's probably shorter than two minutes.

I am an energy systems engineering technologist—quite a mouthful. I work in the renewable energy sector, mostly with solar. It is the primary function of governments to protect citizens from corporations. The TPP is the tool to protect corporations from citizens. Trade deals are made nation to nation to remove little barriers, as in music and manufactured goods. Investor-state dispute mechanisms are not about trade. This one specifically is about corporate profits. As a renewable energy specialist, I attended the energy ministers' conference when it was last held in Charlottetown, and I listened to the VP of Suncor call the tar sands “an Asian investment opportunity” 14 times in 15 minutes.

The VP of Irving told the room to be unashamed, “After all, we are not big tobacco.” They are worse. The oil sector has been standing in the way of renewable energy for decades. They have been working against progress on climate change. They have killed more people than big tobacco, and they will eliminate the generations to come. They cannot be able to go to a little group of corporate lawyers and insist that their right to profit supersedes our right to a future.

Thank you.

The Chair: Thank you.

We have a gentleman who just arrived. Welcome.

We are going to squeeze you in, sir. Is it Cameron? Go ahead, for two minutes. As soon as you have reached two minutes, I'll put this up and you have to make final remarks. As I said, if you don't get all your comments in now, you can submit them to us, and our clerk will take them.

Go ahead, sir.

Mr. Cameron Macduffee (As an Individual): Thank you very much. My comments will be brief.

I am not representing any organization. I am just here as a concerned citizen who wants to make a statement for the public record.

My name is Cameron Macduffee. I am a resident of Prince Edward Island. I am not in favour of the Canadian government ratifying the Trans-Pacific Partnership, because I believe that it undermines our democracy by placing the rights of foreign investors above the rights and needs of Canadian citizens.

The TPP, as I understand it, gives power to foreign investors to sue the Canadian government if it puts the health of our citizens, our economy, or our environment ahead of foreign investors expecting profits. As I read through different parts of this agreement, it strikes me again and again that it places the right of foreign investors and multinational corporations to make a profit above the well-being of everyone else. I think this sets a dangerous precedent, for I believe that corporations should be responsible to people and societies, and not the other way around.

I believe that if the Canadian government is serious about upholding the integrity of our democracy and preserving the health of our economy, our environment, and the well-being of all Canadian citizens, it should not support the Trans-Pacific Partnership.

Thank you very much.

The Chair: Thank you, sir.

That wraps up our consultation process in P.E.I.

We are heading to Newfoundland right now, Nova Scotia tomorrow, and then back to Ottawa, where we have more submissions. We should be done by the end of October and have the report in front of the House of Commons by next year.

Thanks, everybody, for coming. We really enjoyed being here in P.E.I., and we are bound to come back.

Thank you.

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