



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on International Trade**

---

CIIT • NUMBER 037 • 1st SESSION • 42nd PARLIAMENT

---

**EVIDENCE**

**Thursday, October 6, 2016**



**Chair**

**The Honourable Mark Eyking**



## Standing Committee on International Trade

Thursday, October 6, 2016

• (1100)

[English]

**The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):** Good morning, everyone.

We're going back to Bill C-13. We got most of it done on the last day we were here. It was good to see the officials here giving us some assistance and clarification, and it's good to see them back here again today.

(On clause 33)

**The Chair:** As committee members know, we have just one clause to deal with, clause 33. We had one amendment that was scratched already. There was another amendment on the floor by Mr. Ritz.

Do you want something changed here? Go ahead, Mr. Ritz.

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

Thank you, ladies and gentlemen, for all the work you have done on this file.

I would like, at this point, to ask for unanimous consent to remove amendment CPC-3 so that we could move forward with discussion on amendment CPC-4.

**The Chair:** Do I have unanimous consent to remove that?

**Some hon. members:** Agreed.

(Amendment withdrawn)

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

You have before you amendment CPC-4, which the officials and stakeholders have worked out. The only thing that has come to light since this was printed is that in the amendment, between paragraphs (a) and (b), should be the word “or” rather than “and”, so I would make that change. It's not significant, but there has been agreement between officials and stakeholders that this be the amendment now before us.

**The Chair:** Is there anything more on that?

Is there any discussion on this change?

**Mr. Sukh Dhaliwal (Surrey—Newton, Lib.):** No, we all agree.

**The Chair:** Does anyone need clarification?

Go ahead, Mr. Peterson.

**Mr. Kyle Peterson (Newmarket—Aurora, Lib.):** In the French version, the change would be to remove the last line of paragraph *aou qui y sont attachés*”, would be struck out.

I think that has the same effect as what was done.

**Mr. Randy Hoback (Prince Albert, CPC):** That would do the equivalent.

**Mr. Kyle Peterson:** Yes.

**The Chair:** Do we need any more discussion or clarification from the officials?

**Mr. Sukh Dhaliwal:** Yes, we should.

**Ms. Sheila Larmour-Reid (Legal Counsel, Department of Health):** I would just add a semicolon at the end of that.

**Mr. Kyle Peterson:** Again, in French, at the end of paragraph *a*), where there's a comma now after “*les accompagner*”, there would be a semicolon.

Is that correct?

**The Chair:** We're just going to make sure everything is in order.

Go ahead, Mr. Hoback.

• (1105)

**Mr. Randy Hoback:** On a point of order, is the process that we make amendments and it goes back to the House as it has been amended, to be voted on in the House?

**The Chair:** Yes.

Good. There is nothing else?

Does everybody agree with this?

**Mr. Sukh Dhaliwal:** Could you just say again, Chair, what the changes are?

**The Chair:** Do you want me to read the amendment again?

**Mr. Sukh Dhaliwal:** Can you read just the changes?

**The Chair:** Go ahead.

**Mr. Justin Vaive (Legislative Clerk):** The change in the amendment is between paragraphs (a) and (b) in the English. There will be a “; or” where it used to be “; and”. In the French, again between *a*) and *b*),

[Translation]

the words “or that is attached to” will be removed.

[English]

**Mr. Kyle Peterson:** And you're adding a semicolon.

[Translation]

**Mr. Justin Vaive:** No, it's not necessary.

[English]

**The Chair:** Are all in favour of this amendment?

(Amendment agreed to [See *Minutes of Proceedings*])

**The Chair:** Is there anything else we have to deal with? Of course we have to go to the title and so on.

We're back now to the clause. Does everybody agree with the new clause as amended?

(Clause 33 as amended agreed to)

**The Chair:** Now we go to the title. Shall the title carry?

**Some hon. members:** Agreed.

**The Chair:** Shall the bill as amended carry?

**Some hon. members:** Agreed.

**The Chair:** Shall I report the bill as amended to the House?

**Some hon. members:** Agreed.

**The Chair:** Shall the committee order a reprint of the bill?

**Some hon. members:** Agreed.

**The Chair:** We're all done with the officials. Thank you.

Just to let everybody know, I'm going to present this in the House tomorrow on behalf of the committee.

Tomorrow is Friday.

**Hon. Gerry Ritz:** You're here? I heard at one point you weren't.

**The Chair:** I'm here, Gerry.

I knew you were going to come and do it, but I heard you had to go home and shovel your driveway.

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

**The Chair:** We're just going to suspend and then we're going to come back to our business.

• (1105) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1110)

**The Chair:** We're back to Global Affairs Canada and we're dealing with the TPP.

It's good to see Mr. May. Thank you for coming to our committee.

**Mr. Bryan May (Cambridge, Lib.):** It's a pleasure, Chair.

**The Chair:** You will find it's the most vibrant, exciting, productive committee on the Hill.

**Mr. Bryan May:** It will be today.

**The Chair:** We're glad that Global Affairs could be back. As many of you know, on global affairs we've been fairly active at our committee for various reasons. We have the softwood lumber issues and agriculture issues with the United States and with the European agreement. We've just finished up last week with our cross-country tour. We did every province and we did a video conference with the

territories. It's one thing to hear it here in the room, but when you're going to each province right into communities you get quite the perspective.

We were very successful. We had a lot of briefings and quite different perspectives across the country. We're glad you are here. I think the timing is good, after our travels, that you're here to give us an update or answer any questions on this agreement.

Ms. Hillman, you have the floor.

**Ms. Kirsten Hillman (Assistant Deputy Minister, Trade Agreements and Negotiations, Department of Foreign Affairs, Trade and Development):** Thank you very much, Mr. Chairman, and good morning to everybody in the committee.

I'm very pleased to be back again with you here today and to provide you with a bit of an update on the activities of the government's consultations with respect to the TPP, and give you a sense of what we're hearing, both concerns and support. Of course, I look forward to answering any questions that you have.

Deputy Minister Hogan was invited by the committee to join you here today and she was unable to join you so she sends her regrets and she sends me.

With me, from Global Affairs Canada, I have Dany Carriere, who is the deputy chief negotiator from the TPP and the director of the TPP division; Sarah Phillips, who is our lead negotiator for temporary entry within the negotiations; Loris Mirella, who was our lead negotiator for the intellectual property provisions within the agreement; Paul Huynh, who is the acting director of the tariff and goods market access division; and André Downs, who is the chief economist for Global Affairs Canada.

We have many other folks behind, but we thought this was probably a good cross-section based on what we've seen from the kinds of questions and feedback you've been getting.

Before I move to the TPP consultations to date, I'd like to just take a few minutes to say a few words about the TPP economic impact assessment, which was completed by the office of the chief economist at Global Affairs Canada, and shared with this committee, and Canadians, on September 9, 2016.

The chief economist's study considered two possible scenarios: first, a scenario where Canada is in the TPP; and second, a scenario where we are not in the TPP, but the TPP enters into force. In short, the study projects a GDP growth of 0.127% if Canada is part of the TPP, which would generate gains of \$4.3 billion in the long term. If Canada were not to participate in the agreement, and the 11 other countries were to implement it, the study projects GDP losses of \$5.3 billion by 2040.

• (1115)

[Translation]

Reaction to the report has been mixed. Some note the projected GDP impacts as evidence that the agreement is important to Canadian businesses and exporters, whereas others have asserted that the projected GDP gains do not outweigh the concerns raised by many on labour mobility, investor-state dispute settlement—known as ISDS—and intellectual property.

The chief economist's study is only one of a diverse set of perspectives asserting various economic outcomes from the TPP. There are economic impact studies by Tufts University, the World Bank and the C.D. Howe Institute, among others. The government remains committed to considering a variety of studies, using different methodologies to assess the value of Canada's participation in the TPP.

[English]

With respect to our TPP consultations, since taking office the government has heard from all provinces and territories, industry, civil society, think tanks, academics, indigenous groups, students, and the general public on all aspects of the agreement.

Minister Freeland and her cabinet colleagues, as well as Parliamentary Secretary Lametti, have met with hundreds of Canadians to hear their views in consultations across the country. Officials have also met and heard from hundreds of individuals, businesses, and national associations, many of whom have also testified before you in this committee.

[Translation]

Through our consultations, we have heard that the Canadian business community generally views the TPP as an important opportunity to diversify Canada's trade and expand access for Canadian exporters and investors in Asia-Pacific markets.

This reflects the views shared with us by farmers, fishers and business associations such as the Canadian Chamber of Commerce, the Council of Forest Industries and the Canadian Agri-Food Trade Alliance.

[English]

Civil society organizations and unions have raised concerns relating to the impact of TPP on Canadian jobs, the scope and application of the investor-state dispute settlement mechanism, and certain intellectual property provisions.

Some Canadians also oppose the agreement altogether and have requested that Canada walk away.

[Translation]

I would like to expand on some of the recurring themes that we have heard.

[English]

Let's start with labour mobility.

Some stakeholders have said they want to ensure that the movement of high-skilled workers is facilitated, whereas others are concerned that it will lead to an influx of foreign workers and low-skilled workers. For example, some have questioned whether the TPP could lead to foreign companies winning procurement contracts in Canada and then bringing in their own employees to Canada instead of hiring Canadians.

We've also heard from certain business stakeholders about the difficulty they encounter in finding qualified personnel to perform their work and who welcome the opportunity that trade agreements afford them in facilitating recourse to qualified short-term foreign workers for specific needs.

Under the TPP, facilitated access into Canada would be limited to high-skilled business persons who have either invested substantial capital, or who have pre-arranged contracts or employment offers in Canada. In the case of high-skilled professionals and technicians, such as architects, engineers, and IT workers from countries like Japan, Malaysia, and Australia, Canada has also included safeguards such as education and the prevailing Canadian wage requirements.

Temporary entry commitments do not affect Canada's immigration policy, such as with visa requirements, nor does it affect the ability to maintain licensing and qualification requirements at any level of government.

● (1120)

[Translation]

It is clear from the government's consultations that the temporary entry of businesspeople is a complex issue, and many Canadians are seeking clarity on the implications of the agreement. We have met with several concerned stakeholders, including the Canadian Labour Congress, Unifor, the Teamsters, Canada's Building Trades Unions and other central labour bodies, to listen to their concerns, and to provide added clarity on the scope and application of the agreement's temporary entry commitments.

[English]

Let me now turn to investments and the investor-state dispute settlement.

The TPP's investment provisions have also generated a lot of interest from Canadians. In particular, many Canadians have concerns regarding the scope and application of the TPP's ISDS mechanism, or investor-state dispute settlement. More specifically, some fear that ISDS provisions will allow corporations to sue the government if a regulation or law interferes with their business practices or leads to a potential loss of profit.

In other words, they're concerned that the TPP's ISDS mechanism could prevent the government from regulating in the public interest.

[Translation]

We have also heard from Canadians who value a sound investment framework overseas and who support the TPP investment provisions, including those concerning investor-state dispute settlement. They say that binding investment rules, predictable market access and dispute settlement mechanisms help enhance the international investment climate.

[English]

Let me now turn to intellectual property. The intellectual property chapter is another key area about which the government has heard diverse views. Some say that these rules will hamper innovation by forcing Canadian innovators to play by rules forged by the United States, and that copyright term extension will make it harder for Canadian creators and innovators to use material protected by copyright. Some commentators have voiced concern that the TPP intellectual property provisions on patent protection could lead to increased cost of medicines in Canada due to a delay in the availability of generic drugs by a few years. On the other hand, we have also heard about the benefits that could stem from the TPP, such as a more predictable rules-based system to protect the intellectual property of Canadians who trade in the region.

Turning now to market access, with respect to market access for goods and services, as the committee can appreciate, the feedback provided has been dynamic and for the most part positive. We've heard from Canada's export-oriented businesses that they are keen to take advantage of new market access opportunities. They have underlined to us the importance of a level playing field and the potential impact on their export markets should the TPP go ahead without Canada.

We have also heard from supply-managed sectors. Concerns have been raised regarding an erosion of Canada's system of supply management and the impacts on farmers. Attention has also been paid to conveying expectations to the government regarding transition support should a decision be made to ratify the TPP.

[Translation]

Diverse views have been expressed about the TPP and its potential impact on the auto sector. We have heard from auto manufacturers, auto parts suppliers, and unions. Some of Canada's auto manufacturers are expressing significant concern with the discrepancy in length of Canada's tariff phase-out as compared to the U.S. phase-out.

However, other stakeholders in the automotive sector have advocated for a shorter tariff phase-out on autos coming from Japan, and indeed, it should be noted that Japanese autos are at a competitive disadvantage compared to Korean vehicles which will enter Canada duty-free beginning in 2017 under the Canada-Korea Free Trade Agreement.

Others in Canada's auto sector view the TPP as granting Canada increased market access opportunities and are urging for ratification as soon as possible.

• (1125)

[English]

The TPP automotive and auto parts rules of origin have also garnered significant attention, and have been raised on many occasions during our consultations. The different views expressed reflect a diverse array of interests in Canada's auto sector. For example, we've heard from some auto stakeholders that rules of origin are a factor that is taken into account when they make sourcing, production, and investment decisions. We have also heard that other factors are significant considerations, such as the quality of inputs and the proximity of suppliers to production facilities.

With respect to the sourcing of parts in particular, it has been noted that the TPP rules of origin will create more options for Canadian automakers, and in so doing will increase the level of competition faced by our parts producers.

In conclusion, I think overall the government's consultations on the TPP have been very enlightening and informative. Canadians across the country and businesses across all sectors have expressed clear views, and have contributed greatly to a national dialogue on TPP so far.

[Translation]

The government remains committed to being open and transparent with Canadians and Parliament on the outcomes of the TPP. It is important to note that the other 11 TPP signatories are at varying stages of their domestic processes towards ratification, but no country has yet ratified the agreement. TPP signatories have until February 2018 to bring the agreement into force, which allows sufficient time for Canada to consider the wording of the agreement and the views of Canadians before making an informed decision on the next steps.

[English]

We welcome the opportunity to be here with the committee today and answer any questions you may have as you work to continue your own consultations on the TPP.

Thank you.

**The Chair:** Thank you, Ms. Hillman.

It's a very good brief. It's similar to what we have been hearing across the country. It's a good snapshot. I think it's the first time I've seen those initial numbers. Maybe we'll have some of our MPs ask about those numbers and about the impact if you're in or the impact if you're not in. We'll leave that to the members.

We're going to get started on some questions from the MPs, and we're going to start with the Conservatives.

We have Mr. Ritz. Go ahead, sir.

**Hon. Gerry Ritz:** Thank you, Mr. Chair, and thank you to the officials for a great compilation of exactly what we've been hearing. I'm sure you kept up to speed on that as well. You've highlighted some of the major concerns we've heard out there from the side that says, "Walk away, it's not a good deal". I tend to take the other side of that. I think it's a tremendous opportunity for Canada to get into those growing middle-class marketplaces in the Pacific Rim.

I do have some questions, and the chair alluded to the first one on the chief economist's report that there's no GDP gain, and it's only \$4.3 billion in the year 2040. That doesn't reflect the cumulative gain year by year. I know there's no specific modelling that can be doing that, but we're hearing from people out there that say it's not enough for all the risk that we're taking. How do you respond to that when we know that there's a gain year in and year out? I know you can't second-guess who's going to take advantage of it and move forward.

The other thing they say in that regard is that we're already 97% tariff free, which is probably true of the commodities we're shipping, but there are a lot of commodities we don't ship because the tariff wall is so high. From that economy side, I see this as a huge boon to Canada. How do you respond to that when it's only \$4.3 billion, and we're giving that to dairy farmers?

• (1130)

**Ms. Kirsten Hillman:** I will answer in some general terms, and then pass the floor to André to answer your specific questions.

The study and the model we have undertaken within Global Affairs Canada and the office of the chief economist is run under specific parameters, with specific assumptions. It provides information and a snapshot on certain issues that André can reflect on further. What it doesn't do and can't do in a way that we, as officials, feel confident that we can stand behind—

**Hon. Gerry Ritz:** Take a guess, because by 2040 you won't be an official anymore.

**Ms. Kirsten Hillman:** That's right.

**A voice:** You're safe.

**Hon. Gerry Ritz:** You're safe, and I'll be here to check it out.

**Ms. Kirsten Hillman:** There are all sorts of things that happen when a trade agreement comes into force, including synergies and business activity that we cannot predict and that they cannot take into account in this kind of a model. That's just a limitation of the modelling that we have.

I'll now turn to André.

**Mr. André Downs (Director General and Chief Economist, Department of Foreign Affairs, Trade and Development):** There's a limit to what the model can do. What we tried to do is to assess the impact of the most significant changes. When we're talking about trade policy and we're in an environment where tariffs are low, you cannot expect major swings and trade flows, and economic activity —

**Hon. Gerry Ritz:** Right, but they have to build

**Mr. André Downs:** —so we're talking about marginal changes to the overall trade environment. In these circumstances rarely do trade policy initiatives generate big bangs.

**Hon. Gerry Ritz:** No.

**Mr. André Downs:** We're always talking about incremental changes.

**Hon. Gerry Ritz:** No, it's a slow, managed gain, I agree with that.

It would then follow that the Tufts University studies, which talk about doom and gloom, are based on those same clearly defined models. They're extrapolating numbers. They're best guesses.

**Mr. André Downs:** The Tufts University model is different. It starts with the projections on trade and GDP that were generated by other simulations, such as the Peterson Institute, or the C.D. Howe Institute, or ours. Then it incorporates these projections into a model that focuses on other dimensions, such as the labour market, income inequality, etc. The model is structured in such a way that whatever the shock, it's going to have a negative impact on income equality. It depends—

**Hon. Gerry Ritz:** It's only one side.

**A voice:** That's right.

**Hon. Gerry Ritz:** Yes, it's one side. Okay, thank you.

The other point I'd like to make, which was concerning for a lot of the unionized folks out there, is that somehow there would be a flood of non-certified, non-qualified people coming in and taking over jobs. As you explain on page 5 of your presentation, Ms. Hillman, it's all about qualifications and requirements at every level of government. If I want a crane operator, then I have to have a certified crane operator. I can't just bring in Joe Blow from East Overshoe and say, "Here, run my crane". I wouldn't do that anyway because of the liability. To underscore that this is already in that agreement, and that they have to come in under those qualifications, is good. Thank you for that.

**The Chair:** Mr. Ritz, I'm sorry, your time is up.

**Hon. Gerry Ritz:** Ah, man.

In 2040, we'll get together again.

**The Chair:** Okay. Thank you, Mr. Ritz.

We're going to move over to the Liberals. Mr. Dhaliwal, you have the floor.

**Mr. Sukh Dhaliwal:** Thank you. Welcome, panel members.

My question is going to be for Assistant Deputy Minister Hillman. It's going to be focused only on workers.

In your view, would this lead to a significant increase in temporary foreign workers if we ratify the TPP?

**Ms. Kirsten Hillman:** I think that we can look to what it covers and what it doesn't cover. As I said in my presentation, there are some very specific considerations on what types of workers it covers, what kinds of constraints are in place, and the period and the function for which they can come to Canada.

To project into the future of the TPP is challenging, but what I can tell you is that we do have some experience from past FTAs. For example, our temporary entry obligations under the TPP are on par with some of our recent trade agreements. Those recent trade agreements have not lead to significant influxes of foreign workers.

For example, in 2015, Canada's commitments for professionals and technicians with Peru and Colombia resulted in only a total of 14 and 45 entrants, respectively. Our commitments with Korea—we have an FTA with Korea—resulted in 13 professionals entering Canada in 2015.

• (1135)

**Mr. Sukh Dhaliwal:** My concern is even bigger now when I go through your presentation on page 5, where you say you need proper qualifications and professional designations to enter Canada to work.

**Ms. Kirsten Hillman:** Yes.

**Mr. Sukh Dhaliwal:** It would not affect our professional architects, engineers, or technicians. It would affect the new students coming out of the universities who are looking for jobs, because if you need a professional engineer, they would not have that designation to work here as a professional engineer. The assistants would be able to move here. How would you be able to tell those people that they would not be affected by this?

**Ms. Kirsten Hillman:** Just to make sure I understand your question. You're saying that young Canadian professionals...

**Mr. Sukh Dhaliwal:** Yes, they would have difficulty. The reason is that the professionals who already have work experience would have achieved their professional designations. They would not be affected because the people who are coming from overseas would not be able to do that type of work. The only workers who would be able to do the work do not have those qualifications. That is where my concern is. Those young students who are coming out of the universities would be most affected by this TPP.

**Ms. Kirsten Hillman:** There are two answers to your question. One is that for those categories of professionals, there are prevailing wage requirements. In other words those professionals coming from abroad into Canada would have to be paid the prevailing wage in Canada, in that region, for a professional at that level of expertise and experience.

Therefore, if what you're suggesting is that maybe the company would be more inclined to hire this worker from abroad than our young people, then they would be hiring them at a higher wage. They would have to hire them at the same wage they would pay for the more experienced Canadian professional, given the prevailing wage requirements.

They would also have to have a pre-arranged contract. They don't come in and look for a job. There would have to be an investor or a contract here that requires that person to come in on a temporary basis to facilitate the particular investment or particular service that is being provided by the TPP country.

**Mr. Sukh Dhaliwal:** What you're telling me, and Canadians, is that we would be able to strike a balance between the temporary foreign workers and sustaining the industries that need the workforce. Is that true?

**Ms. Kirsten Hillman:** Right. It's really important to understand that a temporary entry commitment in a free trade agreement is something different from domestic policy on temporary foreign workers. Those are two very different things. What we're doing in a free trade agreement with respect to temporary entry is helping to complement and to operationalize and to facilitate. When a Canadian company makes an investment in a TPP country or goes to offer a service in a TPP country, it wants to bring its professionals or its managers for a limited period of time to get the thing up and running, and vice versa, into Canada.

The temporary foreign worker program is a domestic program that deals with all different categories of workers in a very different context. The TPP covers that restricted group of professionals and technicians, spouses, etc., and for a limited period of time. It simply facilitates their entry by removing some of the requirements at the border. It's not an opening of the floodgates, as the statistics that I mentioned would clearly show.

**Mr. Sukh Dhaliwal:** Thank you. That answers my question.

**The Chair:** Thank you, Mr. Dhaliwal. I gave you quite a bit of extra time, but it was a good discussion and I think it's what all our MPs wanted to hear from you, Ms. Hillman.

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

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

I think we could have you here every week. We have so many questions. We're often putting to the side the questions we have for you when we come, so thank you for coming again, and I'm sure it won't be until 2040 that we see you again.

My first question is really around something that Mr. Ritz touched on. There's a promised compensation package under the previous government of \$4.3 billion to dairy. We were in New Brunswick last week and we heard that the Atlantic provinces will lose a half of their dairy farms under the TPP. This is their prediction. Did you do any modelling or did you look at modelling that would look at the impact of that compensation package being given?

If we give the \$4.3 billion in the first 15 years of CETA and TPP, and then the gain by 2040 is \$4.3 billion, I'm not the finance critic but I certainly can see that we're not going to see the benefit past that 15 years because of that compensation.

Mr. Downs, did you do any modelling that looks at the impact of that compensation being included?

• (1140)

**Ms. Kirsten Hillman:** First, just to be crystal clear, the government hasn't taken a position on that. Isn't that right?

**Ms. Tracey Ramsey:** Yes, I know that. It's not about the positioning. It's just about whether you looked at it being included and then not being included.



**Mr. André Downs:** No, we didn't model it.

**Ms. Tracey Ramsey:** Okay, thank you.

My second question is again about the economic impact study. Other studies that we've seen have predicted significant job losses. It's been something we've heard repeated over and over, and it's the tough study that predicts 60,000 job losses in Canada. We see that's not included in the study that was released. The job loss is concerning to us all. It's something we hear across the country, certainly as far as we've been now from one end to the other. People are concerned about that.

Would the assumption of employment be unaffected by the TPP, or did you do any modelling including employment predictions?

**Mr. André Downs:** We don't explicitly model the labour market when we do a trade policy assessment. Essentially, the focus of our analysis is on the reallocation of resources within the economy. We start with a specific level of employment, which is the current level of employment, and there is some movement in the labour market, but relatively small within the model. That's not the focus of our analysis. Essentially as long as one has aggregate GDP gains, one can assume that this will lead to increased employment. Indeed, in the past we've talked about jobs-equivalent: a GDP gain of  $x$  will generate, on average,  $y$ , that specific level—

**Ms. Tracey Ramsey:** The jobs attached.... Okay, fair enough.

**Mr. André Downs:** —of jobs. Usually since trade policy leads to reallocation of resources, the impact on aggregate employment is relatively small.

**Ms. Tracey Ramsey:** Okay, thank you for that.

How has Canada been talking to our U.S. counterparts about renegotiation, or about what that scenario would look like? We're watching what's happening in the U.S. It's something that comes up daily in our committee studies. Is there any scenario that you've looked at or discussed with your U.S. counterparts?

**Ms. Kirsten Hillman:** The answer is that renegotiation is something that the U.S. administration has said publicly and consistently is not on the table.

**Ms. Tracey Ramsey:** Okay.

**Ms. Kirsten Hillman:** They have their own domestic process that they're going through. A lot of the debates they are having have to do with how the agreement will be implemented. The administration is talking about how the agreement will be implemented to address some of the points that have been raised within their domestic environment.

**Ms. Tracey Ramsey:** That was my next question. Are you preparing for implementing legislation? I get that the government doesn't have a position yet, but we have to prepare for what would come, so have you met with U.S. counterparts regarding the implementation of legislation?

**Ms. Kirsten Hillman:** No, we haven't.

**Ms. Tracey Ramsey:** Okay.

Do I still have time?

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

**Ms. Tracey Ramsey:** I'm not going to be able to get a question out in half a minute, but I would just say that the intellectual property is where I'd like to go next.

We've heard grave concerns in this country around the impacts of increased costs for drugs. It's been estimated that under the TPP it could be \$636 million per year. It's not included in the economic impact study, but I wonder if you could speak to us about these significant costs to our economy and basically what the projections are around that.

**The Chair:** Ms. Ramsey, you're out of time, but I think you're going to have another shot at this, so maybe you want to park that question for the next time.

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

Go ahead, sir.

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

Thank you, everyone, for being here today, and thanks for that presentation. It was very informative and I think it reflects some of the conclusions or some of the information that we're hearing, too, when the committee does its work. It's nice to see it all in one document. I think that's going to prove very helpful as we go along in this process.

I have a question for you, Mr. Downs. I'll start with you just briefly with regard to the economic assessment, maybe in comparison to the other economic assessments, or so-called economic assessments, that are out there. When I was studying economics at Rotman, Doug Hyatt was my economics professor, and he always said that the outcome is often based on the assumptions.

When you compare these economic assessments—I presume they're peer-reviewed to begin with—are people using different assumptions that will lead to different outcomes and different conclusions?

• (1145)

**Mr. André Downs:** We're using slightly different models, with slightly different assumptions, leading to slightly different results.

When it comes to the assumptions, we try to be as balanced as we can when we do our own simulation. We don't have an agenda when we do our simulation. We're essentially trying to reflect to the best of our capacity the potential impacts of trade policy changes on the domestic economy.

As you can imagine, essentially simulating a reduction or an elimination of a tariff rate is pretty straightforward, but it's very difficult to make assumptions when it comes to looking at trade costs for services or for investments and what the impact will be of liberalizing investment regimes on foreign investment flows, for example. These are difficult assumptions to make.

We've been looking at these things for a long time. We do simulations. We do assess most trade policy initiatives taken within the department, so we're quite comfortable with that. We have a range, and we work with worldwide experts on assessing the impact of changes to trade policy on trade costs and trade flows. We're quite comfortable with the assumptions we've made.

There are some aspects that we don't model because they would lead to essentially very marginal impacts, non-significant impacts. We try to capture, through our assumptions, the key drivers of the changes in the domestic economy.

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

I have a question on the investor-state dispute mechanism. As you no doubt are aware, we've heard a lot of concerns about that provision of the agreement. The fear is that there will be a regulatory chill, that corporations will be able to dictate government policy because of the ISDS. I have trouble believing that was the intent of our negotiators when that provision was put in there.

Is there any merit to those positions? If so, how is it mitigated? Or how do you think it will play out in reality, in practical terms?

**Ms. Kirsten Hillman:** Whether or not there would be a regulatory chill in Canada in relation to the existence of ISDS and TPP or NAFTA or CETA or any of our other agreements I think is really a question for the governments that are regulating. I personally doubt very much that governments will not regulate in the public interest in ways that they think are very important to Canadians because of ISDS. I don't think that is likely, but you are probably better to answer this question than I am.

I would say there has been evolution in the provisions that we have placed in investment chapters over the years since NAFTA. I think CETA, as people know, is really the high-water mark in ensuring that it's crystal clear that governments are retaining their ability to regulate in the public interest. It puts in mechanisms for the dispute settlement system that further safeguard that.

The TPP also has more assurances in that regard than previous agreements have had. It doesn't go quite as far as CETA does, but in the TPP there are reinforcements with respect to the right to regulate in the public interest. There are additional procedural rules. There is a code-of-conduct provision, so enhancements have been made there as well. I think it's important in every respect, not just for this chapter but in all areas of international rule-making, that we build on our experiences from the past. The TPP, I think, has done that.

• (1150)

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

**Mr. Kyle Peterson:** So better is always possible when it comes to drafting these things.

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

We're going to move over to Madam Lapointe.

Go ahead.

[*Translation*]

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

Hello and welcome to all the witnesses.

Thank you for being with us. Your views will help us.

I'd like to come back to Ms. Ramsey's question. Drug prices and intellectual property have been discussed at length. A bit earlier, you were unable to answer Ms. Ramsey's question. There was a lot of doubt.

Do you think extending the duration of intellectual property could increase the likelihood of the TPP being signed?

**Ms. Kirsten Hillman:** Will it cause drug prices to increase? Is that your question?

**Ms. Linda Lapointe:** Yes, that's right.

**Ms. Kirsten Hillman:** There are two aspects to the answer.

Let me start by saying that we've heard the same thing as you. There is concern on the subject. The first thing to clarify is that the changes to the TPP to grant an additional two years of protection for certain drugs, are the same changes contained in the agreement with the Europeans. So the TPP, as such, will not change our Canadian system.

That said, with respect to drug prices, it's difficult, at the present time, to estimate the result of these changes, because several factors must be taken into consideration. The variables can't really be known. For example, we can't identify the drug, determine the price of the generic equivalent, or know the other provincial and federal policies for establishing drug prices.

There are initiatives to adopt federal and provincial policies on the subject. All of that makes a difference.

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

Indeed, I know there will be projects aimed at controlling drug prices at both the provincial and federal levels.

Let's talk about the implementation of the intellectual property rights provisions. Since this is an area of shared jurisdiction, do you think there could be a problem, if only with regard to drug prices? Health is an area of shared jurisdiction.

[*English*]

**Ms. Kirsten Hillman:** Is it a problem vis-à-vis the TPP?

[*Translation*]

**Ms. Linda Lapointe:** Yes, among other things. Jurisdiction is shared between the federal and provincial governments. We are talking about drug costs and intellectual property. Do you think there's a problem in this regard?

**Ms. Kirsten Hillman:** No, because our responsibilities toward our international partners are what they are. It's up to us how we take them into account here in Canada. If there are challenges to achieving a federal-provincial agreement on the subject, that situation will not have been created by the TPP, and the TPP will not make it easier or more difficult.

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

With respect to investment protection, how similar is the mechanism proposed in the TPP for investor-state dispute settlement, or ISDS, to the Canada-EU CETA?

On this issue, between the TPP and the CETA, would one agreement be better for, or more favourable to, Canada?

**Ms. Kirsten Hillman:** As I said earlier, it's clear that the CETA is the agreement that has enabled us to go the furthest in terms of giving the governments the power to regulate, and that gives us the most assurance that the process is independent, clear and fair.

• (1155)

[English]

I think the CETA is the high-water mark for us on ISDS. It has a number of features that the TPP doesn't have.

There are some similarities. Both the CETA and the TPP have underlined the right to regulate in the public interest. Both the CETA and the TPP have instituted codes of conduct, but the CETA has additional procedural elements in ISDS that go above and beyond what we have in the TPP, which are designed to ensure impartiality of the arbitrators. We don't have that in the TPP. There's also an appeal mechanism in the CETA that's already under way, whereas in the TPP there is a commitment to talk about it in the future.

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

We'll move over to Mr. Van Kesteren.

You have the floor. Go ahead, sir.

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

Thank you for being here. I think all of us agree that whenever you're here, it's a great eye-opener. You certainly do give us good direction.

I have just a quick question, perhaps for Ms. Hillman.

With the allegations that the TPP will increase the cost of drugs because of the patent rights, wouldn't there also be an argument that there would be more people in the playing field and therefore more competition, which would drive down the cost of drugs?

**Ms. Kirsten Hillman:** Possibly. As I say, my understanding of projecting the drug price impacts for the TPP is that at this time there are many variables at play that will determine what will happen. Some of them have to do with domestic policy and federal-provincial co-operation in this area. Some of them have to do with the sector: what drugs are being created; how prevalent they are in Canada; if they're being prescribed a lot, or if they're not being prescribed a lot; if other generics that can be substitutes are available on the market or aren't available on the market. If they aren't, they may be more expensive, and if they are, they may be less expensive.

From the conversations I have had on this with Loris and with colleagues from Health Canada, at this point in time, given all of those factors at play, it's very, very difficult to assess. I think it's important to note that cost impacts for this agreement, if it comes into force, won't be expected for many years after it comes into force. It's an extension on an existing patent, once the TPP enters into force for Canada and everybody else.

We're talking quite a few years down the road, which makes it even more difficult to predict what the environment will be at that time.

**Mr. Dave Van Kesteren:** Okay.

I'm not an academic. I have received my training, for the most part, right in committee. We constantly have the good pleasure of being schooled by people such as you and by the reading we do. But I am a free-market thinker. The older I get, the more convinced I am about the free market.

Maybe I should direct this to you, Mr. Downs. Isn't this a question between the free-market system versus maybe a new school of thought that we need to regulate these things? Don't we just step out in faith, when we make these agreements, trusting, looking back on the past, looking at what's been the result of a free-market system, that these things will play out in a positive way? Am I wrong in thinking that?

**Mr. André Downs:** Your question is more a philosophical one than an economic one, but indeed essentially the old principle of trade policy is based on the capacity of markets to adapt to changes. Of course in some cases, it could warrant government intervention if there are externalities that the government would like to take into account. But overall, the trade policy changes are based on the assumption that markets will readjust to the new environment.

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

He's not paying attention so I'm going to quickly grab it.

There's one thing that concerns me, and I haven't gotten an answer for this. What we always hear—and I think you're basically telling me what I think I know and I've experienced—when we talk to the small businesses and when we talk to the medium-sized and even the large corporations in Canada is that there's this mysterious group of multinationals that are going to take over the world. That's a tough one to really argue against. It's not that they're right, because it is just that, this mysterious...but what about that question? Is that something we as parliamentarians need to be concerned about? I know my colleague says yes.

I know I'm not giving you much time.

• (1200)

**Mr. André Downs:** I'd say it's not for me to answer. I think it's not related to trade policy. You're essentially talking about the rise of corporate power in the world economy. Market power can be exercised under any trade policy environment, so it's a much wider concern than what we are talking about today.

**Mr. Dave Van Kesteren:** So it really doesn't make any difference. It could happen in either system. Whether we have a closed market system or an open market system, that's still always a danger and something that we have to—

**Mr. André Downs:** There's essentially always a danger associated with market power.

**Mr. Dave Van Kesteren:** This is not enabling those groups.

**Mr. André Downs:** No, on the contrary, trade policy provides a level playing field for all players whether they're small or large. In that sense, trade policy is conducive to a better functioning of markets and a reduction in market power.

Usually trade policy is very pro-competition.

**Mr. Dave Van Kesteren:** Good. Thanks.

**The Chair:** Thank you, sir. Those were good questions.

We're going to move over to Ms. Ludwig.

You have the floor.

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

Thank you very much for excellent presentations.

My questions are a little different. When we were in the Atlantic region and we were doing our consultations, we heard from the Oxford Frozen Foods Limited. It was David Hoffman in the area for blueberries. We also heard from Mr. Burke regarding lobster and snow crab. They talked about not only the tariffs currently on their products in countries like Japan but also the significance of rural communities.

How might ratifying or not ratifying the TPP impact our rural communities that rely on, if we're looking at the east coast, blueberries, forestry, and fisheries for snow crab, groundfish, and lobster? How are they protected through the trade policy?

**Ms. Kirsten Hillman:** I don't know exactly what testimony you're referring to and what they were raising.

**Ms. Karen Ludwig:** I'll give you an example.

Mr. Hoffman said that, in Nova Scotia, two-thirds of the world market are wild blueberries and 90% of Nova Scotia's blueberries are exported, but currently right now in Japan the duty on blueberries is 30%.

**Ms. Kirsten Hillman:** Thank you. That's helpful.

As I was saying in my opening presentation about access for Canadians to new markets, we are hearing and we have heard not universally but almost universally support for the TPP. There are two reasons for that.

One is that there are some new significant high-growth markets in the TPP that we don't have FTAs with. Japan is obviously the biggest of them, but there's also Malaysia and Singapore, and some of these countries have very high tariffs. If you look at Mr. Downs' study, he has some charts in there that show you the average tariff rates of some of these countries. Our smaller communities that rely on the export of specific goods, and some of these very highly prized specialty goods in some of these markets, tend to be very much in favour because they will be able to get their product to market more cheaply and have a competitive advantage over others.

The other thing we hear—and I don't know if you have heard this or not but we have heard it quite a bit—is that there is quite a bit of hope in the Canadian export community that the TPP will grow to include more countries. There are a lot of countries in that region that I think Canadian exporters are quite interested in looking at. At least some of the conversations we have had have been about the actual opportunities that could exist under the agreement and then the opportunities that could exist if it were to grow.

**Ms. Karen Ludwig:** Okay.

Just as an aside, we heard from one witness who came before the open mike, who said... I'll just find the quote. I can't find it now. He was a member of the Council of Canadians and he said that probably never before had the committee heard this position, but he was going

to put it forward that the trade deal is partially about the U.S. control over China and a role for the military.

Have you heard anything on that basis?

• (1205)

**Ms. Kirsten Hillman:** No, I've never heard that.

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

The concerns that you've heard, or that have been expressed to government through the consultations and with the work that you've done, how have they differed from previous trade agreements? Is it similar for dispute mechanisms and intellectual property? Are they any different than the way we've been negotiating other trade agreements?

**Ms. Kirsten Hillman:** No, not really.

**Ms. Karen Ludwig:** Okay.

We heard from Paul Gaunce in New Brunswick, from the New Brunswick dairy producers, and we also heard from the dairy producers, I believe, in Nova Scotia. Here was the question that was posed: if there is a compensation package, might they be penalized if they also wanted to diversify at the same time? When I spoke with Paul, he said that they were not opposed to TPP, in fact they were willing to accept it, as long as there was support for them. He also said they wanted to see their industries diversify, but not be penalized if they were being compensated at the same time.

**Ms. Kirsten Hillman:** Do they mean penalized under the TPP or penalized...?

**Ms. Karen Ludwig:** That they would not get the same level of compensation if they were trying to diversify their efforts at the same time.

**Ms. Kirsten Hillman:** That's more of a domestic policy, political question, to be frank. How it is decided and what is decided with respect to helping sectors adjust, and the balance of that, is not our area of expertise. What I can say is that in providing support to Canadian industries of any kind, we do have to abide by rules with respect to subsidies. There are some rules with respect to subsidies in the WTO, under NAFTA, in the TPP, in the CETA, and in all of our trade agreements, but they are straightforward. You have to be sure you follow those rules, and we do always.

**Ms. Karen Ludwig:** I have one last question—

**The Chair:** No, don't try to sneak that one in there. Your time is up, and we're going to go over to Mr. Hoback.

Go ahead, you have the floor.

**Mr. Randy Hoback:** Thank you, Chair, and thank you witnesses for being here.

The first thing is that I'll just go back to the study. The way I read it, if we're not involved, we lose \$5.3 billion. If we are involved, we gain \$4.3 billion. There's a \$9.6-billion swing in our economy with this deal. Is that correct?

**Mr. André Downs:** Yes.

**Mr. Randy Hoback:** Okay, so that settles that. That tells us why

**Mr. André Downs:** You have to understand that when you look at TPP, the status quo is not an option. You're either in or you're out.

Essentially, when you analyze the drivers of your decision, you have to look at the difference between the two scenarios. Usually the status quo is an option when we're talking about policy options, but in this case it's not.

**Mr. Randy Hoback:** I'm glad to see that \$5.3-billion number because a lot of times some of the anti-trade people say, "We've been part of this agreement and we've had no gains". They've never done the analysis on what it would have been like if we wouldn't have been part of that agreement. What would we have lost? They never take that into their formulas. They always say, "We didn't gain anything". Wait a minute, we didn't lose \$5.3 billion, like we would have if we didn't participate in this. Sometimes it's how they distort the answers, right?

**Mr. André Downs:** TPP is a bit different because it encompasses major trade partners, i.e., the U.S. and Mexico, so there's a major impact on existing preferences. That's why, essentially, you have to look at both scenarios.

**Mr. Randy Hoback:** In regard to the perception that it was done in secret, who was told that they couldn't participate in consultations? Have you ever told anybody, "No, we can't talk to you"?

**Ms. Kirsten Hillman:** No.

**Mr. Randy Hoback:** Anybody who wanted to be informed or be consulted, right from day one, if they had brought that up, and said, "I have an interest here, I have a concern there", they would have been included in the process. Is that fair to say?

**Ms. Kirsten Hillman:** Yes.

**Mr. Randy Hoback:** If they chose not to participate...?

**Ms. Kirsten Hillman:** Right. There were different ways. We issued a *Canada Gazette* notice, and anybody could give their views, and many people did. We had various web-based updates. We also took meetings, not me but all of them. My team took meetings.

**Mr. Randy Hoback:** Yes. No different than—

**Ms. Kirsten Hillman:** To my knowledge, nobody ever refused a meeting or a phone call, or whatever.

**Mr. Randy Hoback:** Okay.

If I were to ask you to submit a list of those who were told they couldn't participate, there would be no list to submit.

**Ms. Kirsten Hillman:** To my knowledge, none of my team ever refused to either meet or have a phone call, or anything.

**Mr. Randy Hoback:** There were people who wanted even more input and more knowledge. They had to sign a confidentiality agreement. Is that correct? Is "non-disclosure" a better word?

• (1210)

**Ms. Kirsten Hillman:** Right. Certain stakeholders or individuals signed confidentiality agreements. What's a good example of this? We had incredibly technical negotiations with the auto parts companies and associations, with respect to the rules of origin on autos. We really did need to have very technical, deep conversations. Because we were right in the middle of it, we had to talk to them about some of the dynamics and negotiations with our trading partners, which we had, as a government, committed to keep confidential. We made a commitment to keep certain details of the negotiations confidential to allow the trust necessary to negotiate.

**Mr. Randy Hoback:** It's a big trust with other countries.

**Ms. Kirsten Hillman:** In those situations, it was in order to do our job properly and to consult properly with the affected industries. That's one example. Cultural industry is another example where we really had to get into the details of what was happening in the negotiations. In those situations, we asked them to sign those confidentiality agreements.

**Mr. Randy Hoback:** We've gone through the case of "we're either in or out". We've gone through the consultation process. I give Mr. Lametti credit. You've done a lot of talking with people. The word "consulting" has probably been beaten to death on this file. If you talk to any of the witnesses we've had, you'll see it's the third or fourth time—or if you're talking Senate, the sixth time—that they've talked about the TPP. I think we've put that to rest.

This may be a little inside baseball, since I probably have only a minute left. I'm looking forward on this file, with what's going on in the U.S. Nobody knows what's going on in the U.S., and nobody will know until February or March, or who knows when. Have there been any discussions about proceeding with this deal without the U.S.? If the U.S. decides to pull out, changing the rules so that all the other countries say, "You know what? This is still a good deal for developing the rules for trade in Asian markets".... Have there been any discussions about what that could possibly look like?

**Ms. Kirsten Hillman:** No.

**Mr. Randy Hoback:** Nothing at all? Okay.

All right.

Gerry, Dave, is there anything you guys want to add?

**Hon. Gerry Ritz:** I have one point.

There was a meeting of all the member countries last month in Japan. Our attendance was the *chargé d'affaires*, because we were in the midst of changing the ambassador over there. There was a general agreement that came out. The minister from Japan at that point said, "There is agreement to move forward. All countries are in. Some are maybe a little further ahead than others, but they all said they were going to expedite the process and get it done."

Were you aware of those meetings and that result?

**Ms. Kirsten Hillman:** Yes. We were aware of the meetings. Dany, do you want to speak to that?

**The Chair:** It will have to be quick, because their time is up. Go ahead.

**Ms. Dany Carriere (Deputy Chief Negotiator and Director, Trans-Pacific Partnership Division, Department of Foreign Affairs, Trade and Development):** I'll be quick.

That meeting was reported on afterwards. They went around the table and asked each country where it was at on ratification, and our chargé d'affaires was quite clear that this government has not yet taken a position and is carrying out consultations.

How the Japanese chose to present that afterwards was not in our control.

**The Chair:** We are going back to the NDP. Ms. Ramsey, you have three minutes.

**Ms. Tracey Ramsey:** First, Mr. Downs, if you could table your full report to this committee, we would appreciate it. We see the 15-page document that we have, but I assume there is more to it. We would like to see the full report, the economic impact study.

My question now is about the labour mobility chapter. In the concerns that have been raised to us, there are four categories. The major issue has been about business visitors, which are defined as any citizen from a signatory nation.

There are also two things in the TPP that.... Canada has agreed not to:

- (a) require labour certification tests [for these workers]
- (b) impose or maintain any numerical restriction relating to temporary entry.

Why have we agreed to these provisions? Does that definition of business visitors then not include any citizen of a signatory country?

**Ms. Kirsten Hillman:** I'm going to let Sarah, who is the deep expert on this, answer your questions. She is getting her deep documents out.

**Ms. Sarah Phillips (Deputy Director, Services Trade Policy, Department of Foreign Affairs, Trade and Development):** I want to make sure I have the actual definition in front of me as we discuss this.

Certainly, being a citizen of a country is part of the requirement, but it is not the full requirement when it comes to how Canada has defined business visitors under that category. There are two requirements set out for being eligible as a business visitor.

The first deals with the source of the remuneration, which means that the individuals entering Canada must be receiving their pay from outside of Canada. Someone coming for a business meeting or a trade fair is an excellent example of what the business visitor category is intended to capture. The remuneration could be direct remuneration to that person or remuneration to a company for a contract. There is no flow of remuneration from Canada back to that host country.

The second element of the business visitor category is that “the principal place of business and the predominant place of accrual of profits remain outside Canada”, so the individual isn't constantly entering Canada on a daily basis, coming and doing most of the work in Canada and then going back at the end of the day, or at the end of the week, and perhaps compiling what was done. The principal place of business has to be outside of Canada.

A number of activities that are covered are listed under business visitors. This is meant to capture individuals coming for meetings or trade fairs.

• (1215)

**Ms. Tracey Ramsey:** We've heard from a lot of building trades. Would skilled trades and building trades be included in there?

**Ms. Sarah Phillips:** I guess if a building tradesperson were coming to a trade fair to see about new techniques, that would be covered, but not coming to perform paid work.

**Ms. Tracey Ramsey:** The second part then is that we've agreed not to require labour certification tests for them and we've agreed not to impose a numerical restriction.

**Ms. Sarah Phillips:** I would actually build on this. If you look at Canada's domestic regime in the area of business visitors, we don't currently require an LMIA for these individuals, and we don't require any quotas for these individuals. They're not required to have a work permit in our domestic regime because they're not considered to be entering the labour market.

If you're not being paid while you're in Canada, you're not considered to be entering the labour market, so you don't need the work permit. Those tests that we apply in a domestic regime under the temporary foreign worker program, for example, such as the labour market impact assessment wouldn't apply to those individuals.

**Ms. Tracey Ramsey:** Yes, that has been highlighted here. Essentially the rules that are around the temporary foreign workers don't exist in here. That's the concern. But the labour certification test for the workers—

**The Chair:** Ms. Ramsey, your time is up.

If you have a quick answer to this go ahead.

**Ms. Sarah Phillips:** I think the quick answer is that the business... we're talking about the business visitor category.

**Ms. Tracey Ramsey:** No, all four categories.

**Ms. Sarah Phillips:** Okay. I apologize, because “business visitor” is one of four categories.

**Ms. Tracey Ramsey:** Yes, I said at the beginning all four. I just defined “business” because it's something that has been highlighted. Do all four categories require labour certification tests?

**Ms. Sarah Phillips:** They do not. The labour certification test in this instance would be Canada's labour market impact assessment. This is not a testing of credentials or licensing requirements. The instance of labour certification tests is Canada's labour market opinion or numerical restrictions such as quotas.

**The Chair:** Thank you.

Last, we're going to go to the Liberals. My understanding is that you're going to split your time. Go ahead, Mr. Dhaliwal.

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

Again, to the Assistant Deputy Minister Hillman, you explained those worker issues very well. I'm going to be very explicit in asking you this question in layman's language.

Let's say someone is a professional engineer, geologist, architect, plumber, or electrician. If they want to come in and do not have the professional qualifications that the local professionals need, they will not be able to enter and work in Canada under the TPP, correct?

**Ms. Kirsten Hillman:** Correct.

**Mr. Sukh Dhaliwal:** Okay. That's good.

The second question relates to what Mr. Hoback was talking about. We are hearing that it was not an open process and that you were not consulting. I'm only going to focus on the organizations that are fighting for workers' rights, whether it's the labour unions or other organizations. Were they consulted when you put this together?

**Ms. Kirsten Hillman:** Well, I'll go back to my answer before. Through the *Canada Gazette* process, they, like everybody, were able to submit their views and opinions. There were open public updates that I provided and that some of my leads provided on a regular basis, to which different labour organizations were also invited.

**Mr. Sukh Dhaliwal:** That's good.

My last question—

**Ms. Kirsten Hillman:** Everybody was invited, to be frank. They were open.

• (1220)

**Mr. Sukh Dhaliwal:** Okay. If the TPP were to be ratified, how long would it take for the new procedures to be put in place?

**Ms. Kirsten Hillman:** If Canada were to ratify the TPP and all other 11 countries were to ratify the TPP within two years of the signature, which will be February 2018, then it could enter into force immediately.

**Mr. Sukh Dhaliwal:** Okay.

**Ms. Kirsten Hillman:** But other than that, there is a formula. I think we've talked about that before. It's all 12 at the same time or it's eight and 85% of GDP.

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

I'll turn it over to Madam Lapointe.

[*Translation*]

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

I'd like to discuss foreign workers more, because people spoke to us a lot about the topic. In fact, on the last day our committee was in Halifax, Nova Scotia, during the audience remarks period, a person representing Halifax electricians came to meet us.

Earlier, Mr. Dhaliwal spoke about plumbers, among others. Given the competency credentials needed in Canada, people would not be able to come in all that easily. Do I understand correctly?

**Ms. Kirsten Hillman:** Foreign workers must have the same qualifications as ours in Canada.

**Ms. Linda Lapointe:** Do the qualifications include language? Do the people need to be able to speak one of our official languages?

**Ms. Kirsten Hillman:** I don't know the rules for each occupation or each sector. I don't have the knowledge to provide an answer on that. What is asked of Canadians is also asked of foreigners.

**Ms. Linda Lapointe:** Okay.

With respect to free trade with Peru and Korea, you mentioned that not many workers benefited from the entry. Am I understanding correctly? If there's another round of negotiations after the U.S. presidential election, what changes would you want made to the agreement currently on the table?

**Ms. Kirsten Hillman:** That's not a question for me.

**Ms. Linda Lapointe:** It's not a question for you?

**Ms. Kirsten Hillman:** No.

**Ms. Linda Lapointe:** And yet you were there a lot.

Okay.

If the ISDS mechanism proposed in the TPP is made available to foreign investors, should there be an obligation to exhaust all domestic remedies and seek relief from the domestic courts before referring the dispute to ISDS?

**Ms. Kirsten Hillman:** Generally, Canadian foreign investors abroad do not support this idea for the ISDS mechanism, because such mechanisms are often used to enforce the obligations contained in the international agreement. However, these obligations are not always imposed the same way in all jurisdictions. It must be recalled that the reason this mechanism exists is to give Canadian foreign investors, and foreign investors in Canada, the assurance that they know the basic rules.

Investors can always commence proceedings in a domestic court, here or elsewhere, when domestic law appears to have been violated. However, what's involved here is obtaining compliance with rules of an agreement that will not necessarily be enforced, or that will not be enforced the same way in each jurisdiction. Everything depends on the country. Therefore, if you require investors to exhaust all domestic legal remedies before referring the dispute to ISDS, there's a risk of losing a lot of time in court for a question that's not at the root of the problem.

**Ms. Linda Lapointe:** Thanks very much.

**Ms. Kirsten Hillman:** Both things can be done if a domestic law is violated. It's always possible.

[*English*]

**The Chair:** Thank you, Madam Lapointe. When you look at the time sheet here many of you went over, but they were good questions. I felt it was very good that we let you finish the answers so that we all got a concept of it. That ends our rounds.

Ms. Hillman, thank you. If you and your counterparts have anything else you want to add, we have a few minutes. Is there anything you're thinking or that you think we might need to know. This submission is concise, but is there anything you guys want to add?

**Ms. Kirsten Hillman:** Maybe I'll just say that in your opening remarks you had said that the summary of what we are hearing is in line with the summary of what you are hearing. I'm gratified to hear that because we have spent a lot of time as officials in the past months meeting with hundreds and hundreds of Canadians of all different kinds across the country, as well.

There's the work you've been doing and there's the work that Mr. Lametti's been doing, and the minister and other ministers, and us, as well. We speak to some of the same people, but we also speak to different people. It's reassuring in a certain way that we're all hearing similar kinds of concerns because then I think we can formulate concerns and supports, and we can get a fairly clear picture of what the tenor is out there. We continue to have conversations.

Another thing I would say is that we are always available to answer any more questions that anyone has around the TPP, or the next steps, or the content. We have well over 1,000 letters that we got on very technical questions, such as what the impact is of this

tariff or what this rule means. We answer all of those technical questions, and they keep coming in. I would like to say to you and for the record that we are always here to continue answering any questions that people have.

● (1225)

**The Chair:** We appreciate that, and I think you folks coming in has been very timely for us as we go through this process. We really commend the negotiators. When they're negotiating, it is a hard job to really think about what we can do for all Canadians. It must be very difficult and challenging, but it is what it is.

Thank you again for coming.

We're going to suspend for a few minutes, and then we're going to go in camera with future business.

*[Proceedings continue in camera]*

---









Published under the authority of the Speaker of  
the House of Commons

---

### SPEAKER'S PERMISSION

---

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

---

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

---

### PERMISSION DU PRÉSIDENT

---

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

---

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>