



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on International Trade**

---

CIIT • NUMBER 048 • 1st SESSION • 42nd PARLIAMENT

---

**EVIDENCE**

**Tuesday, November 29, 2016**

—  
**Chair**

**The Honourable Mark Eyking**



## Standing Committee on International Trade

Tuesday, November 29, 2016

• (1135)

[English]

**The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):** Welcome, everybody, and welcome witnesses, and witnesses via video conference.

Sorry for the delay. This is the time of year in the House when there are many votes, but we're going to make good use of the time we have remaining. We still have lots of time.

Without further ado, we're going to go right to the witnesses via video conference first. I'll start off with the representative from Irosoft, Alain Lavoie.

Welcome, sir.

[Translation]

**Mr. Alain Lavoie (President, Irosoft):** Mr. Chair and committee members, thank you for inviting me to participate in your consultations.

Let me introduce myself. My name is Alain Lavoie, and I'm the president of an SME that publishes software in the information and communication technology field, or ICT field.

First, I want to narrow the scope of my presentation by saying that I'm not an expert on the Canada-European Union Comprehensive Economic and Trade Agreement. However, I'm a very active entrepreneur in Quebec's ICT ecosystem. I'll speak only for myself. I'll provide my personal view of the situation in my sector. Obviously, I consulted other entrepreneurs and organizations before my appearance today.

The ICT ecosystem includes a number of fields and expertise, such as telecommunications and equipment. It also includes consulting services, customized IT solutions and software, and I'll focus more specifically on these things in my presentation.

In Quebec, the gross domestic product of the ICT sector was \$14.5 billion in 2013. From 1997 to 2013, the sector's GDP grew at an average annual rate of 4.4%. It grew twice as quickly as Quebec's total GDP, which increased at an annualized rate of 2.1%.

Overall, Quebec's ICT sector generated \$31.4 billion in revenue in 2012, which amounts to an 11% increase since 2008. Three industry sectors are responsible for this growth, specifically IT services, telecommunications and software publishing.

In Quebec, the ICT industry employees 150,000 people, which is more than a number of other economic sectors. It also mainly consists of SMEs. In fact, SMEs amount to 96% of telecommunica-

tions companies. According to a recent survey conducted by the Quebec Technology Association, 78% of SMEs in the ICT sector sell on the international market. That proportion is only 11% for the SMEs in all the other sectors combined. The export of Quebec's ICTs amounts to 34% of the sales figures for the sector's companies. This provides potential for export growth.

That said, how is the Canada-European Union Comprehensive Economic and Trade Agreement being received by Quebec's ICT industry? I'll exclude telecommunications and equipment, because I'm not familiar enough with their issues to talk about them properly. The agreement is being quite well received by the IT industry. However, some comments and nuances must be mentioned.

Since we spoke a great deal about the agreement as a way to eliminate tariffs and tariff lines, and since IT is not generally subject to those things, we feel less involved. We did business before the agreement's implementation, and we'll continue doing business afterward. Our SMEs should be well informed and most importantly helped, in order to fully benefit from this agreement.

In terms of labour mobility, if this agreement can help our businesses hire people from foreign countries more quickly, we would be delighted.

The issue of government contracts in Quebec is causing some concerns because IT contracts are currently being awarded at a slower rate. Suppliers feel insecure when it comes to the opening of government contracts. Therefore, SMEs must be told that the access to larger markets should compensate for this. The opening of government contracts will force businesses to become more competitive.

Lastly, cloud computing and privacy, which are special cases in our sector, should also be discussed because they may lead to a virtual tariff barrier.

ICT is a predominant sector that can make a strong contribution to the growth of wealth and the entry of new money into Canada. Our IT and communications SMEs are likely to fully benefit from this agreement. Our governments should help them and should try to make the agreement understandable for Canadian and Quebec businesses, especially SMEs. Our governments should explain how the agreement will affect them, particularly in terms of the opportunities it will provide. These aspects aren't always clear for an SME.

What can our governments do? They can create programs to help SMEs market and export their products. They can also give SMEs information and work with industry organizations, such as the Quebec Technology Association and the Information Technology Association of Canada, or ITAC, to raise awareness of the agreement and explain how to benefit from it.

In conclusion, I hope my presentation has given you a better understanding of the issues faced by one of the finest or even the finest industrial activity sector in Canada.

Thank you again for inviting me to appear today.

• (1140)

[*English*]

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

We're going to move over to Gus Van Harten. He's a professor of law at Osgoode Hall Law School in York University.

Welcome, sir. You have the floor.

**Dr. Gus Van Harten (Professor of Law, Osgoode Hall Law School, York University, As an Individual):** Thank you very much, Mr. Chair. I want to apologize in advance because I will have to leave at 12:20, since I will have a roomful of students waiting for me at 12:30. I'd like to thank you very much for the opportunity to present to you.

I'm going to make five very quick points about Bill C-30. First of all, and this may not surprise you, I don't think the foreign investor protection provisions in CETA are a good idea in the relationship between Canada and Europe. My view is that the inclusion of chapter eight in particular and article 13.21 of CETA are imprudent and not a justified concession of Canadian sovereignty. But I won't dwell on that point, because my written submission to the committee goes on at length about it.

The next four points are much more specific. My second is that Bill C-30 says in clause 9 that the agreement is approved. I think that raises an important question, namely, what about the agreement is being approved?" We know that portions of the agreement will not be provisionally applied in Europe, particularly those related to chapter eight and article 13.21 of the foreign investment protection provisions, and we know that there's uncertainty about how those provisions are going to fare in Europe at the European Court of Justice, in member states, and so on. There's even a prospect that the agreement as a whole will never be ratified in Europe. So why wouldn't clause 9 say something like "the agreement is approved for provisional application in Canada to the extent that it has been approved for provisional application by the European Union and European member states as applicable"? Because otherwise, Canada is in the position of unilaterally approving parts of the agreement and exposing ourselves to costs and risks of foreign investor claims when the other side to the agreement hasn't done the same.

That brings me to my third point, a very quick one. In subclause 8 (3) there's reference to causes of action being allowed under the agreement in Canadian law based on chapter eight, the foreign investor protection provisions. That's just an indicator of how in this legislation, Parliament would apparently be approving one-way claims against Canada without the same right being available to

Canadian investors under CETA due to the provisional application approach.

Maybe the federal government has a good answer to that point, but as the legislation is drafted, it seems to me very much open to the criticism that we haven't clarified which parts of the agreement we're applying and which parts we aren't.

Very quickly, in clause 11 the Minister of Trade is given the power to appoint the members of the roster under chapter 8. I just want to stress that this is a very significant power, because we could think of the members of that roster as, very simply, almost equivalent to Supreme Court of Canada judges in the extent of their powers to review the passage of laws, passage of regulations, and so on in Canada. Especially when it comes to deciding the budgetary implications of laws, members of that chapter eight roster will, I think it's fair to say, have even greater power than would Supreme Court of Canada judges in Canada. So to give the power to choose the roster members to one minister only, the Trade Minister, is too narrow, and it would be advisable to think about a more broadly based, publicly representative process to allow for appointment of those roster members, because they're going to be extraordinarily powerful—much more powerful than the other adjudicators who are appointed by other ministers pursuant to clause 11.

The last point is that in the case of chapter eight of the agreement, because there is this uncertainty about what the Europeans are going to do—they're talking about making it a fully judicial process, and about a multilateral court option—it seems to me to be putting the cart before the horse to be approving chapter eight in this legislation when we don't actually know what the final version of chapter eight may look like, and it could look very different once the Europeans are finished with it. For that reason I think it really calls for a pause with respect to those parts of the agreement that are not approved in Europe.

• (1145)

Thank you very much for the opportunity.

**The Chair:** Thank you, sir, and thank you for being on time.

We're going to go now to the Canadian Agri-Food Trade Alliance and we have Claire Citeau, the executive director.

It's good to see you here. I've seen you many times at the agriculture committee. Welcome to our trade committee. Go ahead. You have the floor.

[*Translation*]

**Ms. Claire Citeau (Executive Director, Canadian Agri-Food Trade Alliance):** Thank you, Mr. Chair.

Thank you for inviting me to speak on behalf of the Canadian Agri-Food Trade Alliance, the voice of Canadian agriculture and agri-food exporters.

[English]

CAFTA represents farmers, processors, and exporters from the beef, pork, grains, oilseeds, pulse, soy, malt, and sugar sectors. CAFTA members account for 90% of Canada's \$54 billion agriculture and agrifood exports, supporting 940,000 jobs across Canada.

To illustrate the important contribution of our sectors to the Canadian economy, I'll give you some numbers. In terms of GDP, Canadian agriculture and agrifood exporters generate a direct and indirect GDP of \$30 billion for agriculture and \$65 billion for food manufacturing. In terms of employment, our sectors represent 352,000 direct and indirect jobs in agriculture, along with 588,000 direct and indirect jobs in food manufacturing.

The specific contribution of our sectors is similar to the direct contribution of entire sectors such as universities, financial investment services, and arts and entertainment, and is even much greater than the contribution of the aerospace manufacturing sector.

Competitive access to global markets through free trade agreements is our top priority, and at the top of the list are Europe, Japan, and the Asia-Pacific region. Access for Canadian agriculture and agrifood products is a core benefit for Canada in the CETA agreement. CAFTA has long been a champion of the CETA agreement and of increased trade with Europe. We have attended many negotiating rounds and have met regularly with the negotiators and the government to ensure that the negotiated outcomes would provide real benefits for our exporters.

CAFTA was able to immediately and unequivocally voice its support of the agreement in principle when it was announced in October 2013. We were also pleased by the conclusion of the negotiations earlier this year and were present in Brussels for the signing of the historic deal. CETA offers tremendous potential and secures substantial access to one of the world's few billion-dollar markets, and it does so ahead of our major competitors.

With a population of 500 million people, the EU is the second-largest importer of agrifood products in the world. In 2014 Canada shipped \$3.2 billion in agriculture and agrifood products to the EU, led by wheat, soybeans, oilseeds, pulses, canola oil, frozen foods, and maple syrup. This is only about 5% of our total agrifood exports. Really, our exports should be much higher.

CAFTA has expressed support for CETA as the EU market has the potential to result in significant benefits for our exporters. The agreement could drive an additional \$600 million in beef, \$400 million in pork, \$100 million in grains and oilseeds, and \$100 million in sugar-containing products, as well as a further \$300 million in processed fruits and vegetables. Taken together, this is \$1.5 billion in new Canadian agrifood exports to the EU.

This is assuming that negotiated outcomes provide for commercially viable access. Canadian agrifood exports to the EU currently face high tariffs, with an average of 14%. On day one of implementation, tariffs on almost 40% of products will be eliminated immediately. The tariffs are not the only part of the access equation,

and for some sectors, non-tariff barriers are as important as tariff reductions.

In CETA, Canada and the EU have committed to working together to advance a number of non-tariff issues, and today, unfortunately, it is clear that commercially viable access that was promised for all exporters may not be fully achieved for some time, and certainly not by the time the agreement is implemented. CAFTA has long stated that in order to achieve meaningful access, CAFTA members needed to have both tariff and non-tariff barriers fully resolved before CETA implementation.

To date, the issues that remain outstanding include the timely approval of biotechnology traits, the timely approval and re-evaluation of crop-input products, and the approval of meat-processing systems. Throughout 2014 and 2016 CAFTA has strongly encouraged the completion of respective legal and political processes related to CETA while simultaneously completing the technical discussions so that the stated benefits can be realized in the form of commercially viable access for our exporters.

We've stated that our support for the implementation of CETA will be based on the extent to which the negotiated outcomes result in commercially viable access. Last August our members met with officials from Global Affairs Canada and Agriculture and Agri-Food Canada to discuss the value of a CETA implementation plan for Canadian agriculture and agrifood exporters as part of a path forward.

Today, given the slow progress that the EU is making to resolve these issues, CAFTA gives conditional support to the implementation of CETA, with three conditions.

● (1150)

First, CAFTA will support the implementation of CETA if the Government of Canada commits to a well-resourced advocacy strategy and a comprehensive CETA implementation plan for Canadian agricultural and agrifood exporters to achieve real access for all exporters. Such plans will focus on ensuring that the negotiated outcomes result in commercially viable access, including but not limited to the grains and oilseed sectors and the meat sector through the establishment of high-level working groups.

Second, CAFTA asks that the committee today recommend in its report on Bill C-30 that the Government of Canada commit to the CETA implementation plan for Canadian agricultural and agrifood exporters to ensure that negotiated outcomes result in viable access for our exporters. It must be noted that this implementation plan will need to remain in effect until such time as the market access outcomes contained in the agreement become commercially viable for all of our exporters.

Third, CAFTA asks that the Government of Canada exert every effort to resolve as many of the outstanding technical barriers as possible during the interim period between now and the date the agreement is implemented.

In closing, more work needs to be done. Due to the strong potential and CAFTA's history of working collaboratively with government, CAFTA supports the passage of Bill C-30 and the implementation of CETA with the three conditions outlined above. CAFTA will be pleased to report to the committee on a regular basis on the progress achieved for Canadian agricultural and agrifood exporters as CETA gets implemented.

Thank you.

[Translation]

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

[English]

We're going to move over to the Canadian Generic Pharmaceutical Association. We have president Jim Keon and also vice-president Jody Cox.

Welcome. You have the floor.

**Mr. Jim Keon (President, Canadian Generic Pharmaceutical Association):** Thank you very much.

It's nice to be back here. We were here not too long ago talking about the TPP agreement as well, which also affects pharmaceuticals.

The generic pharmaceutical companies in Canada, our industry, are primarily pharmaceutical manufacturers and exporters, and they are among the top R and D spenders across all industrial sectors. Our members operate the largest life sciences companies in Ontario and Quebec and directly employ more than 11,000 Canadians in highly skilled research, development, and manufacturing positions.

We are strong supporters of free and open trade, and we export quality made-in-Canada generic medicines to 115 countries. Our industry also plays a significant role in controlling health care costs. Generic drugs are now dispensed to fill 70% of all prescriptions in Canada but account for only 22% of the \$26 billion Canadians spend annually on prescription medicines. Five or six generic prescriptions can be filled for the cost of one brand-name prescription today.

The outcome of CETA will require two main changes to Canada's pharmaceutical intellectual property laws. The first is called certificates of supplementary protection. This is the implementation of an entirely new IP, or intellectual property, measure for Canada. It will provide for two extra years of market monopoly for all new drugs in Canada. Importantly, generic pharmaceutical companies will be permitted to export from Canada during the period of additional protection. Most of the pharmaceutical IP text in Bill C-30 covers the implementation of certificates of supplementary protection.

The second large area in which changes will be required as a result of CETA is our PM(NOC) regulations, which involve the complex litigation system for pharmaceuticals in Canada, sometimes referred to as the patent linkage system. The details of these reforms will be spelled out in regulations, and draft regulations will not be published until sometime after Bill C-30 receives royal assent.

CGPA supports the general direction of the changes, which should address long-standing concerns of the generic pharmaceutical industry, such as the lack of finality to proceedings and the

insufficient damages available for injured generic parties. That said, the devil will be in the details. At this point, we are both optimistic and uneasy about the impending changes.

Bill C-30 represents the most extensive legislative changes to Canada's pharmaceutical intellectual property laws in more than 20 years. In addition to provisions required to implement CETA, Bill C-30 also includes changes to the Patent Act that in some cases go beyond the requirements of CETA, and that is concerning to us.

CGPA has filed a submission with the clerk recommending six amendments to Bill C-30. On SPCs, supplementary protection certificates, CGPA believes officials generally did a very good job of drafting clear provisions that track the letter and spirit of the CETA commitments in this area. That said, we have identified three priority amendments for the consideration of the committee.

First, CGPA is proposing an amendment to make it absolutely clear that there will be no retroactivity of the SPC provisions.

Second, CGPA is proposing an amendment that would address circumstances under which a combination product can be eligible for a certificate of supplementary protection. We feel this detail is far too important to be left to regulations.

Third, CGPA is proposing a cap on the total period of drug monopoly that can be granted for a certificate of supplementary protection that's calculated from the date of market authorization. Such a safeguard exists in both the European Union and the United States.

We are proposing three other specific amendments to Bill C-30. The first pertains to what we believe are unintended consequences associated with the repeal of section 62, which has implications beyond the pharmaceutical sector. We propose that the substantive text from section 62 be reinstated.

The two amendments we are proposing pertain to concerns we have with respect to subsection 55.2(4) of the Patent Act, which is a critical provision for pharmaceutical IP litigation. CGPA is concerned that the changes to this subsection would facilitate the creation of new substantive rights or obligations that would be harmful to the generic pharmaceutical industry. At a minimum, the adoption of the changes would introduce more uncertainty into Canadian pharmaceutical IP law. These changes are not required by CETA. We have proposed that the existing language in the act be reinstated in both instances.

• (1155)

Now, these are overly simplistic descriptions of the issues, but we would be pleased to address them in greater detail if members have an interest. It is obviously impossible to cover such an important and complicated area in five minutes.

In addition to our proposed amendments, there are many other aspects that I would be pleased to speak to in the question-and-answer session, including the impact of the new measures on drug costs, and the role of pharmaceutical intellectual property in trade agreements.

While my remarks today were in English, we would be pleased to answer any questions you may have in either English or French.

Thank you.

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

Before we start questioning, I'd like to welcome Mr. Alexander Nuttall from the Barrie, Ontario, area.

Welcome to the most exciting and cohesive committee on the Hill.

**Mr. Alexander Nuttall (Barrie—Springwater—Oro-Medonte, CPC):** Thank you. It's an honour to be here.

**The Chair:** Good.

We're going to start off with a dialogue with the MPs. We have the Conservatives starting off the first round.

Mr. Ritz, you have five minutes. Go ahead.

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

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

We have heard some of these issues, as you said, Jim, mirrored in the TPP discussions, but with some wrinkles here today.

I want to start with Mr. Lavoie.

You said you had to leave soon, if I understood that right.

**Mr. Alain Lavoie:** That's Gus.

**Hon. Gerry Ritz:** Oh, it's Gus who has to leave.

Mr. Lavoie, you mentioned that your business does a lot of consulting on the service side. You also mentioned that there are a lot of businesses in Quebec that aren't ready for this change that's coming.

Is there a role for your company to play in mentorship and in consulting on that service side, to make sure that other businesses in Quebec are ready for the advantages?

[*Translation*]

**Mr. Alain Lavoie:** As I said, Quebec has organizations like the Quebec Technology Association that focus strongly on SMEs. Together with the government or Global Affairs Canada, these organizations can help SMEs understand how to take better advantage of the trade agreement between Canada and Europe.

I also mentioned that we're currently doing business with Europe in the IT area, and we aren't encountering any problems with tariff barriers at this time. That said, our SMEs need help.

The point I raised earlier mostly concerned SMEs and our capacity to help them. Large corporations will continue doing business with Europe. However, how can we help an SME from Gaspésie that has created software present the software to the European community? In this regard, we'll need to help SMEs market their products and gain access to different markets because constraints exist.

• (1200)

[*English*]

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

To the Generic Pharmaceutical Association, thank you again for your presentation.

The last point you made was one that piqued my interest. You said you're asking for some amendments, or some things that are being done that aren't required for CETA to be implemented. You're asking for amendments to see those changed.

We hear a lot about ISDS and how governments don't have the right to regulate and so on. Do you see a problem with the government making those changes with what's laid out in CETA?

**Mr. Jim Keon:** No.

The changes we're proposing are all consistent with CETA. It's just the way the changes are being interpreted in the Patent Act. As I said, 30 pages of this bill are about the Patent Act. We have gone through it very carefully and have noted that in some cases changes are not required by CETA; there are housekeeping changes that introduce problems.

The biggest area with which we have concerns relates, as I said, to section 55 of the act, which provides for regulations around patent infringement actions and how they're interpreted. There are some significant changes in the wording to that section, which, again, are not required by CETA. We do not understand why those changes are being made. We believe that they could lead to expanded powers, regulatory-making powers, and they could also change the way the courts are interpreting those regulations in ways that would be harmful to our sector. That's why we're concerned about those.

**Hon. Gerry Ritz:** Okay.

Those should be addressed as amendments at this stage of the bill.

**Mr. Jim Keon:** That's what we would like.

**Hon. Gerry Ritz:** I'd love to see those and carry them forward. You have some support in doing that.

**Mr. Jim Keon:** We shared those with the clerk just yesterday.

**Hon. Gerry Ritz:** I'm sure the Liberals want to be fair too. If they're just for housekeeping, then using Bill C-30 to do housekeeping may not be the right way to do that.

Mr. Van Harten, I will turn to you since I understand you have to leave soon.

You talked about the minister being the only person involved in the appointment of the adjudicators in the ISDS, whenever this is applied after this provisional hiatus that we're talking about. How else would you see that being done? What would be your recommendations?

**Dr. Gus Van Harten:** Thank you.

It looks as though the Europeans are going to adopt a broader process, so it won't just be DG trade at the commission. They'll be bringing in member states, or possibly other DGs, so you could look at it being a joint decision of more than one minister, or even, I think, maybe an attorney general. It could be a cabinet decision. Beyond that, there could be a public consultation process surrounding those appointments.

I usually wouldn't say that, because most adjudicative bodies, even under trade agreements, don't have the extent of the role that the ISDS mechanism will have, even once the investment court system is set up.

**The Chair:** Thank you, Mr. Ritz. Your time is up.

We'll move over to the Liberals now.

Mr. Dhaliwal, you have the floor.

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

Thank you to all the presenters.

My first question goes to Jim.

Thank you for putting up all those suggestions.

If I am a professional engineer or a B.C. land surveyor and I go to my client on the ground, they're not concerned about all these technical issues. In the end, they want to see how it will benefit them in a project or how it will negatively affect them.

I just want to know from you what the impact of CETA will be when it comes to drug costs.

● (1205)

**Mr. Jim Keon:** We're asked that question regularly. The answer depends critically on how the bill is implemented, and that's one of the changes we're proposing. The changes should only apply on a prospective, go-forward basis, which means that extra patent protections should only be given to new drugs approved after the coming into force of the agreement. If that occurs, the extra costs will only occur eight or ten years down the road. These extra costs arise from the fact that generics, which are sold, on average, at maybe 20% of the original brand, are going to be delayed two more years from coming to market. It means that for two more years, for all new drugs, you're going to pay those high brand-name prices. That is where the extra costs come from. As I said, if this is done properly, that will only occur down the road, eight or 10 years in the future.

**Mr. Sukh Dhaliwal:** Basically, you are telling me that if the necessary changes are made, then in the next eight to 10 years the consumer on the ground will not see a negative effect.

**Mr. Jim Keon:** That is correct, and it is one of the proposed amendments we have suggested. Make it crystal clear that the implementation is only to be on a go-forward basis.

If you take a \$100 million drug—and there are many, many of those in the Canadian market—and you delay a generic competitor for two years, who would sell it at 20% of the price, you're adding \$80 million a year just for one drug. These costs are very significant and should not be ignored. As I said, if done properly, the CETA negotiations and the bill should ensure that they occur only in the future.

**Mr. Sukh Dhaliwal:** My question is to Claire.

This committee travelled in western Canada. The general consensus from the farmers was that they are in favour and support free trade. In particular, you mentioned 500 million people in Europe who are going to take advantage. Do you think the farmers will be able to meet the demands moving forward? Right now, the way I see it, Asia is a big market for farmers, particularly those in western Canada, when it comes to grains. Do you think they will be able to meet the demands?



**Ms. Claire Citeau:** Absolutely. In terms of capacity, we're not going to run out of food in this country. We're the fifth-largest exporter of agricultural and agrifood products in the world, and our farmers and producers/exporters are able to meet the capacity. In some sectors they are operating at under capacity. CETA will provide the opportunity to diversify markets, reduce reliance on the U.S. market and other markets, and get better value for some other products in Europe.

**Mr. Sukh Dhaliwal:** When you say they will get better value, do you think the costs or prices will go up for the local consumers?

**Ms. Claire Citeau:** What I mean by that is that for some products, the EU consumer is able to pay more for the quality of some of our products than in some other markets, for example.

**Mr. Sukh Dhaliwal:** I'm talking about consumers in Canada. I'm not talking about consumers in Europe right now.

**Ms. Claire Citeau:** Can you repeat your question, then?

**Mr. Sukh Dhaliwal:** Okay. Now you say that they will get a better price when they export to Europe, and I'm sure they're getting a better price when product goes to the Asian markets, including India. My concern is with local western Canadians. Once those prices go up, do you think that increase will impact the cost to local consumers in western Canada?

**Ms. Claire Citeau:** I meant prices going up for products sold overseas. I didn't comment on prices going up locally.

**Mr. Sukh Dhaliwal:** No? Okay.

**The Chair:** We're going to move over to the NDP now.

Ms. Ramsey, you have the floor for five minutes.

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

Thank you for your presentations.

I want to cut to the chase. I'm pleased to have someone from generics speaking here since 25% of this legislation will involve changes to the Patent Act, something that will impact every Canadian at the end of the day. Whether it's eight or ten years down the road, the cost of drugs will increase.

I'm stunned to hear that there are many things here that are not required by CETA. We would welcome those amendments as well, and we would work with anyone on the committee to ensure that they go forward for all Canadians.

I have a question for you. We're signing on to two additional years. When we talk about patent extensions, how much difference does one year make?

• (1210)

**Mr. Jim Keon:** There are two aspects to that. From a cost perspective, as I've said, generics on average now are selling at something like 20% to 25% of the price of an equivalent brand-name product. If you delay for two years, you're paying an extra 75% to 80% on that product for an extra two years. That affects provincial drug program budgets; it affects employee plans; and it affects people who pay out of pocket, and those costs are very significant.

Second, it is very important that we have a strong generic industrial base. We manufacture products here. We sell, as I've said, to over 115 countries. It is critically important that we're able to get

on the market when patents expire in Canada and around the world. One aspect of Bill C-30 we do support strongly is this ability to export during the extension period. That is very important. We are very supportive of that, and in our view, it's nicely drafted and should go forward.

**Ms. Tracey Ramsey:** Okay, so we'll welcome those changes that you'll supply to the committee for those amendments.

Gus, I want to go to you quickly before you have to go.

You've also raised some amendments to the ISDS and to the chapters there that we are looking at. I think one of the things you mentioned is important and is a big piece of this. Right now, the way it stands is that it's being provisionally applied, and we're mirroring that here, although it's not entrenched in the legislation we have going forward. At this point we're basically signing on to the court system without any clear definition of what that is.

If a member state requests the removal of the investor-state provisions as a precondition for ratification, but here in Canada we pass Bill C-30 with the ISDS ICS included, what position will that leave us in here in Canada?

**Dr. Gus Van Harten:** I don't think there's a clear answer to that question, but I think the best answer is that it depends on what the federal government is saying to the Europeans outside of the legislative process, because the federal government has the right under the agreement to not apply parts of the agreement that the Europeans are not applying, which is the obvious thing to do. I do trust that the federal government isn't missing that point.

I think it would be very useful for the public and for parliamentarians to hear from the federal government clearly that we are not going to be unilaterally applying any parts of the agreement, and above all, one of the most controversial elements, which is the ISDS or the ICS provisions because of their profound implications for sovereignty. That's why I suggest that the most reliable thing would be if the legislation itself, in the section stating that the agreement is approved, were to clarify that it's approved for purposes of provisional application reciprocal to the provisional application agreed to by the Europeans. Then the federal government will be bound by the will of Parliament not to apply any elements of the agreement unilaterally.

**Ms. Tracey Ramsey:** As it stands right now, some of the provisions of the ICS are unclear. We have been told by the negotiating team that these provisions will be adopted after. If that is not entrenched in the language, what do you see us signing onto with the ICS that could end up impacting our jobs as parliamentarians and certainly as regulators and legislators?

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

**Dr. Gus Van Harten:** If I were a betting man, I would say the ISDS and ICS provisions in CETA are probably dead in Europe for political reasons, not to mention the other hurdles at the European Court of Justice.

At the very least, I think it's highly likely that the current provisions in CETA are going to change, because the Europeans are pushing for a multilateral investment court. They can't approve ICS; or they could, but it would be questionable for them to approve ICS before they know what the multilateral option is going to look like, because they would be undermining themselves.

If anyone tells you the ICS will just be tweaked, I wouldn't put a lot of stock in that myself.

You aren't signing on to a blank cheque, but it's a cheque with very blurry writing on it.

• (1215)

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

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

Mr. Peterson, you have the floor.

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

Thank you, witnesses, for being here today.

Professor Van Harten, I want to follow up a little on the ICS and that line of thinking. I believe you mentioned off the top that the foreign investment provision, in your opinion, isn't necessary in trade agreements. Did I get that right? I think that's what you said, but I don't want to put words in your mouth.

**Dr. Gus Van Harten:** I think it's not necessary and it is regressive when the trade agreement is between developed countries with mature, reliable court systems.

**Mr. Kyle Peterson:** Okay, and in this case with Europe and Canada, you're suggesting that obviously we both have sophisticated court systems. In CETA that provision is not necessary, in your opinion.

**Dr. Gus Van Harten:** Where there would be doubts about that, I think they are already covered by Canada's existing FIPAs with some central and eastern European states. That's a different debate. However, keeping that in mind, yes, I would agree with what you said.

**Mr. Kyle Peterson:** Okay.

One of the trade officials was here a couple of weeks earlier. My recollection is that we will agree to apply only what Europe has agreed to apply, so what they provisionally apply, we will also agree to. I think only what's agreed to will apply for both sides. That's my understanding of how we're going to go forward on that. We'll have to check the record to see whether I'm wrong, but that's my recollection of what the government official said. Hopefully that is the case.

You mentioned that you think the arbitrators under this system will be as powerful as judges and that therefore there needs to be a better mechanism to appoint them. What sort of powers do you see these arbitrators having that others may not?

**Dr. Gus Van Harten:** Very briefly, they will be able to review a decision by the Supreme Court of Canada, by the Parliament of Canada, or by any provincial legislature to make a judicial decision, in the case of the Supreme Court, obviously, or to pass a law, in the case of Parliament or a legislature. They will be able to decide whether that law was legal or constitutional under CETA with the foreign investor rights and protections it provides. If they as the final decision-maker decide that it wasn't legal, then they can award compensation to be paid from the public purse to foreign investors, something the courts in Canada are very cautious about doing when they are reviewing, for example, the passage of laws or court decisions below the Supreme Court.

It's the ability to require budgetary transfers to a private party as a result of the passage of a law or the highest court decision of your country and to have those orders backed up by the existing international system that enforces commercial arbitration awards, meaning that if Canada refused to pay a very large award, our commercial assets abroad would be subject to seizure in other countries to make good on the award by the chapter 11 NAFTA tribunals.

I can't stress enough how profound a power of review that is over our country, and it's because of the extent of that power that you get this controversy about how it impacts the courts, judicial independence, the rule of law, democracy, regulatory flexibility, and all of it. There are ways to trim that power and make it more in accord with how we see courts operating in a western democratic tradition, but I think some of those changes are probably yet to come in the discussions that we'll see in Europe.

I think I promised a short answer there. It wasn't too short, and I apologize. I am a professor, so sorry about that.

**Mr. Kyle Peterson:** No problem. I appreciate the feedback.

Last of all, I do find the investor-dispute discussion interesting and fascinating. Theoretically speaking, is there a mechanism that you would agree to in any trade deal? I know this is Europe and Canada, and you're saying they're sophisticated parties that don't necessarily need any investor-dispute mechanism. Is there a mechanism that would look good to you in some theoretical trade deal? Is there any mechanism that would be beneficial to both parties?

• (1220)

**Dr. Gus Van Harten:** I've long been a supporter of an international judicial process to resolve the most sensitive and problematic disputes about protection of foreign investors as well as foreign-investor responsibilities. I think it has to be limited to egregious cases, because otherwise the number of cases overloads the system. That's why I tend to think, whether you talk about foreign-investor protections or responsibilities, that you still always have to give the primary role to domestic courts, stipulating that you can go to the international level only once you've shown that domestic courts are totally unfair and that it's not realistic to send the litigant there. I'm very much a supporter of that kind of a process. The existing ISDS mechanism has been improved a bit by ICS but it still has a lot of really big flaws.

By the way, if anyone would ever like to follow up with me by email, I'd welcome any questions. My policy is that I talk to anyone free of charge, time-permitting, and it would be a privilege to talk to any of you. I will always make time for members of Parliament.

Thank you.

**Mr. Kyle Peterson:** You're one of the few lawyers who would say that, so we appreciate it.

**Dr. Gus Van Harten:** I have to go.

Thank you very much.

**The Chair:** Thank you for joining us, sir.

**Dr. Gus Van Harten:** Good luck.

**The Chair:** We've finished one round. We're going to try to get everybody on here.

Madam Lapointe, go ahead.

[Translation]

**Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.):** Thank you, Mr. Chair. I want to welcome the witnesses.

Thank you, Mr. Lavoie, for being here today.

In your business, you focus more on IT. Do you see any new opportunities resulting from the signature of CETA? I know you said earlier that SMEs needed help with accessing markets. However, do you see any business opportunities resulting from this agreement?

**Mr. Alain Lavoie:** I'll answer again on behalf of SMEs, and I can also answer on behalf of my business.

In terms of SMEs, I gather this agreement will provide access to a very large market. Quebec's ICT sector is very active abroad. As I said earlier, 78% of Quebec's SMEs sell products on international markets, but this activity amounts to only 34% of their sales figures.

Given our current concerns regarding exports to the United States, I think our sector could make a lot of money through its exports. We need to harness the potential of this agreement, and make the most of it extremely quickly. We must take advantage of the momentum to enter the market.

This morning, I met with representatives of firms from France that already want to set themselves up here. A movement has been launched around this agreement that will push many people to set themselves up here. However, we must also be able to set ourselves up abroad.

**Ms. Linda Lapointe:** Before the agreement was signed, did you ever consider doing business in Europe? You spoke of opportunities that exist. You said that 78% of ICT businesses already operate abroad and that this activity amounts to 34% of their sales figures. You seemed to say that the businesses mainly export to the United States. Therefore, this would increase the range of cash flow or sales opportunities.

**Mr. Alain Lavoie:** Exactly.

**Ms. Linda Lapointe:** Has your business already explored the European market?

**Mr. Alain Lavoie:** Yes. As a business, we sell systems that help draft legislation and regulations, and we're interested in all the Commonwealth countries. We're currently looking at a possibility in England, which may not be part of the agreement. However, we're also exploring other locations, such as the Netherlands.

Obviously, bids must be submitted in the language of the country. If we want to make a name for ourselves in Germany, we'll need to submit bids in German. We're using the EFIGS program, which provides translations in five languages, namely, English, French, Italian, German and Spanish.

There will be constraints, but basically this may make things easier. I would say that, for my company, comparative law will become very worthwhile as a result of this agreement.

**Ms. Linda Lapointe:** Do you think we have the same standards as the Europeans for legislative content management?

**Mr. Alain Lavoie:** We have the same standards as the Commonwealth countries. However, in civil law countries, such as France, other standards apply. In any event, the law adapts quite well from place to place.

I'm not an expert on the matter. I'm a technologist and not a lawyer. In our business, lawyers look at these issues, but we don't have much trouble adapting our software to various legislative contexts.

• (1225)

**Ms. Linda Lapointe:** My next question is for Mr. Keon and Ms. Cox.

Do producers of generic drugs account for most of Canada's pharmaceutical manufacturing capacity?

Would CETA's intellectual property provisions likely lead to greater development or manufacturing of brand-name drugs in Canada?

**Mr. Jim Keon:** Generic drug manufacturers are the primary manufacturers in the pharmaceutical industry. As I said, more than 11,000 people develop and manufacture products in Canada and export them to over 100 countries.

With a 12-year extension of the patent, the challenges will be greater than they are now. Therefore, the export provision is very important. During the extension period, companies in Canada can start manufacturing products and exporting them to countries where the patent has already expired.

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

[English]

**The Chair:** Thank you.

I'm going to move over to the Conservatives.

Mr. Van Kesteren, you have the floor for five minutes.

**Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC):** Thank you, all, for being here.

Jim and Jody, it's good to see you again. I think we saw you at finance more than at this committee, but it's great to see you.

I think, Claire, we probably had the same opportunity.

On the way back to committee after votes, Madam Lapointe and I were talking about the spinoffs, which are the unintended consequences. Oftentimes, we can see clearly where a trade deal is going and who it's going to benefit, but sometimes it needs to play out. It's incredible how we talk to different firms and organizations that benefit from trade deals. I want to go in that direction just a bit.

Claire, you represent a large group. You represent a group that is really known for innovation. I think there are others here today that are as well. Do you see that as an equal opportunity? We all, as I said, quickly look at what will happen immediately. We also look down the road at how when one firm lands a contract and begins to sell, another will supply that firm, and how that has helped your

organization and has really built the economy up in the people you represent. Can you share that with the committee to some degree?

**Ms. Claire Citeau:** Do you mean in terms of innovation?

**Mr. Dave Van Kesteren:** I'm talking about the unguided hand, such that one firm is possibly supplying someplace in Europe, and the others around that firm benefit as well, and the economy and innovation continue to grow. Have you seen that?

**Ms. Claire Citeau:** Yes, we have very much so. It's a sector in which, really, you don't see one farmer or one processor exporting alone. There are multiple players and stakeholders involved along that chain from research to transportation to labelling. There are a number of other stakeholders attached to this who help the sector differentiate, innovate, and be more competitive in global markets by providing differentiated and innovative products.

**Mr. Dave Van Kesteren:** I thank you for that. I'm thinking about my neck of the woods in the greenhouse industry. You mentioned packaging, and that's a great example. The packager doesn't necessarily sell the product to the United States, but it provides it for the producer who does. We've seen some incredible innovation there.

Are there other areas that stick out in your mind, in which you've seen that growth and in which you've seen that really take on a life of its own?

**Ms. Claire Citeau:** One example is the life sciences sector, which provides a lot of services to the grains and oilseed sector in Canada. This is one strong component of our membership, and one that is looking to take advantage of opportunities in Europe in particular if European decisions to allow our products can be made based on science. That's why I was referring earlier to some of the technical discussions that need to be addressed in that area.

• (1230)

**Mr. Dave Van Kesteren:** Alain, do you want to jump in on this? Have you seen that in your industry as well, that innovation has taken place because of trade agreements?

[Translation]

**Mr. Alain Lavoie:** No progress is attributable to this trade agreement. The companies sell directly in other markets. An interesting thing that we're seeing more and more often is SMEs teaming up with major players to enter global markets. Companies such as CGI, in Quebec, help SMEs enter these markets.

As I said this morning, we're currently considering the market in England. I called people from CGI to see whether they could help us enter the market. We also sometimes ask the Quebec government how it can help SMEs that want to enter foreign markets receive support from large corporations.

Does this answer your question?

[English]

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

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

We're going to move to the Liberals.

Ms. Ludwig, you have four minutes.

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

Thanks, witnesses, for your testimony today.

I have questions in two different areas. I'm going to begin with Mr. Lavoie.

Looking at your industry, what opportunities do you see for strategic partnerships on the import side?

Are there opportunities to work in a strategic partnership with some of the companies from the European Union that will be doing business or that plan to do business here in Canada? You certainly have the expertise here in Canada, and those firms will not.

[Translation]

**Mr. Alain Lavoie:** We often meet with representatives of European or American companies that want to set themselves up in Quebec and form a partnership with a local company. In Quebec, Investissement Québec takes care of bringing companies to work with us. In Montreal, Montréal International helps us connect with foreign companies that want to set themselves up here and work with Quebec IT companies. As an SME or business, we're drawn to the opportunity to help a company enter our market, and in exchange receive the company's assistance to enter its market. It goes both ways.

[English]

**Ms. Karen Ludwig:** I represent the riding of New Brunswick Southwest. In our province, we're trying to specialize in the area of cybersecurity.

What opportunities do you see that CETA might offer in the area of cybersecurity?

[Translation]

**Mr. Alain Lavoie:** That's a broad question. New Brunswick is also a client of my company when it comes to the drafting of legislation and regulations.

Cybersecurity will be a crucial matter. Privacy will be an important issue. With this agreement, we might see how the Europeans handle cybersecurity.

At a recent seminar, people who work in security told me that some insurances now specifically cover security attacks against companies. Steps are being taken in this area. We may learn more about the subject, since Canada is not quite at the same level as the European community in this respect, or at least not in the same spheres. Nonetheless, Canada is fairly well positioned.

• (1235)

[English]

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

Madame Citeau, my next questions are to you.

Looking at the agricultural sector, certainly in my riding we have dairy, blueberries, maple syrup, and fish and seafood products, and we also have processing.

In the area of blueberries, for example, there is not a lot of value-added processing there. I would like to know opportunities you think

there might be for value added in the Atlantic region with regard to Europe?

As well, might there be a drop in price to the Canadian consumer, based on the economies of scale and the fact that the businesses are paying one mortgage and paying their operating costs in a standard way? Might an increased capacity help scale the price and lower costs to the Canadian consumer?

**The Chair:** It has to be a very short answer.

**Ms. Claire Citeau:** On the prices, in some cases having more products coming in may increase competition, particularly when products are similar, and at times it may force prices down. That provides a benefit to the consumer as well as providing more choices to the consumer. However, that really depends on the commodities and the products.

On your question on the processing side, what's interesting with the European market is that it's a mature market but it's a sophisticated market, in which opportunities continue to exist. There are even more opportunities for differentiated value-added products if the companies here have the capacity to do processing.

**The Chair:** You're way over. We have to move on, and we're going to go to the Conservatives.

Mr. Nuttall, you have the floor for four minutes.

**Mr. Alexander Nuttall:** Thank you, Mr. Chair.

Ms. Citeau, in the last point of your statement today, you noted that you would exert every effort to resolve as many as possible of the outstanding technical barriers during the interim period.

I have two questions. First, it sounds as though you'd like a tightening up there, so what exactly does that look like? Second, can you give me a few examples of the technical barriers that you think can be worked through in advance of the closing of CETA?

**Ms. Claire Citeau:** We know that when free trade agreements are implemented, typically tariffs come down or are reduced. Non-tariff barriers come up right after, as a result, for example, of countries not adopting international standards, lack of compliance, or at times blatant and creative ways of introducing regulations that will have a protectionist impact, and certainly a commercial impact, for our exporters. Countries have the right to introduce their own regulations for a number of domestic safety reasons.

The particular issue we're facing today with the CETA agreement is that non-tariff barriers are happening even before the agreement is implemented. Those currently are in two very specific areas.

There's the timely approval of biotechnology traits and the timely approval and re-evaluation of crop-input products. In that regard, the European Union, as part of CETA, has committed to timely approval of those traits and has not yet done so, and that creates anxiety for our farmers.

The second very specific issue is in the area of the approval of meat-processing plants, in particular the area of carcass washes. Again, it's another area in which the EU has committed to working together to advance these issues before the agreement is implemented, but currently our farmers, our beef and pork producers, don't have the approval they need. If the agreement were implemented today, they would not be able to export, regardless of tariffs coming down.

What we're asking for very specifically is a commitment to having a plan for the CETA agreement for our agricultural and agrifood exporters, to ensure that the negotiated outcomes provide for real commercially viable access by the time the agreement is implemented.

**Mr. Alexander Nuttall:** Thank you.

**The Chair:** We're going to move on to the NDP now.

Ms. Ramsey, you have three minutes.

**Ms. Tracey Ramsey:** Okay. I'm going to make it really quick.

Jim and Jody, it's been brought before this committee that under CETA the increase to the cost of drugs would be \$850 million to \$1.645 billion per year. The overall GDP impact improvement under CETA would be \$600 billion, so you can see that there is a clear distinction in how much we'll gain versus how much we will lose, and all Canadians will lose under the cost of drugs.

My question is what will happen to access to affordable generics for Canadians if the amendments that you're proposing are not brought forward?

• (1240)

**Mr. Jim Keon:** As I said, the most important aspect is that this be applied prospectively so that the impact will be down the road eight or ten years. The clear impact is that the low-cost generics are going to be delayed two years—that's what the legislation calls for—beyond what they are now, and that is going to have an impact on costs.

**Ms. Tracey Ramsey:** Can you speak to the retroactivity and the combination product in the first two amendments you brought forward?

**Mr. Jim Keon:** With respect to retroactivity, the provisions of Bill C-30 should apply, in terms of this patent extension or certificates of supplementary protection, only to products approved after the coming into force of CETA. The amendment we have makes that absolutely clear, and I'm hoping it will be done.

On combination products, we're concerned more about evergreening, a term that's sometimes used, whereby protection goes to an underlying molecule. It gets an extension, and it's combined with a further molecule to produce a combination product, which can have a separate approval. If there have already been extensions for the underlying products, we don't think the extension product should also get extra protection. This has happened in Europe. Our colleagues in the European Generic and Biosimilar Medicines Association have told us this, and they have encouraged us to be very careful with it. We're proposing this amendment to try to make sure this doesn't occur in Canada.

**Ms. Tracey Ramsey:** We've discussed evergreening in particular around mechanical pieces like EpiPen, for which there's been repatenting based on the mechanism versus the drug.

In terms of jobs, you said 11,000 Canadians work in generics. What would the impact be if we had this patent extension on potential growth in your sector?

**Mr. Jim Keon:** As I said, we're going to be delayed coming to market. The good thing about this is that there was an export clause negotiated as part of CETA. It is in the bill. That mitigates some of the impact. If that is done properly, we're going to continue to push very hard to get investment.

I would say, going forward, that when Canada negotiates future trade agreements, there should be less emphasis given to extending intellectual property protection, which seems to be the sole focus of pharmaceutical trade agreements. If we could have more attention paid to regulatory harmonization and convergence, that would allow us, like the agricultural people, to ensure that our product meets standards abroad and this would facilitate exports. That would be a real benefit to our sector.

We would recommend going forward that more attention be given to other aspects of the pharmaceutical industry, rather than just patent protection.

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

Our last MP on the list is Mr. Fonseca.

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

I want to thank our excellent witnesses. It's been just tremendous to see the diversity we have and the knowledge all of you bring, be it in ICT, agriculture, generics, or pharmaceuticals. It's good to know that many of you have been around for many, many years, so you have that knowledge and you've been at the table. I know many of you worked closely with your provincial counterparts who were leading the charge on CETA.

My first question is going to Jim and Jody.

I know you worked with the Province of Ontario, in which you do a lot of your manufacturing, to get some of the wins we needed in this very comprehensive agreement with the generic sector. I know that in Europe they kept pushing for 25 years. Helping the minister and the different levels of government at the table, you were able to negotiate that down to 20 years. Can you tell me a little bit about that?

• (1245)

**Mr. Jim Keon:** That is true. The Europeans were pushing for a five-year extension, which would have been a 25-year patent. The CETA negotiators managed to mitigate that, to reduce it to a two-year extension. That's what the bill says, and we believe it should be no longer than that.

As for the Ontario government, our sector has many of its jobs in Ontario. I think, from the Ontario perspective, it wants access to low-cost generics on a timely basis. It is also supportive of our sector and the high-tech jobs we have. We have enjoyed support from the Ontario government in ensuring that the excessive demands from Europe were not always accepted during the negotiations.

**Mr. Peter Fonseca:** I think you've mentioned already that the generics are exempt for export.

**Mr. Jim Keon:** That's correct.

**Mr. Peter Fonseca:** Do you see opportunities there in terms of your export opportunities?

**Mr. Jim Keon:** Well, that's just maintaining what we can already do, because right now, after 20-year patents expire, we can manufacture, so we can export. This means that during that two-year period, we can manufacture for export.

**Mr. Peter Fonseca:** I'm going to ask you one more question—and I see this as an opportunity or a benefit that does come from CETA. Is it correct that with multiple patents that are now on a specific drug, you cannot be taken to court multiple times? Can it be done only once? Can you tell us a bit about that?

**Mr. Jim Keon:** That's a very good question. That is a really critical aspect of what we're hoping will happen as a result of CETA. That, as I mentioned earlier, is going to occur with regulatory changes that come under this patent-medicine notice-of-compliance regime. These regulations are incredibly powerful. They determine all of the infringement actions and the process. If you follow the pharmaceutical industry, you'll see that every new generic comes on the market after extensive litigation.

One of the concerns we've expressed with this bill is that we don't know what's in the regulations yet. In terms of the changes you're talking about to simplify the system, we have called for those. We've

had some indication that the regulations are going to do that, but we haven't seen those regulations.

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

I know the time is short, but this is to Ms. Citeau.

I saw that in 2016 Italy was the fifth-largest export destination for Canadian cereals, but there were no other European countries in those top 15 destinations. Why Italy? Do we have opportunities with some of the other European countries in terms of increasing our cereal exports?

**Ms. Claire Citeau:** We're sending a lot of wheat to the Italians for them to make their pasta.

**Mr. Peter Fonseca:** They love their pasta.

**Ms. Claire Citeau:** Some other key exporting countries are France, the U.K., and the Netherlands.

Also, at times, depending on the sector, it's difficult to track where the commodities and the products are going, because there's a lot of intra-EU trade. But Italy certainly is one of the top.

**The Chair:** Thank you. That was a good question there, coming at the end, Mr. Fonseca.

That's it for questions from the MPs. I'd like to thank the witnesses for joining us today and for having the patience to wait for us to vote. It was a very good dialogue with a broad spectrum of different industries.

Thank you for coming. Have a good Christmas.

Now, we're only going to suspend for just a minute. I'd ask the MPs not to leave, because we have 10 minutes of business. When the witnesses vacate the room, we'll get going.

*[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>