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Chair

Mr. Lee Richardson

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● (1115)

[*English*]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): Welcome to the 33rd meeting of the Standing Committee on International Trade in this, the second session of the 40th Parliament.

Today we welcome back Mr. Dhaliwal, who is substituting for Mr. Cannis.

I hope you will pass along to Mr. Cannis our concern. We hope he is well and will be back with us soon. We miss Mr. Cannis.

We have before the committee today, in our continuing study of Canada-South American trade relations with particular reference to Canada-Colombia, representatives and witnesses from the Grain Growers of Canada. Richard Phillips, the executive director, is with us, along with Gary Stanford. As well, from the Canadian Pork Council we have Martin Rice, the executive director.

We are going to begin in the usual fashion with some opening remarks.

Mr. Stanford, I think you were going to begin. If you could give us a ten-minute opening statement, then I'll move to Mr. Rice for further comments, and then we'll go to questioning.

We'll begin, then, with the Grain Growers of Canada.

Mr. Gary Stanford.

Mr. Gary Stanford (Director, Grain Growers of Canada): Good morning, Mr. Chairman, members of Parliament, and fellow guests.

My name is Gary Stanford and I am a director on both the Grain Growers of Canada and the Alberta Winter Wheat Producers Commission. I farm 1,200 acres in southern Alberta, where I grow wheat, barley, pulses, forages, etc. With me today is Richard Phillips, the executive director of the Grain Growers, with a long farming and agricultural policy background in Saskatchewan.

First I'd like to thank you for the opportunity to be here and to share our thoughts on Canada's recent trade initiatives, more specifically those related to Colombia and South America.

The Grain Growers of Canada represent grain, oilseed, and pulse commodity associations from every province in Canada except Quebec, but even there we have now formed a coalition to work together with the Quebec grain growers on the issue of funding for public research.

Today in our remarks I would like to touch on the need to keep our Canadian producers competitive.

Internationally, we have negotiated and are looking to negotiate trade agreements between ourselves and other countries, both multilateral and bilateral. Bilateral agreements are good in one respect because we can target key markets for Canadian exports. Examples are NAFTA, South Korea, the EU, and Peru.

It is with Peru that we have our most recent South American free trade agreement. Peru eliminated tariffs on virtually all Canadian exports, with most remaining tariffs to be eliminated in the next five to ten years. Agricultural products that have enjoyed immediate duty free access to Peru include wheat, barley, lentils, peas, and selected boneless beef cuts. Canada eliminated its tariffs on almost all Peruvian imports. The rest will be eliminated over a three- to seven-year period, with the exception of over-quota tariffs on dairy, poultry, eggs, and refined sugar, which are excluded from these tariffs.

Direct bilateral agreements with countries like Peru and Colombia are advantageous in trade because many of our imports are products that we don't produce in Canada and many of our exports are products they don't produce enough of. Canadian farmers are blessed with an abundance of land for crops like wheat, barley, canola, and pulses, while other countries have the advantage of a more temperate climate. That creates a situation in which trade can work for farmers in both countries.

In regard to the Colombian trade deal, two days ago you heard from a pulse exporter about the potential markets for pulse crops, and I would like to reinforce some of this potential. Colombia is Canada's seventh-largest market for pulses and special crops, with an annual import from Canada averaging over $53 million and 111,000 tonnes. In 2008, the pulse and special crop exports to Colombia were $80 million and 102,000 tonnes.

Pulses are Canada's second-largest agrifood export to Colombia, followed by cereals such as wheat and malt barley. The U.S.-Colombia agreement would immediately eliminate tariffs for U.S. peas, lentils, chickpeas, canary seed, and mustard seed, and would result in an immediate 15% tariff disadvantage for those Canadian products upon implementation of that agreement.

The Canada-Colombia Free Trade Agreement would ensure that Canadian pulses and special crops are not disadvantaged relative to the U.S. competitors and might even provide Canada a tariff advantage for a period of time if the Canada-Colombia agreement enters into force before Colombia's agreement with the United States does.

The Canada-Colombia Free Trade Agreement will initially provide 4,000 tonnes of tariff-free access for Canadian beans, the quantity increasing over time, compared to the 60% duty currently in place. This free trade agreement would provide competitive access for a set quantity of Canadian beans and would help Canada rebuild its market share.

Now I'll turn the time over to Richard, and he'll give you some important statistics.

● (1120)

Mr. Richard Phillips (Executive Director, Grain Growers of Canada): Thank you, members.

Gary has touched on why bilateral agreements with South American countries are good, but I'd like to share some of the shortcomings of bilateral trade agreements with you.

Bilaterals deal primarily with tariff lines, and this becomes an issue for smaller marketplaces. Canada has a population of just over 30 million people, while the United States has over 300 million, which is roughly 10 times the size of Canada's domestic market. Because we are not as large a market for imports, we don't always have the same bargaining clout that countries such as the U.S. have. In South Korea, for example, the U.S. might negotiate a better bilateral deal due to their large import market for Korean goods. If that happens, Canadian producers are permanently locked in a disadvantage if we can't negotiate the same tariff lines and market access.

A better way forward in the long run for Canada is a competitive multilateral agreement of the kind we see at the World Trade Organization talks. The multilateral process is crucial because it is the only meaningful way to get at the key issues of domestic and export subsidies.

Not that many years ago, both the EU and the U.S., for example, were subsidizing their farmers at artificially high prices, which led to massive overproduction, and then they had to subsidize the exporters to get the prices down to world prices to even make the sales. It was a double subsidy, which hurt not only Canadian farmers but farmers in many other countries also, such as Colombia.

Subsidies from other countries can be both direct and indirect. An example is what we face today in the EU oat subsidy. Although the EU does not export oats into Canada, they do sell oats at a subsidized price into the U.S., which then depresses our prices here in Canada, since the U.S. is our main market for oats.

Every country in the world wants to protect its farmers, so over time we have seen multitudes of subsidies and tariffs preventing the movement of agricultural goods and people trying to produce crops that may not be agronomically suitable for their areas. What a multilateral trade deal does is provide fair trade rules that everyone has to follow, whether they are large, powerful countries such the U.S., or the EU bloc, or smaller ones like Canada and Colombia. A WTO agreement would also provide a dispute resolution process to solve agreements that have dragged on for years.

In summary, we recognize the importance of bilateral agreements, especially in connection with the rapidly growing South American market, but we also encourage all parties to remember the importance of the multilateral process in keeping Canadian farmers competitive.

Thank you for the opportunity to be here. In a previous job I worked in international development and lived in a number of developing countries. I look forward to your questions.

The Chair: Thank you, Richard.

We're now going to turn to the Canadian Pork Council.

I should say that at the outset of introductions, I did not introduce César Urias, and I ask you, Mr. Rice, if you're going to share the time as well, or will you give the complete presentation from the Pork Council?

Mr. Martin T. Rice (Executive Director, Canadian Pork Council): I will give the complete formal presentation.

The Chair: Thank you. Of course, following Mr. Rice's opening statements, everyone is welcome to take part in the responses to questions from the committee.

We now have Mr. Martin Rice from the Canadian Pork Council.

Mr. Martin T. Rice: Thank you very much, and thank you for introducing César. Mr. Edouard Asnong, who is president of CPI, was planning to join us today, but he was not able to get away from his farm.

Most of you may be aware of the Canadian Pork Council. We are the national federation of provincial hog producer organizations, and we're also one of the two founding members of Canada Pork International, which is our industry export market development arm. We thank you very much for inviting us today to discuss the Canada-Colombia trade relations file.

I'll begin with a few bits of information in order to highlight the importance of trade and commerce for our industry, the hog and pork value chain.

Of the roughly 30 million pigs produced in Canada this year, two-thirds will be sold to markets outside our country. Many will be sold as live animals, but the majority will be processed into value-added products with a worldwide reputation for quality and integrity.

Canada is the world's third-largest pork exporter, accounting for about 20% of world pork trade. Furthermore, we are highly diversified in our market configuration. We exported to over 100 countries in 2008. The largest of these by volume is the United States, but in terms of value it is Japan. That was a first in 2007, and that trend is continuing.

We're very proud of our accomplishments over the last decade in achieving a wider participation in the global pork trade and in lessening our dependence on the U.S. for our exports. When CPI was created in the early 1990s, well over 75% of our exports were going to the United States; now our exports to that market are just over a quarter of our total. An essential factor in our success has been the opening of new market opportunities, whether through the WTO Uruguay Round, which introduced us to many new markets such as the Philippines, to name one, or regional trade agreements, including those with Mexico and, we hope, Colombia.

Colombia has several characteristics that make it particularly interesting from a trade standpoint. It has a large population of over 45 million, a population that is also young. The median age of Colombia's population is 27 years; Canada's is 40 years; in the U.S. it is 37, and in Japan it is 44. A young population points to greater growth in future consumption of food than does an older one.

Although it is considered a developing country and although it has experienced periods of serious political and social instability, Colombia has made very impressive gains in its economic position, having reached what might be considered a middle level of income, as it stands 29th in the world in both population and gross domestic product.

While population growth is relatively high, mean per capita income has also been increasing, and as is often the case with developing countries experiencing economic growth, there are greater expenditures on food and a rising demand for meat in the diet. Given these conditions, Canada has witnessed increased pork exports to Colombia. Pork exports have more than doubled in quantity over the past 10 years, and it is of particular interest in our quest to achieve greater value-added exports that they have grown by five times in value.

We wish to point out that to the credit of our federal food safety system, Colombia has recognized our plant inspection and export certification procedures. In practice, all Canadian federally registered establishments can export to Colombia. Not having to bring inspectors from Colombia to inspect and visit each plant in Canada represents a major benefit for us. Rather than going to the individual plants, they've approved our system.

The conditions of economic growth and improved political stability in Colombia lead us to believe Canada can look to continued growth in trade, including pork, if we are able to retain favourable terms of access relative to our competitors in that market. The particular case in point here is the United States.

● (1125)

Colombia's WTO tariff bindings on pork range from 70% to 108%, while the applied tariff rates range from 20% to 30% on some products. The U.S.-Colombia free trade agreement provides for the complete phasing out of tariffs on most key pork products within five years. This would provide a significant advantage to our U.S. competitors for several years.

The Canadian deal with Colombia calls for the phase-out over five years of only the in-quota tariff. It will require another eight years to see the effective elimination of duties above the tariff quota.

While the tariff quota is 5,000 tonnes—a fairly large amount that is at least 50% greater than our exports last year, and an amount that will increase by 3% per annum—we do see opportunity for even greater growth in export volumes, such that the U.S. will maintain a significant total advantage for several years by having all tariffs on all products entering the U.S. eliminated within five years of the implementation of their agreement.

As the members are likely aware, the Colombia-U.S. FTA has not yet been implemented, and it remains quite unclear as to when the United States Congress will deal with it. However, based on information from our own contacts with U.S. industry officials and policy-makers, our view is that the U.S.-Colombia agreement will quite likely be passed and put into effect by the current Congress—in other words, by 2012.

It is therefore very much our hope that Canada will pass into law its own trade liberalization agreement with Colombia as soon as possible, so that we can get a head start on reducing Colombian import charges on Canadian pork. The sooner we are able to implement our own agreement, the lesser will be the U.S. tariff advantages, both in size and in duration.

In summary, the Canadian Pork Council supports the establishment of conditions for continued development of economic relations between Canada and Colombia. In that context, we strongly support passing the Canada-Colombia Free Trade Agreement at the earliest opportunity.

May I take one more minute of the committee's time? In the same context of economic and trade agreements, we'd like to bring the members' attention to a development that occurred last week: the European Union and Korea signed their free trade accord. We expect this development will revive interest in the United States in implementing the deal they completed with Korea last year.

South Korea is Canada's fourth-largest market for pork exports, with shipments for the first half of this year exceeding $70 million. It happens that Canada's two principal competitors on the Korean pork market are the European Union and the United States. Here again, Canada has a very significant interest in not being left behind in the race to complete regional trade deals. We urge the committee to support efforts to complete and implement a Canada-Korea free trade agreement.

Thank you for your time today. I look forward to answering any questions you may have.

● (1130)

The Chair: Thank you, Mr. Rice. We will begin our questioning with Mr. Brison.

Hon. Scott Brison (Kings—Hants, Lib.): Thanks very much for your presentations today.

I would concur with your intelligence that both the Obama administration and Congress are moving forward with the Colombia-U.S. FTA. I was in D.C. two weeks ago, and one of our meetings was with Secretary Clinton. She volunteered the information that they're making great progress with Congress on this. Despite the challenges around health care and the rest of it, there is a growing consensus on the FTA. Of course, President Obama has asked Trade Representative Kirk to move forward, and the Democrats in Congress have been asked to move forward on this.

You touched on what the effect would be if the Americans were to secure the FTA with Colombia prior to the ratification of the Canada-Colombia FTA. What would be the impact on jobs? We're in a difficult economic environment in Canada. What would be the impact on jobs in your industries if the Americans were to secure a ratification of the FTA before Canada does?

Mr. Martin T. Rice: We look at our industry as accounting for about $10 billion of economic activity, both domestic and export, of which roughly two-thirds, or perhaps a little less, is related to the export business. Conservatively, we're looking at a $6 billion industry. Colombia is our 20th-largest market. It's actually one of the few that has grown significantly in the last five years. We would be looking at that country right now as representing probably less than 2% of our exports, but we would quite easily see it climbing to 4% or 5%.

We'd be looking at being at a real risk here, because if the U.S. took over that market, probably $50 million of economic activity within five years would be lost if we couldn't also at least get in a position to have those first 5,000 tonnes go in at the reduced tariff.

For our first 5,000 tonnes, we would keep up with the Americans. It's when it goes over 5,000 tonnes that the Americans would be ahead of us, considerably, under the free trade agreement. If we can get two or three years' head start on them, then the advantage they would have would be much reduced, perhaps even insignificant.

● (1135)

Mr. Richard Phillips: On the grains and oilseeds side, they sell about $185 million of wheat and barley alone a year in there. That's 360,000 tonnes of wheat—a third of a million tonnes of wheat—and about 60,000 tonnes of malt barley.

It's hard to measure whether we would have job losses, because we would export those crops somewhere else, but we would have to find another market for that product. When you have too much product that you're trying to sell, you end up taking a lower price. It probably feeds back into farm income directly, but I'm not sure there would actually be job losses in grains and oilseeds.

Hon. Scott Brison: Mr. Stanford spoke of the fact that there isn't a lot of overlap between the commodities within which Colombia has a comparative advantage and commodities wherein Canada has a comparative advantage. That's an important issue to us, because we don't want to see a crowding out of Colombian agricultural capacity broadly.

Richard, you mentioned your background in international development as well, so you can speak to this. Where do you see the future of Colombian agriculture? What is the effect of the FTA on Colombian agriculture? I would be interested in your feedback.

Mr. Richard Phillips: It's my understanding that only about 5% of the land in Colombia is actually arable land. I think Colombian farmers will always be doing some local production for local consumption.

Their main exports are coffee and bananas, for example. Those are two of their major exports, and it's stuff we don't grow here, so there's a comparative advantage for them to export crops like that while importing wheat from Canada, for example. Canadian farmers can produce wheat and produce it cost-effectively. We're just simply blessed with so many acres of land and a climate that is well suited for wheat production.

I think each of us in some way would gravitate to what we produce best and what our climates are best suited for.

Hon. Scott Brison: Then there ought not to be a broad-based crowding out of Colombian agricultural capacity as a result of this, except perhaps in coca and the narco-economy. Hopefully legitimate economic opportunity can crowd out some of the drug economy, but you're saying that in terms of legitimate agricultural capacity, it won't have a significant effect on Colombian agriculture.

Mr. Richard Phillips: No, a Canada-Colombia deal won't, just because of the difference in the products.

Hon. Scott Brison: You mentioned the recognition of Canada's food inspection standard. We're hearing from some witnesses that economic engagement can help in Colombia from an institution-building perspective. Those witnesses included the representatives we had here from the Government of Canada last week, and one representative from HRSD, who was speaking of the fact that Canada is funding labour inspectors in Colombia through a special project. Colombia has more robust labour rules than Canada, but inspection is an issue, so we're helping fund them.

Do you see a potential for Canada's food inspection agencies and our practices to help Colombia strengthen its regime in this regard, as part of an institution-building exercise?

● (1140)

Mr. Martin T. Rice: Yes, I certainly would. I think the Canadian food inspection system has already been engaged in several countries, including China, to help establish a system that is fairly rigorous and fairly predictable in its operations.

It will be more than just food inspection. We actually have a fairly good dialogue with our Colombian counterparts, and many years ago we shared with them the Canadian grading system. This is not food inspection; this is quality improvement. That would probably be 10 or 15 years ago.

I actually just came from a conference at which several Latin American countries were present, and one of our past directors, Dennis McKerracher, who is a former producer and is still very involved in matters of the swine industry in Alberta, is working with Colombians on bringing in traceability systems. In fact, the Colombian industry is quite well organized, and quite prosperous, actually. They've had some tariff protection, but they've also had strong growth in their domestic market. They are working with Dennis and others to put in place a system for tracking of animals, which would then complement their food safety system. It will be more than just the food inspection agency; I see a lot of industry collaboration.

Hon. Scott Brison: Thank you.

The Chair: Go ahead, Monsieur Cardin.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Thank you, Mr. Chairman. Welcome, gentlemen.

For some time now, we have been hearing some members repeatedly state that it is only a question of time before the United States reach or ratify an agreement with Colombia and that it will happen sooner rather than later.

I guess it depends on who you talk to. Some have said that the agreement is ready and that it only remains to be ratified. That is not necessarily true, especially since one of you said that it could be done by 2012, because there remain human rights issues. So we think it could be 2012 but it might even be later. We are saying here that we have to move faster than the others. But I think in this case we can take it relatively easy. If Canada decides to ratify, I believe it can be done before the United States.

Earlier, Mr. Stanford or Mr. Phillips talked about the relatively positive results of the negotiations and bilateral agreements. You also mentioned that a multilateral agreement would probably be ideal since it is difficult for smaller countries to reach a beneficial agreement in a bilateral framework and that the rules under a multilateral agreement are generally more fair. However, Mr. Rice did not raise this issue. So I would like to know if he too would be in favour of a multilateral agreement in an ideal world.

Also, since the United States did not want to ratify the agreement because of human rights issues, do you believe that it would be easier to have a multilateral agreement and to incorporate aspects such as these, respect for human rights, labour standards and the environment? I would like to have your general views on this.

[*English*]

Mr. Martin T. Rice: Maybe I'll start on the matter of the multilateral approach versus the bilateral, and I think it ties in with the U.S. attitude as well.

There is increasing pessimism over the Doha Round and a lot of speculation that the Doha Round is all but finished, in which case there will be much more attention given in the U.S. to getting their existing trade agreements that have been negotiated into place. We'll see in a month, when the ministerial talks happen in Geneva. There will be a linkage between those two; I think the pessimism on Doha will give more impetus to getting the Korea deal through.

Maybe I will pass it over to Rick. I'll think of another point, maybe.

● (1145)

Mr. Richard Phillips: I think the advantage in the multilateral, as I said, is that the agreement becomes the rule and the standard for everybody. If we rely solely on bilateral agreements while trying to get at some of the issues of human rights and labour, for example, we could end up with a mix-and-match of standards, because each country may negotiate differently. The U.S. could negotiate levels different from those Canada might be able to negotiate. You'll end up with a mishmash of things. For some of these issues a multilateral approach will end up being far superior.

[*Translation*]

Mr. Serge Cardin: In each of your industries, there are sometimes very significant price fluctuations. You also have a very large production capacity. This can cause major problems at various times.

Also, there are often food shortages happening in the world. Today, you are trying to increase your markets. How can we reconcile this contradiction? The food crisis is relatively recent. Nevertheless, you are able to sell and you are looking for further markets. However, there must be markets out there even if we have a food crisis happening somewhere. How do you explain these price fluctuations when there is a food crisis going on and it is becoming difficult to export?

[*English*]

Mr. Martin T. Rice: It does sound odd that we wouldn't be seeing a more remunerative market for our pork, for example, on the world market right now, given that there is a certain amount of pressure on production in some areas, but we have slipped considerably behind some of our competitors in terms of access, and some of it is through the free trade agreements.

Also, on the cost side we've seen a great deal of instability. We aren't suggesting it's unfair, but it has come on rather suddenly in terms of some of the costs of inputs. Biofuels, for example, have affected the price of grains, and so on. It's taking time to absorb that and to adjust to a new reality. The Canadian dollar has been very strong; that has had an impact opposite to the impact of the weakness of the U.S. dollar, which has made U.S. exporters much more competitive.

We've also seen a decline in major markets that emerged in the last four or five years as very promising opportunities for our exports. That's partly due to recession. We've seen Russia backing off on their importations, and China, for its own internal political reasons, deciding that it would not allow itself to be dependent on imports, at least for a while yet, and turning up its production levels remarkably. These developments have caused us to see much less opportunity.

For us this year, it has been the emergence of H1N1, which is a huge factor in the world demand for pork. There are still many countries that link pork meat with the transmissibility of H1N1, when in fact the problem is more one of people passing the virus on to pigs. That has been the most serious situation for us as an exporter. We've been hit quite significantly.

Yes, we are still moving product, but as in any commodity market, it moves at whatever price you can get for it, and when the demand conditions are weak, the price is also weak.

Mr. Richard Phillips: I'll follow up with a couple of short points.

We saw a tremendous run-up in prices about a year ago. In the last 24 months we've seen a huge price spike in grain. There will always be highs and lows in grain prices due to global weather. Maybe China will have a bad crop one year, or India or the U.S. will have a bad crop. Those supply-and-demand aspects will always result in small spikes in prices.

A couple of years ago when the biofuels were starting, we saw that it wasn't just the biofuels causing it. A lot of speculators and hedge funds got into the market and drove prices to the point that there was no economic reason for the prices to be where they were. They've exited the market, and now there's a new base under the prices from the biofuel demand. However, I don't think we'll see the same range of price spikes that we saw before.

In a lot of the countries in the developing world, 70% to 75% of the people rely on agriculture for their income. Sometimes higher grain prices can actually help quite a few people in the developing world as well, but maybe not to the levels of the spikes that we saw. We would see a stronger sustained base through some of this trade.

● (1150)

The Chair: Thank you, Mr. Phillips.

Mr. Julian.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you, Mr. Chair.

Thank you for coming forward today.

As you know, the NDP is opposed to this bilateral, but I'm quite encouraged by your comments. I think they point to a different way forward.

Mr. Phillips, when you say that essentially we need a multilateral framework, that it's a better way forward, that it's far superior to putting forward bilaterals, that encourages me. I certainly hope the government hears your powerful message.

Mr. Rice, you were speaking about the growth in exports to the Philippines under a multilateral negotiation and an increase in the market in Colombia without this bilateral. I think that's encouraging as well.

Your foremost argument, Mr. Rice, is what is happening, or what could potentially happen, in the U.S. around a trade agreement. That is the argument you brought forward to justify this bilateral that we believe is very problematic.

But I was in Washington this week, actually, meeting with members of the U.S. Congress who actually vote on the deal: the chair of the House trade working group, the ranking Democratic Congresswoman for the House of Representatives, and other members of Congress from across the U.S. from the Democratic majority. Not a single one of those members of Congress believes the U.S.-Colombia trade deal will come to a vote. They feel very strongly that the administration's tentative steps early in the new year to try to get the deal through were met with a very ferocious opposition from members of Congress who fundamentally oppose the deal.

Now Democrats are working on the TRADE Act, a fair trade act that's being presented, and with 125 Democrats signing on, there's very clear opposition to U.S.-Colombia. In fact, two Republicans signed on as well. A similar deal is going to be moved in the Senate soon.

So if we take away that issue of any adoption in the United States from Democratic members of Congress—it's a very clear no—we can get back to the merits of the deal itself.

Obviously there are fundamental concerns about labour rights, about human rights. We had another massacre a few weeks ago. Twelve representatives of the Awa first nation were brutally killed. Human rights groups and eyewitnesses say that the Colombian military killed them. There has been no investigation. There is virtual impugnity for this kind of crime.

I understand that you're not here to testify on human rights issues, but if you would care to comment on how the Canadian government should act when an arm of the Colombian government brutally massacres 12 of its citizens, I would appreciate those comments.

I would like to move on now to the issue—

Hon. Scott Brison: On a point of order, Mr. Chair, FARC is not an arm of the Colombian government.

Christian Salazar, with the UN Commission on Human Rights, is working with the Colombian government on this issue. In fact it's been identified that FARC—not the Colombian government, not paramilitaries, not militaries, but FARC—was responsible for this massacre. And it was FARC that was responsible for massacring another aboriginal group in proximity to them.

Mr. Peter Julian: Mr. Chair, this is not a point of order.

Hon. Scott Brison: As a point of order, FARC is not an arm of the Colombian government.

The Chair: Perhaps we could stick to the agenda here.

Mr. Peter Julian: Thank you, Mr. Chair.

The Chair: And on the editorializing, if you don't have a question, Mr. Julian—

Mr. Peter Julian: I certainly will make a transcript of Mr. Brison's comments available to the public and they can weigh in on this issue.

Getting back to the issue that was raised on April 2—raised, actually, by a number of intervenors before this committee, including you, Mr. Rice—was the whole issue of that alternative approach, of multilaterals but also much stronger support for marketing of Canadian products abroad.

Mr. Ted Haney came before committee at that time and expressed the fact that in Canada we spend pennies on beef exports compared to the dollars spent in Australia.

We had Canada Pork International referencing the fact that their business plan over five years is $5.5 million. Even though they export in tonnage three times what beef does, the budget is one-third the size.

Mr. Rice, you said at committee at that time, on April 2, “In terms of promotions, yes, we certainly would be far behind our major competitors in terms of overall government resources made available through the technical aspects, through embassy promotions, and through that kind of cooperation.”

You can comment on the human rights aspect if you like, but my question to you is on promotional budgets. Has that situation improved? What is the entire promotional budget provided by the federal government for pork, not just in Colombia but around the world? It would be interesting to see what we allocate to Colombia.

Then for grain growers, what is the overall budget? We are in no way competitive with other countries in terms of the investments we make for product promotion.

As you mentioned, Mr. Phillips, a better way forward includes multilateral negotiations and strong product promotion.

● (1155)

Mr. Martin T. Rice: I'll just make a quick comment on the promotional support. We did it as part of our three-pronged proposal to the federal government early this year. To deal with the hog sector crisis, we did ask for a reallocation of some unused funds from a program for export market development. We have been fortunate to have $17 million reallocated from that program to the promotion of pork exports over the next four years.

This has given us an opportunity to have a fairly favourable industry-to-government funding ratio. That has changed our situation quite considerably since we met you in April.

Mr. Peter Julian: Further on that, with the $17 million over four years, including the $5.5 million over five years, we would be looking at a total budget envelope of about $5.5 million per year over the next four years. Is that right?

If that's the case, are you aware of what our competitors are doing? For example, for beef exports, where Australia spends $100 million, we spend pennies compared to that. What would our major competitors spend? How much do Australia, the United States, and other competitors spend on product promotion for their pork industry?

Mr. Martin T. Rice: Our major competitors in pork would be Brazil, the United States, and Denmark. Our situation would be much more comparable to that of the U.S. I don't know what the situation in Brazil or Denmark is. Denmark operates within the EU, and programs tend to have to be EU-wide rather than state-specific. I simply don't know if it's higher or lower, but we've certainly narrowed the gap with the U.S.

Mr. Peter Julian: In terms of beef exports, the U.S. spends $40 million, according to Mr. Haney, which also includes concessions on rental rates of international offices and shared resources that are available out of the agricultural trade offices.

None of the collateral supports exist for Canadian industry at all. That's what he testified in April. When you say comparable, do you mean that you think the U.S., as a basis point, would have about $5.5 million a year if you didn't include all of these other features that the U.S. has put into place to support their pork industry?

Mr. Martin T. Rice: Certainly if you don't include them, I think the U.S. has many more resources in their embassies abroad, and they may have some support through their international aid programs, although our thinking on those is that they are not likely playing very largely in pork exports. They're probably playing a much larger role for grains, oilseeds, and maybe beef. On a per tonne of exports basis, Canada and the U.S. are likely quite similar now in terms of export market support.

Mr. Peter Julian: Mr. Phillips, could you add anything on promotional support?

Mr. Richard Phillips: I don't have those numbers off the top of my head, but I'm aware that from time to time, if Pulse Canada wanted to go to a major food and trade show, they would apply and get some money from the Government of Canada to assist them to do overseas missions like that, where they would also tie into trade commissioners in the offices of our embassies and stuff like that.

To a large degree, we have an excellent reputation already for a lot of our pulse crops and our cereal grains. There's been a lot of promotion done over the years. There is one thing we do for which there is some federal government money. There's an organization in Winnipeg called the Canadian International Grains Institute. CIGI is the acronym. We bring in millers from other countries, and we demonstrate how Canadian wheat can be milled and how it will make the exact types of breads they are looking for or the exact types of pastas they make. We do some of that work internally on the grain side as well. We have sample mills set up in Winnipeg where we can bring in and promote our product to show them how, if they buy our product, it will make a quality product back in their countries.

● (1200)

Mr. Peter Julian: Do you think you could make those figures available to the committee, if you don't have them at hand? I think that would be helpful, because part of what we've been doing over the last few months is looking at how other countries have very strong interventions towards their product promotion and their export market, while Canada, quite frankly, doesn't match that in any way.

We're placing our export industries at a disadvantage, even far beyond the issue of whether a bilateral should be signed or not. We simply don't have the supports we should have in place.

Mr. Richard Phillips: I will undertake to find that information and provide it to the committee.

The Chair: Thank you.

Mr. Holder.

Mr. Ed Holder (London West, CPC): Thank you very much, Chair.

I'd like to thank our guests for attending this morning.

This actually has been exceptionally helpful to try to understand better the need to move the Canada-Colombia Free Trade Agreement along on an expeditious basis. I think that's critical. If I've heard anything from your comments and testimony today, it's been the need to proceed—respectfully, but with as much due course as we can—for the advantages that we've discussed.

My colleague from the NDP, whose discourse I quite enjoy from time to time, talked about being against this particular free trade deal. No disrespect to my colleague, but I'm not aware of any free trade deal that he has supported.

I'm trying to look at this from a credible perspective, from your standpoint. As professionals in your area, I think you probably have the best insights of all of us, if I may say, on why this matters for your industries and why it's helpful to Canada.

Mr. Rice, I thought your comments were particularly important.

Just as a brief aside, sir, you made reference to the swine flu and how that has certainly not helped the pork industry at all. I'm so disappointed, because I hear it on the CBC. Even in my own community of London, Ontario—as I love to say, the tenth-largest city in Canada—our local TV and radio talk about the “swine” flu. I have made some strong comments on that.

I would urge all committee members to continue the pressure to get rid of that. It's a huge issue for us.

To me, probably the most compelling you made here was about the Doha Round being weakened, which ultimately will put more emphasis on bilaterals. You have a grave concern about that.

My practical question, and this is for all our guests, is do you agree that there would be an advantage to Canada's pork producers and grain and pulse and lentil producers if we moved this program ahead of the United States? Because that's what I heard you say.

If there's one question that I think becomes the most critical as it relates to the growth of your industry, and frankly, if I might say, the survival of your industry.... If you don't grow in business, there are grave implications. I say that as a business person.

I'd like to ask you this. How critical is it that we move ahead of the United States, which, I would accept from your earlier testimony, is more a question of when and not if?

Perhaps I could ask you to start, Mr. Rice, and then the other two guests.

Mr. Martin T. Rice: It would be critical, for us to be a player in the Colombian pork market, to see this agreement passed.

I do presume that the U.S. agreement will be implemented certainly within three years, but I wouldn't want to have it understood or thought that our support for the Canada-Colombia deal would be conditional on the U.S. deal eventually being passed. We view it as desirable on its own merits.

It's the case that we would not have much commerce with Chile, for example, if we hadn't had a trade agreement with Chile more than 10 years ago. There is quite a bit of business commerce between the two countries. A lot of other discourse goes on, in my view, with those increased economic linkages.

Mr. Ed Holder: So you're saying stand-alone if need be, and would be, but certainly there's an advantage to being ahead of the United States in this.

Mr. Martin T. Rice: Yes. The potential for a U.S. agreement would increase the urgency, from our point of view, for passing it.

Mr. Ed Holder: Yes.

Mr. Stanford and then Mr. Phillips, perhaps I could have your thoughts on that same question.

Mr. Gary Stanford: I'm a Canadian grain farmer, and the way I look at it is this. On my farm, I want to be able to produce a good product that I can sell to the whole world and get a reasonable price for the product I'm growing.

I'm not out here to try to get subsidies. I don't think any cattle producer or grain farmer is looking for any kind of subsidies. That's not what we're here about. We're here to try to sell our product for a reasonable price so that we can make a reasonable living.

If we can help open this up and maybe get ahead of the U.S. on this, maybe this will be a little bit of a perk for us so that we can keep our farms going and not have to look for subsidies.

● (1205)

Mr. Ed Holder: Do you have any sense of being able to quantify that in terms of the advantage of being ahead of the United States?

Again, I'm thinking of the pork producers in particular, but is there an advantage to pulse and lentils and wheat to be ahead of the United States in relation to the Canada-Colombia free trade deal?

Mr. Gary Stanford: We sell a lot of pulses—lentils, peas, chickpeas, beans—down in that area, and that's one of their major protein food sources. So, yes, if we can figure out some way to move this ahead a little bit more quickly and beat the U.S. on it, then I think there will be a chance for us to maybe supplement our incomes.

Also, we want the farmers down in Colombia to do okay, too. They produce coffee and bananas. I'm not out to talk about any of the other issues right now. We're farmers and they're farmers, and that's kind of how we look at it.

Mr. Ed Holder: So you actually think there's a humanitarian benefit as well to the Colombians within this kind of an arrangement, because it allows them to proactively export things that, frankly, we don't produce. Is that fair to say?

Mr. Gary Stanford: Yes, that's fair.

Mr. Ed Holder: Mr. Phillips, do you have any comments on this?

Mr. Richard Phillips: You asked for a number, so I was just quickly doing the math. Right now we have 100,000 tonnes of pulses, 360,000 tonnes of wheat, and 60,000 tonnes of barley. That adds up to about $265 million or roughly one-quarter of a billion dollars a year of exports just in the grains and pulses.

I think perhaps what's key for all members to think of is that once somebody switches their flour mill over to a different class or to wheat from a different country and they get used to baking with that, there is then a bit of a higher hurdle for you to get your products back in again. Right now they are using a lot of Canadian products, so we would hate to lose that advantage and have them tool up to deal with other people's produce.

Mr. Ed Holder: I have a couple more brief questions, if I might, Mr. Chair. Thank you very much.

Mr. Phillips, I know you made some comment about preferring a multilateral deal over a bilateral deal, but again I'm compelled by what Mr. Rice said about how, with the weakening of Doha, there will seem to be, particularly in the United States, which is a country that we all pay some attention to, more emphasis on bilateral trades. If you had the option of no deal with Colombia or this bilateral deal, what would you take?

Mr. Richard Phillips: If everybody had no deal, then we'd all be equal, but—

Mr. Ed Holder: We're talking about Canada.

Mr. Richard Phillips: —if one of our major competitors were going to move ahead and negotiate a deal that would give them a huge comparative advantage over us, then I'd say we would say go with the deal.

Mr. Ed Holder: Thank you very much.

Mr. Rice, just help me understand a little bit about the....

Am I done, sir?

The Chair: We'll have to get it in the next round.

Mr. Ed Holder: All right. I apologize.

Thank you very much for your testimony.

The Chair: Thank you.

Mr. Dhaliwal. Welcome back.

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Thank you, Mr. Chair.

Welcome to the honoured guests here as well.

When I look at Canada's history, we have come across as a trading nation for the past 100 years, or whatever that timeframe is, and now we are looking at signing a free trade agreement with Colombia. You're here in particular as members of the Canadian grain market and the hog producers.

If I look at all the provinces of Canada, there's only one province—Saskatchewan—that has had positive growth and a surplus budget in the last year. The particular reason for that is that Saskatchewan is the province doing the most trade outside the North American market.

What is your opinion about that? Do you see that as one reason we should be opening up to new countries like Colombia?

Mr. Martin T. Rice: We are seeing quite significant changes in the demographics of some of what have been our major markets. Japan, for example, is a country that has an aging population, a declining population. That has probably been our most important export market, but we have to have other alternatives to adjust to those changing circumstances. Japan will not be a growing market in the future. It'll only be a matter of perhaps some import replacement.

For industries to be able to compete internationally, they need large enough volumes. The domestic market of 35 million people is just simply not enough to sustain, over an 8,000-kilometre distance, companies so that they will be able to compete on the home market, let alone the world market. We are a totally free and open market for imports, so we have to have companies that can compete on both levels.

Mr. Sukh Dhaliwal: Richard, do you have something to say?

● (1210)

Mr. Richard Phillips: First off, I would like to thank you for recognizing my home province of Saskatchewan as finally a have province.

I'll mention my hometown of Tisdale, Saskatchewan, just to put that on the record too.

Voices: Oh, oh!

Mr. Richard Phillips: In terms of the trade deals, I just want to reiterate that multilateral is our number one preferred approach. It really is. But in the absence of the multilaterals, we recognize that as other countries move ahead, we cannot be competitively disadvantaged. So we have to have the bilaterals until such time as that can happen.

Why is Saskatchewan doing so well? I have some numbers here. In Saskatchewan, 99.2% of all farms are export-dependent. That is why. when exports work well, farmers do well. Canada-wide, 91.6% of farms are export-dependent. Even in Quebec, 75% of the farms rely on either exports or export prices for their livelihood.

So it's huge to Canadian agriculture, and if....

I see you shrugging, Mr. Julian; I can certainly leave some of these stats with the committee.

These are not translated, but perhaps they can be translated and then distributed to all members.

Mr. Sukh Dhaliwal: How much of a positive impact will this FTA have on our shipping grains overseas? Do you have some numbers there? You mentioned that you have to look for markets somewhere else, but do you see any positive growth particular to this Colombia mission?

Mr. Richard Phillips: I think Martin touched on it. Certain markets in the world are mature markets—Japan, for example—where there's already a large middle-income group that's already buying, that has the consumer taste to buy, finished pork products or high-quality breads or whatever.

The future in countries like Colombia is that there is a large young population. That's a market for the future. If we are in there and working with the Colombians, there's huge potential growth.

So there's a huge middle class coming, potentially, in countries like that. Whether it's Peru, Colombia—“emerging markets”, as I call them—there's huge potential for us there in the years ahead.

Mr. Sukh Dhaliwal: You mentioned emerging markets. If we look at Canada's economic future, that probably lies in Asia, in countries like China and India.

You know, our good friend Peter Julian is concerned about all these human rights in Colombia.

When we look at the future ahead of us in terms of doing trade with India and China, do you think we still will have enough of a market over there so that our farmers have an advantage?

Mr. Richard Phillips: I would almost insist on continuing to have our markets as diversified as possible. When the BSE crisis struck a few years ago, we found out what happened when we were so dependent on just one market, the United States.

I think it's really critical that Canada is trading across a wide range of marketplaces and not limiting ourselves to a few. If those borders close for some reason, bad things happen to us.

Mr. Sukh Dhaliwal: Do you see any short-term to long-term benefits that free trade is opening up? Even with these tough economic times that we are going through right now, do you see a bright future ahead of us? In other words, do you see this as a short-term solution or a long-term solution?

Mr. Martin T. Rice: I see it as being an important bridge to when we get the WTO agreement back on the rails. I mean, even if Doha falls through, I think there will be enough determination to get a multilateral process going again. But it could easily be ten years before we see the results of that. It's ten years now, since Seattle, when we thought we were ready to go on a deal.

Right now we would be able to sell much more product in the European Union if we had the improved access that we would get through the Doha Round but that we are now hoping to get through the EU-Canada negotiations. We were at the Anuga trade show in Germany, and we had a group go down into Italy.

There's definite market interest in Canada pork, and not just certain cuts, as we thought it was; it's much wider than that.

● (1215)

The Chair: Thank you, Mr. Dhaliwal.

Mr. Keddy.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chair.

Welcome to our witnesses.

This is a good discussion. I think everyone in the room appreciates what you're saying about the Government of Canada negotiating on a multilateral basis. The reality, as I think Mr. Rice just said, is that we've been nearly a decade trying to get the development round moving forward.

We were in India in September. We made a little bit of headway, we felt, but we didn't see the results of that at the G-20 meeting in Pittsburgh. Really, there's been a fair amount of foot-dragging by other countries since then.

So there are some tremendous challenges to getting the multilateral process moving forward and actually working. I don't think the government, either our government or the previous government, had any choice but to start looking at bilateral discussions. If something happens in the future and we actually get a multilateral agreement, that's terrific, but I think you have to understand the challenges there—and we do.

On this whole issue of trading across a wide range of markets, right now, because we don't have a multilateral trading agreement on agriculture, we do have to look at these agreements with Colombia, with Jordan, with Panama, with the European Union.

Quite frankly, Mr. Phillips, with regard to your comments about our dependency on the American market, we're well aware of that. We have to diversify. At this time, we just don't see any other way to do that.

You can comment on that point if you'd like, but really what I want to ask you about is the whole issue of the price band mechanism.

How does that mechanism affect wheat exports and pork exports? If we're not able to get a multilateral agreement, how will that continue to affect us straight across the board—not just on pork, on lentils, on wheat, and other products, but particularly on those products?

Do you want to expand on that a little bit?

Mr. Richard Phillips: I'm sorry, I missed one word there. It's price...?

Mr. Gerald Keddy: Price band mechanism, it's called.

Maybe Mr. Rice can start.

Mr. Richard Phillips: Yes, maybe Mr. Rice can start.

Mr. Martin T. Rice: The price band is another aspect of the Colombian import system that operates not all the time but at certain times when prices go below a certain threshold or above a certain level.

For one, if we assume that cereal prices will be higher in the foreseeable future than what they were in, say, the 1980s and 1990s, as I think most people would agree because of the biofuel reality, then we'll see less likelihood of the lower level of the price band being triggered, which is what has limited imports at certain times into Colombia. However, what the Canadians negotiated in the agreement for pork, for the elimination over 13 years of the over-quota tariffs, will provide an adjustment over time where the Colombian price and the world price will be less different.

The prices won't be the same. In Australia, for example, where they have free trade agreements with the U.S. and essentially free trade with us in several respects, they still enjoy a very high price level internally relative to the world market.

So it doesn't necessarily collapse the domestic price, but it will cause them to converge to a greater extent. The price band will be much less of a constraint for us than it has been in the past if the Canada-Colombia deal is put into effect.

● (1220)

Mr. Gerald Keddy: From my understanding of how it works, it's more meant to be a protectionist measure for local product. Wheat in particular suffers about a 15% tariff on that right now. I think the way it's applied is that it can be as much as 124%. It could go all the way up to that.

Again, the intent of it is to level the market, but the reality of it is that it distorts the market. The market's not allowed to work. That's why I raise the issue.

Eventually, these free trade agreements will eliminate that mechanism altogether and allow us to trade at parity. Our farmers have an advantage anytime we are able to do that, because we are very successful and profit-oriented.

That's all I have.

The Chair: Thank you. There you go. You're not going to warn them about FARC going out of Saskatchewan?

Mr. Gerald Keddy: I think Mr. Brison looked after that.

The Chair: Monsieur Vincent.

[*Translation*]

Mr. Robert Vincent (Shefford, BQ): Thank you, Mr. Chairman.

I am pleased that my colleague finished a little sooner. I will have more time because I will take what time he had remaining.

I would like a clear explanation of the advantages there are to the signing of an agreement with Colombia, both for grain producers and for hog producers.

Indeed, we know that at the present time, in the case of hogs, there is already a loss of $50 per head and that we pay for each hog sold. In the case of grain, we know that in the United States there are two or three times the subsidies there are in Canada for agriculture. Furthermore, you talked about competitive advantages. I believe that the United States have many more competitive advantages than Canada, no matter which country they are exporting to. I would also like to mention the inputs needed in agriculture that are much more costly here in Canada, such as potash, etc. Also, Mr. Julian mentioned that there would be no vote by Congress.

Given all of these ingredients, how can Canada benefit from signing an agreement with Colombia, with the United States having all of these advantages, both moneywise and promotionwise? Indeed, as I saw earlier, they have $100 million and they are not comparable because they already have people who are in the United States. What advantages will our producers get out of an agreement signed with Colombia? That is my first question.

You are also aware that when there is a free trade agreement, it is not just agriculture, but all of industry that is covered. All of the other businesses that are in Canada, compared with those that are in Colombia, could therefore come here for free trade, such that jobs would be lost.

I would like to hear you speak only of your respective industries, that of pork, which has been recently subsidized by the government, and that of grain, which is subsidized twice as much in the U.S. compared with Canada. How can we be competitive compared with the United States as far as access to the Colombian market is concerned?

[*English*]

Mr. Richard Phillips: I would say that Canada has an extremely good quality control system for the export of our grains, oilseeds, and pulses. People want to buy Canadian wheat, and whether you're in Morocco or Colombia or China, Canadian wheat is of premium quality because we have a lot of segregation. Segregation means having different classes of wheat. There are spring wheats, winter wheats, hard white wheats, and all kinds of wheats. Within that, there are different grades, like number 1, number 2, and number 3.

In Canada we can segregate very well, and we ship to the exact specifications. The U.S. has just this huge bulk—I don't know what the French word is for “morass”—this huge pile, and they can't provide the same quality standards that Canada does. When you are a flour miller, you know that when you mill a bushel of flour and it comes out the other end, and when a baker bakes it, whether it's a flat bread or regular bread, you want it to be of a certain quality all the time. Canada meets those quality standards regularly. Other countries don't do that. The field is level right now with the U.S. We have roughly the same challenges going into Colombia. That's why today we're shipping over a third of a million tonnes of wheat into Colombia, competing against U.S. farmers. We're number one.

● (1225)

Mr. Martin T. Rice: We've seen some decrease in our Canadian pig production due to the economic circumstances we have had, but we still look at ourselves as having some major advantages. Rick has already mentioned quality standards. Those have also been in place for Canada. We have a very competitive feed grain production sector. Western Canada is always going to be an important source of feed grain that is better to utilize and better to process in value-added products here in Canada if we can. Unless we want to undertake a 50% to 60% or greater reduction in the size of our industry, we need to find ways to keep the Canadian output and sales abroad alive and growing.

We see the U.S. as being a major competitor, but it's not the only competitor. One of Colombia's next-door neighbours is Brazil. It's a massive exporter itself. We're looking for conditions under which we can compete against not just the U.S. but also the other major competitors.

[*Translation*]

Mr. Robert Vincent: Mr. Phillips, you spoke a little bit earlier about quality control. You have better quality control, a better product. When we start getting products from Colombia, will their quality be as good as that of ours?

The fact that we are prohibited from using certain pesticides increases the cost of our products. It seems to me that the standards are not the same in Colombia. We therefore have higher standards even for what we export to Colombia, but everything that will be coming from Colombia and entering this country will have been subject to lower standards. We will have to be happy with that, but we will be exporting higher quality products.

Could there be an agreement between equals? The quality of the products would have to be the same for both countries. Some Colombian products will be competing against products here, but the price will be lower because the quality will be lower. In this agreement, have you thought of including this reciprocity aspect between the two countries?

[*English*]

Mr. Richard Phillips: Thank you. That's a good question.

In terms of shipping them the quality wheat, the 360,000 tonnes of wheat, just to put it in perspective, our estimate this year for wheat is over 24 million tonnes in Canada alone. So it's only a small part of all of our wheat. There's lots of quality wheat for all of our other markets as well.

In terms of what comes up here in the quality standards of Colombian products, again, the advantage for us in doing a trade deal with a country in a more temperate climate is that they're not shipping the same products to us. It's bananas, it's coffee—things that we don't grow here.

I can't comment on the quality standards we would be negotiating. I presume that the Canadian Food Inspection Agency has minimum standards for health and safety of products coming into Canada that have to be met. I don't know what those regulations would be. For example, I can't comment on the thresholds that coffee and bananas would have to cross. I'm pretty sure, though, that they won't let in substandard products that would cause health risks for Canadians.

[*Translation*]

Mr. Robert Vincent: Canada still imports products that have been sprayed with DDT, and this despite the fact that the use of this chemical has been prohibited in Canada for the last 40 years.

[*English*]

The Chair: We're over time.

Mr. Keddy.

Mr. Gerald Keddy: I have a quick question, and then perhaps Mr. Holder will finish the time.

Tom Vilsack, Secretary of Agriculture in the United States, is announcing today that China has lifted the pork ban on American pork products. They don't have a date on that yet. But we still have in place a pork ban with China for Canadian product, at least product in Quebec, Manitoba, and Alberta.

I would like your comments on the need to move quite rapidly, I think, and even urgently, on continued bilaterals. I know it's not the preferred method, and I'm not disagreeing with what you're saying about the multilateral method, but it's the only method we have that's working right now.

Obviously we don't have a free trade agreement in place with China, but it certainly shows the need to diversify and open up new markets in other countries.

That news is just coming in now. I don't know if everyone is aware of that or not, but it's not great news for us.

● (1230)

Mr. Martin T. Rice: No. China is quite a case to deal with, even though it's in the WTO.

Certainly we don't favour any trade agreement whether it's in our favour or not—I think we look at each one on a case-by-case basis—but certainly we would look at this one as being one of those that would be favourable to Canada's economic interest.

Mr. Ed Holder: If I might continue—

The Chair: Mr. Holder, that's it.

An hon. member: I think we're out of time.

The Chair: Mr. Brison, you'll have to conclude.

Hon. Scott Brison: Thank you, Mr. Chair.

I just wanted to read into the record some facts on the Awa aboriginal group massacre in Colombia during the last week of August.

The Attorney General's office is still investigating the case. They are working with Christian Salazar from the UN office of the human rights high commissioner. They are partnering on the investigation.

In the department of Narino, where the Awas were victims of two massacres over the past six months....

Peter, you might listen. This is actually factual, so it may.... Well, it may offend you, because it's new information.

In the department—

Mr. Peter Julian: I have a point of order. We agreed to adjourn at 12:30 today. Mr. Brison interrupted my comments and my questions. I'm certainly always willing to get information, but it has to be factual.

Hon. Scott Brison: I actually printed this for Mr. Julian.

The Chair: I think that's another point of order.

Hon. Scott Brison: Let me just finish. In the department of Narino, the Awa aboriginal group were victims of two massacres over the last six months. Following the first massacre, the FARC admitted they were responsible for the crime. They killed the Awas because they suspected that the Awas had been cooperating with the government. The Awas who were killed in August are located in areas surrounded by the FARC and emerging groups involved in drug production.

The minister of defence has indicated there were no military battalions anywhere in the area where the massacre took place. However, a small cocaine production laboratory was found near the site where the killing occurred.

I just thought Mr. Julian would be interested in that.

Thank you.

The Chair: Thank you, Mr. Brison.

With that, we'll conclude and thank our witnesses for being here today. It was very helpful. Sorry about the sidebars, but we get that.

I will just dismiss the witnesses. Thank you very much.

For the committee, just before we leave, I want to say that next Tuesday we will begin the first hour with a wrap-up of our discussion of supply management. In that working period, lunch will be served from 11 until noon. At noon, we will resume this discussion with the Canadian Cattlemen's Association.

Thank you. We're adjourned.

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