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## **Standing Committee on International Trade**

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**EVIDENCE**

**Thursday, October 4, 2012**



**Chair**

**The Honourable Rob Merrifield**



## Standing Committee on International Trade

Thursday, October 4, 2012

• (1540)

[English]

**The Chair (Hon. Rob Merrifield (Yellowhead, CPC)):** I call the meeting back to order.

We want to first of all thank the department for being here. We almost know them by their first names. It's good to have you with us as we go through clause-by-clause consideration of this very important piece of legislation. It has passed the committee once before—actually, maybe even twice. Not much has changed except the timeline.

We're dealing with clause-by-clause study of Bill C-24, An Act to implement the Free Trade Agreement between Canada and the Republic of Panama, the Agreement on the Environment between Canada and the Republic of Panama and the Agreement on Labour Cooperation between Canada and the Republic of Panama.

Go ahead, Mr. Davies.

**Mr. Don Davies (Vancouver Kingsway, NDP):** I'll move my motions and get them out of the way before we go to clause-by-clause study.

**The Chair:** I believe we have a couple of motions that Mr. Davies would like to introduce.

Mr. Davies, the floor is yours if you want to introduce the first one and explain it.

**Mr. Don Davies:** Thank you, Mr. Chairman.

**Mr. Chairman, this is the first of the two motions that I'll move:** That, notwithstanding the Order adopted by the Committee on Thursday, September 27, 2012, the Committee postpone its clause by clause consideration of Bill C-24 until Canada and Panama have signed a tax information exchange agreement.

I'll briefly explain the purpose and reasoning for this motion, Mr. Chair. One of the major considerations as this agreement has come before Parliament in the past has been Panama's reputation as being a known tax haven, a place where offshore money can be hidden in banks without disclosure to other countries. That concern has been exacerbated by the fact that illicit money from illegal activities, notably the drug trade, has also been identified to have flowed into Panama, leading to a concern that investment money that goes into Panama could fly out of Panama and go to other jurisdictions, including Canada.

We've heard evidence that the situation seems to be improving since this agreement came before the committee. We understand that Panama has been removed from the so-called grey list because it has

signed 12 tax information exchange agreements with countries. That's enough to remove it from the grey list.

I understand from the witnesses we've heard that Panama and Canada have been negotiating a tax information exchange agreement. I reviewed the previous testimony before this committee and found that Panama was resistant to Canada's request that we sign such an exchange agreement.

It's important that Canada and Panama have the ability to exchange tax information as a means of stopping the laundering of illegal money and to ensure that Panama is not a tax haven. Again, to Panama's credit, we heard from the ambassador that the negotiations are at a fairly advanced stage. I formed the impression that they were near completion.

My research indicates that the U.S. Congress went in the reverse of this Parliament. Because of Panama's history as a tax haven and drug-laundering centre or attraction, the U.S. Congress required that a tax information exchange agreement be signed before they would sign off on a trade agreement. The reasoning is pretty obvious. Until you have a tax exchange information agreement, you really have no way of opening up the Panamanian banking system or tax system to scrutiny by our jurisdiction; therefore, you don't know if money flowing into Canada is flowing in from drug cartels or other illicit activities.

This motion essentially agrees with the same responsible position of the U.S. Congress, which is that whatever the merits of signing a trade agreement are—and I understand the government is fully behind such—I think we all agree that a tax information exchange agreement is an important part of the puzzle.

I think it's only prudent that we, as parliamentarians, reassure Canadians that such an agreement is in place so that we can rest assured that any concerns regarding status as a tax haven or a drug-laundering centre are taken care of prior to signing a trade agreement that will see the flow of investment—presumably from Panama into Canada and Canada into Panama—at increased levels.

I'd urge all members of the committee to vote in favour of this motion. It doesn't mean this Parliament won't pass a trade agreement; I think it just puts it in the right order, and puts prudence and care before haste.

**The Chair:** Okay.

Go ahead, Mr. Keddy.

• (1545)

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

I won't take too much time on this, because I realize that we have clause-by-clause consideration, but it is a substantive motion and it deserves a rebuttal.

Mr. Davies has mentioned a couple of pertinent facts, the first one being that Panama is off the OECD grey list. They've been off that list for some time now, because they've signed a number of taxation information exchange agreements with other countries around the globe.

The part of his discussion I would quite disagree with, Mr. Chairman, is that I don't think we can simply say that Panama is a tax haven for drug money. I think it's much more complicated than that. The over \$100 million in trade with Panama today from Canadian companies is all clean money. Those are good investments. I don't think any Canadian money whatsoever is being sheltered in Panama, quite frankly.

The importance of a tax information exchange agreement, though, is real. We are negotiating that. In a dual system, we have a negotiation going forward for a tax information exchange agreement. We've already negotiated the free trade agreement. We see them as two separate issues. Both are extremely important issues, but they are two separate issues. The official opposition recognizes that. I understand their point, but we're ready to get on with this treaty and to continue to negotiate the tax information exchange agreement.

**The Chair:** Okay. I think everyone's made their points.

Mr. Easter, go ahead.

**Hon. Wayne Easter (Malpeque, Lib.):** Just to make one point, Mr. Chair, I will be opposing the motion.

I believe that progress is being made. When witnesses were here on Tuesday, we talked about this somewhat. I'm personally firmly of the opinion that when you have an agreement, you actually do have more leverage, in any event, in dealing with issues such as money laundering.

I spoke with some of the folks who export frozen french fries to Panama, and they are worried. Their number one worry is how the dollar value is affecting them and their ability to be competitive.

We are in a delicate timeframe vis-à-vis the United States. In this case, we need to get the agreement into the House and through our system as quickly as possible so that we can stay strong players in that market.

I understand where Don's coming from on this and I understand that it's with the best of intentions, but I will be opposing this motion.

**The Chair:** Go ahead, Don, very quickly.

**Mr. Don Davies:** Chairman, I have three quick points. One is that as laudable as it is that Panama has signed 12 tax information exchange agreements with other countries, they have not signed one with us. There is no agreement with Canada.

My second point is that we could sign and pass this trade agreement, and we have no guarantee at this point that the parties will actually conclude a tax information exchange agreement. We're hopeful that it may be the case, but my concern is that once we have a free trade agreement, there will be no leverage anymore. If for any reason negotiations break down, we'll be left in a situation of having a trade agreement with preferential treatment for Panamanian investors without having a tax information exchange agreement. We're taking a leap of faith here that I don't think is prudent.

My final point is that nothing in my remarks is meant to suggest that there's anything but legitimate investment flowing from Canada to Panama. I would even argue that much of the investment from Panama into Canada is likely legitimate as well.

My understanding of the way illicit money is transferred into illegitimate funds is that illicitly gained money from drugs or any other kind of illegal activity is put into a legitimate type of business in, let's say, a country like Panama. If they have secrecy laws, or if we don't have a tax information exchange agreement with Panama, then that money, once it's turned into a legitimate business, could then flow into Canada. We wouldn't have the ability, without such an information agreement, to actually have full transparency and scrutiny.

That completes the reasoning behind this motion.

**The Chair:** Go ahead, Mr. Holder.

**Mr. Ed Holder (London West, CPC):** I'm in violent agreement with Mr. Easter on the point that once we have an agreement in place, what this free trade agreement does is propel us towards better conduct. I don't call that a leap of faith. I just call that progress.

Frankly, this feels like a filibuster. I'm not looking for a retort, but frankly, this is the never-ending story. It's high time, Chair, that we call closure on this. I leave that to you and your wisdom.

• (1550)

**The Chair:** All in favour, please signify.

Those opposed—

**Mr. Don Davies:** Can I have a recorded vote, please?

**The Chair:** Yes, you can.

I will ask the clerk to proceed.

**The Clerk of the Committee (Mr. Paul Cardegna):** The question is on the motion in the name of Mr. Davies.

(Motion negatived: nays 7; yeas 4)

**The Chair:** The motion is defeated.

We have one more motion that you have put on the table. Are you interested in bringing it forward?

Go ahead, Mr. Davies.

**Mr. Don Davies:** Thank you, Mr. Chairman.

Before I start that, I would comment that Mr. Holder's comment about a filibuster is uncalled for.

**The Chair:** Just go on.

**Mr. Don Davies:** Well, if someone is going to say “filibuster” when one has not been.... That’s not—

**The Chair:** Just introduce your motion, or I’ll keep going.

**Mr. Don Davies:** I do have the ability to speak.

**The Chair:** Yes, if you are introducing your motion, you do.

**Mr. Don Davies:** Mr. Chairman, this motion reads as follows:

That the Committee:

recommend that the Government of Canada negotiate an agreement with the Government of Panama that would provide for financial penalties of up to \$50 million per violation of the Agreement on the Environment contained in Bill C-24;

report this to the House of Commons; and

notwithstanding the Order adopted by the Committee on Thursday, September 27, 2012, postpone its consideration of Bill C-24 until this agreement is signed.

I will give the committee the rationale behind this motion.

As we all know, and as was confirmed by our witnesses who are here with us today from the department, in the labour and environmental side agreements of the Canada-Panama trade deal there are in the labour part financial penalties of up to \$15 million for any violation of the labour side agreement.

Of course, these agreements are something the opposition cares deeply about, and the government has responded that they are the types of comfort provisions Canadians can look to in ensuring that when we make an agreement with a country such as Panama, they will respect and will try to improve their labour and environmental standards, or at least not reduce them as a means of attracting trade and investment.

However, funnily enough, there is zero penalty in the environmental side agreement, which leads in our view to a perverse situation in which we’ve just signed an agreement under which a country such as Panama, which has some significant environmental sensitivities that I will talk about briefly in a moment, if it violates the terms of the environmental side agreement and lowers its standards to attract trade, will attract a penalty of exactly zero—not a nickel. We can talk, we can bring it up, we can complain, but there is zero penalty.

One thing I will give the government a lot of credit for is that they have presented a legislative agenda over the last five or six years that seeks to really impose responsibility on people who would break agreements and break the law, but in this case you could have a party to an agreement flagrantly and brazenly break the terms of agreement and there would be no financial penalty whatsoever.

Now, in terms of the environment, we heard testimony from MiningWatch. Whatever else can be said of the entirety of the testimony, we know that there is significant mining activity and other activity in Panama that is economically beneficial but that creates environmental concerns. We know there are extremely sensitive environmental areas in Panama, including the Meso-American biological corridor, which we have heard about; there are UN-protected sites; there are hundreds and hundreds of species at risk.

To me it would seem, if we really want to make sure that Panama and Canada live up to the environmental commitments they have

made in these agreements, that we should back them up with some sort of meaningful penalty in the event that they are breached.

I certainly hope they are never breached and that the penalty would never need to be implemented, but to sign an agreement that has absolutely no enforcement teeth is wrong. I think it reflects a complete lack of concern for the environment.

If we really do say that environmental side agreements are important to us, and if we want to make sure that parties, as a result of trade and investment, improve their environmental standards and concern for the environment, then we have to demonstrate our resolve by showing that we are serious and that we will back them up with meaningful sanctions in the case that there is a violation.

Thanks, Mr. Chairman.

● (1555)

**The Chair:** Okay.

Go ahead, Mr. Keddy.

**Mr. Gerald Keddy:** Thank you, Mr. Chairman.

Mr. Chairman, we won’t be supporting this motion. It’s pretty basic stuff. The labour and environment side agreements are put in there to make sure that labour standards and environmental standards aren’t degraded to give a competitive advantage to either Canada or Panama.

I would say that it’s very difficult for mature economies to put their environmental standards on emerging economies. Certainly we don’t want the environmental standards in Panama to lessen. Under our agreement, they cannot lessen, but they can improve. There’s room for improvement.

We would expect that it’s a naturally occurring cycle. When Panamanians are better off, as they will be through this free trade agreement, and they have more money in their pockets, they can increase their environmental regulatory regime if they choose. In the meantime, we’re assured that it won’t be any less than it is today.

**Mr. Don Davies:** I agree with Mr. Keddy that the agreement obligates the parties to not reduce their environmental standards. That’s clear. What if one party doesn’t live up to that? That’s the issue.

**Mr. Gerald Keddy:** You can’t trade that commodity.

**Mr. Don Davies:** No, the issue is that if they reduce their environmental standards, there should be a penalty of some type.

Why do we have a \$15 million penalty in the labour agreement? Why the inconsistency? Why do we say that if you lower labour standards, you’re subject to a fine of up to \$15 million, but if you lower your environmental standards, it’s nothing?

My third and final point is that nothing in what I’m saying in this motion obligates the parties to have the same environmental standards. We’re not trying to impose Canadian environmental standards on Panama. What the agreement calls for, in my reading, is that the parties’ environmental standards, as they exist, are not to be lowered to attract investment or trade. It doesn’t suggest that they be at the same level; it’s that they won’t go lower.

Again, our very reasonable amendment would say that we do the same thing to the environment agreement that we've done to the labour agreement and give that obligation some teeth in case it's abrogated. Right now, absolutely nothing would happen if Panama or Canada lowered environmental standards.

**The Chair:** Go ahead, Mr. Holder, very quickly.

**Mr. Ed Holder:** I'd like to remind members that Panama has already signed this deal. They're waiting for us to proceed, and once again we're throwing in another condition. Frankly, I think that puts it all into question. I think it becomes an extension of a plan that is not our intent. I think it puts P.E.I. farmers at a disadvantage. We had that discussion at the last meeting. It disadvantages Canada. Again, I think it's time to get on with this.

**The Chair:** Shall the motion carry?

**Mr. Don Davies:** I would like a recorded vote.

**The Chair:** Okay. All in favour?

(Motion negatived: nays 7; yeas 4)

**The Chair:** We will now move to clause-by-clause consideration of the bill.

We leave clause 1, the title, and the definitions.

For clause 3 to clause 6 there are no amendments. I don't see why we can't do them in one sweep.

**Mr. Gerald Keddy:** I have a point of clarification.

**The Chair:** Yes, go ahead.

**Mr. Gerald Keddy:** What you're doing is asking for permission to carry all the clauses that aren't amended.

**The Chair:** We could do that.

Mr. Keddy has just indicated that he'd be prepared to look at all the clauses that aren't amended.

• (1600)

**Mr. Don Davies:** Do you want to put that to one vote?

**The Chair:** Yes.

**Mr. Don Davies:** Then I'd ask for a recorded vote, that's all.

**The Chair:** Okay. That will be what we'll do. We'll take all of the unamended clauses.

(Clauses 3, 4, 5, 6, 8, 9, 11, 13, 14, 15, and clauses 16 to 65 inclusive, and schedules 1 to 10 inclusive agreed to: yeas 7; nays 4)

**The Chair:** Very good. The motion is carried.

(On clause 7—*Purpose*)

**The Chair:** That takes us to clause 7. You have a motion to amend. It's NDP-3 in your package.

Go ahead, Mr. Keddy.

**Mr. Gerald Keddy:** I thought that the first amendment was on clause 2, line 7. Will we go back to that?

**The Chair:** We'll go back to that one. We are going to clause 7 and amendment NDP-3.

Mr. Davies, this is your amendment.

**Mr. Don Davies:** It is. Thank you, Mr. Chairman.

This is a bit of a housekeeping amendment that relates to a further amendment. It says:

That Bill C-24, in Clause 2, be amended by adding after line 7 on page 2 the following:

"sustainable development" means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

**The Chair:** I'm sorry, you have the wrong amendment. It's NDP-3.

**Mr. Don Davies:** Is there a reason we're not doing—

**The Chair:** We'll come back to the definition. Some of the amendments could determine a change to that, so we'll come back to it.

**Mr. Don Davies:** Okay, pardon me.

This is—

**The Chair:** It's clause 7, amendment NDP-3.

Just to let the committee know, amendment NDP-4 cannot proceed with NDP-3, so it's one or the other.

**Mr. Don Davies:** This is clause 7. Is this on the purpose?

**The Chair:** It's the purpose clause. It is line 36.

**Mr. Don Davies:** Thank you, Mr. Chair. I found it. I'm sorry; I went out of order there.

This reflects a suite of amendments that would add further objectives to the purpose of the bill, and in this case the purpose of this amendment is to add taxation transparency into one of the purposes of the bill.

**The Chair:** Okay.

All in favour—

**Mr. Don Davies:** To save time, could we have recorded votes for all the amendments? Then I won't have to say it every time.

**The Chair:** Okay, go ahead.

(Amendment negatived: nays 7; yeas 4)

• (1605)

**Mr. Ed Holder:** On a point of order, Mr. Chair, is it possible to say, "Mr. Speaker, I believe if you seek it you will find that the vote applied to the last could be applied to the next?"

**The Chair:** The clerk is saying he wouldn't advise it.

I really don't see the upside of having a recorded vote at this stage. Nonetheless, I'm not going to object to it, and we're not going to battle over it. If you want it, you're going to get it. That's not a big issue.

Let's move on. We're through with it, and NDP-3 is defeated.

Now we will go to amendment NDP-4. It can be moved because amendment NDP-3 was negatived.

Go ahead.

**Mr. Don Davies:** Thank you.

Again, Mr. Chairman, briefly, this amends the purpose part of the bill to add harmonious and sustainable development as a purpose of the trade agreement between Canada and Panama.

**The Chair:** It's a recorded vote.

(Amendment negated: nays 7; yeas 4)

**The Chair:** The amendment is defeated. We will now move to amendment NDP-5.

**Mr. Don Davies:** Thank you, Mr. Chairman.

Again, it's another amendment to the purpose of the bill, to add to the purposes the goal of increasing sustainable investment between the two countries.

**The Chair:** As per the motion, go ahead.

(Amendment negated: nays 7; yeas 4)

**The Chair:** The amendment is defeated, so we do not need to go to amendment NDP-2. It can't be proceeded with.

Now I'll ask for NDP-6.

**Mr. Don Davies:** Thank you, Mr. Chairman.

The fourth amendment that the official opposition New Democrats would make to the Canada-Panama trade agreement is to add to the purpose of the deal the right to collective bargaining, and to put that as one of the purposes of the bill.

**The Chair:** As per the motion, go ahead.

(Amendment negated: nays 7; yeas 4)

**The Chair:** We'll now move to amendment NDP-7.

Mr. Davies, are you interested in moving it?

**Mr. Don Davies:** I think this is our last one.

**The Chair:** We're on amendment NDP-7.

**Mr. Don Davies:** Yes. Thank you, Mr. Chairman.

It's our final amendment to the purposes of the Canada-Panama trade agreement, and it would be to amend the purposes of the agreement to include the promotion of sustainable human development as part of the definition of sustainable development.

**The Chair:** As per the motion, we will proceed.

(Amendment negated: nays 7; yeas 4)

(Clause 7 agreed to: yeas 7; nays 4)

(On clause 10—*Canadian representative on Joint Commission*)

**The Chair:** Now we'll go on to clause 10 and amendment NDP-8.

Go ahead, Mr. Davies.

•(1610)

**Mr. Don Davies:** This amendment, Mr. Chairman, would require the minister...well, let me back up.

The current clause says the minister is the principal representative of Canada on the joint commission, which is part of the administrative structure of the free trade agreement between Canada and Panama, and the amendment of the New Democrats would require the minister, in the performance of this function, to consult on a regular basis with representatives of Canadian business, labour, environmental and human rights organizations.

Briefly, Mr. Chairman, the purpose of this amendment is fairly obvious. Trade agreements are not signed for the governments of the countries; rather, they're signed by the governments of the countries for the people of the countries. The people of the countries who will actually be most affected by the free trade agreement are the stakeholders that I mentioned: the business community, labour groups, environmental groups and human rights organizations. They have an important stake in seeing that this agreement or any free trade agreement is carried out, and monitoring that.

Any responsible government would want to consult regularly with representatives of those groups to see how things are going in the discharge of their duties as a representative on the joint commission. This amendment would make that consultation a requirement. I would urge all parliamentarians on this committee to require our minister to consult with those stakeholder groups, including, I might emphasize, business, who would be involved in this.

**The Chair:** Go ahead, Mr. Lamoureux.

**Mr. Kevin Lamoureux (Winnipeg North, Lib.):** Mr. Chair, as we go through the different amendments, I notice some of them are actually fairly significant amendments that would really change the legislation. The question I have is—and you must excuse me for not necessarily knowing right offhand—if these amendments were to pass, what would be the ramifications on the deal itself? Would the government be obligated to go and renegotiate a deal if these amendments were to pass?

If we could get some clarification on that point, I would appreciate it.

**The Chair:** Okay. We'll ask Mr. MacKay.

**Mr. Cameron MacKay (Director General, China Trade Policy Bureau, Department of Foreign Affairs and International Trade):** I'm not sure I could give a generic response. It would really depend on whether the amendment that was being proposed had a direct impact on the text in the treaty itself. I can't provide a generic response; it depends on the proposed amendment, the specific amendment.

**The Chair:** It depends on the amendment.

We'll go to Mr. Keddy.

**Mr. Gerald Keddy:** Mr. Chairman, we won't be supporting this, but I certainly want to be clear as to why not.

The amendment, as many of them are, is absolutely redundant. The minister, as well as members of international trade and the bureaucracy, meet on a regular basis with Canadian business, labour, environment and human rights organizations. They've been to committee numerous times. We've called them forth. When any member of cabinet representing the Canadian government sits on an international panel, they always take the considerations of all Canadians to mind. It's simply redundant. That's why we're not supporting it.

**The Chair:** Okay.

Go ahead, Mr. Davies, very quickly.

**Mr. Don Davies:** I have two quick things.

In response to Mr. Lamoureux, the amendment under consideration would require the Canadian minister of trade to consult with representatives of Canadian society. I don't think there's anything in that amendment that would alter in any substantive way the text of the free trade agreement, nor would it be, to be frank, any of the Panamanian government's business how we perform our consultations and do our representation of Canada on the joint commission.

In response to Mr. Keddy, in law we have a saying that a promise that's not written down ain't worth the paper it's not written on. It's not a question of redundancy. What we have here is a question of a promise, and whether or not that promise is committed to strongly enough to be put in writing. I would say that any international trade minister who is truly committed to consulting with Canadian business, labour, environment and human rights organizations would have absolutely no problem agreeing to that in writing, and that's all this amendment requires him or her to do.

• (1615)

**Mr. Kevin Lamoureux:** I'm sorry, Mr. Chair, but perhaps I can get a bit more of an explanation. With this particular amendment, all it would require is the minister to do what, and what would be the consequence? Would that ultimately postpone this particular bill, or does the bill continue on if in fact this is passed?

**The Chair:** Okay, simply as clarification, it wouldn't alter the text. I understand if it altered the text of the agreement, then we would see it as unamendable and out of order.

From that perspective, go ahead, Mr. Davies.

**Mr. Don Davies:** I think I see Mr. Lamoureux's question. No, this amendment isn't to require consultation by the minister as a precondition of carrying out the agreement. The agreement provides for the creation of a joint commission. Once the agreement is passed, one of the administrative mechanisms of the agreement is to create a joint commission, if I understand it—and perhaps Mr. MacKay will correct me if I'm wrong—and the minister is deemed by the legislation to be the principal representative on that commission in carrying out the trade agreement in the future.

What we're saying is that in the carrying out of those duties, this amendment would require the minister to have regular consultation with Canadian stakeholders as he or she carries out that duty.

Mr. MacKay, did I significantly misstate anything there?

**The Chair:** Please put your question through the chair.

**Mr. Don Davies:** I'm sorry, Mr. Chair.

**The Chair:** Mr. MacKay, if you have anything to add that's different, then go ahead.

**Mr. Cameron MacKay:** It is correct that the treaty would establish, if it's passed by Parliament, a joint commission between the two countries, and the Minister of International Trade in Canada would be the principal representative for the Government of Canada.

**The Chair:** Very good. I think we're clear.

Go ahead, Mr. Lamoureux.

**Mr. Kevin Lamoureux:** Is this a standard procedure that is present in all the other trade agreements, or would this be relatively unique just to the country of Panama?

**The Chair:** I know this is the only one we're dealing with today. I can't answer where the others are. I don't know if Mr. MacKay has any answer to that.

**Mr. Cameron MacKay:** I apologize. I was consulting with my colleagues at the time. If there was a specific question, could it be repeated, please? I didn't hear it.

**The Chair:** Go ahead, Mr. Lamoureux.

**Mr. Kevin Lamoureux:** If this motion were to pass, would this be unique to Panama, or is it incorporated in other trade agreements?

**Mr. Cameron MacKay:** I believe this would be unique to the Panama implementing legislation. We would have to confirm that by checking the other bills, but I believe it would be the first time this is done. I'm not certain.

**The Chair:** Okay. Very good.

**Hon. Ron Cannan (Kelowna—Lake Country, CPC):** Mr. Chairman, I will just clarify. The way it is right now is standard. This is the standard template that we use in other trade agreements. Is that correct?

**Mr. Cameron MacKay:** That's correct.

**Hon. Ron Cannan:** That's what I think Mr. Lamoureux was asking. If we amended it, it would be different.

**The Chair:** Okay, very good. I think everyone is clear. We've gone around a round. I'll ask the clerk to call the vote.

(Amendment negated: nays 7; yeas 4)

(Clause 10 agreed to: yeas 7; nays 4)

(On clause 12—*Powers of Minister*)

**The Chair:** Now we'll move on to clause 12. We have amendment NDP-9.

Go ahead, Mr. Davies.

**Mr. Don Davies:** This is a series of three amendments, Mr. Chairman, all designed to ensure that the oversight of experts in implementing the agreement is there. By changing “may” in the agreement to “must”, we are simply ensuring that expert panels are set up and that they are made up of people who have a detailed knowledge of the subject matter of the agreement. It simply makes mandatory what the bill already provides for in a suggested way.

• (1620)

**The Chair:** Can I ask the mover if all three are exactly the same? Is it a change from “may” to a “must” in all of them? Would you be prepared to take them as one motion?

**Mr. Don Davies:** I would if I could I just briefly speak to the three of them quickly.

**The Chair:** Okay.

**Mr. Don Davies:** Basically, they all do the same thing. I think it's an economical motion.

The first motion would require the Minister of International Trade to appoint representatives to committees that supervise the implementation, functioning, etc., of the agreement.

The second amendment would require the Minister of the Environment to appoint representatives to the committee responsible for the implementation of the agreement on the environment.

The third amendment would require the Minister of Labour to appoint representatives to panels, committees, working groups, etc., referred to in the agreement to administer the labour side agreement.

Once again, it simply makes mandatory the carrying out of what the bill already provides as a discretion.

**The Chair:** Okay, I think everyone's clear. It's a change of "may" to "must" on NDP amendments 9, 10, 11, and 12.

You've spoken to NDP-10, right? You're comfortable with NDP-10?

**Mr. Don Davies:** I didn't think that was taken care of. I thought it was just the other three.

**The Chair:** Let's go with those three, then, and then we'll go back to NDP-10. Is that right? Okay, we are dealing with NDP amendments 9, 11, and 12. We'll call for a motion on that.

**The Clerk:** The question is on NDP amendments 9, 11, and 12.

(Amendments negatived: nays 7; yeas 4)

**The Chair:** NDP amendments 9, 11, and 12 are defeated.

We'll now move to NDP-10.

Mr. Davies, go ahead.

**Mr. Don Davies:** Mr. Chairman, this motion by the official opposition New Democrats would add the following after line 18 on page 4:

(1.1) The Minister must

(a) co

nsult with independent experts on human rights and independent human rights organizations in order to assess the impact, on human rights in Canada and in the Republic of Panama, of the implementation of the Agreement; and

(b) within 60 days after this Act comes into force, cause to be laid before each House of Parliament a report on that assessment that includes the findings and recommendations of those experts and organizations or, if that House is not then sitting, on any of the first five days next thereafter that that House is sitting.

I won't belabour this point, but we did hear evidence from the ambassador from Panama and others that Panama was not that long ago a military dictatorship. It was a country that was a significant player in the drug trade and, of course, a known tax haven. Human rights abuses were common in Panama. They were not, I don't think, the worst in Central America, but I think any human rights abuses anywhere are not something Canadians wish to see.

This motion, then, has an evidentiary basis to it. Again, we're encouraged by the recent progress that Panama has made in transitioning to a democratic structure, but I think it's fair to say that Panama is not yet a country that we can say is fully committed to a fully democratic structure.

We also heard some evidence that the judiciary in Panama is still not completely independent. The possibility of political instability and political repression combined with a judiciary not yet fully independent of politicians forms a sound basis to require a human rights impact assessment and to require the minister to take some extra care to ensure that human rights, which I think all members of

this committee and Parliament want to see improved by a trade agreement, are in fact elevated. The only way we'll know that is if we consult with people who know what's going on, on the ground in Panama, and parliamentarians will only know if such a report is tabled in Parliament.

Again, I would put it the other way. Besides encouraging members to vote for it, I would point out that if you don't vote for this, you're essentially saying that there will be no report tabled in Parliament on human rights on this trade deal, and I think that's regrettable.

• (1625)

**The Chair:** Okay, we'll call the motion.

**The Clerk:** The question is on NDP-10.

(Amendment negatived: nays 7; yeas 4)

**The Chair:** It's defeated seven to four.

Shall clause 12 carry?

(Clause 12 agreed to: yeas 7; nays 4)

**The Chair:** We'll now move to amendment NDP-13, which proposes a clause 15.1, which is the sunset clause.

Mr. Davies, go ahead.

**Mr. Don Davies:** Thank you, Mr. Chairman.

This is an amendment by the official opposition New Democrats. It would amend the agreement to provide the following:

15.1 The provisions of this Act cease to apply five years after this Act comes into force unless, before the expiration of that period, their application is extended by a resolution passed by both Houses of Parliament.

Mr. Chairman, as we all know, most trade agreements have termination clauses. The usual one is that they could be cancelled upon giving six months' notice. This is nothing new. It automatically places before the House of Commons within a reasonable period of time, namely five years, the issue of the progress, or lack of it, in terms of the goals of the Canada-Panama trade agreement. It would allow democratic control in the House of Commons—less so in the Senate, I might add, since senators are not elected, but by our Constitution it must go there—to see if the agreement has succeeded or not.

I would point out that many claims are made about trade agreements. I think everybody on all sides of the House—Conservatives, New Democrats, Liberals—believe that trade agreements have salutary effects. What I think is less clear is the accountability mechanisms to measure whether the claims that are made, which are largely hopeful and are usually expressions of optimism, come into force or not.

I think everybody on this committee and in the House wants the trade agreements to have positive effects for both countries—not only economically, but socially and environmentally. What's really vital in these agreements is to say to Parliament, "Let's look at this at a reasonable period in the future. Let's give this agreement a chance to actually operate. Five years from now, let's see if it in fact had the impacts and effects we thought it would have."

I think it is also very democratic, because it keeps supervisory control over these agreements in Parliament. I believe it was the Conservative government that took the step of placing free trade agreements before Parliament to be voted on. I may be mistaken in that, but I think it's a good thing. I applaud governments that place these agreements before Parliament to be voted on. If that's the case, we shouldn't just vote on them and forget about them. We should vote on them, and within a reasonable period of time reassess them, and not be afraid to make adjustments if those are required.

My final point would be that if, as the Conservatives often assert, their free trade template is a model that will improve things like the environment, labour standards, and human rights situations in these countries—and it's an open question whether that's the case or not—then I think we should provide a mechanism to assess whether or not that happens. If they're right, they should be very happy to see this agreement come back before Parliament in five years, where they can show Canadians the effects of their agreement, or if those effects have not been achieved, make the adjustments that I think all Canadians would want them to make at that point.

**The Chair:** Go ahead, Mr. Keddy.

**Mr. Gerald Keddy:** Mr. Chairman, I find myself compelled to speak to this amendment.

I'm not about to start debating the importance of trade to the Canadian economy, but I will debate the issue that once this has passed the political hurdles, you take it out of the political spectrum. If any government, whether it's this government in the future or another government, decides this agreement is not in the best interests of Canada, there's a termination clause in it. If we were to bring a trade agreement back to the Parliament of Canada, very possibly with a minority government, whether it's a minority Conservative government or any other political party, it would become a political football.

Mr. Davies is being naive if he thinks there was any legislation passed in the last Parliament without a great deal of difficulty. These free trade agreements were worked on and worked on and worked on ad nauseam. Because we have a majority government, we're finally in a position to pass this measure. I really don't want to put it back in the realm of being a political football again. It was for the previous two Parliaments. It takes it out of that.

If a future government chooses to move in another direction, it has every right to do so.

• (1630)

**The Chair:** We'll ask for the vote on amendment NDP-13.

(Amendment negated: nays 7; yeas 4)

(On clause 2—*Definitions*)

**The Chair:** We will move on to clause 2. I believe amendment NDP-2 is not applicable. On amendment NDP-1, go ahead, Mr. Davies.

**Mr. Don Davies:** You'll have to help me find where we are.

**The Chair:** We're going right up to the top, to clause 2 and NDP-1.

**Mr. Don Davies:** Thanks, Mr. Chairman. This would amend the definition section of the agreement. Sustainable development is a concept that's already mentioned in the agreement, I believe. This would define "sustainable development" as: "sustainable development" means development that meets the needs of the present without compromising the ability of future generations to meet their own needs. I would move that amendment.

**The Chair:** The amendment is moved. We'll ask for a vote.

(Amendment negated: nays 7; yeas 4)

**The Chair:** I am going to ask if clause 2 shall carry, and if you look at your last page, I will also ask the committee if it is possible to include the short title, the title and the bill in that vote, but not the report.

Are you okay with that? Do I have consensus?

**Some hon. members:** Agreed.

**The Chair:** Then we will vote on those four motions.

(Clause 2 agreed to: yeas 7; nays 4)

(Clause 1 agreed to: yeas 7; nays 4)

(Title agreed to: yeas 7; nays 4)

(Bill C-24 as amended agreed to: yeas 7; nays 4)

**The Chair:** Now for the last one. Shall I report the bill to the House?

**Some hon. members:** Agreed.

**The Chair:** I want to thank the committee for their cooperation and a job well done in very good time.

We wish everybody a great Thanksgiving weekend and a good week next week, and thanks to the department for coming in.

The meeting is adjourned.







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