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Chair

The Honourable Rob Merrifield

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● (1535)

[*English*]

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

We want to thank our witnesses for being here.

We are continuing our study on a comprehensive economic partnership agreement with India. We have two hours of witnesses.

In our first hour, we have the former president of the Indo-Canada Chamber of Commerce, Mr. Thakkar.

Thank you for being here. We'll give you the floor first, and then we'll introduce Mr. Langrish, a commoner to our committee.

We'll yield the floor to you, sir. We look forward to your deliberations.

Mr. Satish Thakkar (As an Individual): Ladies and gentlemen, I am Satish Thakkar, the immediate past president of the Indo-Canada Chamber of Commerce. I am also a practising chartered accountant and CGA. I run a boutique business and financial consulting firm in Toronto.

It is a great honour and a privilege to be appearing before the House of Commons Standing Committee on International Trade.

The comprehensive economic partnership agreement, CEPA, that is at present being negotiated between Canada and India, and that is scheduled to be finalized and signed in 2013, will undoubtedly expand bilateral economic relations and put them on a different, speedier trajectory.

Canada and India share many socio-economic and political traits. They are both parliamentary democracies and pluralistic societies that are governed by the will of the people. Both are knowledge-based economies that are based on a perennially expanding services sector. Both societies and economies have complementarities which, if harnessed properly, will lead to integration of bilateral relations.

One of the less acknowledged aspects of the two countries is that they are neighbours to giant economies and political superpowers. In Canada's case, it is the United States. In India's case, it is China. Not surprisingly, the largest trading partners of both countries are their neighbours. The economic slowdown in the U.S. and the focus on internal consumption in China are significant global shifts in economic trends, and will bring Canada and India closer in the near future.

Canada has many things to offer India, and Canada needs to look at India with the seriousness it deserves. India's unparalleled growth is not something that Canada can ignore. Growth has averaged 8% of GDP for over a decade, and will continue to grow for a long time. In addition, the number of consumers, at 1.2-billion strong, with a rising upper middle class, offers tremendous opportunity for Canadian goods and services.

Some statistics are just mind-boggling. For instance, in telecommunications, there are more than 500 million cellphone subscribers, with an additional 10 million to 15 million added every month. In infrastructure, India plans to spend $1 trillion on infrastructure in the near future. In education, India needs more than 1,000 new universities and 50,000 vocational colleges to cater to its growing needs. The demographics in India, where more than 50% of the population is young, under the age of 25, will ensure that the demand in all spheres will remain high and insatiable.

In all these three spheres, Canada can offer India a great deal. It is no wonder that the world is out to do business in and with India.

As compared with Canada, Australia, for example, has three times the trade volume with India, even when Canada' s economy is 50% bigger than Australia's. One of the major causes of Canada's relative economic isolation is its over-dependence on the United States. That is not a bad thing, per se, and the significance of the United States is not going to be reduced. The U.S. will remain Canada' s major trade partner for years to come, but its significance will reduce because of the negative impact of the economic slowdown south of the border and the rising economic prominence of Asia.

Canada has reformulated its international trade strategy, particularly when there is a heavy demand for such Canadian goods and services as agro products, energy, minerals and metals, and other high-tech products in Asia. In such an emerging scenario, CEPA offers Canada a long-term relation-building instrument with India, and will assist in addressing issues that have kept the economic relations frozen at a suboptimal level.

These are among the issues that will be on the agenda: elimination of unnecessary tariffs; liberalization of laws related to import and export; the overall regulatory environment; trade facilitation; re-examination of the foreign direct investment regime; the movement of people; and other areas of economic cooperation, such as intellectual property rights, cooperation in agriculture, innovation, science and technology.

Already several agreements in many of these sectors have been inked between the two countries, but the comprehensive economic partnership agreement will open new vistas.

However, I don't wish to create an erroneous impression about the opportunities that India offers, because these opportunities are wrapped in major challenges. For example, FIPA, which was concluded in 2007, is yet to be ratified by Parliament. India remains a very challenging business environment, with red tape, regulatory complexity, restriction on trade and investment, infrastructure challenges, and a very different business culture.

All these things require long-term commitment to succeed.

What can work in this scenario?

The key mantra to succeed is to offer a value proposition through a product and service that is in sync with India’s social and economic development agenda and meets the consumption and income habits of the consumer. The framework for CEPA should be such that both countries should see this value creation jointly, as partners, rather than as a client-supplier relationship. It should be a balanced, high-quality agreement to ensure long-term real market access.

An urgent task is to enhance Canada's visibility in India. Canada should not be viewed merely as a tourist destination, as the coldest place on earth, with beautiful scenery and a good standard of living. Instead, our strengths—financial services, health care, mining, energy, agrifood products, aerospace, transportation, sustainable engineering, high-level education—should be profiled properly.

The Canadian government, through political exchange, is doing and should further enhance visibility and credibility in India. The two visits by Prime Minister Harper and the exchange of senior-level ministerial visits are welcome developments and should be sustained.

Finally, the key role of the Canadian business community, academic community, Indo-Canadian leaders, and India watchers should be to work together to be the ambassadors of Canada promoting Canada's interests.

Thank you.

● (1540)

The Chair: Thank you very much.

Before we get into questions and answers, I will mention that we also have, from the Canada-India Business Council, Jason Langrish, senior trade adviser.

Last time you were here, I forget the exact title you used.

Mr. Jason Langrish (Senior Trade Advisor, Canada-India Business Council): This is my second of a few hats.

The Chair: The floor is yours.

Mr. Jason Langrish: Thanks very much. I appreciate the opportunity to address the committee today.

As Rob mentioned, I've been active on the Canada-EU agreement, but obviously I'm here today in my capacity as an adviser to the Canada-India Business Council.

I'm not going to echo a lot of the remarks that Satish has made, which I agree with; I'm going to focus my comments on the more granular aspects of the CEPA negotiations.

Before doing that, however, I will say that there a few principles that I think should be guiding this relationship.

One is that it's a long-term relationship. A trade agreement can only do so much.

I'd add the caveat that I don't believe it's the responsibility of trade agreements to open up markets, per se. I think that's the responsibility of business, and government can assist where they're able to assist. I think trade agreements predominantly exist to manage increasingly complex commercial relationships. That said, the CEPA can be a very useful tool for furthering this relationship and getting some immediate gains.

I also agree with Satish's remarks that the visibility of Canada in India, and Canadian business in particular, needs improvement. I think more attention should be paid to it.

As occurs in a lot of the big emerging markets, or in many cases markets that have already emerged, the focus tends to be on the large companies, in some cases the state-owned companies. However, there's another tier that's emerging that's very significant, very entrepreneurial, and potentially could be just as good, if not better, in terms of long-term strategic partners for Canadian service providers, investors, and also companies that trade in goods.

With regard to the CETA, one thing that's been notable in the business community has been the delay; it hasn't gone unrecognized. I think there's a sense that some deliverables need to be forthcoming rather soon.

There is some skepticism out there as to the degree to which, one, this agreement is going to be concluded, and two, the level of ambition that it's going to have. At C-IBC we still think this agreement can be concluded in a timely manner and can have ambition. However, all trade agreements are not the same. As an example, the trade agreement being negotiated with the European Union is a much more comprehensive agreement, but it's also a reflection of the scale of the trade, the investment relationship between the two territories, the institutional linkages, and the existing familiarity between the two sides, which allows you to negotiate intellectual property protections, public procurement, and those types of things.

In the India deal, I suspect that those things probably won't be in at least the first rendition of the deal. However, when you start looking at things like tariffs, it's a 9% average tariff across all tariff lines for Canadian products into India, and 95% of goods have tariffs attached to them. In the agricultural space, the tariffs average about 30%. There's clearly room for elimination of tariff in market access for Canadian agricultural, and industrial, and processed foods, the whole gamut, really.

There is also the issue of certainty. For instance, on lentils there's zero tariff at present. However, there's a shortage of lentils in India, so the market is open. That's not a certain market. The market can be closed at any time. A CEPA can reinforce the fact that this zero tariff on lentils will not be removed, shall we say, based on changes in circumstances on the Indian side. This is important. I mean, if you want to develop a deep long-term relationship, certainty needs to be a component of that.

I'd underline, as well, that it's essential that this FIPA be concluded in fairly short order. It's going to be very difficult to conclude a CEPA that doesn't have a FIPA element.

I'm assuming that the thinking is that the FIPA will become the investment component of the agreement. If that's the case, it's going to be very difficult to conclude the FIPA after a CEPA. It seems to me that the CEPA would need to be there in advance.

As to the details of what will be in the FIPA, it's hard to say. Will there be investor to state....? I know that's become a hot topic lately in the media. I don't think that's the principal issue. The issue is fair treatment for investors, as close as possible to the concept of national treatment, which means if you meet all the same kinds of requirements and legal conditions, you should be treated the same as a domestic investor. Also, there's the risk of expropriation. Of course this is notably of concern, and the risk of expropriation becomes more and more prominent in such areas as mining. It's something that would certainly need to be addressed.

● (1545)

I think this agreement could use some thinking outside the box. If it doesn't move a bit more quickly in the next little while, we may want to look at some thinking outside the box. I'll throw out an example of where you may be able to do something on this.

One of the big prizes of the Indian market is insurance, financial services, commercial banking. As it stands, there is no possibility to get a majority ownership stake in these areas. I believe it's about 49%. In some cases it's lower.

What India is very keen on, in particular, is getting a mode 4, which is the temporary entry of workers, in particular in IT. They have a very large and successful IT industry and everything that comes with that. However, if they're not able to leverage that, and that's not just providing IT and related services in India, but it's also the ability for their people, for Indian citizens.... This isn't immigration; this is economic immigration, temporary entry. If they don't have the ability to move their workers abroad, if they don't have the ability to get their workers into Canada, to service their client base and also grow their businesses, they're not going to be that interested in an agreement.

There is an opportunity here. For instance, in the case of the deal that the European Union is currently negotiating with India, there has been pushback in this area. That's because the issue of temporary entry has been confused with the issue of immigration. Notably in the U.K., and when places are going through economic trouble, one of the first things that starts popping to the forefront is that they don't want immigration into their country. That whole debate really misses the fundamental point, which is that this is not immigration for immigration's sake; this is strategic entry tied to investment.

Perhaps Canada could say that in return for their opening up their banking, commercial banking and insurance market to Canadian participation above the minority threshold, we would reciprocate by opening up our market on mode 4 temporary entry for their workers. The reason this would be compelling to the Indians—and I don't think this would be a discussion that would necessarily occur in the first instance with the negotiators, but probably something that would have to be debated with India at the planning committee—is that it would signify for them for the first time with an advanced country getting a win, and establishing a precedent that they would really like to have.

In return, they'd be opening up to participation from Canadian financial service and insurance providers, that are not necessarily of the scale, or at least have the perception, that they would have an undue influence on the market. This is an area that could be pursued.

As it stands, what we're looking at is a deal that would include those things, and then probably we would also look at goods and services. I understand they're going to take a positive list, which means you cover only the things that are on the list. That's not as ambitious as a negative list, where only the things that are excluded are not covered. So you have an opportunity there to push the goods and services angle.

The investment component is obviously key, but we have to look at it this way: if Canada is offering, what is India getting? The Canadian side wants market access. The Canadian side wants investment opportunities in India, but the Indians really need to get something as well. It's not just access to the commodities we have and the expertise we have that they could use in, say, engineering, public transit, and all those areas where there is potential for gains. We have to give them something in return, and that something in return has to be a recognition that this is a key strategic growth area for them, and they want international, tangible recognition of this.

I would encourage that further consideration be given to that. This is not necessarily precedent setting in the sense that the temporary entry program was quite successful and had been implemented. I believe it's been temporarily suspended, but I think that's something that should be revisited.

● (1550)

All in all, it's a long-term relationship. I think it's important. The political commitment has been very good. Probably the political commitment and the business participation could be a bit more joined up. For instance, in visits to India, missions to India, rather than business going separately from government, I think they'd do better if they did it together, at least in some instances.

All in all, the business community stays very optimistic about this deal, but the optimism won't be there forever.

Thanks very much.

The Chair: Thank you very much.

We'll now go to questions and answers.

Mr. Sandhu, the floor is yours for seven minutes.

Mr. Jasbir Sandhu (Surrey North, NDP): Thank you very much for being here today, and thank you for your time.

Mr. Langrish, can you envision a FIPA without investor-state provisions in it, and what would that look like?

Mr. Jason Langrish: Again, I know that right now this is a hot topic of debate. There are various models. I guess it would be state-to-state. Essentially what that means is that if a company feels that their investment rights have been violated, as opposed to being able to petition, to basically access the dispute resolution mechanism directly vis-à-vis the government that they feel has contravened their rights, they'd have to get the Canadian government to take up the cause on their behalf.

I think investor-state provides a greater level of certainty. Usually investor-state is pushed with developing nations because of the risk of decisions being made based on short-term political calculations. I would also argue that it's in the interests of the countries to make those levels of commitments, because it signifies to the investors that they're in it for the long haul.

If it were not to take that course, it would likely take state-to-state. I think that would be acceptable, but it certainly wouldn't set a gold standard.

Mr. Jasbir Sandhu: Okay.

We've heard in this committee that trade with India has been relatively small compared with maybe China in regard to Canada. It's $5 billion, and a relatively equal amount of trade.

What are the main obstacles to preventing more trade with India? How is the CEPA going to enhance that? You said earlier that trade agreements themselves don't expand relationships; it's the businesses investing, working with the companies. What are the obstacles that are preventing more companies from doing business with India?

That's for both of you guys.

● (1555)

Mr. Satish Thakkar: That's an excellent question. That's the kind of debate we always go through in various round tables on the part of the Indo-Canada Chamber of Commerce.

To enhance or further a trade relationship, first you have to build the relationship. What has happened between Canada and India is that for the last, I would say, five to seven years we have taken so many good initiatives to bringing the relationship closer, and that has impacted. If we look at it that way, it has gone up almost 24% in the last two or three years.

There are a couple of things here. The first is profiling Canada in India so that they perceive Canada as a major trade hub, see the key strengths of Canada, and look at those economic opportunities. Number one is creating the awareness. That awareness happens on both sides, from the government level as well as from the business level. You have to create a kind of aura around the business community that they always think about when they're looking to source any product, whether they are thinking about the United States or they are thinking about any other country surrounded by that neighbourhood.

The second thing is the movement of people. If we look over the parameters of CEPA, one of the key aspects is that, apart from goods and services, the movement of people will be addressed as well. One of the key examples is the one Jason has just given, regarding the temporary visas for the IT professionals. In India, the IT industry is close to a $100-billion industry. In Canada, it's only a fraction of that. At the Indo-Canada Chamber of Commerce, we have some members in the IT sector, and a common complaint is that they are offering products and services where they can bring a lot of valuation, but if there is no free flow of people, it becomes harder for them.

Mind you, when people move here, even on a temporary basis, they bring a wealth of experience. They bring a wealth of connections. It's not limited to only one particular industry they are serving. They look for opportunities 360-degrees.

I think CEPA will help overall when we have more flow of goods, more flow of people, more interaction at the political level, at the business level, at the community level. It will strengthen that relationship, and the business will automatically happen.

Mr. Jason Langrish: I would just qualify my remarks when I said the principal role of free trade, but free trade can open markets, of course, notably in, say, commodities agriculture.

I think the CEPA can assist with that, notably in areas like trade in uranium, lentils, and perhaps wheat, perhaps in LNG, liquefied natural gas. Half of the trade between Canada and India, as I understand it, is held by Saskatchewan. There are opportunities.

Just by way of comparison, Canada and Europe had a relatively basic framework. It came out of this third option from the Trudeau years. It was a fairly modest vehicle for facilitating trade and investment—trade and investment subcommittees, periodic reviews of trade irritants, and so on and so forth. Then the relationship, as it deepened and became more complex, necessitated, I would argue, the CETA. I would say that with India, the goal would be more than the third option-type TISC, trade and investment, a CEPA, but it won't be as ambitious as the CETA, which is the EU-Canada deal.

It's something that goes beyond just a shop, to talk, and sort of keep looking over and over at the same trade issues, but it's not going to be as ambitious as NAFTA or something like that.

It can have value. I think the key value is going to be trade in commodities, services, the movement of people, and also, as much as possible, predictability and certainty around investment and the opportunity to participate in procurement markets.

● (1600)

The Chair: Thank you very much.

Mr. Cannan, you have seven minutes.

Hon. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

Thank you, gentlemen, for being here today. Thank you for representing your organizations and for speaking as an individual within the Indo-Canadian community, a very important part of my community of Kelowna—Lake Country. British Columbia has a large Indo-Canadian population—about a million across Canada.

As individuals, as groups and associations, what role do you think you can play to help move this CEPA forward? Other witnesses used the word “ambitious”, in terms of a lack of an ambitious nature from the Indian government to move forward. We would like to move forward in a timely manner, trying to get the same level of enthusiasm, I guess, from India to engage.

Do you have any suggestions for how the contacts from your community and your contacts in Canada can work with the folks in India?

Mr. Satish Thakkar: Absolutely. It is a process where we need engagement at every level, engagement of the whole diaspora at the political, business, and civil society levels.

As an example, last year we started hosting various round tables with Don Stephenson to reach out to various business communities, with a particular focus on the SME sector. For Canada, if we look at the size of the economy, the contribution of the SME sector is huge. They need a lot of support.

We hosted a lot of round tables on that side. The chamber has been leading a trade delegation every year with a specific focus on the SME sector. In January we led a 65-company small and medium enterprises trade delegation, where we partnered with the Town of Markham. This year, again, under the presidency of Naval, ICCC will be leading another trade delegation in the month of January with the City of Brampton.

How do you fuel this overall environment? It's basically more interaction at the business level, at the industry level, and at the government level. If we engage all these levels at full stream, where some kind of activity is going on, I think we can gain a lot of attention.

You see, India is such a vast and lucrative place, where every second day you will see that some of the country representation is there to look out for opportunity and have some business deals. With that scenario, how do you gain attention? How do you reach out to business communities and say that Canada is not just a tourist destination; we are very serious about business and the kinds of opportunities that are emerging here?

Hon. Ron Cannan: Thank you for participating and for engaging those individuals in Canada. We've heard, as Mr. Langrish said, it's all about relationships. I think if we continue to build on those, it will help not only for the short term but for the long term as well.

As alluded to in the past, we're a very small country in population, with 35 million as compared with 1.2 billion. I think one of my colleagues said they multiply over the weekend. I forget the exact phrase; maybe he can word it better.

The fact is that definitely, with their population, they have the people and we have the resources, whether it's food, energy, or education. We have so much to offer, and we want to work together.

The Library of Parliament has indicated the following:

> In its report *Doing Business 2013*, the World Bank ranked India 132nd out of 185 in terms of the ease of doing business. Moreover, India ranked 184th in the world in terms of the enforcement of contracts.

My colleague Mr. Sandhu talked about the need to have some protection, and I think the word you used, Mr. Langrish, was “certainty”.

I don't know, I've never been to India; I hope to get there one day soon. Perhaps you could share with us, in terms of the judiciary system, if we go to a FIPA that would be going to an internationally recognized quasi-judicial tribunal, how do they compare?

Mr. Jason Langrish: Well, I'm not sure I fully understand the question. Are you asking how it would look from a legal point of view?

Hon. Ron Cannan: Correct.

Mr. Jason Langrish: That's a very complicated question. It would be pure speculation. I mean, every FIPA is set up in a different way, the way officials are appointed, the length of time the tribunal exists, where the officials are appointed from. It varies from agreement to agreement, so it's hard to say.

● (1605)

Hon. Ron Cannan: The enforcement of a contract with the judicial system that's in India right now, is that quite complicated as well?

Mr. Jason Langrish: I'm not an investor, myself, in India, so....

Hon. Ron Cannan: I'm just interested in—

Mr. Jason Langrish: I would think it would vary, based on state to state, but yes, it can be very problematic, especially because there are no investor protections. There is no legal recourse. You'd have to take it through the Indian courts, as essentially a private investor or a private citizen. You can only imagine what that would entail.

In fact, it could be so messy that it would be a disincentive to investment, especially scalable investment. I'm sure there are all kinds of smaller entrepreneurs operating in this context, but I don't think you're going to really....

For instance, you're not going to pursue a large-scale mine in an area that could potentially be considered volatile without any kind of investor protection rights in place. It just won't happen.

Hon. Ron Cannan: In essence, that's a deterrent right now.

Mr. Jason Langrish: Big time, yes.

Hon. Ron Cannan: Okay. That's why, obviously, the foreign investment promotion and protection agreement would provide that certainty.

Mr. Jason Langrish: Absolutely.

Hon. Ron Cannan: Thank you for that clarification.

One other issue that's been talked about is non-tariff barriers in trade agreements we've had. Some of us on this committee have just come back from Japan, so it's not isolated to India. From your experience and that of some of your association members, have you identified any of these non-tariff barriers that could create some challenges with an agreement?

Mr. Satish Thakkar: The rules of origin, to take an example, have to be clearly identified and addressed in the CEPA because of the Canadian environment of dealing through the North American territory. It has to be addressed properly. In India, as Jason mentioned earlier, the tariff rates are quite steep. To gain that market access and comparative advantage is....

To give you a brief case study, I was recently working with one of the potential investors here. He wanted to source canola oil from here. We went through a lot of areas. That investor spent almost two weeks here, and he saw evidence of opportunity. He came here to source canola, but then he saw that further on the value chain, it has so much potential. India currently is importing only 394 tonnes of canola oil against the overall demand in the thousands of tonnes.

There is a lot of...from the crop side to the crude side to the refining side to the working side, but there is a duty structure. When we worked on the numbers in terms of the costing, the costing was not making sense. If you look at it, the canola prices in Canada have been skyrocketing almost every year, going up 25% to 30%. Right now almost 80% to 85% of that product is going into the U.S. and the Mexico area.

But that investor saw the opportunity, and this is what he said: “I'm willing to invest even a couple of thousand acres of land to start that process, but in the long term I want to make sure that by importing that commodity from here to India, I will be protected with the duty structure. I don't want to make a sizable investment in this country if I'm not sure about it.”

All these things have to be addressed, and it will definitely impact business positively.

The Chair: Thank you very much.

Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair.

Thank you, witnesses.

Mr. Thakkar, you seem to know your stuff, but we have you as an individual. What's your background?

Mr. Satish Thakkar: I was a chartered accountant from India and did my CGA here. I moved here in 1996. I finished my term as the president of the Indo-Canada Chamber of Commerce in June this year.

Hon. Wayne Easter: Thank you very much.

Could either of you tell me what the average annual salary is in India?

Mr. Satish Thakkar: It varies.

Hon. Wayne Easter: What would be the variance?

Mr. Satish Thakkar: For professionals, or...?

● (1610)

Hon. Wayne Easter: Well, we have an average mean income in Canada. Do you have any of that information? Maybe somebody in research could get it for us.

From listening to Mr. Langrish, race is a concern with me; I don't disagree with temporary entry of workers for certain skills, etc., and we're looking for labour mobility in the CETA agreement for sure, both ways. However, we're losing jobs now to India in call centres. If I call Air Canada for a lost bag, I call India.

Although I support trade agreements, one of my increasing concerns about trade agreements is that they are not bringing up wage levels to any great extent. For investors, they seem to be doing well, but companies can move wherever they like. They don't give a darn about people or countries. We have to look at these trade agreements, I think, in a way that will build the middle class, and I don't think we're doing that right now.

I have some concerns that I'm increasingly thinking about, I don't mind admitting, Mr. Chair—

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): It's a new phenomenon.

Hon. Wayne Easter: What's that? What's the trouble?

The Chair: Oh, he's just—

Hon. Wayne Easter: You shouldn't laugh, guys, because I will tell you, we're losing 4,400 jobs in Atlantic Canada from one year ago over the next two. That's a serious matter.

Are trade agreements having an impact? I don't know, but it's something we have to look at.

On the temporary entry, Jason, do you see them coming in because of skills that are required for Indian technology companies in Canada or whatever, or do you see them coming in because the cost of the labour for those individuals is half the price it is for Canadians with the same skill?

Mr. Jason Langrish: I would say in this case it's a skills shortage.

Hon. Wayne Easter: It's a skills shortage.

Mr. Jason Langrish: Yes, but it's also a reality of doing business.

For instance, let's say a Canadian company buys an IT platform that's been offered by an Indian company. Even if there is a person who is a qualified IT technician in Canada, it doesn't necessarily mean they're qualified to work on this platform. Also, it doesn't necessarily mean, even if they are to be qualified, in the time it would take them to be qualified, that the demand would still be there.

A lot of times temporary entry is a fairly short period of time.

Hon. Wayne Easter: Well, sometimes—

Mr. Jason Langrish: I think in the EU deal Canada is trying to get two years and I think the EU's position is one year, so you know, we're not talking.... And these are then renewable.

The other angle is an economic needs test, which Canada as a practice has negotiated out of its labour mobility provisions. Those are the—

Hon. Wayne Easter: I'll not deny that sometimes—my son's actually in IT—the companies do not want people who are going to be with that company for a short time even if they have the skills because of the proprietary rights, etc. I understand that.

You talked about strategic entry tied to investment, Jason. What did you mean on that point?

Mr. Jason Langrish: What I mean is sort of a quid pro quo. I'll go back to Mr. Cannan's remarks on what the advantages are.

I'm going to answer your question, but I just want to preface it with this. India is a big market, but it's not really ready to play the same game as the U.S., European Union, and China. I think it still has a way to go. Canada is sort of a better fit. I think there's more of a comfort level there. The Indians would probably say that they do want to negotiate with the United States, but I don't think they'd like what that negotiation would look like.

What I'm saying is that instead of trying to get this broad, ambitious agreement, go for an ambitious agreement, but don't be so set on it being broad. I think there are a lot of things we'd like to have in agreements, but we won't always get them. I think it's more important to get some institutional framework in place as opposed to getting the perfect deal that never really materializes.

What I'm saying is that one of the key things the Indians are looking for is this temporary entry for IT workers. A big prize for the Canadian side of the equation, or one of the big prizes, would certainly be access to the rapidly expanding commercial banking and insurance market. They would get a first-mover advantage by doing it, which would essentially be a—“reward” is not the right word—return for acknowledging and addressing a key strategic interest of the Indians that's not getting accepted in their other international trade negotiations.

● (1615)

Hon. Wayne Easter: You're basically saying to at least get a platform from which it can move forward.

Mr. Jason Langrish: I think that's it.

Hon. Wayne Easter: One area of major concern for us is tariff levels, and especially how they relate to agriculture, I mean, as high as 30%.

Mr. Jason Langrish: Absolutely.

Hon. Wayne Easter: On canola, yes, they're zero, but maybe, it depends.

Mr. Jason Langrish: Yes, and you know what? On some of that agriculture as well, one of the things is that in an agreement like this, the Indians are probably going to be open to removing the tariffs for the things they have a demand for. They're probably going to find technical barriers for the stuff they may not feel they have a demand for. I think there's enough there that they have a demand for that we could get rid of those tariffs and provide a real benefit for all of Canada.

That's the beauty. All the regions of Canada could benefit because of the different commodities, the types of commodities, agriculture and otherwise, that India could accept. Surely it's top of mind in India the vulnerability they have in some of these areas. It's a scramble in that part of the world. India has 1.2 billion. China has 1.3 billion. Indonesia has 200 million. They all need commodities over there. Canada can be a long-term reliable partner in that regard.

The Chair: Thank you very much.

Mr. Shipley.

Mr. Bev Shipley: Thank you very much, Mr. Chair.

Thanks very much to our witnesses for coming here.

I'd like to follow up on Wayne's comments and concerns regarding the labour mobility movement and temporary workers.

You talked about the length of the agreement. You mentioned it was in place and was suspended, and that is on the Canadian side. Can you help us on what caused that and what the solutions may be to bring that back in, outside of working through the agreement?

Mr. Jason Langrish: I don't know the exact reason why it was suspended.

Do you know, Satish?

Mr. Satish Thakkar: I'm also not too sure about it.

Recently the president of NASSCOM, the trade body out of India that represents the interests of the IT industry, was here to meet with officials. I'm not too sure about the exact reason why it was suspended.

Mr. Bev Shipley: When was it suspended?

Mr. Satish Thakkar: I think it was within the last 12 months, maybe six or seven months ago.

Mr. Bev Shipley: Okay.

I'd like to talk about agriculture, as it is a significant part of every agreement that we have signed and the ones that we're working on. You mentioned what I call “demand tariffs”. You indicated that it may be easy to remove those on the ones they need but not on the ones they don't need. I think that's the way it was put. That, to me, is a technical issue in a non-trade tariff barrier.

How do we deal with that? Do you see it as a dealable issue so that we're not in tribunals all the time defending ourselves?

Mr. Jason Langrish: Technical barriers to trade, unfortunately even the most robust agreement is never going to completely eliminate these things, because there's no limit to the imagination in terms of being able to create these things. Also, sometimes it becomes the case of who's going to blink first. The degree to which someone will push against the technical barrier is based on the size of the opportunity that's being lost.

Really, in a trade negotiation, you just negotiate as hard as you can. You try to keep as many things on the table as long as you can. You try to find out what you can trade in return for it.

This is going to be tough because it's an emerging economy, but what you can do is you can put provisions into the agreement that any type of barrier that comes to light has to be based on sound science that's recognized by an impartial arbitrator, or panel, or something of that nature. You can actually build this into the dispute resolution mechanism, if you wish.

● (1620)

Mr. Bev Shipley: In your comments about India, you mentioned its amazing numbers in terms of its telecommunications, for example, and the number of cellphones and data equipment. When you go to sound science, I'm hearing that it is a belief of the Indians that if you can prove yourself, substantiate yourself, as a country or as a technology industry, for example, if you can base that on sound science, then those are the things that will stand the test.

Would that be a fair comment?

Mr. Jason Langrish: Yes.

Mr. Bev Shipley: You talked about win-wins. We talk about win-wins. We always talk about it: we're never going to sign an agreement unless it is good for Canada.

In your comments, Mr. Thakkar, you talked about the difficulty and the complexity. Size is one thing; a developing nation is another. We're coming into an agreement, though we have so much together, how....

We will always hear from individuals, and some in the opposition parties, that this is not going to be a win-win for Canada, that we're going to have all these things, whether it's labour or environment or whatever.

How do we see, in these difficult and complex negotiations, or how do we know that we're going to actually have a win-win? That is the objective of both sides. I'm assuming that would be the intent of the Indian government also.

Mr. Satish Thakkar: You see, in any period of negotiation there's always a balancing act. You know that you have to sacrifice to gain some other things. In a win-win situation, it all depends upon how we view it overall as the negotiation.

As I pointed out in my comments, it's a building up of a relationship rather than just a client-supplier relationship. As a partner, how do we partner together in creating a value? I'm talking about value that will sustain, in the future, for the generations to come, a system or an understanding whereby we not only gain economically but gain also in some of the other key challenges and issues facing both, with similar traits socially, economically, and culturally. How can we work together in addressing some of those key challenges also?

With regard to a win-win situation, if we look at it from that perspective, India needs what Canada has in terms of infrastructure, in terms of resources, in terms of technology, in terms of the education sector. There is a list of all these sectors where it's been already identified that Canada is going to gain.

For example, on the education front, our student migration has increased. Now we are sitting at 23,000 students of Indian origin in Canada. It was previously 12,000. It's a significant jump. International students are contributing close to $7 billion to $8 billion to the Canadian economy.

Whether it's a resource sector, or an energy sector, or an ICT sector, or a mining sector, on that front there is obviously a lot of gain for Canada. As well, India is one market, but through India there can be access to other markets as well.

India's key strength today is that half of the population is under the age of 25. If we look at China, China's average age is around 38 or 39. India's average age is around 25. It's less than 30. It's a young demographic. Looking to the future, how are we going to fill the needs of whatever skills shortages we are talking about? How are we going to fill that gap? If we look at it 20 or 30 years down the road, Canada has to rely maybe 70% or 80% on immigration skills coverage versus how we are filling that gap today.

I think overall this relationship has to be looked at with a holistic view rather than a stand-alone view.

● (1625)

Mr. Jason Langrish: I would add one thing: long-term play. When you go to different emerging countries, it's always interesting to see which automobiles they drive. It's almost always a reflection of who's been there first. The big car in China is the Buick. It's Audi for the members of the Central Committee. They take the Audi—they're selling them all now—but the Buick is a big name there. Why Buick, of all? They've been there the longest, and they've established brand equity there.

That's the key. We need to get in there so that the rest of Canada can follow.

Mr. Bev Shipley: Thank you.

The Chair: Very good. That will take us to the end of the questioning in the first hour.

We want to thank you both for coming in and sharing with us. We appreciate it very much. We look forward to taking your advice and acting on it and getting in there and trying to get this completed as quickly as possible.

Again, thank you for being with us.

Mr. Jason Langrish: Thank you.

Mr. Satish Thakkar: Thank you.

The Chair: With that, we'll suspend until we set up the next panel.

● (1625)

(Pause)

● (1630)

The Chair: We'll call the meeting back to order.

We want to thank our witnesses for being here.

We now have on our panel the current president of the Canada-Indo Chamber of Commerce, Mr. Naval Bajaj. From Spirits Canada, we have Jan Westcott, chief executive officer, and Mr. Helie, executive vice-president.

With that, we'll start with you, Mr. Bajaj. Thank you for being here. The floor is yours, sir, and we look forward to your presentation.

Mr. Naval Bajaj (President, Indo-Canada Chamber of Commerce): Thank you, Rob.

Honourable members of the House of Commons, thank you for giving me the opportunity to present my views on a subject that is important to both Canada and India.

I am Naval Bajaj, president of the Indo-Canada Chamber of Commerce. I am a small business owner and a business consultant.

Our chamber is a 35-year-old Canadian institution whose two objectives are to foster bilateral economic relations between Canada and India and to create business and professional opportunities for the Indian diaspora in Canada. We are the oldest Indo-Canadian business organization in Canada, and we are the largest Indian diaspora organization in Canada. We are a privately funded, non-partisan entity.

In pursuit of our objectives, we are supported by the Canadian private sector through sponsorship. As a chamber, we believe that Canada and India have political, social, and cultural commonalities that should automatically spur economic cooperation. Economic ties haven't grown as rapidly as they ought to have, although, significantly, momentum has been activated in the last few years.

Closer economic relations between Canada and India will create opportunities for Canadian entities, not only in the Indian market, but through the Indian market, as these entities will be able to reach the rapidly expanding South Asian market. Similarly for Indian companies, access to the Canadian market can jump-start them into the much larger North American market.

In fact, during the last two years, our chamber has actively created a platform for interaction between our members and the Indian diaspora in Canada to interact with Don Stephenson, Canada's chief negotiator of the CEPA with India. As a chamber we are convinced that the comprehensive economic partnership agreement between Canada and India will be immensely beneficial to businesses in both countries. It will kick-start economic relations and help in achieving the targeted \$15-billion two-way trade between Canada and India. Our members have provided feedback about their concerns and gained knowledge on the opportunities that CEPA would create for them.

In India, too, we had a discussion in January 2012 with Mr. Anup Wadhawan, India's chief negotiator on CEPA. We will have similar meetings in January 2013 during our chamber's India trade mission. We will be taking over 50 Canadian small businesses to India to explore trade and business opportunities. The mayors of Markham and Brampton will be part of the Indo-Canada Chamber of Commerce's delegation.

The CEPA negotiations focus on goods and services, and have reached a stage where both Canada and India have explained their positions to each other exhaustively. Now the process of agreement will begin.

CEPA is an agreement that comprises liberalization of trade in goods by cutting and/or eliminating tariffs on most or all goods on either side, besides easing of investment flows and special treatment to each other in such other areas as intellectual property rights. In all of these areas, there will be both opportunities and challenges. From a Canadian perspective, we understand the parameters within which the Indian establishment will operate in terms of granting of concessions. India may find it difficult to meet all Canadian demands for tariff reductions in view of domestic problems that may be created.

The same applies to foreign investment. It is indeed hard to comprehend the protracted delay on India's part to finalize the foreign investment protection agreement, something that it has kept under wraps for the last eight years. As a chamber, our stand is that while Canada should, and does, take cognizance of the internal democratic dynamics with which India is governed, there has to be demonstrable political will on the part of the Indian establishment to commit itself to the path of liberalization and opening its financial sectors to Canadian entities.

In this regard, it might be a good strategy to adopt an incremental approach, whereby Canadian negotiators may agree to the common ground on the condition that India will be open for negotiations on the sticking points later on, when its internal situation may so warrant. Specific modalities, such as approach and level of commitments, should be discussed with Indians in the context of formal negotiations and their agreements sought to the maximum extent possible.

● (1635)

In terms of specific sectors, CEPA should include a chapter on telecommunications services, with the goal of promoting a pro-competitive regulatory environment that is vital to trade in telecommunications services, recognizing the mutual interest in facilitating the legitimate temporary movement of natural persons for enhancing bilateral trade and investment.

A separate chapter on temporary entry for natural persons should be included in the Canada-India CEPA. This would give a tremendous boost to the Canadian information technology sector by making it more competitive and more capable of competing in North America.

Internships and student exchange programs, people-to-people linkages, and arrangements for joint ventures or partnerships in third countries, such as in developing countries in Asia, Africa, and Latin America, may be considered for inclusion in CEPA.

The million-strong and growing Indian diaspora in Canada can, and wants to, play a significant role in developing economic relations. It will be useful if reference is made to the desirability of expanding people-to-people contacts and for making use of the Indian diaspora networks and resources, as its members know both the Canadian and Indian scenarios within which economic and commercial cooperation can best develop.

In this context, I want to emphasize that the Canadian establishment should take cognizance of the work that organizations such as ours are undertaking in this sphere. This is because governments may define the parameters of trade and extend boundaries of what can be done, but that alone is not enough. Finally, it is the entrepreneur who will put his money where his mouth is. Our chamber helps that entrepreneur take an informed decision on investing time, money, and expertise in a bilateral trade or investment deal.

In conclusion, I wish to state that economic partnership goes over and above trade and commerce. It is more than a mere enhancement in the trade of goods and services. Economic partnership includes all this and more. The important thing here is to define what we should include in the definition and to what extent.

In a world where geographical boundaries have become mere notions and where technological innovations are constantly creating economic opportunities, it has become imperative for governments to understand and adapt to these revolutionary changes. Canada and India have several political, cultural, and social commonalities. It is time now to create economic synergies, based on these commonalities, for the common good of its people.

Thank you.

The Chair: Thank you very much for that. We certainly appreciate your intervention.

We now look forward to Mr. Westcott from Spirits Canada. You represent an organization that knows a lot, and has learned a lot, about trade deals since the beginning of NAFTA. What a great success story. The floor is yours, sir.

Mr. Jan Westcott (President and Chief Executive Officer, Spirits Canada / Association of Canadian Distillers): Thank you, Mr. Chairman.

I'm Jan Westcott, and I'm the president and CEO of Spirits Canada. We're the only national trade association that represents the Canadian distilled spirits manufacturers.

I'm joined today by my colleague, C.J. Helie. We're pleased to appear before you today in support of a comprehensive economic and partnership agreement between Canada and India.

It's no surprise that consumer demand in our largest export markets—the United States, the EU, and Japan—is relatively weak due to broader economic challenges in these markets. Therefore, expanding and broadening export markets for Canadian spirits is critical to sustaining manufacturing jobs here in Canada at our facilities across the country.

Focused in the key regions of Alberta, Manitoba, Ontario, and Quebec, spirits production is also critical to hundreds of Canadian corn, barley, rye, and wheat farmers, as well as to thousands of small and medium-sized businesses that provide essential support services in such areas as packaging, logistics, professional services, and biotechnology.

Spirits exports represent annually over 65% of all Canadian beverage alcohol exports, and, we suggest, offer the best opportunity for future growth in strong spirits markets like India.

By federal law, all Canadian whiskies must be fermented, mashed, distilled, and aged in Canada, meaning that the opening of any new export market translates into economic activity here at home in Canada. We are perhaps one of the better examples of a very strong value-add product, where we take Canadian raw materials to a very highly prized finished product.

A comprehensive economic and partnership agreement with India would provide a huge opportunity to open what today is essentially a market that's closed to Canadian spirits. However, the key is that an agreement be comprehensive. We understand that India may seek to exclude trade in beverage alcohol reform from the scope of the final agreement. We therefore urge Canada to insist that real market access for spirits be a prerequisite for any agreement.

We say this because India's spirit market is estimated at some 250 million cases a year. To put that into perspective, the entire U.S. market for spirits is less than 200 million, and Canada's is less than 20 million. Therefore, 250 million cases is a tremendous opportunity.

Moreover, the spirits market in India is dominated by whiskies, something that we have some very unique experience in and a strong reputation. Canadian whiskies are, of course, the signature product of the Canadian spirits industry. Due to their versatility and mixability, Canadian whiskies are particularly appealing to consumers in many emerging markets, where people are keen on transitioning from local goods to western-style brands.

That said, despite a thriving and prosperous local spirits manufacturing industry, India continues to apply a range of quite protectionist measures that essentially make doing business in India cost prohibitive for Canadian businesses. The priority, therefore, in a trade agreement with India, from our perspective at least, is the elimination of the 150% import duty on spirits. Canada, for its part, eliminated most of its import tariffs on spirits some years ago, and those remaining—we still have a few—are well below 1%. We're talking about 150% versus 1%.

India's 150% import tariff rate is also well above the rates imposed by other less developed markets, such as China's at 10%, or Brazil's at 20%. Adding insult to injury, India also applies a special additional duty at a rate of 4%, which they apply on the base, including the 150% duty, raising the total import duties imposed on most Canadian spirits to 160%.

To put it bluntly, Canadian spirits manufacturers don't have the financial wherewithal to absorb a 160% import duty in order to penetrate the Indian market.

We are not naive as to the challenges that Canadian officials face in gaining real market access for Canadian spirits in an agreement. In addition to the elimination of the import and special additional duty, an agreement also needs to address the numerous Byzantine trade barriers at the state level. Not unlike our own situation here in Canada, primary constitutional authority for the sale and distribution of beverage alcohol in India rests with subnational governments.

● (1640)

Indeed, many of India's 28 states have adopted policies and measures, either directly or through their state trading enterprises, that significantly disadvantage imported products to the benefit of local producers.

The special additional duty I mentioned earlier, as an example, is intended to be refundable where states impose their own state-level taxes, but by design, the administrative procedures for reclaiming the duty in some states are so bureaucratic and so time-consuming that seeking due refunds is simply not cost-effective.

Some states require a liquor licence simply to transport product through the state, even if the product never enters that state's local markets. Some state-owned liquor monopolies' listing policies are so opaque that importers are never informed of why a listing has been denied.

Elimination of state-level non-tariff trade barriers is essential in order to achieve real market access for Canadian spirits. Canada's recent experience in negotiating CETA with the European Union, where provincial liquor board policies that discriminated in favour of domestic wines were front and centre, might provide a framework for addressing India's own discriminatory state measures.

Our recommendation in this regard is that full national treatment obligations be imposed on state-level alcohol policies and that any exemptions to this standard should be explicitly agreed to by the parties. It has to be spelled out.

Finally, Canadian spirits brand owners seek that within the text of the final agreement, India formally recognize and protect the terms "Canadian Whisky" and "Canadian Rye Whisky" as geographical indications of Canada. In major markets all over the world this is the nomenclature, and this is the recognition that Canadian whisky has and needs in order to protect its intellectual property. Such protection is essential in safeguarding industry foreign investment against our signature products.

In conclusion, we believe India offers a tremendous opportunity in trade for Canada, but we urge Canada to insist that real market access for spirits be part and parcel of any agreement.

Thank you for your attention.

● (1645)

The Chair: Thank you very much.

We'll open it up to questions and answers.

We'll start with Madame Papillon.

[*Translation*]

Ms. Annick Papillon (Québec, NDP): Thank you to our witnesses for their presentations.

Mr. Westcott, you told us that India may seek to exclude trade in beverage alcohol reform from the scope of the final agreement. Why do you think India is closed to that access?

Obviously India wants to protect its domestic market, but are there other reasons, in your opinion?

Mr. C.J. Hélie (Executive Vice-President, Spirits Canada / Association of Canadian Distillers): Allow me to answer that, if I may.

They say it is for cultural and religious reasons, but we believe it has more to do with protecting their domestic industry.

Ms. Annick Papillon: Your organization called on the federal government to reduce excise duties on the sale of spirits in the 2012 budget. Your request suggests that we need the reduction because Canadian manufacturers' profit margins lag well behind those of our main international competitors, such as the United Kingdom and the U.S. So the revenue generated by the domestic market is being used to develop new export markets needed to diversify international sales.

Did the government grant your request in the last federal budget?

[*English*]

Mr. Jan Westcott: Not yet, but we remain optimistic. The essential issue for Canada is that virtually all of the beverage alcohol business worldwide today—it doesn't matter whether it's beer, wine, or spirits—is a global business.

The challenge in front of everybody is the Canadian part of that global business. We're unique in that we have a product called Canadian whisky that can't be made anywhere else. It's a very successful product and is one of the biggest-selling whiskies in the world. It's certainly one of the four mainstream recognized whiskies.

The problem becomes, if your margins are so low in this country versus those in the United States, where they make bourbon, or versus Britain or Scotland, where they make Scotch, or Ireland and its Irish whiskey that it's very difficult to persuade the parent companies, the global companies that have franchises in each one of those jurisdictions, to put those investment dollars in Canada. You have a dollar to spend and you're going to invest it where you get the most return.

Right now, Canada is far behind our counterparts in the United States. I'll pick a brand. Not to pick on any particular company, I'll pick a famous Canadian brand: Crown Royal. The people who own Crown Royal—Diageo, an international company—also own several bourbons in the United States. They own Johnnie Walker Scotch. They own....

Help me with the Irish....

Mr. C.J. Helie: It's Black Bush.

Mr. Jan Westcott: It's Black Bush, from Bushmills, in Ireland.

They're sitting there saying that they want to invest in their business, that they want to invest in plants and in upgrades, and in better technology. They want to innovate and they want new products. They're asking, “Where can we put that dollar that's going to give us the greatest return for our shareholders?” You're sitting there and, right off the bat, Canada doesn't come out very well.

It is a situation that needs to be addressed. It is a struggle to persuade people to bring those investments to Canada.

I think we'll get there. I remain very optimistic. I think the federal government is listening. We're not there yet, but we remain optimistic.

● (1650)

[*Translation*]

Ms. Annick Papillon: That's great.

Mr. Bajaj, despite the tremendous opportunities India offers, the fact of the matter is that the vast majority of Canadian businesses are small and medium, given their limited size and resources. Penetrating a market like India's can be daunting.

What can we do, then, tangibly speaking, to help Canadian SMEs carve out a place in the Indian market?

[*English*]

Mr. Naval Bajaj: I think that's a good question, because one of the things, as I mentioned in my remarks, is also that the chamber is more about the SMEs and the grassroots level.

One of the comments that I always make is that to really grow these trade relations.... We speak about all the big guns or the big companies, but we don't mobilize the SME sector. I think that in both parts, in Canada as well as India, as long as the SME sector does not understand or does not see the benefits, then it's going to be difficult to achieve the trade relations that we are trying to in trade and investment.

[*Translation*]

Ms. Annick Papillon: Do you have any specific tools in mind?

[*English*]

Are there tools very specific to this to help them?

Mr. Naval Bajaj: I think that one of the things when the tools are specified.... That's one of the roles that our chamber takes. As I mentioned, we had a trade mission in January, and we'll be taking another trade mission. This is mostly.... When I say 50-plus, most of them are the SME industries.

When you go there, you see the market and you see the opportunities in the Indian market. That's where it starts kicking off for them, I think, as a place where we can do the investment and do trade. Taking them to the market, exposing them to the market, and having them see the market with a close-up eye rather than a faraway eye helps SMEs to make their decisions on trade and investment.

[*Translation*]

Ms. Annick Papillon: Are there specific services that could also be offered?

[*English*]

Are you thinking about certain services that could help enterprises?

Mr. Naval Bajaj: I'm sorry. Can you repeat the question?

Ms. Annick Papillon: Are you thinking about very specific services that Canada could give to the enterprises?

Mr. Naval Bajaj: We all know that when it comes to—

Ms. Annick Papillon: Maybe about the legal system or other issues...?

Mr. Naval Bajaj: When we look at both countries, we see that they have their own expertise. When we speak about Canada, we speak about technology. We speak about education. We speak about the energy sector. When we speak about India, India is in need of.... When you speak about clean energy, that's where I think India is focusing, because India needs the energy sector.

At the same time, you see, when you're helping Canadian companies on the technology side, it's understandable that in India the same technology might be available at a cheaper price, but when it comes to the Canadian technology, it's of great quality. One of the things in the long run, I think, is that the companies in India also understand that if you take a Canadian technology and are implementing or using it, it's sustainable. You're looking at the long-term future.

For the SMEs, I think that it's knowing what the benefits can be—and this is specifically for the Indian businesses—and how they can take the advantage of some of the Canadian experts or Canadian expertise and use that in the Indian market. That directly helps the Canadian economy, because the Canadian sectors are getting the benefits of doing the business in the Indian market.

The Chair: Thank you very much.

Now we'll turn it over to our local expert on spirits on the government side.

Mr. Holder, the floor is yours.

● (1655)

Hon. Wayne Easter: He's only a Scotch man.

Voices: Oh, oh!

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

I'd like to thank our guests for being here.

I am a fan of a number of your products, Mr. Westcott. I certainly don't want to speak for colleagues opposite or even those on this side of the table, but I just hope that you've left some examples so that we can have a fuller appreciation of the product before you leave.

First, quickly, to Mr. Bajaj, how large is your organization here in Canada, please?

Mr. Naval Bajaj: Our organization's coast-to-coast presence has close to more than 2,000 paid members and a database of more than 5,000 members.

Mr. Ed Holder: You mentioned that you felt a CEPA would be immensely beneficial. Very briefly, but very specifically, in what areas would you imagine that this agreement would be immensely beneficial?

Mr. Naval Bajaj: On CEPA, very briefly, as we spoke about, we need to grow the trade and investment between both countries. I think it's beneficial to both countries. In opening up the market, we speak about goods, we speak about services, and we speak about mobility. That's where the help is going to be coming, and I think that makes it more beneficial.

Mr. Ed Holder: Okay. That wasn't particularly specific, but I do want to come to something you did say, which is that you felt that because there may be some issues that are sticky—I think that's what you said—an incremental approach might be better; that is to say, let's agree on the things we can agree on.

The challenge I have with this—and our colleagues to your left are an example of this— is that the area with respect to tariffs on their products might be one of those sticky things, and if there is ever a time to be able to do this, it would be at a time when we're trying to do a complete and comprehensive deal.

Mr. Westcott, may I ask you or your colleague a couple of things? Do you export any product to India?

Mr. Jan Westcott: Not really, no, not right now.

Mr. Ed Holder: I think Ms. Papillon asked the question, which I think was a thoughtful one, as to whether it was thought that this is because there might be protection of some local markets. Can you help us understand, just in brief, the local market conditions? I have a couple of their local products in my bar—which I don't drink, but they're in my bar in case someone does—and Amrut is one brand I know of. How large is that market for them?

Mr. Jan Westcott: In Canada?

Mr. Ed Holder: Well, actually, in India—

Mr. Jan Westcott: Oh. Well, India is the largest whisky market in the world, as I said. It's a substantial market.

Mr. Ed Holder: Do you have any sense of their production in their own country?

Mr. Jan Westcott: Well, virtually everything that is consumed—I wouldn't say 100%, but probably 98% or 99%—in India is made in India.

Mr. Ed Holder: Then would you imagine that they have a monopoly in India, or are there some examples of successful access from other countries?

Mr. Jan Westcott: No, not yet. In fact, we were just reading a magazine article about it. The front page of the magazine noted that India is a tantalizing market, frustrating as hell.

I think everybody looks at India and sees the huge opportunity, based on the population and the fact that India's middle class is emerging very strongly, and in the spirits business particularly, because they are whisky drinkers. It is a country.... It's tough to take our products into a place where they're predominantly wine drinkers, because you have to reorient them and re-educate them to drink whisky. There, they drink whisky.

India is a little bit like Canada was a number of years ago. They have similar systems. Canada has evolved to become more and more of a free trader and to understand the value of being embedded in the international community as a trader. India has to get there as well.

Mr. Ed Holder: I don't think India's production into Canada is large, but what kinds of tariffs would they pay in Canada to import?

Mr. C.J. Helie: Most of what they would export to Canada would be either a whisky, so they would come in duty free, or a rum, and they would pay about 4¢ per litre of absolute alcohol, so it would be less than 2¢ per bottle.

Mr. Ed Holder: Versus what is effectively a 160% duty if you were to export to...?

Mr. Jan Westcott: Yes, at the federal level, and on top of that, there are all the state—

Mr. Ed Holder: Yes, the state.... I'm wondering what you think. I mean, it's one thing for us to do a comprehensive deal that may have the ability to provide some access to markets in India, but then you have the subnational governments, which you've articulated fairly well. It would seem to me even more critical that if we're going to negotiate at the federal level, the subnationals have to be part of that discussion, in the same way that we've done it with CETA and European free trade.

● (1700)

Mr. Jan Westcott: Absolutely, that would parallel exactly what has happened in Canada over the last 20 years.

Mr. Ed Holder: What is your most successful example of the fine Canadian products you represent being exported outside of Canada?

Mr. Jan Westcott: The United States is our largest market. Canadian whisky, for about 60 or 70 years, has been the biggest-selling whisky in the United States.

Mr. Ed Holder: Would the NAFTA arrangement have been helpful at all to you as it relates to this?

Mr. Jan Westcott: Unbelievably so, because we have a seamless border.

Mr. Ed Holder: So you're able to export without difficulty there?

Mr. Jan Westcott: Absolutely.

Mr. Ed Holder: You credit NAFTA with that success?

Mr. Jan Westcott: Yes, very much so.

Canada exports whisky to Japan, notwithstanding some of the economic challenges that Japan is having. Canada participated in a GATT panel a number of years ago with Japan and saw Japan restructure its taxes. As a result of that, Canadian whisky has been successfully exported for many, many years into Japan.

Mr. Ed Holder: Have you had any opportunities to provide input to our negotiators with respect to your concerns?

Mr. C.J. Helie: Yes. We submitted a formal brief to chief negotiator Don Stephenson a year ago.

Mr. Ed Holder: Is there any indication as to how that might be received?

Mr. C.J. Helie: It was very well received. In fact, he followed up with a conference call with his whole team, and we were able to walk through all of our issues one by one.

Mr. Ed Holder: So there won't be an issue of comprehension as it relates to our participation there.

In terms of the product you represent, notwithstanding all the compliments that colleagues around this table would offer it, what percentage of the product itself is based out of Canada in terms of manufacturing and in terms of the ancillary products? What is that percentage?

Mr. Jan Westcott: Our industry is fundamentally linked at the hip to the agriculture community. If I've heard it once, I've heard it a hundred times: a master distiller will say that if you don't have great grain, you're not going to have great whisky. Canada produces great grain.

In the east we take grain, corn, wheat, and a little bit of rye and transform that into a finished product. In the west, it's principally rye. One of our plants is the largest purchaser of rye grain in Canada. We are fundamentally connected, as I've said, to the farm community.

Virtually 100% of our inputs come from Canada. Some of our companies have a standing policy that they will only source their grain in Canada. As I said, we have plants in Alberta, Manitoba, Ontario, and Quebec. We essentially source from around the plants. Some of the members sitting here today are from ridings where we source grain.

In terms of our packaging, as we have moved to be international, some of it comes from outside, but the vast majority of our inputs come from Canada. We have to be at somewhere around 90% to 95% of the finished product being absolutely Canadian.

Mr. Ed Holder: Thanks to all of you.

The Chair: Thank you very much.

Mr. Easter, you have seven minutes.

Hon. Wayne Easter: Thank you, Chair.

Thank you, folks, for coming.

I asked a question earlier of the other panellists. I asked if they knew what the wage structure was. We didn't have that information, but since that time, some information has come to me in a February 2012 International Monetary Fund report: 41.6% of the Indian population earns less than a dollar per day. That's worrisome.

My line of questioning in the last couple of sessions has been along the lines of supporting trade and supporting it strongly, but how are we going to make sure that a trade agreement doesn't just benefit investors? Investors—companies—in this country are sitting on the lowest corporate tax rates in North America by far, yet they're sitting on somewhere around $500 billion that's not being invested, not creating productivity, not buying new technology, and not creating jobs in Canada, and that money can flow wherever around the world when the opportunity presents itself.

My concern is about how we make a trade agreement with India or anybody else and ensure that we strengthen and expand our own middle class in this country and expand economic opportunity within Canada. I agree that we need to see the Indian wage structure come up. We need to see investment in that country. We need to see jobs there as well, but do you have any ideas on how we can do both? We don't need trade agreements just to be able to say, "Well, we signed another one." It needs to be of benefit to this country. Does anybody have any way to respond to that?

● (1705)

Mr. Jan Westcott: Well, I guess I'd put it this way....

I don't disagree with you. One of the facets of our business is that we have highly skilled people who make our products. As I've come to know in relation to the people who supply grain to us, for most of the farm community today that is successful and is supplying the high-quality material that we're certainly looking for, the food grade, those are good occupations. Barring unforeseen circumstances, they provide good incomes and good lifestyles for people. Similarly, our plants, for the most part, consist of people who are highly skilled.

Our challenge, particularly as Canada is a mature market, and our other major export markets.... We sell in about 200 countries around the world. We're not strangers to exporting. Seventy per cent of what we make is exported, so we live on exports. The challenge is to get access to those places that are growing. I think that if we can be successful and we can gain access, we know we can sell our whisky. Our whisky is sold all over the world. In some of the most demanding markets, as I said, we do exceptionally well with the leading brands.

I think that if we can get access, we can be successful. We have some challenges in terms of Canada versus some of our whisky competitors. I think we can deal with those. We have some attributes of our whisky to make it particularly attractive to emerging markets. Some people would tell you that other whiskies are more of an acquired taste; we have a whisky that's very drinkable, very mixable, and fits right in.

The other thing I would say, and that everybody needs to understand, is that while this market is phenomenally attractive to the Canadian industry, let's be honest: the Scotch whisky industry is working very hard to have similar access and to make progress in India. I was just in Washington meeting with my counterparts at DISCUS, our sister organization. Our friends in the United States have been to India three or four times, selling bourbon and educating people in India about bourbon. It's a different whisky than they're used to drinking there, but it's a great opportunity. We need to have the opportunity to go there, to be able to talk about Canadian whisky, and to sell Canadian whisky into that market.

Hon. Wayne Easter: As well, it would make it a lot easier if you weren't paying a 160% tariff. I understand that.

Mr. Bajaj, do you have anything you want to say?

Mr. Naval Bajaj: Just to add to that, when you are specifically looking at how that will help create jobs in Canada, we are looking at a marketplace of close to 1.2 billion people. We all know that India is growing. I understand your comment about a lot of people who make under one dollar, but if you see the growth that has happened—I know that you've asked this question previously—today the average wage of an Indian is close to $1,200 or $1,300, and if you go back 10 years, you'll see that the average wage has tripled.

As for what that shows, do we see any country in the world where the average wage has tripled in the last few years? We see the incomes increasing. That is increasing the spending capacity of every Indian. I am making this point because this spending capacity is resulting in overall growth, which means overall buying of what India is either manufacturing or buying from some other market.

Therefore, who is at a loss if we don't pitch...? This is the right time to increase our Canadian products in India. Let's take an example. I don't have to go far. The Indian market when it comes to whisky is bigger than the American market. If we get access to that and start having our product out there, how many more units might you have to open? How many expansions might you have to do today? I don't know the numbers to tell you, but that's the basic thing.

Another question I was listening to was about the win-win situation. As the president of the chamber, I always make the point that my first interest starts with Canada. Being a Canadian, my first interest is Canada. Though my origin is Indian and I was born in India, today, as a Canadian, my first interest is Canada. In this situation, the win-win is to Canada more than India.

If we look at the stats and we analyze them—and this is the reason that I said we need to take an incremental approach—we know that India is a tough market to enter, but what is happening today is that every country in the world is knocking on India's door. If we just keep ourselves conservative, or stop ourselves, or keep ourselves constrained, we will not be having that market share.

I was part of the Prime Minister's delegation. We had a very successful mission, but after that I was out there for a few days, and within that one week there were four more businesses—with prime ministers or presidents of some other country—visiting India. What does that show? Every day when you open a newspaper you see that some other country's representative and prime ministers and presidents of countries are going to India. Why? Everybody is knocking on the door of that market. I think that the more we delay this process, the more there will be loss to us rather than to India, because India has somebody there to supply them.

I moved to Canada close to nine years ago. I remember that at the time I came here, you didn't see any BMWs among the cars you saw in India. There were a few Mercedes there. I never saw an Audi. I never saw any of those cars. Today you go to the Indian market, and it is full of those cars, and they're outside every house.... It's the same thing as when the GM plant was put in Halol, which is close to Baroda, in Gujarat. How many cars do they sell? I don't have the stats, but if you compare how many cars are being made at the Ford plant, there are no numbers to compare.... It's a huge market.

I think we should understand that it is a market of 1.2 billion people. That is the biggest advantage we have. I think we should expedite this process.

I'm sorry for going on.

● (1710)

The Chair: No, no—we let you go off on a little tangent. It was fun to listen to it. It was very good.

Mr. Jan Westcott: Might I add just one thing? We sell—I won't get specific—on average about $400 million worth of whisky every year to 300 million Americans. How much do you think we could sell to 1.2 billion Indians?

The Chair: So you've done the math.

Just as a follow-up question on that, the Americans would pay the 160% as well, would they not?

Mr. C.J. Helie: Yes, that's right. The issue really is that both the Scotch and the American bourbon guys are using India as a little bit of a loss leader. They have deeper pockets and can do the longer-term investment more than Canadian whisky makers can.

The Chair: Okay.

Mr. Keddy is next.

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

I welcome our witnesses.

This has been a very interesting discussion, both with our present witnesses and with the earlier witnesses.

Mr. Bajaj, I think you've said it all: 1.2 billion consumers, with a growing and even burgeoning middle-class sector.

We heard from earlier witnesses in this study that there are 350 million to 550 million middle-class Indians, and that middle class is growing at a rate of about 7% or 8% a year, although everyone has different numbers. The economy has grown at about 6% to 7%, but it takes about 11% growth just to feed and supply that middle class. Without question, there's a tremendous marketplace there, which we share a common language with—one of their official languages is English—and the potential for Canada, which has a good brand reputation there, but not a solid brand reputation, is enormous.

A couple of points were made that I want to try to get more clearly defined definitions of, if I can.

I do want to save a couple of minutes of my time, Mr. Chairman, for Mr. Shory, so you're going to have to shut me off at the four- or five-minute mark.

On the issue of geographical indicators, that's an issue that we're becoming more and more aware of with our CETA negotiations with the European Union, and certainly in regard to their importance for our branding around the world. I think we used to look at geographical indicators as something that other nations imposed to prevent us from selling goods to them, but there's actually a huge branding potential for Canada there. How big of a hindrance is that in the Indian marketplace right now?

● (1715)

Mr. C.J. Helie: As to what it is, it's a safeguard, because if you're talking about investing money into a market, as soon as you start getting any traction on that investment, what you have to worry about is somebody coming in and copycatting it.

Mr. Gerald Keddy: That's right.

Mr. C.J. Helie: So what we found—

Mr. Gerald Keddy: So it's not a hindrance at all—it's a necessity.

Mr. C.J. Helie: That's exactly right.

Mr. Gerald Keddy: Yes.

There was another point raised earlier by the witnesses, but I think it would apply to you folks as well. It's the whole issue, especially with agrifoods and agricultural products, of certificates of origin. It wouldn't be just for agrifoods; it would be the same thing in timber.

I think it needs to be said that Canada has a very expanded and modern certificate-of-origin system that is recognized around the world. This is not an obstacle to trade for us. This is something that we do routinely just in dealing with the Americans. Actually, they forced us to bring it in back in the seventies and eighties. Is that a market advantage for us?

Mr. C.J. Helie: It absolutely is, because the other thing it does, almost by accident, is that it's a quality-control measure as well, right?

Mr. Gerald Keddy: Absolutely.

Mr. C.J. Helie: The Canada Border Services Agency, on our behalf, would look at the certificate of origin, and it's the same thing with other customs officials.

We just ran into an issue in New Zealand. That's a developed market, but still, what happened was that a customs official noticed that the certificate of origin did not look like the other ones he had seen previously. They found out that, no, it was not even Canadian whisky; it was contraband material. It never entered the market, never hit the retail shelf, and never undermined our brands in that market.

Mr. Gerald Keddy: Very quickly, I think there were two other points made that deserve to be repeated.

Mr. Bajaj, you mentioned that the average wage in India has tripled over the past...how many years? I wasn't certain on the number of years.

Mr. Naval Bajaj: I don't remember the exact number of years, but I think I can say, if I'm not mistaken, that it's in the last 10 to 15 years —

Mr. Gerald Keddy: Wow.

Mr. Naval Bajaj: One of the things to look at on those stats is very interesting. India also realizes how important the global market is for India, although it's a tough economy, a tough market, to enter. Going back to the eighties, when there was a government that decided to pull out when it came to some of the foreign companies, the growth of India went down by 1%.

After that, in the mid-eighties or mid-nineties, when current Prime Minister Manmohan Singh was the finance minister, the government at that time started the ball rolling. It started from 3.4%. As you know, in 2010 we had a 10% GDP growth. Now the number has fallen, but at the same time, that growth is much higher than what we can imagine. I think that's just....

Mr. Gerald Keddy: Yes, it's without question. I was in India three years ago now, and I would have to say that “vibrant” is what I would call the marketplace. It's fascinating and almost intimidating in some areas.

Before I turn it over to Mr. Shory, there is another thing that has not been mentioned and that needs to be mentioned. It's the advantage here of the east coast ports, and of the Port of Halifax in particular. Through the Suez Canal, it's the port in Canada that is closest to the Indian marketplace. We often overlook that. Here we have an opportunity to tremendously expand trade between Canada and India at a huge benefit to eastern Canada. Do you want to comment on that quickly?

Mr. Devinder Shory (Calgary Northeast, CPC): No—the time is gone.

Mr. Gerald Keddy: Devinder says my time is gone.

Voices: Oh, oh!

Mr. Gerald Keddy: That's all right.

The Chair: You'll pass it to Devinder.

Go ahead.

Mr. Naval Bajaj: I think I also made the point when I was speaking that it's not just about trade between the two countries. When it comes to India, Canadian companies can look at getting access to the entire South Asian market. It's the same thing for Indian companies. Once this starts building up, they'll look at Canada and then North America.

At the end of the day, we are the middle person. It's helping our economic development. If this port works out, it helps, again, our job creation and our development.

It's the same thing for India. India is spending too much money on.... If you visit Gujarat, you'll see that they are spending money on the port. In Maharashtra, they're spending. They have also realized all of this and they are investing for the future.

Do you know why Gujarat state, the province, is spending so much money on the port? They know that this is the closest port for them to most of the countries, so everything will go through them. Any government that is looking at the future and investing their money out there is developing better than the other provinces.

● (1720)

The Chair: Thank you very much.

Mr. Shory is going to have to wait a little.

We're going to go with Mr. Morin and Madame Papillon, very quickly, for a couple of questions, and then we'll finish it off with Mr. Shory.

Mr. Marc-André Morin (Laurentides—Labelle, NDP): Mr. Bajaj, how important are the market conditions in India compared to those of Canada or Japan or any other country? We have a lot of catching up to do in understanding India. First, we thought it was here...my Mohawk grandmother was an Indian.

Voices: Oh, oh!

Mr. Marc-André Morin: That might sound funny, but it isn't.

The Indian marketplace is very particular. There's a lot of microeconomy, I believe. There are no supply chains like we have here, or in Japan, let's say, or in a European country. How realistic is it for a smaller enterprise to enter that market?

Mr. Naval Bajaj: On that note, during the break, you and I were speaking about milkmen and how the supply is happening at the dairies and all of that. For me, I was born and brought up in India, and I can tell you about some of the things. If you were to go back 30 or 40 years to the way farming was done, you would see the bullocks and humans doing the farming. Now, most of them have moved to tractors.

I think that in India entrepreneurship is a big thing. Most people want to have their small business, but this is looking at whether the glass is half empty or half full. Having the opportunity of the supply chain, which I think is where we come into it, into a role, because Canada has the technology and the supply chain.... I think, again, that it's just about how we can brand it.

The best example I will give you of how a Canadian entrepreneur has to look at it is the Aakash tablet, done by Mr. Tuli, which costs, what, $30 or $40? It's done in Canada, but the market today for the Aakash tablet is much higher than what is in Canada. We might not know what an Aakash tablet is, but if you go to the Indian market, any student will know what it is. In fact, the company is not able to manufacture what the Indian market needs. There is always a shortage.

For the Canadian companies, the challenge will be to find something that fits the Indian market and then enter the Indian market, which, again, is going to help our economy.

The Chair: Thank you very much.

The real question is, do they know what a BlackBerry is?

Mr. Naval Bajaj: You know what? The BlackBerry's biggest market is in India.

The Chair: That's very good.

Madame Papillon, go ahead.

Ms. Annick Papillon: It's a good question. You'll see.

[*Translation*]

Mr. Bajaj, your organization met with the Gems and Jewellery Export Promotion Council of India in 2012, regarding diamond trade between Canada and India. Canada is the world's third largest diamond producer, and India is the largest importer of rough diamonds. And yet there is minimal trade in diamonds between the two countries.

Why is that and what can we do to change things?

[*English*]

Mr. Naval Bajaj: What a good question you've asked me. I am very happy that you've asked me this question.

Ms. Annick Papillon: It's my pleasure.

Mr. Naval Bajaj: I can go on and on with this one, because we, as a chamber—

Voices: Oh, oh!

Mr. Naval Bajaj: No, I won't. Our time is short.

As a chamber, we took our delegation of January 3.... Last November, we signed an MOU with the Diamond Bourse of Canada. In one of the interesting studies that came out—and there might be someone who is more expert than I am on this one, but still, whatever I know.... The rough diamonds that come from Canadian mines are of good quality. As for what happens with these rough diamonds that come out, nothing is done here. They're not weighed; they're packed and taken to Europe. There, everything is done. Again, 70% of them go to India, where the polishing and cutting happens. Out of that 70%, 90% come back to North America.

Just think about where the mobility thing comes into place. We have invited a delegation from the diamond dealers out there, the diamond industry cutters and all of that, to come to Canada. We are going to take them to the mines out there and show them what is happening, but they need, to establish their industry.... These diamonds would have not been taken to Europe. You would have the diamond-cutting industries and polishing industries here. Everything would be here.

If mobility were allowed.... What happens is that some of the skilled labourers don't know how to speak English, or they don't know some of the things that we have as requirements in Canada. When it comes to bringing them here, it's a challenge for them, so you cannot set up some of the industries here, but we are able to set up that industry here. Everything stays here. Again, it benefits us. Some of the benefits are given to the middle countries.

● (1725)

The Chair: That's another great example of an opportunity.

Go ahead, Mr. Shory.

Mr. Devinder Shory: Mr. Bajaj, thank you for making it short.

A voice: Oh, oh!

Mr. Devinder Shory: I admire your passion, and I thank you for doing the great work for the community diaspora and for being the advocate of Canada to India.

You have said a lot of good things, but you have given me the impression that maybe the Government of Canada has to move fast. My question to you is this: would you agree? You were with the delegation this time as well. You know very well that both Prime Ministers have reaffirmed their desire to complete this agreement by 2013.

In the last six years, our Prime Minister has visited India twice. There was another chance when they appointed an Indian Bollywood actor ambassador to brand Canada, basically. Our Minister Fast has been to India, and not only Minister Fast, actually; in the last couple of years, approximately 30 ministerial visits, I would say, have been made to India. Do all these activities help in terms of branding Canada in India? That's my question.

Mr. Naval Bajaj: Yes, they do, 100%. When I was last here in Parliament on Diwali, I mentioned that. I really applaud the government, and especially the Prime Minister for the stands he has taken in the last three years, which have helped to move this file. The file is moving. At least we are all sitting here and speaking about it. We are all interested in it. There is a lot happening between the two countries.

When it comes to the branding, the ministerial visits, the Prime Minister's visits.... One other thing, which was also mentioned, is that when the Prime Minister visits, one of the most significant things it shows is how much Canada is interested in doing trade with India. That's the biggest significance of it. All the treaties come. All the deals come. That's one—

Mr. Devinder Shory: Mr. Bajaj, he will cut me off. I have one more question. It's 5:30.

The Chair: Very quickly, please.

Mr. Devinder Shory: The diaspora is people-to-people ties, and you took the delegation last time. You are also taking the delegation this year. The good thing you are doing is that you are taking the local politicians, the local leaders, with you. It's very important that all three levels of government know what enormous opportunities we have in India.

My question is this: as a chamber, what are you doing on the Indian side—because you are also connected in India—to mobilize them to move fast?

Mr. Naval Bajaj: As I mentioned, we are taking the delegations from here. When we have the seminars, the meetings, and the workshops there, at the same time we are inviting the delegations from India to Canada. Recently, we had a delegation from the Government of Gujarat. They came here, and now we are going back there. When they come here, the whole idea is to brand Canada. What does Canada have to offer?

As for when we go back there, one of the approaches we are taking is the three-tiered government approach, because one of the things we have seen is that the development of a country is not from top to bottom, but from bottom to top. If your city develops, it helps the province develop. If the province develops, it helps the country to develop—the whole country. We say that for the country's development, or the province's, the city has to develop. I think that's the reason we picked up....

The federal government and the ministers can go and do their tricks, but when it comes to the mayors, when it comes to the cities, if we take them and we really show them what the opportunity is, when we take this trade delegation, it's totally branding Canada, believe me. It's creating a lot of interest in the Indian market for Canada.

● (1730)

Mr. Devinder Shory: If you can answer this in one line, it's about the trade commissioners in India. We have eight trade commissioners. The Prime Minister just announced another opening of a consulate. Do they help SMEs in India?

Mr. Naval Bajaj: You know what? They do, 100%.

I had a conference call this morning at 8:30 with Nicolas. I had just come from the flight. Nicolas is from Bombay, and he is so helpful. There is an SME convention happening on the fifth. He's involved in the Vibrant Gujarat summit. He's so much involved in that because Canada is a partner country. They are a big-time help.

The Chair: That's very good.

This was a very interesting session. We appreciate your being here and presenting. We look forward to having your input as part of our study and to a completed agreement by the end of 2013.

With that, the meeting is adjourned.

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