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Chair

The Honourable Rob Merrifield

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•(1535)

[English]

The Chair (Hon. Rob Merrifield (Yellowhead, CPC)): I'd like to call the meeting to order. I want to thank our witnesses for coming forward.

We have one hour of study on the benefits to Canada of joining the Pacific Alliance as a full member. We have with us witnesses from Canada Pork International, Mr. Urias; and from the Canadian Council of International Co-operation, Ms. Katz. If you have people accompanying you, you can introduce them when you speak.

Before we get into any questions on the agenda, I will inform the committee that we have had notification from the minister, and the minister will be attending on May 6 to deal with estimates.

Mr. Easter, did you have a question on the agenda?

Hon. Wayne Easter (Malpeque, Lib.): Yes. I notice from the agenda that we're only going until 5 o'clock. I assume that's as a result of votes.

The Chair: No. We'll then go in camera and do some committee business. We have some motions we have to deal with.

Hon. Wayne Easter: Is that at 5 o'clock?

The Chair: At 4:30 p.m., I'm sorry.

Hon. Wayne Easter: But that only takes from 4:30 p.m. to 5 p.m.

The Chair: Yes, 4:30 p.m. to 5 p.m., because we think we'll be done in that time period.

Hon. Wayne Easter: Okay.

On the in camera session, is there anything other than motions that we're discussing that requires in camera? I can't understand why the committee would not debate a motion as simple as doing a TPP study, why the Conservatives would want to place it in secret. Isn't that something the public should be aware of, the various positions of the parties, when we're debating such a motion?

The Chair: It'll be committee business and committee business is done this way. That's been the history, and we'll continue that way.

Hon. Wayne Easter: No, no, Mr. Chair, that's not the history of committees. They used to be debated in public—

The Chair: That's the history of this committee.

Mr. Urias, the floor is yours, sir.

Mr. César Urias (Director, Latin America and Government Programs Management, Canada Pork International): Thank you.

I will start with my presentation on the Pacific Alliance. I'm here today with Martin Charron, the vice-president of Canada Pork International and the director for Asia, Africa, and Europe. I am in charge of Latin American markets and the Caribbean.

Canada Pork International, CPI, is the export market development agency for the Canadian pork industry. CPI is a joint initiative of the Canadian Pork Council and the Canadian Meat Council.

CPI membership includes national and provincial associations of hog producers as well as federally registered pork packing and processing establishments and trading companies. Combined, CPI members represent nearly 99% of the Canadian pork export industry.

This industry has been serving international markets for more than 20 years, and currently reaches clients and consumers in more than 100 countries. This said, Canadian pork exports account for 20% of today's world pork trade. Statistical information reports that in 2012, 1.189 million tonnes of Canadian pork were sold worldwide. This was valued at \$3.1 billion.

In the last four years, Canadian pork exports have registered record years in volume, time after time. One of the reasons for the reliable development of the export business has been the establishment of free trade agreements with strategic partners. In addition, country-based market development strategies related to pork meat exports rely heavily on preferential access conditions such as reduced and/or eliminated tariff rates and unrestricted access in terms of veterinary and sanitary restrictions and regulations.

In regard to the four members of the Pacific Alliance, Canada currently holds bilateral free trade agreements with each member. The FTA with Mexico as part of NAFTA, the North American Free Trade Agreement, was brought into force on January 1, 1994. The FTA with Chile was brought into force on July 5, 1997. Finally, the FTAs with Peru and Colombia were brought into force on August 1, 2009, and August 15, 2011, respectively.

The FTAs with Mexico and Chile have both evolved to the point where there are no longer custom duties applicable to Canadian pork exports to these markets. However, in the case of Colombia, applicable duties in 2013 are 12% for a quota of 5,500 metric tonnes of frozen pork and value-added items.

In the case of Peru, applicable duties will remain at 25% for five more years before entering year 11 of the FTA, when the base rate will begin its reduction in seven equal stages during seven years.

In 2012 Canada exported to Mexico 60,940 tonnes of product, valued at \$82 million; 7,510 tonnes, valued at \$16 million, to Colombia; 3,872 tonnes, valued at \$9 million, to Chile; and only 78 tonnes, valued at \$145,268, to Peru.

CPI has established a market classification for promotional purposes. The criteria for classification are based on the volumes exported to these export markets and on the opportunity to develop promotional initiatives geared to improve product distribution in specific segments. Consequently, Mexico is considered as a priority market category A, whereas Colombia and Chile are considered category B. Peru falls behind in category C.

In recent years, CPI has been able to develop promotional initiatives targeting the hotel and restaurant industry, the retail sector, and the further meat processing industry in all of these markets. The results have been astonishing, primarily in the case of Colombia, where exports grew by 138% just in the last year.

In Mexico, Canada has been able to maintain market share at 8% in a market mostly dominated by U.S. pork imports.

For Chile, Canadian pork exporters are looking to develop the long-term lucrative business of pork items for the retail sector.

Furthermore, access to these markets has benefited by sanitary and veterinary agreements. The Canadian pork slaughtering, packing, and processing industry is privileged to be granted with something that's called in the industry "system approval", which refers to the fact that all meat establishments are eligible to export pork products and byproducts. However, eligible establishments are not automatically approved by the foreign country. There is a specific protocol in place for each market. This said, there are still opportunities to improve trade conditions for Canadian pork meat products.

• (1540)

Therefore, CPI would like to request the following should Canada become a member of the Pacific Alliance.

First, the quota management in Colombia for Canadian pork products should be simplified in order to enhance trade to this market.

Second, the quota for Canadian pork products should be drastically increased and the existing tariff rate should be reduced in Peru.

Third, the trichinella treatment should be removed as an export requirement for pork exports to Colombia and Peru, thus permitting exports of chilled pork products to these markets.

Obtaining the above would be the first step in the right way for continental trade integration among countries with similar economic and trade policies. Canada could be favoured with a leading role in the integration of these countries through ways of cooperation and thus gain access to preferential agreements with countries in the Asia-Pacific region, highly relevant for the Canadian pork exporting industry.

Finally, the Canadian pork industry is currently experiencing difficult times, given the always changing conditions in the international markets. The latest changes in Russia, China, Japan,

and other markets demand a stronger partnership with countries in the Asia-Pacific region. As a result, Canada Pork International strongly supports Canada's membership to the Pacific Alliance.

The support provided by the Canadian government in opening export markets and maintaining access to them is crucial for the Canadian pork industry. This support is consistently offered by officials in Ottawa as well as through the trade commissioners posted in our embassies abroad. The support of the Canadian government is also reflected through the provision of high-quality and timely marketing intelligence and statistics, which help the industry develop market strategies and measurement performance.

We thank you for this time. We look forward to answering any questions you may have in regard to this brief presentation.

The Chair: Thank you very much.

You have Mr. Charron with you. I should have introduced him. He'll be available for questions and answers. He's the vice-president of marketing access and trade development.

We can now move to the Canadian Council for International Co-operation.

Ms. Katz, the floor is yours. If you could introduce Ms. Lambert, that would be great.

Ms. Sheila Katz (Representative, Americas Policy Group, Canadian Council for International Co-operation): Thank you.

I'm Sheila Katz, representing the Canadian Council for International Co-operation. Brittany Lambert is a colleague. She is the coordinator of the Americas Policy Group of the council.

As always, I want to thank you for the opportunity to speak to you today on behalf of the Canadian Council for International Co-operation. For those of you who don't know, the CCIC is a coalition of close to a hundred Canadian voluntary sector organizations working globally to achieve sustainable human development. The Americas Policy Group, APG, is a working group of the CCIC. Its mandate is to provide coordinated policy positions on Canadian foreign policy towards Latin America. My testimony today is therefore representative of a broad group of organizations and their partners on the ground in Latin America. I personally have 30 years of experience of observing and participating in Latin American processes and situations and history from a civil society perspective.

I want to speak to you today about the intersection of the Pacific Alliance—and Canada's joining it or not—with Canada's strategy for the Americas, and the implications for Canada's ability to honour its human rights commitments in this context. I refer also to how joining the Pacific Alliance, or not, might help or hinder Canada's Americas policy within the region as a whole.

I'm going to refer to something that probably not many of your witnesses have referred to, and that is human rights and democracy.

On announcing Canada's re-engagement in the Americas in 2007, the Prime Minister stated:

We are a country of the Americas.... Re-engagement in our hemisphere is a critical international priority for our Government. Canada is committed to playing a bigger role in the Americas and to doing so for the long term.

Canada's three key objectives announced at that time for the Americas were, first, to strengthen and promote Canada's foundational values of freedom, democracy, human rights, and the rule of law; second, to build strong sustainable economies through increased trade and investment; and third, to meet new security challenges as well as natural disasters and health pandemics.

On reviewing the implementation of the Americas strategy in 2012, the CCIC observed that the record of action to date has been narrowly focused on free trade agreements and the protection of corporate interests and investments at the expense of deep engagement on such important issues as development, security, corporate accountability, democratic governance, and human rights.

Allow me to give you a few examples.

The Americas Policy Group has recommended that Canada refrain from concluding free trade agreements with countries that have poor democratic governance and human rights records. Yet in 2008 Canada signed a free trade agreement with Colombia, the country with the worst human rights record in the hemisphere. There were, and continue to be, legitimate reasons to fear that an FTA would exacerbate the already fragile human rights situation in Colombia. Yet Canada went ahead with the deal, sidestepping this very committee's recommendations to not proceed with the agreement until an independent human rights impact assessment had been conducted. Instead, it implemented a side agreement requiring each government to report on their own actions every year after the implementation of the FTA, a process that so far has failed to produce serious monitoring and accountability.

The second example was Canada's eager recognition of a president who came to power in a military coup in Honduras in 2009. This is another example of Canada prioritizing the trade pillar of its Americas strategy above the rest. Since the coup, hundreds of regime opponents have been intimidated, arbitrarily arrested, disappeared, tortured, and killed. The Americas Policy Group is concerned that Canada has validated this regime by adopting a business-as-usual approach and signing a free trade agreement with Honduras in spite of its human rights record.

In spite of Canada's stated commitment to human rights and good governance, it seems that the real driving force behind our free trade agreements is the provision of strong, enforceable rules to protect the rights of investors. This is done by replicating the model of NAFTA's investment chapter, which gives private companies the ability to sue national governments for actions that might impinge on their profits or potential profits.

• (1545)

In many cases, these investor protections clash with the human rights of citizens, such as the right to health, clean water, clean air, and freedom of expression. In the framework of these agreements, the scope of government to enact public policies for the common good is severely curtailed if these policies affect the profit or property of a private company. As such, it results in putting a chill on legislators, who are less willing to legislate for the public good, knowing they may be challenged by private companies.

When these challenges occur, the recourse for companies is to sue the government, not in a national court, but in a transnational body

or a panel of experts operating in secret. However, the states are then expected to enforce the decisions of the secret panel on taxpayers and citizens. This clearly favours the interests of transnational corporations over the democratic rights of nations and is a clear challenge to democracy.

Driven by corporate interests in mining, finance, and other sectors, policy-makers in Ottawa, closely allied with Washington, attempted to extend the NAFTA model to the entire hemisphere in the free trade area of the Americas in the mid-1990s, pushing for deeper corporate penetration in the hemisphere via a favourable investment regime and other free market reforms. Critics quickly pointed out that this would establish an international regulatory regime that would lock in place the last two decades of structural adjustment policies in the region, creating opportunities for Canadian business interests, but giving little consideration to human rights, ecological costs, poverty reduction, or social development. It also would have opened the door for commercialization of such social programs as health care, education, provision of water, and the like.

As the FTAA negotiations lurched ahead, it became clear that the rhetoric of democracy, human rights, social justice, and shared prosperity coming from Ottawa and Washington sounded good, but they were in fact empty promises. The FTAA was defeated in 2005, in an effort by the newly elected socially progressive governments in the south, led by Brazil and its partners, leaving Canada and the U.S. isolated as its sole proponents. Although the FTAA was dead, both Washington and Ottawa remained strongly committed to its neo-liberal, free market fundamentals, and shifted strategies to promote the same model through free trade agreements and investment protections at the subregional and bilateral levels.

The isolation of Washington and Ottawa, which emerged from the FTAA failure, has deepened. The Latin American and Caribbean states have come together to seek a new destiny for the region through the formation of new institutional groups, such as UNASUR, the Union of South American Nations, and CELAC, the Community of Latin American and Caribbean States, to which neither the United States nor Canada have been invited. Has anybody asked why?

I would like to make a few comments about the specific case of Mexico, since Mexico is the largest of the Pacific Alliance economies and has had a longer and deeper relationship on free trade with Canada and the United States through NAFTA.

NAFTA proponents promised technology and capital that would modernize the Mexican economy, leading to industrialization and increased productivity and competitiveness. Wages would rise, creating economic alternatives to involvement in the drug trade, and would slow migration to the United States, so they said.

Now, 20 years later, official statistics show that between 2006 and 2010, more than 12 million Mexicans joined the ranks of the impoverished, causing the poverty level to jump to 51.3% of the population. It is perhaps most striking that according to new research by Bank of America Merrill Lynch, Mexico's hourly wages are now about a fifth lower than China's hourly wages. Ten years ago, they were three times higher.

Writing in *The Miami Herald* last month, Andres Oppenheimer, a well-known journalist, made the observation that "Everybody is upbeat on Mexico – except Mexicans."

Furthermore, an unintended consequence or collateral damage of NAFTA in North America, through Mexico, is that it has aided significantly in the expansion of illicit markets, primarily in the drug sector.

Phil Jordan, the former director of DEA's El Paso Intelligence Center, in 1997, remarked that NAFTA served as a "godsend" to drug trafficking, "the best thing that happened to product distribution since Nike signed up Michael Jordan". This is the DEA speaking.

• (1550)

Similar shocking conclusions were drawn in the 1999 study called *The Illicit Global Economy and State Power*, documenting the impact of Mexico's market reforms on the illicit drug trade. One of these was that the increased trade flows between Colombia, Mexico, and the United States brought about by trade liberalization provided the necessary cover for increased drug trafficking. This situation took advantage of the privatization of companies and services, the deregulation of the trucking industry, foreign debt repayments, higher incentives for bribes, and other issues of that nature. Financial liberalization also increased money-laundering opportunities for drug cartels, and capital market investments created a narco sector.

Human Rights Watch now refers to a human rights crisis in Mexico, the culmination of an unprecedented body count and forced disappearances, along with the terror, bombings, beheadings, mutilations, torture, mass graves, and other forms of suffering that have been inflicted upon the Mexican people in recent years. Groups analyzing this sector have issued a call for caution by policy-makers in light of Mexico's admittance into the Trans-Pacific Partnership, but the same word of caution can be applied to the ongoing development of the Pacific Alliance: lest history repeat itself.

To sum up, I suggest that the following questions need to be asked regarding whether or not Canada should become an official member of the Pacific Alliance.

Number one, how would full participation in the Pacific Alliance contribute to a reinvigorated Americas strategy and strengthen Canada's role and relationship with the hemisphere as a whole, given the bifurcation that's taken place between the Atlantic- and the Pacific-facing countries?

Number two, with over 50% of the mineral exploration market in Latin America controlled by Canadian companies, is the Pacific Alliance a place where Canada can show its leadership in addressing the social and environmental ills that so often characterize the extractive sector?

Number three, how would the Pacific Alliance react to a disruption in democratic governance, such as what took place in Honduras in 2009 and in Paraguay in 2012?

Number four, will discussions about the service industry in the Pacific Alliance acknowledge that education, health care, clean water, electricity, and pensions are essential services rather than profit-making opportunities for private companies?

And finally, number five, is the Pacific Alliance consulting on its members' compliance with international human rights standards? Is there a human rights working group? And will the trade agreements that come out of it put human rights ahead of corporate profit, creating just, more just, and sustainable societies?

I close there and welcome your questions.

The Chair: Thank you. We'll now move to questions and answers.

We'll start with Mr. Davies. The floor is yours, sir.

Mr. Don Davies (Vancouver Kingsway, NDP): Thank you, Mr. Chairman.

Thank you to all the witnesses for being with us here today.

I think it's fair to speak for my colleague in the Liberal Party and those on this side in the New Democrats when I say that we're having a hard time trying to figure out exactly what the Pacific Alliance is. We have free trade agreements with all four countries already. Four of the five countries involved in this are already in the TPP negotiations, presumably discussing the very same things that will be discussed here. We had some great testimony last week from some academic sources and the North-South Institute who suggested that this is more about politics than it is about economics, and that it's really an attempt by the Conservative government here to foster a coalition with right-wing governments in South America as a counterweight to the Bolivarian movement in South America, which represents far more people there.

I note that Canada has trade deficits with all four of these countries, and the biggest trade deficit is with the country that we've had the longest free trade agreement with, which is Mexico. We have a \$21.5 billion trade deficit with Mexico, and we've had a free trade agreement since 1994. We have a \$3 billion trade deficit with Peru, an \$830 million deficit with Chile, and a \$78 million deficit with Colombia.

I guess my first question will be to Ms. Katz. Can you see any economic benefit to Canada entering or deepening our political integration with these four countries?

•(1555)

Ms. Sheila Katz: Well, it's hard to answer that question. As you say, it's really hard to get any concrete specifics about what the Pacific Alliance is actually going to be. The four countries have amalgamated or formed joint stock markets, from my reading of it, and there are trade tariffs on the calendar, on the schedule, to be eliminated by a certain date. But other than that, we really don't know very much about it. Whether there are economic advantages or not, my point is, let's look at what the disadvantages are of already engaging with these particular countries, especially Mexico and Colombia, for the reasons that I put forth in my presentation.

As for what the economic benefits are, I'll leave that up to the economists to answer. But I would really hope that this committee and members of Parliament would look at the other concerns as well as economic considerations.

Mr. Don Davies: On human rights, New Democrats believe trade agreements should promote jobs and growth, but at the same time foster high standards for labour, environment, and human rights. Members on the government side often seem to think free trade agreements themselves are a path toward that end.

I'm wondering if you can give us a brief description of what the human rights situation is like in these countries—Colombia, Peru, Chile, and Mexico—right now. Has it been improving over the last 10 years, or is it stagnant? Is it getting worse?

Ms. Sheila Katz: I believe I referred to the situation in Mexico in my presentation. Human Rights Watch is saying there is a human rights crisis in Mexico. The drug trade and the drug traffickers have taken over huge swaths of the country. Massacres are an almost daily occurrence—17 bodies found in one place, 16 in another. So there is a human rights crisis, related to the drug trade, going on in Mexico right now. That crisis is extending all the way down through Central America.

As most of you know, this committee deliberated long and hard over the human rights situation in Colombia. I can tell you that after a year and a half of the free trade agreement with Colombia, the situation has not improved. Labour rights in Colombia continue to face major violations. Colombia continues to be the worst perpetrator of murders and violations against trade unionists in the world. The body count is down slightly, but the disappearances and the threats have increased.

President Obama signed an agreement with President Santos of Colombia two years ago in order to pave the way for the U.S. to open its free trade agreement. It put into place a number of processes that would monitor labour rights facilitation, bringing to justice the perpetrators of the violence against trade unionists. It's the two-year anniversary right now of that action plan. Labour and civil society, monitors of these issues, are saying that the situation is as bad, if not worse, than it was two years ago.

Peru has its own human rights challenges, and Chile also has its human rights challenges, which we obviously don't have time to go into.

Mr. Don Davies: Thanks.

To our representatives from the pork industry, you say that the Canadian pork industry serves over 100 countries, and the value

globally of Canada's pork industry is about \$3.2 billion, yet the value to Colombia, Chile, and Peru, added all together, is about \$25 million. They're obviously very small players in the worldwide system here. I'm wondering where these three countries rank in the over 100 countries, in terms of getting access for our Canadian pork producers.

•(1600)

Mr. César Urias: For starters, Colombia must be about our 10th largest market right now, in terms of volume. During the last three or four years, probably, we've seen consistent growth, especially last year when we jumped from 5,000 metric tonnes to 7,000 metric tonnes.

The other one is Chile. Chile varies a lot. We share a lot of similarities in terms of industry, production-wise. Actually, Chile is one of our largest competitors in Asia, specifically for the South Korean market. Chile is actually our 15th largest market, in terms of volume.

Peru would really fall back on the list, being our 30th largest market.

Mr. Don Davies: The figure I have from your presentation is \$9 million Canadian—I'm talking dollars, not tonnes, I know. Out of \$3.2 billion, that has to be a relatively minor market.

Mr. César Urias: Definitely, yes.

Mr. Don Davies: You have said here that Canada's pork industry

...is privileged to be granted with System Approval...all meat establishments are eligible to export pork products and by-products. However, eligible establishments are not automatically approved by the foreign country.

Is that the case for Chile, Colombia, Peru, and Mexico? Are they not approved? Or do we have the approval?

Mr. César Urias: As business develops and as business grows, more and more companies see markets as being attractive. As this occurs, meat plants will automatically become eligible to export, and that is by requesting through federal and official channels a sort of petition.

Mr. Don Davies: Thank you.

The Chair: Thank you very much.

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

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chair. I thank the witnesses for being part of this discussion.

The Pacific Alliance, four countries.... I have a question I'd like to ask Canada Pork International.

You represent 99% of the Canadian pork.... You have for 20 years. You have exports to 100 countries. Do you do trade now with each of the four countries—that would be Chile, Colombia, Mexico, and Peru?

Mr. Martin Charron (Vice-President, Market Access and Trade Development, Canada Pork International): Yes, we do, with all four.

Mr. Bev Shipley: That was in your comments.

In the last week we've had a number of interesting comments and witnesses. The whole idea is that we get to see a complete picture of where we're moving ahead.

One of the presenters last week was more concerned that this would jeopardize any trade relationship that we may want to have going forward with Brazil. Brazil is a significant country in terms of trade opportunities for Canada. Do you do trade now with Brazil through Canada Pork International?

Mr. César Urias: Trade with Brazil is extremely limited, basically because of trade barriers.

In terms of the meat industry, Brazil is probably one of our largest competitors abroad. We face competition with Brazil in larger markets such as China and Russia, probably not now because of recent changes in these markets again. But for the meat industry right now, Brazil is not a priority, I can tell you that. Probably for other sectors indeed, but not for ours.

Mr. Bev Shipley: Okay, I think that's helpful for understanding, because the next question would have been how you overcome that. But that isn't a priority of yours, and some of the other trade agreements will flourish in that area.

You mentioned in your comments, Mr. Urias, that you had about two or three requests. First, the quota management in Colombia for Canadian pork products has to be simplified to enhance trade. Just expand on that. Is that a bureaucracy, getting through the logistics? Is it a bureaucracy in terms of logistic travel? Help me with that.

Mr. César Urias: When the FTA was enforced, the way the Colombian government was able to administer the quotas was quite complex. Exporters and importers in the country have a hard time trying to understand the procedure because it changes every year, and the procedures for the meat business in this market haven't been simplified since we put this FTA in place.

Therefore, we've come up with this request to actually simplify the process to what the Americans have now, which is what we call a first come, first served basis. Given that it is required to have some import documentation available before the Colombian government, we're asking for the same for our product.

• (1605)

Mr. Bev Shipley: Okay. That's a fair comment.

You mentioned that the trichinella treatment should be removed as an export requirement. If people were listening to your presentation, they might look at this and say this is a health concern, or they might not understand it. Could you clarify what that would actually mean?

Mr. César Urias: Yes, for sure. I know the pork industry samples diseases all over the national herd, to look for diseases present, or not, in the herd. The idea is that we come up with corrective actions for this.

In the case of trichinella, we haven't found any positive sampling, and we would therefore ask for this requirement to be removed, as it would help us improve the sale of chilled product to these countries. Why chilled product? Well, chilled product would allow us to generate more revenue over our exports than frozen pork products.

Mr. Bev Shipley: Thank you very much for that.

One of the other comments that you brought forward was about changing conditions that happen in international export markets. We know there are a number of sometimes non-trade tariff barriers that get put in place.

One of the things you talked about was the latest changes in Russia, China, Japan, and other markets that demand a stronger partnership with countries. How would going into the Pacific Alliance agreement help rectify those within the four countries that we would be joining? Are they pretty much strictly non-trade barriers that we're talking about?

Mr. César Urias: Most of the time, yes, specifically for the largest net importers. In the case of China, for instance, ractopamine is an issue. It is a veterinary restriction that can be imposed on countries that use it, such as ours. Therefore, none of our products can reach that country. For the product to be certified and accepted as eligible to come into the countries is also very complex. At times, yes, this barrier may be adjusted, adapted, depending on the circumstances of supply and demand for all markets worldwide, but we've seen similar cases in Russia. We've seen changes in import declarations in the case of Japan, which is currently our largest market in terms of volume and revenue.

The Chair: Mr. Shipley, your time is up.

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

Hon. Wayne Easter: Thank you, Mr. Chair, and thank you to the witnesses for coming.

In the presentation of Canada Pork International you say, "As a result, Canada Pork International strongly supports Canada's membership to the Pacific Alliance". As Don said, some of us have a real concern about what we're doing as a committee on this Pacific Alliance issue, because nobody seems to be able to tell us what the concept of being a member of the Pacific Alliance is going to do for us in any fashion, other than to have a nice discussion.

You're saying "strongly supports" a membership in the Pacific Alliance. What would you think it would do for Canada that the trade agreements are not doing, or that further discussion on trade agreements, in terms of improving them, wouldn't do? Some of the witnesses have clearly told us, if you're a member of the Pacific Alliance, does that mean you bring down our labour standards to theirs? We're all going to be in this little wonderful group together—your labour rates, your environmental concerns. So what do you think this membership in the Pacific Alliance is really going to do for us? It's not a trade agreement. They already have those.

• (1610)

Mr. Martin Charron: What we perceive as being a benefit would be to standardize the conditions of access to our product among a number of countries, to make standards the same across the board.

Hon. Wayne Easter: But, Martin, is that part of this Pacific Alliance? Wouldn't you do that under a trade agreement?

Mr. Martin Charron: At the moment, each trade agreement has its own set of conditions.

Hon. Wayne Easter: That's true, so within the Pacific Alliance, they are doing that within their own grouping? Is that what you're saying?

Mr. Martin Charron: This is our hope. The more countries, the more markets we have applying the same standards, the easier it is for the industry to navigate it.

Hon. Wayne Easter: But couldn't you do that under your trade agreements as well?

Mr. Martin Charron: If each trade agreement were to allow easier access, yes.

Hon. Wayne Easter: Ms. Katz, there is a view, and I include myself in this view, that once you sign a trade agreement with a country you have more leverage to put pressure on human rights in the country. Do you have any evidence to show—and I assume we'll get a copy of the presentation eventually, Mr. Chair, because I think you had some interesting points in that presentation, so I want a copy of it—that human rights have worsened in areas where Canada has signed FTAs? I know you mentioned the 12 million impoverished in Mexico, but what kind of evidence do you have to stack up to show that even with an FTA, human rights are still getting worse or staying the same?

Ms. Sheila Katz: This is a very important question, and it's a very interesting question. It's not an easy question to answer because linking human rights violations to the articles and details of a trade agreement is very difficult to do, which is why we at the Americas Policy Group worked with this committee over a period of a year or so to develop a recommendation for a human rights impact assessment to answer those very questions: how will the trade agreement affect the human rights in a particular country? In this case we were talking about Colombia.

A lot of research and academic work has been done, particularly by De Schutter.

Ms. Brittain Lambert (Coordinator, Americas Policy Group, Canadian Council for International Co-operation): Olivier De Schutter, the UN Special Rapporteur for the Right to Food.

Ms. Sheila Katz: He's done a number of studies. He's made a number of recommendations about states taking responsibility for the impact of their free trade agreements on the human rights of their trading partners.

Other academics at universities in Britain.... There's a large body of really good, sound information that shows that governments should carry out human rights impact assessments before the agreement goes into effect. As well, they should monitor and define very carefully, from a scientific point of view, where the areas are that need to be looked at, so that after the agreement is in operation you have a baseline from which to assess whether the effects actually happened.

As you know, Canada's trade agreement with Colombia was distorted somewhat, and the way it got passed and ratified in Parliament is that the Canadian government made an agreement with the Colombian government to carry out a human rights impact assessment after the agreement was in place.

Maybe your question can be answered on May 15, when the Canadian government is legally obliged to present its second report. Its first report was vacuous; it had no information about free trade. All it had was the actual contents of the trade agreement. This

upcoming May 15 report should have some concrete data about whether they take the study seriously.

We've seen no indication so far that they are taking it seriously. Nobody, either at the embassy or in Foreign Affairs or in other places, has been able to tell us what their process is and what their plan is, and whether they have a strategy for carrying out the human rights impact assessment. So we have to wait and see what the government comes up with.

Part of that agreement was that both governments were going to carry out human rights impact assessments of the trade agreement in each of the countries. So far we've seen no evidence that Canada is assessing the impacts on human rights in Canada, and the Colombian government has been silent on it. They did nothing the first time around, and we don't expect that they'll do anything the second time around.

● (1615)

The Chair: Your time has gone.

Hon. Wayne Easter: Yes, okay.

I remember that witness, and there was no baseline. I think you have a valid point there.

Thank you, Chair.

The Chair: Thank you very much.

Mr. Cannan, seven minutes.

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

Thank you to our witnesses.

I want to follow up with Mr. Easter.

I've been on the trade committee for over seven years, and I've had a chance to go to Colombia. I'm very concerned about the human rights situation of all our trade agreements, and I think there's been some positive progress.

I'm a member of a rotary club in my Kelowna—Lake Country riding, where on Friday morning we had a Colombian as a guest. I was speaking with her and talking about some of the positives. She was very bullish on President Uribe. He was very controversial in the minds of many people there. He made a lot of changes, I think for the better, for their country.

If you could, Ms. Katz, share a little with our committee your perspective on the Canada-Jordan Free Trade Agreement that we passed as a government.

Ms. Sheila Katz: I really don't know much about that one. We really focus on the Americas.

My understanding is that the Jordan agreement doesn't have some of the most negative aspects. I believe there's no investment chapter in the Jordan agreement, which would be our major critique.

But I really can't speak about the Jordan agreement. I'm sorry.

Hon. Ron Cannan: Is there any free trade—

Ms. Sheila Katz: I would like to refer to your comment about Uribe, because he's pretty much discredited in Colombia. He's been linked to drug traffickers. He's opposed to many of the policies of the current government, in terms of negotiating a peace settlement with the FARC. These negotiations are taking place, and he's staunchly against them. He's really been identified with the most right-wing, recalcitrant landowners in Colombia, who are opposed to any kind of progressive change in the country.

Hon. Ron Cannan: Okay. Your sentiments have been clearly expressed.

Is there a free trade agreement that you would support or have supported?

Ms. Sheila Katz: I worked at the Canadian Labour Congress for many years, and whenever we came to this committee that question was asked. The answer was always the Canada-U.S. Auto Pact.

The Canada-U.S. Auto Pact was the kind of free trade agreement.... The Canadian Council for International Co-operation is not against trade. Nowhere in my presentation do we say there should be no international trade. What we're saying is we should carry out international trade with the perspective of improving the life of—

Hon. Ron Cannan: I'm just wondering if there is a trade agreement other than the Auto Pact. That's the only one you've—

Ms. Sheila Katz: The modern free trade agreements that contain very strong protection for investments, the kind of thing they're trying to negotiate in the TPP, we absolutely do not accept.

Hon. Ron Cannan: So you didn't support NAFTA either?

Ms. Sheila Katz: No.

Hon. Ron Cannan: I'll share my time with the hardest-working parliamentary secretary to the Minister of International Trade, Mr. Keddy.

Thank you.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): That's going to be a tough act to follow.

Mr. Chairman, thank you, and welcome to our witnesses.

There's been some good discussion here.

I have a point of clarification, maybe for Ms. Katz. Could you provide us with some information to back up your comments? I quickly googled Mexico, average wage, and Chinese average wages. You stated that Mexican average wages are lower than Chinese average wages. Right now—

Ms. Sheila Katz: No, hourly wages, I think I said.

Mr. Gerald Keddy: Right now Mexican average wages are \$12,000 to \$13,000 U.S. a year. Chinese average wages, in Beijing, which is the highest-paid area in China, are \$6,800 U.S.

So if you could you provide some backup on that, it would be appreciated.

• (1620)

Ms. Sheila Katz: I got that data from an article in Reuters. It was based on a study by...I'll provide you with that. I don't have it right here with me at this time, but I will provide that.

Mr. Gerald Keddy: Google can be wrong as often as it's right.

Ms. Sheila Katz: Google Mexican wages—Mexican wages lower than Chinese—and see what you come up with.

Mr. Gerald Keddy: I have another question. You mentioned Colombia, and for those of us who were on committee last time who travelled to Colombia, Colombia is a nation that is coming out of civil war and turmoil; it was not safe to travel there.

I think you would have to agree, regardless of any bias you may or may not have against Uribe, that Colombia today is safer than it was three years ago, certainly five years ago or ten years ago. And I have to say the thing I was amazed at, when we were in Colombia, was the makeup of Uribe's government. He had former members who had been captured and incarcerated for years by the FARC guerillas and had escaped. He had ex-justices. He had socialists. He had communists. He had right-wing large “C” conservatives. All these people were sitting in his cabinet. Here's a president who moves the country ahead remarkably under dire, difficult circumstances.

Today you can drive from Bogotá to the coast in Colombia, and when we were there six or seven years ago, whatever it was, you could not do that unless you had armed guards. So that's not just me saying it; Colombians are saying that today.

It's a statement, Mr. Chair. That's all.

But on the pork, you mentioned a couple of issues and I want to try to drill into them. I know we're running out of time, but the issue is this. We have parameters in our agreements that we have now with Chile, Colombia, Peru, and Mexico. Those parameters are very difficult to renegotiate unless you open up the entire agreement. So by going to this Pacific Alliance and becoming a member of the Pacific Alliance, which will be the ninth largest trading bloc in the world, we'll have another opportunity to put those issues back on the table.

Is that the way the Canadian Pork Council looks at that, or do you see it as even more difficult to put them back on the table?

Mr. César Urias: That's the way we look at it, given that we could enhance trade by a superior, a higher, agreement with this bloc. Yes, definitely, it's something we look at that way.

Mr. Gerald Keddy: I want to go back—

The Chair: I'm sorry. The time is gone.

Mr. Gerald Keddy: Are you really sorry?

The Chair: My heart bleeds.

Madame Papillon, five minutes.

[Translation]

Ms. Annick Papillon (Québec, NDP): Thank you, Mr. Chair.

Ms. Katz, thank you for being with us today.

We know there is no study to say what the economic impact would be of Canada's joining the Pacific Alliance as a full member. Nor is there an independent assessment of how that decision might affect human rights. I believe you said that, in order to learn more, we would have to start by hearing what the economists have to say.

The Canadian Council for International Co-operation has, in the past, denounced Canada's tendency to negotiate agreements in absolute secrecy and without regard for parliamentary debate. As regards the negotiations with countries belonging to the Pacific Alliance, is it your sense that the talks will be more open in this case? What would you recommend to the federal government to encourage greater transparency when negotiating trade agreements?

Do you think Canada should see to it that legal provisions on corporate social responsibility are put in place? Corporate social responsibility is a value we hold dear, on our side. Such a step would help ensure that Canadian entities investing in member countries of the Pacific Alliance adhered to universal human rights standards.

[English]

Ms. Sheila Katz: I think you have to be very careful. As has been stated over and over in this committee, we don't know what the investment rules will be in the Pacific Alliance. We don't know the transparency or the legal requirements they will place on investors.

I think Canada and this committee need to do a study perhaps on the implications of Canada's investment rules and investment protections, starting in chapter 11. I know the negotiations of the TPP, which are related in some respects to this agreement, are taking place in secrecy. Canada has signed on to the agreement regardless of what is negotiated in secrecy, which I think is a very big mistake on Canada's part, and I think Canada should push for transparency and start by a study on the investment chapter of NAFTA.

The thing about the investment chapter is that it's being reinforced and broadened. In each trade agreement that goes forward, it becomes broader and broader. In the TPP, for example, leaks in the document have shown some countries or corporations are demanding that the companies can sue and claim expropriation if... For example, Egypt raised its minimum wage, and some companies that were employing Egyptian labour complained to the tribunal that this was prejudicing their business. It was decreasing their profits. If a country can't raise its living standards by raising the minimum wage... This is a really good example of how far the investment chapter can go and the negative aspects the investment chapter can have on a country.

I think that's where we need to start, deconstructing the investment chapter and seeing how we can protect investors without the detrimental impacts on human rights of citizens and on democracy. That's the key—democracy.

•(1625)

[Translation]

Ms. Annick Papillon: When it comes to corporate social responsibility, it is clear that some Canadian companies are in difficult situations. It is hard for Canadians to imagine that a company like Barrick Gold would have to suspend its operations because of a failure to respect labour and environmental rights.

What would you suggest to ensure that Canadian companies don't end up in those kinds of situations once an agreement with the Pacific Alliance is signed?

[English]

Ms. Sheila Katz: As I say, it's hard to say how the Pacific Alliance documents and how the different agreements that take place or discussions that take place... As far as I know, Canada is not participating in the discussions of the different working groups now. But one of the questions I raised that I think this committee needs to look at is to engage with the negotiators of the Pacific Alliance and ask the questions. What is their view on corporate social responsibility? What is their view on how foreign companies can act in their countries? What is their view on the kinds of protections that can be put in place that don't jeopardize the human rights and democratic governance of a country?

The Chair: I'll have to interrupt you there.

Mr. Holder, you have the last five minutes.

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

What I'd like to do, if I might breach protocol a slight bit, is ask Mr. Hiebert to ask a question. I can share my time with him at the front end and then resume for the balance of those few minutes.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): My single question has to do with Canada Pork International, and it relates to the 12% quota from Colombia that currently applies to duties and the quota of 5,400 tonnes.

Mr. Urias, you noted in your remarks that the Colombian exports grew 138%, which is phenomenal. I'm wondering how it is that they would grow to such a degree when there are existing quotas and tariffs on these exports. Also, what would you expect to happen if those tariffs were lifted?

Mr. César Urias: If those tariffs were lifted, we could see probably a growth in exports of between 30% to 50%. That is because our main competitor, the U.S., has a higher tariff rate imposed on their exports. If I remember correctly, I think this year the U.S. rate is 18%. Because the FTA between Canada and Colombia started a year previously to the American one, we have benefited from that difference in the rates. I don't know what else we could do, aside from, as I said, improving the conditions for the management of the TRQ and/or eliminating tariff rates to improve market access.

I believe that responds to your question.

•(1630)

Mr. Russ Hiebert: Thank you.

Mr. Ed Holder: I'd like to thank our guests for being here.

Ms. Katz, I was struck by some of the comments you made. I'm mindful that we may have a different position with respect to each other. When my colleague asked the question about your organization, I think what he meant to ask specifically is, has your organization gone on record as supporting a country-to-country trade deal? I know that you mentioned the Auto Pact, but I don't believe, if I'm correct—I just want to be clear—on a country-to-country trade deal, that anything has been.... Is there any country that you've supported?

Ms. Lambert, do you have a thought, perhaps?

Ms. Sheila Katz: No. We're not looking at specific.... We're looking at the theory of trade agreements, the idea of trade agreements, the model of trade agreements. In the last four or five years, the model of Canada's trade agreements has been pretty much comprehensive, following the NAFTA model. It started with the Canada-United States Free Trade Agreement. That set a model, setting up new rules for—

Mr. Ed Holder: So you probably weren't stuck on NAFTA either, then?

Ms. Sheila Katz: Stuck on NAFTA?

Mr. Ed Holder: Positively.

Ms. Sheila Katz: Well, we were concerned that.... I wasn't with the council at that time, but I think, in general, civil society was concerned that NAFTA would open the “giant sucking sound”. Remember the giant sucking sound that Ross Perot talked about in the United States in regard to seeing the loss of jobs? We've seen that. That has come to pass. Canada's manufacturing sector has been severely affected by our free trade agreements, because labour standards and labour costs are lower in other places. That's where producers are going to produce their products, specifically in China

Mr. Ed Holder: That might well be the subject for another discussion. It would be interesting to have that.

It's interesting. I looked at the tenor of your dialogue. I'm mindful of how people say what they say as well as what they say, and when I heard you talk initially about this Pacific Alliance, you said there might be some notions of trade tariff reductions and common stock markets that might come out of this Pacific Alliance. From that, I inferred that it might be positive. Then I heard you say, so then let's

look at the “disadvantages”, and I think that's a direct quote. I guess this is depending on the approach you take with what makes a deal matter.

It makes me ask you this, Mr. Urias, if I might, because you indicated that “there are still opportunities”—this is from your testimony—“to improve trade conditions for Canadian pork... products”. Do you feel that is as a result of Canada becoming more closely aligned with the Pacific Alliance than is currently in place with the individual trade agreements that are in place?

Mr. César Urias: Definitely, that would be a result of—

Mr. Ed Holder: Why do you think that is, please?

Mr. César Urias: As I mentioned previously, having a regional agreement would allow us to probably review bilateral agreements and therefore improve on those market access conditions, such as veterinary and sanitary protocols, TRQ management imposed by some countries, and grade reductions.

Mr. Ed Holder: Do you believe—and I heard some comments earlier—that Canada's labour standard might be lowered as a result of becoming more fully integrated with the Pacific Alliance arrangement because other countries may not have the same standard that we have?

Mr. César Urias: In regard to the Canadian pork industry, I can tell you that that may not be the case.

Mr. Ed Holder: It “may not be the case” or it “would not be the case”? I want to be clear on that.

Mr. César Urias: It would not be the case, actually. One of the things we try to use as a defence, as a promotional statement abroad, is our craftsmanship. We put a lot of emphasis on quality and product specification, and this is unique to Canada.

Mr. Ed Holder: I thank you all. I'm sorry, I'm out of time.

The Chair: I want to thank you all, on behalf of the committee, for coming in and sharing your perspective on the Pacific Alliance with us.

With that, we will suspend, as we clear the room and move in camera.

[Proceedings continue in camera]

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