HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on International Trade

CIIT • NUMBER 005 • 2nd SESSION • 41st PARLIAMENT

EVIDENCE

Tuesday, November 19, 2013

Chair

The Honourable Rob Merrifield

Standing Committee on International Trade

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● (0845)

[*English*]

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

I want to thank our committee and the witnesses for being here.

We are continuing our study on the Canada–European Union comprehensive economic and trade agreement. This is a very exciting agreement.

I want to remind the committee that we will be travelling to Halifax next week and having hearings there.

Before we get into the meeting and before I introduce the two witnesses we will have in this hour, there is a little bit of committee business. It is more of a clarification from the round of questioning in the order paper.

We have a motion in front of us, which I will let Mr. Davies introduce.

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

Yes, I have introduced a motion, more of a clarification actually. It reflects the agreement made between the parties about the order of questioning. When we made our agreement before, the way it was written up last time didn't actually reflect the way we wanted it to work. This motion actually does, so I move the motion.

The Chair: Very good. I call the question.

(Motion agreed to)

The Chair: We now move to our witnesses. We have with us from Unifor, Mr. Jerry Dias, national president, and with you is Mr. DiCaro.

The floor is yours for 10 minutes, sir.

Mr. Jerry Dias (National President, Unifor): Good morning, Mr. Chair, members of the committee.

Unifor represents more than 300,000 workers in nearly every sector of the Canadian economy. Unifor is also Canada's largest union in the private sector. With me is Angelo DiCaro, a national representative in our research department.

Let me first thank you for inviting us to share our thoughts on the proposed comprehensive economic and trade agreement.

Our union has been following these trade negotiations, to the best of our ability, since talks began in 2009. We've been critical of the deal on a number of fronts. Specifically, we've been critical of the way this deal has been negotiated, without the full and meaningful participation of trade unions, environmental NGOs, and other groups in Canada's civil society. The CETA is unlike any trade deal we've seen before, yet public concern raised by workers and others has been marginalized and largely dismissed. This has created a climate of unhealthy debate on a deal that touches so many areas of public life.

The CETA goes far beyond border tariffs. In fact, it impacts areas of public policy, procurement policy, foreign ownership policy, and local governance that have been off-limits in foreign trade deals we've signed in the past. It grants extraordinary rights to European corporations and it's the first bilateral trade agreement that binds our provinces, territories, and municipalities. That means local governments face new limits on purchasing services, setting regional development policies, building schools, hospitals, transit systems, and other matters.

For those reasons, and others I'll touch on, the CETA raises significant concern. I want to be clear. We believe that enhanced trade with Europe can be a good thing for Canada. We've said that all along. We also believe that in free trade deals like this, there will be positive outcomes for some industries and there will be cause for concern in others. The key issue in our view is to figure out how the CETA balances the two, then determine if that balance is in the best interests of Canadians.

I'll be frank. We haven't seen the full negotiating text of the deal. No one has. Because of that it's impossible to fully assess the impact this deal could have on Unifor members, and on Canadian workers more generally.

We appreciate the information that the government has circulated so far, but it doesn't provide an objective look at the deal. It is a slanted look at all of the supposed benefits of the deal. It's more like an advertising campaign than a genuine policy discussion, and that's simply not sufficient. It is irresponsible for any government to overstate the positives and downplay the negatives. Canadians don't automatically benefit simply because we've signed a trade deal, so I hope a full text of the deal will be made available to review as soon as possible.

Unifor represents workers in many sectors of the economy that are in the crosshairs of this deal. Not surprisingly, our members have important questions and concerns, as I do. I want to first say a few words about how this proposed trade deal could impact Canada's auto industry, which is an important sector both for our union and for Canada's whole economy. On auto trade Canada starts from, let's say, an unfavourable position with the EU. In 2012, we imported $5.6 billion worth of automotive products from the EU, the highest ever. Most of that was in finished vehicles.

EU auto imports have more than doubled since 1999. European automakers have increased their market share in Canada faster than any other group of producers over this period. The same year we exported only $269 million worth of auto products, mostly auto parts. Our exports to the EU have declined by half since 1999. If we add up all the damage, that's an enormous trade deficit of over $5 billion. The auto trade deficit alone accounts for close to half of our overall merchandise trade deficit with the EU. And so far this year that imbalance has gotten even worse. Auto exports to the EU are down by 16% compared to the year prior. We've imported 22 times as many auto products from Europe as we have exported there. That's the biggest imbalance of our bilateral auto trade ever.

Let's be honest about a few things related to the Canadian and European auto sectors. First, European car companies sell mostly high-end luxury vehicles here. These are produced at plants in Europe that service the global market. The cars we send to Europe are built for a North American market. They are bigger cars. They are muscle cars. They will never be more than a niche product for a European consumer.

If you understand those dynamics you'll then understand that tariffs have very little to do with the current trade imbalance. The imbalance reflects deeper structural factors in our industry. It also reflects a 15% run-up in the Canadian dollar against the Euro. The fragile European market is also a cause for concern.

The more we import, and the less we export, the weaker our industry becomes. The CETA will not change that. In fact, we think the CETA will make this bad trade situation with Europe even worse. Again, I haven't seen the deal, but I understand negotiators eased the rules that define a "Canadian-made" car.

● (0850)

The move makes sense, given how integrated the North American market is. It also makes sense because Canada is one auto-producing nation negotiating with a large block of auto-producing nations. Under these terms we'll be able to sell cars to Europe tariff-free that are 20% Canadian-made, but the sales limit is capped at 100,000 vehicles. Some have misunderstood this to mean Canada is going to sell 100,000 vehicles to Europe under the CETA. That is completely untrue. Currently, we sell a few thousand cars each year to Europe. If we are lucky, under the CETA, we'll sell 10,000. Our negotiators could have put that number at one million cars, it wouldn't have made a difference.

Will the CETA spell the end of the world for our auto industry? Of course not. But it will mean more lost sales and ultimately more lost jobs. No one I speak with in the industry thinks Canada's auto industry will be a net winner from this deal. The only question is how bad the damage will be.

It's not just the auto sector that concerns us. We've got a trade imbalance on wood products with the European Union; we import ten times the amount of furniture from Europe as we sell there. It's not to our advantage to simply sell Europe barely processed wood and ship back expensive furniture. The expected jump in drug prices will put additional strain on our health care sector. This is a sector already faced with chronic understaffing. Stripping governments of their ability to set buy-local purchasing policies limits the growth potential for our important mass transit sector. The list goes on. I encourage you to read our submission for a fuller brief on our various sector concerns.

Our economist at Unifor, Jim Stanford, predicted that the CETA could cost Canada another 150,000 manufacturing jobs. This is a worst-case scenario he's presented based on many factors, but even in the best-case scenario, tens of thousands of jobs are on the chopping block. Why such a hit on manufacturing? It's because we mostly sell Europe raw materials and they mostly sell us high-value manufactured goods. We have a nearly $30 billion manufacturing trade deficit with Europe and that deficit will likely expand, not shrink, under a free trade pact. Our union doesn't believe this is an attractive or strategic position for Canada's economy. We don't believe that a heavier reliance on resource extraction and resource export is how strong economies are built. Canadians must have the ability to balance our industrial development to enhance our capacity to manufacture value-added goods.

Instead it appears in the CETA we're negotiating away our ability to strike that balance. We're granting private European investors and corporations the right to challenge democratic policy decisions made by our national and sub-national governments if they feel these decisions infringe on their rights to profit. What about the rights of workers to decent jobs? What about the rights of citizens to democratic decision-making? As we see it, the CETA and the process in which it was negotiated doesn't seem to account for the interests of all civil society. It accounts only for a select few. I am encouraged that this committee is taking the opportunity to discuss the proposed trade deal, and once again I thank the committee for the opportunity to share our views.

In closing, I urge the committee to recommend that the federal government release the full text of the deal as soon as possible. I urge the committee to recommend that the CETA can only be ratified should the House of Commons and each provincial and territorial parliament vote in favour of it. Finally, I recommend that the CETA agreement remove the provisions for investor-state dispute settlement courts, and strengthening drug patent laws. These provisions have nothing to do with freer trade. They arbitrarily strengthen corporate powers in a way that will cost Canadians and their governments billions of dollars in the future.

I put these three recommendations to you for further consideration.

I want to thank you again for the opportunity to speak and we are free to answer any questions you have.

● (0855)

The Chair: Thank you very much.

Before we get to question and answer, and I'm sure you've promoted a few, we'll move to the Fisheries Council of Canada. We have Patrick McGuinness.

The floor is yours, sir.

Mr. Patrick McGuinness (President, Fisheries Council of Canada): Thank you very much.

First of all, let me just say that the Fisheries Council of Canada fully supports the CETA. Our organization represents companies throughout Canada, from British Columbia to Nunavut. Our main supporters are vertically integrated companies. Those are companies that own their harvesting vessels, own their processing plants, and participate in marketing throughout the world. But at the same time we're also proud that the main fishermen's cooperatives in New Brunswick, Newfoundland, and Labrador are members of our council.

The CETA is a game-changer for several Canadian fisheries, most notably Atlantic Canada's shrimp sector, particularly cooked and peeled shrimp; lobster processing, which would have significant positive spillover effects for live lobsters; our herring sector; and our mackerel sector. The positive impact on the British Columbia groundfish and salmon sectors, and the Northwest Territories and prairie walleye and pickerel sectors creates new marketing opportunities for these sectors.

Ladies and gentlemen, reducing tariffs of 15% to 20%, to 0% in the world's largest seafood market will enable the Canadian fishing industry to put its market diversification strategy into full gear. Our objective as an industry in Canada is to reduce our dependence on the U.S. market, and I can report our industry has been successful in opening new markets in China and Russia in recent years. Now our strategy can focus on penetrating the EU market.

While the EU seafood market has grown substantially in recent years, as it has expanded to 28 countries and is now the largest seafood market in the world, Canadian seafood exports to the EU have not. In fact, in the period 2005 to 2012 our exports in terms of value to the EU dropped 28%. Export values to the U.S. have remained stable, but we have had significant growth in our sales to China and Russia. Our sales to China have increased by 38% and to Russia by 250%. China is now our second-largest export market, with Russia number four just behind the EU.

High tariffs in the EU have forced our industry to focus on emerging markets. When we talk about emerging markets we're talking primarily about markets where we see a growing middle class, we see new upscale restaurants being put in place, and we see countries, if you will, that have a fairly good per capita seafood consumption. We have been looking at countries such as China and Russia, but also South Korea and Thailand. The issue is that China and Russia are lucrative markets for us, but they're risky markets. Market access is not assured. Often we have abrupt impediments and closures to the market. The WTO and Codex rules and standards are making inroads into China and Russia, but it's slow. Right now, we are in confrontation, if you will, with Russia in terms of actions they have been taking with respect to our cold-water shell-on shrimp. And here it is just basically out of the blue.

The bottom line is we would like to see more involvement in terms of our diversification—we're doing a good job in Russia; we're doing a good job in China—but we want to get into the EU market. We want to build those partnerships, and we want to expand in that marketplace, and the CETA will do that for us.

The CETA is of particular significance to the cooked and peeled shrimp industries in Newfoundland, Labrador, New Brunswick, Quebec, and Nova Scotia. The market for that product is mainly in the U.K., Denmark, and Sweden. The tariff rate is 20%. Our access to that market is totally dependent on the EU unilaterally establishing low or zero tariff quotas to allow our products into the market for further processing in the EU. That's a major industry in terms of Newfoundland and Labrador, and that's basically the constraint they have in terms of expanding that market.

In recent years, for getting agreement, we would have to meet with the Danish processing association, the Swedish processing association, and the U.K. processing association to try to come together with mutually beneficial tariff quotas.

● (0900)

That has been relatively easy. Well, I shouldn't say “easy”, but it has been relatively straightforward in recent years as shrimp peeling and processing in the EU has declined. However, times are changing. What we see now in terms of the EU and Poland, Bulgaria, and Estonia is that they are establishing peeling plants themselves.

The current arrangement ends in 2015. We can see that we would have difficulty continuing that type of arrangement going forward. The CETA takes care of that. Basically, what the CETA does is get our cooked and peeled sector out of the dysfunctional EU autonomous import quota regime. This is a regime that is particularly difficult for our Newfoundland and Labrador shrimp fishery, as the inshore fishery starts in June or July, and by that point in time, much of the import quota into the EU has been or is being exhausted.

What you see happening is that the fishery continues, the cooked and peeled product is produced, put in storage in waiting until January 1 of the next year, and then dumped on the market. That's how dysfunctional it is. That is why the CETA is so important to us. That is why Earle McCurdy, who is head of the Fish, Food and Allied Workers union, has come out in support of the CETA.

Another example of how this is going to have positive structural impacts on our industry is in the processed lobster. Over 85% of our processed lobster products are exported to the United States. A growing market for the processed lobster sector is lobster tails and claws. We have made good inroads into the EU with this product; however, the tariff for the product is 16%. The elimination of that 16% tariff will enable that segment of our industry to expand significantly into the EU.

The expansion of our lobster processing sector, which is primarily in New Brunswick and P.E.I., is going to have a significant positive impact on our live lobster portion, which is primarily in Nova Scotia and, to some extent, Newfoundland. It will be drawing more lobsters into the processing sector out of the live market. Our live lobster sector is being inundated with oversupply and, as you may know, prices have been dropping quite a bit.

In summary, we see the CETA offering us important opportunities for market diversification, leading to enhanced prosperity for our companies and our workers.

I will say in closing that the Fisheries Council of Canada wants to acknowledge the great work done by trade officials at International Trade Canada and the Department of Fisheries and Oceans. We were kept abreast of developments. Our thoughts, suggestions, and concerns were sought and were taken into consideration.

Thank you very much.

The Chair: Thanks very much to both of you for your testimony. I'm sure it has spurred some great questions.

We'll start with Mr. Sandhu.

Mr. Jasbir Sandhu (Surrey North, NDP): Thank you, Mr. Chair.

Thank you for coming out today.

Mr. Dias, you pointed out that the government did not consult you guys with regard to the CETA.

Mr. McGuinness, were you consulted during the negotiations on the CETA?

Mr. Patrick McGuinness: I was.

What you do in trade and negotiations, whether that's in the U.S., in Canada, or in NAFTA, is that basically you have to enter into a confidentiality type of agreement with the government in terms of participating. That's not participating in the negotiations themselves, but participating with regard to giving advice to them on questions they would ask, such as what are our sensitivities and our objectives. Things would come up in negotiations and would be run by me in order to get a sense of what the position of the fishing industry would be.

● (0905)

Mr. Jasbir Sandhu: Thank you.

Mr. Dias, you have members in various sectors throughout the country. Are there any sectors in which your union members will benefit from this particular deal?

Mr. Jerry Dias: Well, for starters, the fisheries sector will. The one thing we need to be concerned about is that more of the fish processing jobs don't leave Canada and go to Europe. If there is a concern, it's on the processing side of things.

Will it create a larger market? There is no question about it. Are there opportunities in the fishing sector? Absolutely.

But one of the problems we have in the fishing sector today is the number of fish processing plants that have closed and the fact that a lot of our fish is shipped to China for processing and then shipped back. If we want to have an integrated strategy on how a sector like this can benefit, we need to have more debate, not just about shipping fish for processing, but about actually processing the fish here and then selling a finished product.

Mr. Jasbir Sandhu: Thank you, Mr. Dias.

Mr. McGuinness, can you comment on how the European Union was adamant on Newfoundland and Labrador giving up its minimal processing requirements?

Mr. Patrick McGuinness: To a large extent, this was a good discussion with negotiators. It was really more of a symbolic issue. The bottom line is that it sets a terrible precedent for the EU in its negotiations around the world. Say, for example, they have fisheries trade agreements with Norway, Iceland, and Greenland. There is no mention of minimum processing requirements, so it was more a philosophical issue. At the end of the day, the bottom line is.... Right now, say, for example we have Nova Scotia, New Brunswick, Quebec, and British Columbia. They do not have minimum processing requirements and basically trade is going back and forth in terms of, for example, the same types of species that Newfoundland and Labrador has. To a certain extent, the impact of removing those trade restrictions would be pretty negligible.

It's interesting to look at British Columbia. In British Columbia not that long ago we had a minimum processing for herring roe: herring could not be exported out of British Columbia if it had roe in place. What happened? It became uneconomical to harvest and process the small herring, so the quotas were not being caught. In fact, the minimum processing requirements that were demonstrated in B.C. were costing the industry jobs, particularly in the harvesting side. What brought it to a fundamental decision-making was that of course Alaska has herring and herring roe and they did not have the restrictions that British Columbia had. Basically, they were sending the small herring—which was uneconomical to process in North America or in Alaska—to South Korea and then South Korea would be processing and the herring roe would go to Japan.

At the same time, the Alaskans were developing a food market for that small herring in Africa. When you step back, there was a case study whereby it was a restriction that was actually a negative impact in terms of the B.C. industry. When the B.C. exporters of herring roe would meet with the Japanese buyers they were at a disadvantage with the Alaskans because the Alaskans could offer the Japanese buyers not only herring roe but also food herring.

● (0910)

Mr. Jasbir Sandhu: Would you agree that, with this restriction not being there for Newfoundland and Labrador, more processing jobs will go to Europe?

Mr. Patrick McGuinness: No, basically what's going to happen is a major trade-off. Say, for example, in cooked and peeled shrimp, in order to get into the European Union right now it has to be further processed. It is brined and put in jars and processed into sandwiches for Marks & Spencer. Now, with the removal of that type of restriction there could be further processing of that cooked and peeled shrimp right here in Canada, moving into modified packaging. You have to take a global look at these types of issues. What you'll probably see with cooked and peeled shrimp is an opportunity—those plants right now are relatively new plants, they are modern plants—for them to move into for example, modified atmosphere packaging and delivering that product direct to retail, direct to restaurants. In terms of impact, the province that's probably going to win the most is Newfoundland and Labrador. It will help them to restructure that industry.

The Chair: Thank you very much.

We'll now move to Mr. O'Toole.

You have seven minutes.

Mr. Erin O'Toole (Durham, CPC): Thank you, Mr. Chair.

Thank you, gentlemen, for appearing today. We appreciate your taking the time to provide your comments.

I have a few questions for Mr. Dias. Congratulations on assuming the presidency of Unifor in September. We appreciate your taking the time.

I do have to be frank, though. Your comments with respect to the deal could almost be taken right out of Mr. Davies' comments in the House of Commons, which is that the deal could be a good thing but then there are a lot of negatives about it and we need to see the full text before we can decide.

There have been two tranches of information released, which are points by industry and then the final negotiated text. In the context of collective bargaining, when your team is holed up at a hotel and at it for days on end, when you strike an agreement on central terms and a general timeline of the agreement, don't you let the final legal text be negotiated afterward?

Mr. Jerry Dias: No. When we bargain a collective agreement, the deal is the deal. We don't come to a tentative agreement on some issues, ratify, and then go back to the bargaining table to tighten up the loose ends. The deal is the deal.

The idea of deadline bargaining, for the purpose of the discussion, is that there is a drop-dead date to deal with all of the issues. The collective bargaining, depending on the amount of issues to be bargained, will start well in advance to make sure there's adequate time to deal with all of the issues. But at the end of the day, when we ratify a deal, it is the complete deal. We make sure that our members understand what's in the deal—all of the elements of it. In essence we're having a discussion on an agreement where we haven't seen the final text, which begs the question, "What are we missing?"

What we are giving is a presentation based on what we understand is entailed in the agreement. It's difficult to make a concrete and a comprehensive statement on the CETA when we haven't seen the finished product.

Mr. Erin O'Toole: But with each tariff level addressed and the timelines for phasing in, aren't those the essential terms?

My friend Mr. Davies talks a lot about how those essential terms are fine but that we have to see the final legal text in various languages.

Aren't the essential terms, the actual tariff rate reductions and timelines, really what a deal is about?

Mr. Jerry Dias: There's more to it than just that. It's more than just tariffs. There are parts of the CETA that, frankly, deal with provincial government's right to procurement, with whether or not European companies can sue governments in Canada. It will likely raise the prices for generic drugs. Heaven only knows that drug prices are an increasing cost to Canadian business. This doesn't help that situation.

You may have put out the basic outline of what's involved, but there's much more to it than what we're talking about today. The question becomes, what else is there? Why should we not be able to see the final text, and why should Canadians not be able to see it?

The argument is always one of transparency. I find that terminology to be spectacular. It will talk about transparency as it relates to the trade union movement, yet with something as significant as this that affects all Canadians, there's not complete transparency.

● (0915)

Mr. Erin O'Toole: In your remarks, you stated that after the CETA, Canada would be lucky to export 10,000 vehicles to Europe.

Do you recognize that we exported over 10,000 in 2012?

Mr. Jerry Dias: That would be about dead on. We're not even sure. I don't even think there are completely clear numbers as to how many we have exported.

Mr. Erin O'Toole: Wouldn't it be fair to say that if we're already at 10,000 now, using 10,000 as the assessment post-CETA would be totally inaccurate?

Mr. Angelo DiCaro (National Representative, Research Department, Unifor): That's actually a good question.

There have been a couple of numbers floated about the number of exports of finished vehicles to the European Union. There was one number of 13,000; another number was 8,000. Neither of those numbers has been validated. We don't know where these numbers come from. Both have been in news reports and in various government communiqués. One of the things we would like to see is an actual accounting of that, because surely that exists somewhere. With industry support and involvement, perhaps we would actually get an itemized breakdown of what the exports are.

In a paper that's going to be released, probably next week, we took existing strategists' data from Industry Canada. We looked at the value of trade, and then our best-guess estimates about the number of vehicles based on analysis by Ward's Automotive Group, which is a fairly reputable and leading statistical group. On the crude division of the number of units versus the value of trade, it doesn't add up to 13,000. That means we would be selling cars for around $9,000 in Europe, which is clearly not true for any cars we sell there.

We're not making pronouncements. Our best guess, as with the other best guesses we're hearing, is that it's about 5,000. We have our own methodology for that. Knowing it would be better but, clearly, given the level of imbalances we're seeing in the trade, to say that we would go from 5,000, or even 10,000, to 100,000 is simply not possible.

Mr. Jerry Dias: Let me use your argument. Let's say you're right and suppose that the number is 15,000 that is being exported today. Let's even use a number we know to be high. The reality is that if you understand and know our industry, we are not going to be selling more cars. The issue isn't tariffs.

Whether or not there is a 20% tariff or a 0% tariff on the auto industry, it won't make any significant difference and it's pretty simple why that is. In Canada we build, in the Chrysler assembly plant: Chargers, 300s, and Barracudas. The Barracuda may be considered a niche vehicle. In Windsor we build minivans. In Ingersoll we build Equinox and Terrains. In Oshawa, for the time being, we build Camaros, but we build Impalas.

To cut a long story short, we build—

Mr. Erin O'Toole: What about Ford in Oakville?

Mr. Jerry Dias: In Ford in Oakville, of course, we do the Edge and—

The Chair: We're running over time.

Mr. Jerry Dias: Okay.

So there is no question, the bottom line is that we build large vehicles. Now, when Ford, GM, Chrysler, Honda, and Toyota want to sell to European markets, they have plants there. That's how they satisfy the European markets. It's with their own assembly plants building vehicles for that market.

We build large vehicles. We build vehicles that are heavy on gas. They're big for the roads in Europe. The bottom line is, our cars are built in Canada specifically for the North American market. That's not the way it works in Europe. European automakers make cars that are global cars built not only for the European market, but for the other markets around the world. So it's a totally different animal. So—

The Chair: Thank you very much.

Mr. Pacetti.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses for coming today.

My first question would be to you, Mr. Dias. Trade unions were not included in the negotiation. Were they were not consulted at all?

Mr. Jerry Dias: We were not consulted at all.

Mr. Massimo Pacetti: Is there a reason for that, that you're aware of?

Mr. Jerry Dias: There is no reason that I'm aware of.

Mr. Massimo Pacetti: Don't you play an important role in providing at least some type of direction? It boggles me that you would not be able to provide any type of input into the negotiations. Were none of your sub-unions, none of your affiliates, consulted?

● (0920)

Mr. Jerry Dias: No.

Mr. Massimo Pacetti: That's very strange.

I have a quick question because my time is limited. Getting back to cars, seeing that you mainly represent unionized workers in the car sector, I agree with what you were saying, that the European cars that we import are in a sort of niche market, and the Canadian or North American cars that would be exported are, again, a niche market in Europe. So would there be no potential for the automobile industry to increase their numbers in terms of whether it would be, as you stated, finished cars? But even to be able to export automotive parts, is there no potential for growth there?

Mr. Jerry Dias: It's negligible at best. The auto parts sector has been hammered here in Canada. We've lost probably 50,000 direct auto parts jobs in the last five years as a result of the recession in the auto industry.

There may be some minor additional sales, but these would be so insignificant that they don't help balance out the increase that will be imported to Canada.

Mr. Massimo Pacetti: When we look at the European cars imported—let's say Mercedes and BMWs being manufactured—is there no equivalent manufacturing of those vehicles being done here in North America? Is that correct?

Mr. Jerry Dias: We build a Cadillac.

Mr. Massimo Pacetti: I'm talking about BMWs and Mercedes in particular. They serve a niche market. They would come in, the tariffs would be reduced on those vehicles, and they would compete at a lower price range. Would that be your assessment?

Mr. Jerry Dias: Yes.

Mr. Massimo Pacetti: In corresponding fashion, the North American car could not be sold in Europe, because they already have plants. So whether we reduce the tariffs or not.... Is that the logic there?

Mr. Jerry Dias: That's correct. It makes European cars cheaper. The trade imbalance will continue to grow, and to grow significantly, and there doesn't seem to be any net benefit for Canadians as a result.

Mr. Massimo Pacetti: Mr. McGuinness, you spoke about opening new markets. You spoke a bit about the reduction in tariffs. Is it your viewpoint that the reduction in tariffs will open new markets, plain and simple?

Mr. Patrick McGuinness: Most definitely it will, in the sense that what I see now—for example, in the cooked and peeled shrimp sector—is that they will be moving into modified atmosphere packaging and will be selling cooked and peeled shrimp directly into Marks & Spencer, directly into retail and food service.

Mr. Massimo Pacetti: Just because the tariffs come down, you'll be able to—?

Mr. Patrick McGuinness: It's 20%. The tariff is going from 20% —

Mr. Massimo Pacetti: What is the competition right now...the 20%? Are they buying the cooked and peeled shrimp somewhere else, or are they buying other products?

Mr. Patrick McGuinness: Basically they're buying cooked and peeled shrimp for retail out of Iceland and Norway, because they have agreements for zero—

Mr. Massimo Pacetti: So Canada's product will be 20% cheaper. Will Iceland just reduce their product to match Canada's pricing?

Mr. Patrick McGuinness: Right now we are not in the game, because we can't compete. What we'll be doing, hopefully, is competing with Norway and Iceland on a level playing field. We're confident, because we have the resource, in terms of cooked and peeled shrimp. Right now, our offshore catch, which is shell-on shrimp, is selling to Norway and Iceland because their resources have reduced and they're doing cooked and peeled shrimp and selling directly into retail.

Mr. Massimo Pacetti: How about demand or supply? Do we have enough supply to feed the demand that would be anticipated?

Mr. Patrick McGuinness: The bottom line is that we are a wild fishery, and you are structured by your resource. One of the things I pointed out concerns diversification. Our major markets right now are China and Russia. What we'll probably see to a large extent, as we become more competitive in Europe, is diversification into the European market, about which our exporters feel a little more confident.

● (0925)

The Chair: Thank you very much for that.

Mr. Cannan.

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

Thanks to our witnesses.

Thanks, Mr. Dias, and congratulations on August 31—a big day for you and your association.

First of all, I wanted to clarify a comment that my colleague Mr. O'Toole raised about transparency. You mentioned that in collective bargaining you let your members understand what is in the deal, but they don't get to see the final text. Is that true?

Mr. Jerry Dias: That's not what I said at all. I said we take to our members the deal. We will have highlight sheets, but we will also have signed documents. If people want an actual copy of the signed document, they get it. They get a collective agreement that has every word spelled out in it. So they vote on the entire package; they know every detail.

Hon. Ron Cannan: I can speak from first-hand experience, I used to be sales supervisor with a multinational corporation and I was for four and a half years a member of CAW and whatever the paperworkers union is called. We had a strike in 1995 and were not allowed to see the final agreement. The union representatives told us it was a good deal and gave the context overall and said we should support it. I said it was my wife and my family...and I'd like to see the agreement before I sign off on it, but we weren't allowed to. I can only speak from first-hand experience about how that happened.

Mr. Jerry Dias: I'm sure there are exceptions to every rule. I think that's completely ridiculous, and your government should be taking the position that you just took on people being able to see the final deal before any of the votes are taken. So I agree with your basic principle.

Hon. Ron Cannan: Okay, thanks.

With regard to CAW and now Unifor, what free trade agreements have you supported?

Mr. Jerry Dias: We certainly didn't support NAFTA, or we certainly didn't support free trade. They would be the two main ones, I would suggest, that have impacted Canadians, and if you take a look at the proof in the pudding, our manufacturing sector has been disseminated. Our auto sector is a mere resemblance of what it was. We've lost 700,000-plus manufacturing jobs. So I think we can have a very good debate on how free trade deals have negatively impacted Canadians. We have whole industries that have been wiped right out.

Hon. Ron Cannan: So just on that, I know that going back to 1987 when Bob White was the CAW president, when the NAFTA was being discussed, he had a *Globe and Mail* article. It says:

> ...a Rambo, dog-eat-dog, survival of the fittest society with no ability to maintain our social programs or ability to structure our own economy.

Mr. Broadbent had indicated in 1987 that the border would cease to exist in 25 years.

So here we are in 2013, with four and a half million jobs created with NAFTA, $740 billion in bilateral trade, 35 out of the 50 states, our number one trading partner.... They continue to be our biggest allies who want to diversify. Mr. Stanford, who is the union economist, now says we're going to lose about 150,000 jobs with the CETA.

Do you stand by his statement with that?

Mr. Jerry Dias: Absolutely.

Hon. Ron Cannan: So making all those statements, how could you say you're going to potentially support this?

Mr. Jerry Dias: No, there are winners and losers. The fishing industry may win if, in fact, there is a commitment to do more processing not just on peel and eat shrimp. If there's going to be a commitment to much more processing, then it could be a benefit for Canadians. But if you take a look at the manufacturing, if you take a look at the deficit, the outrageous deficit we already have in trade with Europe, nobody realistically can believe that this deficit is going to narrow. As a matter of fact, it's fully expected that the deficit will continue to grow.

Was it Mulroney who said trading with the United States is like an elephant rolling over on a mouse?

Hon. Ron Cannan: Mr. Trudeau.

Mr. Jerry Dias: It's close.

Hon. Ron Cannan: I have just a last comment about transparency. Minister Fast was the witness at our last trade committee and he talked about how this has been the most open, transparent negotiations. Basically, the Federation of Canadian Municipalities and the provinces, the industries across the nation, have been consulted, and the stakeholders themselves have been informed of the outcome.

I have to disagree. I've been on this committee almost eight years and it's been a very open and transparent process.

I'd like to pass the floor to Mr. Shory, please.

Mr. Devinder Shory (Calgary Northeast, CPC): Thank you.

Thank you to the witnesses also for coming here.

In my riding of Calgary Northeast, I had a clear message that free trade is always good for business, good for Canadians. When I heard Mr. Dias this morning, I quickly went to do some research on this, and what I found out was a little disturbing. Even before the CETA was tabled or declared here in Canada, in August, I read one of your statements. You were asked a question, and you simply said that in 2015, “We will do what we can to make sure that Conservatives are defeated.” This was before, and today I heard that you are absolutely against the CETA.

Then I went a little further. I read that the CEP, one of the merger unions, endorses the NDP. When you were asked the question on whether you would endorse the NDP in 2015, you particularly said, “We will do whatever it takes to defeat the Conservatives”. So your position is clear. You work with the NDP hand in hand—your union.

I like bluntness.

● (0930)

Mr. Jerry Dias: Me too.

Mr. Devinder Shory: You have a very clear answer that your union is simply against the CETA. I thought the NDP had changed their mind on this trade deal. My question is this. When you can make a decision based on the information you have, how is it that the NDP is not able to make a decision on it? Or what is behind it?

Mr. Jerry Dias: First of all, let me explain the politics of our organization. We are not beholden to any one party. I want to make that clear. We have taken a position of strategic voting.

Does our organization have a wonderful relationship with your government? The answer is no. If we take a look at some of the legislation before the House today, it's obvious why we don't have a wonderful relationship. My guess is that'll be a discussion for another day.

As it relates to the CEP endorsing the NDP, that was the CEP's formal position. Our council will determine our politics. I am quite candid as to where we sit. We are an organization that is going to think independently.

The Chair: Thank you very much. That ends the first round.

I'm going to use the chair's prerogative to ask one question of Mr. McGuinness.

You talked about the opportunity for increased activity in the fishing industry with the CETA. Do you have a job estimate? How many jobs would be created in Canada?

Mr. Patrick McGuinness: Basically, we're looking at this as diversification of our export strategy and prosperity, by making the industry more economically viable.

As for jobs, right now we are harvesting the quotas that we harvest and we're employing the people we employ. Whether we can harvest more is solely dependent upon the condition of resources. In the fishing industry, you can't really talk about trade agreements of this nature in terms of employment opportunities. It has more to do with prosperity opportunities and diversifying into more stable and lucrative markets.

The Chair: Very good.

Mr. Masse, go ahead.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

That's an interesting aspect. We have Mr. McGuinness who doesn't know if it'll create a single job for his industry and we have Mr. Dias who represents 300,000 jobs and over 1,000,000 people and their families together, probably the most affected group of any party. I don't blame you for wanting to see the text or having some reservations. We all know the story of NAFTA. The story of NAFTA is that it killed the Auto Pact. It killed the Auto Pact, reduced our auto industry from second in the world to ninth, and we're losing more footprint than ever before. That's the reality of what we have. These are value-added jobs that we have been losing over the duration. I don't blame you for wanting to see the text.

My first question would be, is it the text that's completed? All we really have right now is a pamphlet. We have a brochure. But if we were able to get the auto industry text, would that be sufficient, or do you need more of the other text? We know you represent many more diverse members now than ever before.

● (0935)

Mr. Jerry Dias: We represent members in 20 of the largest sectors in the country. So there's no question. We want to see the text as it relates to the forestry industry. We want to see the text as it relates to the fishing industry. We can start to walk right through it. It's more than just the auto industry.

Mr. Brian Masse: With regard to the auto industry and tariff reductions, we're at the top right now, with 22% tariffs on Canadian parts and vehicles going into Europe despite having a significant trade imbalance and their having a lopsided trade into Canada.

Why do we have three, five, seven years to meet Canadian tariff reductions? Why shouldn't we have those tariff reductions at zero right away since they already have the net advantage? Has the government approached you about that? Have they told you the reason for their slow approach to reducing tariffs on Canadian vehicles and parts going into Europe versus getting rid of tariffs right away? We're at a disadvantage right now. As you noted, our vehicles aren't really suited to European markets.

Mr. Jerry Dias: As to the argument on the tariffs for our vehicles and auto parts going to Europe, whether there was a 20% tariff, a 10% tariff, or no tariff, it won't make a difference, because demand for specific vehicles is very different in Europe.

Mr. Brian Masse: So that's probably the reason, then. The three, five, and seven years are a throwaway, because they know they're not going to benefit from it anyway.

Mr. Jerry Dias: The bottom line is, if they double their importing into Canada—let's say they bring in another 100,000 vehicles—that's a full shift in an assembly plant, with about 2,000 direct jobs and probably another 18,000 indirect jobs.

Mr. Brian Masse: I'm going to switch a little bit here to drug prices and negotiations, something that I don't think gets a lot of attention.

Given the diverse workforce you represent, and the issue over drug pricing and benefits, how do you think this will affect negotiations across this country, be it the public or the private sector, if drug prices are going to...and patents are going to be extended with regard to that?

Mr. Jerry Dias: It just made Canada more expensive. It makes our products more expensive. It makes it more difficult for us to export. It does all of the things you say that you are trying to change. You're trying to create more opportunities to export, on one hand, yet you're making the products more difficult on the other hand. It will make collective bargaining more difficult. It will also make government more difficult, government that takes care of seniors. It's a problem all the way around.

Mr. Brian Masse: If your members don't get a good drug benefit plan, or a decent one, or one at least as.... It all depends on that. Where do they have to go to get their drug costs covered?

Mr. Jerry Dias: Our members would pay out of pocket for the drug costs. Seniors go to the government.

Mr. Brian Masse: Exactly, it's back to the public sector, back to the taxpayer.

Mr. Jerry Dias: That is correct.

Mr. Brian Masse: With regard to auto imports as well, are there non-tariff barriers we're faced with when trying to sell vehicles in Europe?

Mr. Jerry Dias: This is not going to help the Canadian auto industry. It's not a tariff issue as it relates to the auto industry. The types of vehicles we build here in Canada, the Europeans aren't going to buy them. The only ones who will buy....

If people want to buy a toy to keep in the garage to drive on a Sunday, they might take a Barracuda or a Camaro. It will be a niche vehicle. The reality is our vehicles are not made for the European market.

The Chair: Thank you very much.

Mr. Holder.

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

I'd like to thank our guests for being here. I'm sure glad I just bought a Cadillac last—

● (0940)

Mr. Jerry Dias: Nice car....

Mr. Ed Holder: Very nice car, the ATS. That's not a formal endorsement, by the way, Chair. I just thought I would share that with you.

I've listened to testimony from all three of you, and I appreciate it very much.

Mr. McGuinness, you talked about the fisheries and why it matters in terms of stabilizing your business.

Mr. Dias, I've heard you talk at some length. I appreciate your candour, so I'm going to be candid back.

The pork industry supports this free trade deal. The beef industry does. The fisheries industry does. The lumber industry.... Provinces and territories are supportive. The job creators of this country are supportive. The ones that your industry....

And frankly, to be fair, not just the auto manufacturers but also all the supportive industries in manufacturing that go along with that, and all the lifestyles that means...your role is an important one.

Where I get confused is this. You were asked a few moments ago whether you supported any deals. You said you didn't support free trade with the United States. Then you said you didn't support NAFTA. Frankly, I'm looking back at something, and it is kind of interesting, because actually it's one of your predecessor organizations, CAW, back in April 2012. It's the union that did this. And I apologize. You may not have a copy of this. But I'll just read from the text, because I think it is important. It's on page 39 of "Rethinking Canada's Auto Industry". This is a quote, "Cease free trade negotiations with the EU, Japan, Korea, and Thailand."

You've already mentioned the United States. You've already mentioned NAFTA. We're committed to having a rules-based system that, frankly, ensures fairness. It ensures labour rights among the countries we do free trade deals with. And we have done quite a few. We talk about environmental laws to go with that, all that it implies.

But it strikes me that the real answer.... And I say this.... I'm not sure if it's a philosophy; maybe you can educate me.

But why is it there's not one agreement, ever, that your union has supported? Please help me understand that.

Mr. Angelo DiCaro: I'll let Jerry wrap it up.

It's probably not going to come as a surprise. One of the deals we have historically been in favour of, because of the outcome of what it provided for our country and our industry, was the Auto Pact. Eyes roll, and all that stuff, but the fact is, that was a deal that was based on outcomes that had reciprocal market access and offset conditions that said that if you're going to sell here, you have to build here.

Then along came the WTO and sort of an ideological bent on what trade deals should be. Then that whole spirit became anathema to what we're doing. So in all these deals now, rather than even considering what a reciprocal market access provision could be and becoming creative with innovative policies on how to make that work on an outcomes basis, all we seem to be concerned about is the blanket elimination of tariffs and then crossing our fingers and hoping that good things will happen.

Mr. Ed Holder: Mr. DiCaro, this is not going to be a debate, but it strikes me that we've all lived through the worst global recession of our lifetimes. No one has gone through a worse time than we went through in 2007-08.

You also know that the integration of the auto in Canada and the United States is very significant, and we know what that cross-border impact means. I come from southwestern Ontario and believe me I have a strong sense of what it means.

The tragedy in that, and I don't get this—sometime I'd like to have a private chat with you, Mr. Dias—is not just automotive, but to your earlier point, so many organizations in southwestern Ontario: London, Strathroy, St. Thomas have been absolutely decimated and the common denominator, and I don't get it, was the CAW. I got so frustrated at one point that I said they're really good at negotiating severance packages, but they're not very good at negotiating employment packages, quite frankly.

Those are my people. Those are the people who live in my riding and in my city and they're your people as well. What I don't get is why there can't be more opportunities. I apologize if this isn't quite getting back to this deal, but it comes back to the point of embracing trade, finding the positives from it. We have pretty bright people on this side as our guests. Why can't we find ways to make it work for Canada's sake, to have a rules-based system that makes it work, because we trade with every country in the world already?

When we trade—

The Chair: You time has gone. I will ask for a very short answer.

Mr. Ed Holder: There was a question in there.

Mr. Jerry Dias: I'll gladly sit down with you because the reality is that a Canadian auto worker is priced the same as an American auto worker. The last set of negotiations when we put in a 10-year hiring-in grid makes us even cheaper.

Two things have really negatively impacted the auto industry. Number one is one-way trade. You talked about Japan and South Korea. The reality is they dump on our markets and we have no opportunity to sell in theirs. The issue isn't free trade. It's fair trade. We want you to talk about fair trade.

Number two, on the whole issue of the CAW, you will find that during the auto recession an equivalent number of plants in Canada were affected, as they were in the United States. So there isn't some big, heavy slap at the CAW that somehow we chased jobs out of town.

The auto industry crisis was caused by the banking industry crisis. When Lehman Brothers went bankrupt and when the financial sector collapsed, we went from 17 million vehicles to 7 million vehicles. Plants are going to close. It's about economics.

● (0945)

The Chair: It sounds as if we've opened up a deeper discussion that will maybe take more time than what we can allow.

I want to thank the witnesses for coming forward. That takes us to the end of the first hour. We will pause as we bring forward our next panel.

Thank you for being here.

●

(Pause)

●

The Chair: I will call the meeting back to order.

I want to thank our next round of panellists. We have from the Canadian Pork Council, Mr. Vincent and Mr. Rice, I believe. We have from the Canadian Manufacturers and Exporters, Mr. Jayson Myers.

We will start with the Canadian Pork Council. The floor is yours for 10 minutes.

● (0950)

[*Translation*]

Mr. Jean-Guy Vincent (Chair, Canadian Pork Council): Good morning.

My name is Jean-Guy Vincent. I am a hog producer from Seraphine, Quebec, and the Chair of the Canadian Pork Council Board of Directors. I am joined today by Martin Rice, Executive Director.

First, I wish to thank the members of the House of Commons Standing Committee on International Trade for the invitation to appear before you today to discuss the Canada-European Union Comprehensive Economic and Trade Agreement.

The Canadian Pork Council serves as the national voice for hog producers in Canada. A federation of nine provincial pork industry associations, our organization's purpose is to play a leadership role in achieving and maintaining a dynamic and prosperous Canadian pork sector. Canadian producers recognize the importance of trade and welcome the Canadian government's efforts to expand economic ties with the European Union through a comprehensive economic partnership agreement.

Our sector depends on exports. Over two thirds of the pork produced in Canada is exported as either live hogs or pork products. Exports stimulate the growth of Canada's hog and pork industry. Furthermore, robust global demand for Canadian pork has resulted in increased value and volumes going to a broader base of customer countries. Over the past few years, our industry has faced serious challenges in its ability to compete in the world market, particularly because of the high value of the Canadian dollar, record-high grain prices and the global economic downturn. The economy will continue to change and we cannot allow ourselves to neglect or interrupt efforts that could increase our access to markets for purely political reasons.

I would like to add that the industry currently has a new outlook because its production costs are decreasing and prices have remained stable since the spring. These conditions allow producers to achieve positive margins, reinvest in their equipment and, most importantly, pay down and reduce their debt.

We appreciate the government's determination in moving things forward and signing an agreement with the European Union. This is a good agreement for the pork sector and takes into account the best interests of Canada and the European Union. Pork is a key component of Canada's agri-food sector and provincial economies. The Canadian pork industry is made up of over 7,000 hog farms with cash receipts of over $4 billion. Hog producers account for 8% of total farm cash receipts and are the fifth largest source of farm income in Canada.

A study by the George Morris Centre confirms that pork production and exports contribute immensely to the Canadian economy. The study shows that the economic development associated with pork production and exports injects $9.28 billion into the Canadian economy. In addition to describing the economic benefits of Canadian pork exports for the overall economy and hog producers, the study shows that exports of Canadian pork, which reached $3.2 billion in 2011, generated additional value added activity of $3.5 billion for the Canadian economy, and some $20 to $30 per head back to Canadian hog producers.

In addition, the report shows the impacts of pork and pork product exports on the Canadian economy, our sector and the profits of producers. Canada is competitive on the global market and is successful as a pork and pork product producer and exporter. Our industry knows that the key factor in maintaining this success is our ability to access a wide variety of markets.

The Canadian Pork Council took a great interest in the work done during the Canada-EU Summit in October 2008 to explore the possibility of entering into an economic agreement.

● (0955)

The population of the EU is about 500 million. Most say that their favourite meat is pork. We therefore strongly believe that this agreement will increase pork exports to the lucrative European market and that it will be beneficial to Canadian pork producers and processors, as well as to the economies of the provinces across the country.

We have yet to tap the potential of the EU market. Europe is the only large pork-consuming region in the world whose market Canada currently does not have access to, as it is limited. Canadian exports are undermined by very high tariffs and burdensome administrative import regulations. Canadian pork exports to the EU were limited to only 415 tons in 2011, while total Canadian pork exports were 1.1 million tons that same year.

The 500 million people living in the EU's 28 member countries consume over 20 million tons of pork each year. That is nearly 30 times higher than the Canadian consumption. Despite this, the EU imports only about 0.2% of the pork it consumes. In comparison, Canada has a completely open market for pork products and imports over 200,000 tons of pork per year. This represents nearly one third of national consumption.

[*English*]

Now is the opportune time for Canada to enter a liberalized trade agreement with the EU. Competing pressures on EU land resources are beginning to impact the EU's ability to produce animal feed, and this in turn will limit hog production.

In the future, EU pork exports are expected to decrease and demand for imports will grow. Right now exports to the EU are severely restricted by tariff and non-tariff trade barriers. Canada's hog industry has a solid reputation for competitive pricing; safe, high-quality products; and reliable consumer service. The CETA represents a great opportunity for Canada. The new zero-tariff access for pork and much improved quota administration rules provide us unique access for Canada and an advantage over U.S. exports until the deal is worked out between the U.S. and the EU. The potential is seen for hams, and to a lesser extent shoulders, which should also help to boost the entire carcass value.

It is recognized that to address EU market demands, Canadian processing plants will need to invest in such areas as feed additives and disease testing. Today there are four Canadian pork plants that have achieved eligibility to export to the European Union. With the promise of larger quotas and with the resolution of quota administration barriers, the CETA will encourage additional plans to see certification. The solid trade deal that has been negotiated with the EU could increase Canadian pork exports by up to $400 million a year. This is by far the best opportunity Canada will have for many years to acquire new access to this important pork market. The Canadian and EU markets for pork complement each other, and this relationship holds great potential to enhance our sector's export opportunities as well as benefit workers, businesses, and families who rely on the pork sector for their livelihood.

• (1000)

Thank you. Merci.

The Chair: Before we get into questioning, we have Mr. Jayson Myers from the Canadian Manufacturers and Exporters.

Jayson, the floor is yours.

Mr. Jayson Myers (President and Chief Executive Officer, National Office, Canadian Manufacturers and Exporters): Thank you, Mr. Chairman.

[*Translation*]

Good morning. I am pleased to comment today on behalf of Canadian Manufacturers and Exporters on the economic they foresee in a Comprehensive Economic and Trade Agreement with the European Union.

[*English*]

I'm really pleased to be able to comment today on the economic advantages that Canadian manufacturers and exporters see in the comprehensive economic and trade agreement with the European Union. We've called the CETA the Wayne Gretzky of trade deals. I have to say, though, in Quebec we're referring to it as a Rocket of a deal.

But let me tell you why. First of all, we think it is a Great One. It's a great deal. I think we have to put it into context. It is the most extensive economic trade agreement ever concluded by Canada. It's the most comprehensive and ambitious trade agreement ever concluded between two major economies. I think we have to take under consideration that it took the members of the European Union itself 45 years to achieve the same level of market liberalization that we've achieved under this agreement.

The CETA will give Canadian businesses preferred access to the largest and richest market in the world, a market of more than 500 million consumers. But more important, it is one of the most technologically sophisticated markets and supply bases in the world. It's a market in which Canada's leading exporters are already very active, and it's a home base for some of the largest corporate investors in this country. It's also a market where Canada's small and medium-sized exporters are going to find a tremendous amount of opportunity for partnerships and technology, development in technology licensing, manufacturing, distribution, and investment opportunities.

And we know that first-hand. Since May, we've been working with industry associations in Europe to identify opportunities for technology and business partnerships for Canadian companies. Since May, we have had 26 joint ventures concluded. The CETA is only going to increase interest about new business opportunities between Canada and the European Union. This is the time for Canadian companies to be developing their European expansion strategies, to be making the investments they need to take advantage of the European market.

I can tell you over the past three weeks, since the signing of CETA, the one question I've heard from our members more than anything else is how do we take advantage of these opportunities? What do we need to do in order to take advantage of them? That's not a question I've heard very often in the past. Doing business in Europe has been a daunting experience for many Canadian exporters, especially for smaller companies and for some sectors like new technology, meat, fish, or other food products that have faced high tariffs, complex regulatory barriers to trade, a maze of product testing and certification procedures, restrictions on investment and service provisions, and other barriers that have simply locked them out of the European markets and European procurement markets in particular.

The CETA is going to address a majority of these tariff and non-tariff barriers to trade and investment. That's another reason why I think we can call this the Wayne Gretzky of trade deals. It's going to go to where the puck will be in international business. The agreement goes well beyond the elimination of tariffs. It addresses issues that businesses face in international markets, as they try to create value for customers, for stakeholders, for their shareholders.

The CETA opens markets for most business services. It allows for temporary entry of business personnel who need to work across borders in order to support and service their customers, and to learn and transfer knowledge within their business organizations. The agreement creates opportunities in procurement markets, it makes product testing and certification faster and easier, and it enhances protection for investment and intellectual property rights.

In fact, the CETA does set the standard for 21st-century trade agreements, for TPP as well as for TTIP, the European Union's negotiations with the United States. The CETA is unique in the level of ambition it demonstrates in its negative list approach to services, in procurement, labour mobility, and in the willingness to facilitate business opportunities in sectors that traditionally have been closed in both Canada and Europe.

As a result of the CETA, Canadian companies will have better preferred access into the European market than they will into the NAFTA market. That should be a concern for the United States. I hope it will lead to further progress in liberalizing trade between Canada and the United States. Of course, one feature of the CETA that's critically important in positioning Canada for the future is that we will be accorded most favoured nation status. In other words, we'll be grandfathered by the EU if it is able to secure any more favourable treatment in its negotiations with the United States with respect to North American rules of origin, services liberalization, and recognition of standards.

• (1005)

This, I think, is a highlight of the agreement.

The CETA is unique for another reason. All provincial and territorial governments have been part of the negotiations and support the agreement. This is historic. The Europeans never thought it was possible. In many ways the CETA succeeded because of the provinces. I especially want to recognize the contribution of former Quebec premier Jean Charest. The agreement will also help to facilitate trade within the Canadian market.

What are the economic benefits that Canadians can expect from the CETA? The economic analysis that was completed five years ago, before the launch of negotiations, concluded that the agreement would lead to 80,000 new jobs for Canadians.

As an economist, however, I can tell you that most economic forecasts are based on “business as usual” assumptions. The only thing certain about them is that the forecast is wrong—this one in particular. It doesn't take into account the growing number of business and technology partnerships between Canada and Europe. It doesn't account for the fact that the CETA will position Canada as the only economy in the world with comprehensive preferred access to both the European and NAFTA markets, which should attract more business investment into Canada on the part of companies operating in both of those markets. It doesn't consider the fact that the CETA will allow smaller manufacturers and technology and services companies preferred access into the supply chains of European multinationals, which will in turn provide a platform for taking their goods, services, and technologies around the world—to Africa, Russia, central Asia, China, India, Asia Pacific, and Latin America. All of these other markets are markets where European companies have a large and well-established presence.

As I say, there's only one thing I can say for certain about an economic forecast: it's likely going to be wrong. I think the economic forecast that gave rise to the negotiations grossly underestimated the economic benefit of the CETA.

Of course, though, the CETA will only open the door to the European market. It's up to Canadian businesses to take advantage of the opportunities. I have every confidence they will. We'll be working closely with government to make sure that exporters and manufacturers have the support they need to find those new opportunities and grow and win market share in Europe and around the world.

What we have so far is an agreement in principle, though. This is an important accomplishment, but a lot still has to be worked out in terms of the details of the legal text. We'll continue to be consulting closely with the government as those details are finalized. Of key interest to us is how the agreement handles rules of origin, product certifications, regulations affecting business travel, access to government procurement markets, and timely and effective dispute settlement procedures. Now we have to implement the CETA, and we have to take advantage of the CETA. There's a lot of work to be done, especially by Canadian business, in order to do that. We are committed to helping our members take advantage of those opportunities.

Finally, I think it's important to recognize the hard work that's gone into the agreement. I'd especially like to recognize the leadership and the achievements that have led to this agreement in principle, particularly on the part of the Prime Minister; the Minister of Trade, Ed Fast; other ministers; provincial premiers; our ambassadors in Europe; and the officials, who I think all deserve to take a lot of credit.

I especially want to recognize the achievements and the accomplishment of Steve Verheul and the Canadian negotiating team. This is a historic agreement, and I think we should all be very proud.

Thank you.

Some hon. members: Hear, hear!

The Chair: Thank you very much. I think we are proud.

Mr. Morin, the floor is yours, sir. You have seven minutes.

[*Translation*]

Mr. Marc-André Morin (Laurentides—Labelle, NDP): Good morning, Mr. Vincent. I am always happy to meet a producer from our part of the country. I will thus expect more insightful comments from someone who is going through this situation.

What is the current pork quota in the European countries? At this very moment, how much pork can we export to the EU?

Mr. Jean-Guy Vincent: Mr. Rice knows the specific numbers and tonnage better than I do. I prefer not to provide numbers with which I am not very familiar. However I can say that there are currently tariffs on Canadian pork exports to Europe. There are also quotas and health regulations. These all severely limit our access to the European market. We do have plans. Some meat-packing plants are working on this and trying to penetrate the European market. However we only managed to export 415 tons of pork in 2011. What we have to understand is that we export 70% of our pork production. We have access to a number of countries. Having access to a stable and changing market is important for the pork sector and...

Mr. Marc-André Morin: What I was trying to say...

Mr. Jean-Guy Vincent: As for Quebec, this is also very important for the province.

● (1010)

Mr. Marc-André Morin: That is what I was trying to ask.

Are we currently exporting the maximum amount of pork we are allowed to export to Europe?

[*English*]

Mr. Martin Rice (Executive Director, Canadian Pork Council): We have an opportunity to ship something in the order of 75,000 tonnes of pork into the European Union under the WTO quotas that exist. However, we haven't used it, other than for a very short period about three years ago, because of very, very high tariffs and very difficult tariff quota administration issues. The tariffs were in the vicinity of 20% to 30% *ad valorem*, and in a business where a good profit margin is 5% or 7%, it's prohibitive. The tariff quota administration issues are even worse than the tariffs themselves because they require non-refundable deposits and licences and so on.

This deal eliminates the tariffs and brings the quota administration over to a department of the EU which is operating without a trade protection element, which is what will make this quota meaningful.

[*Translation*]

Mr. Marc-André Morin: Mr. Rice, does the industry have the necessary production capacity or does it need other means to develop products that can be sold more easily in Europe?

What role should the government play in developing the industry so that it can realize its full export potential to Europe?

[*English*]

Mr. Martin Rice: Well, there will certainly be an important role for the Canadian Food Inspection Agency in inspecting plants that are possible additions to the list. Right now we have four plants which are or could be very easily re-certified, and which together could ship in the order of 20,000 tonnes. That is a good tranche, I guess, of the quota as it comes into implementation.

Assuming we have a year and a half or so to get ready for the new agreement coming into place, we'll now see some other companies that have waited until there's real and effective access so they could envision investing, in some cases several million dollars. I know of one company that's talking about $20 million to make one of their plants EU-approved. We certainly have demonstrated in our many other markets, where we have to come up with product that meets different specifications than we have at home, that we can definitely line up the production to meet that market requirement, as we are doing in well over 100 other countries right now.

[*Translation*]

Mr. Marc-André Morin: Europe is the land of unfettered agricultural subsidies. The European countries do a lot of dumping in Africa and all over the world. They have a huge production capacity and also a better climate than we do and greater productivity.

Do you think we will be able to adapt to these kinds of conditions?

Mr. Jean-Guy Vincent: That is an excellent question. You are indicating that a number of countries around the world strongly support their agricultural sector.

I have the opposite question. We export to 100 countries. We have safe markets. However, in terms of the European market, what would have been or what would be the impacts on pork producers if the U.S. had signed an agreement before Canada had? I am speaking to you from my position as a producer, when I am on my farm taking care of my animals.

● (1015)

Mr. Marc-André Morin: This also happened in South Korea.

Mr. Jean-Guy Vincent: Precisely. This is why I believe the Canadian Parliament must confirm this agreement. The pork sector is relying on it. Over the last few years, our production has decreased by more than 20%. That is significant.

In the future, the global demand for protein will favour the pork sector. Canada must therefore position itself in this regard. For us, as Canadian hog producers, it is very important. That is why we strongly endorse the agreement.

We have a year or two ahead of us to prepare, but we will need help in the pork sector to break into this market.

[*English*]

The Chair: Thank you very much. The time is up.

Mr. O'Toole.

Mr. Erin O'Toole: Thank you, Mr. Chair.

I'm going to ask just a few short questions and share my time with Mr. Hiebert.

Thank you all for appearing today. Your input is very helpful in this process.

I have a couple of questions for Mr. Myers, just to set some contrast from our earlier witnesses.

How many businesses does your organization, CME, represent?

Mr. Jayson Myers: We have about 10,000 members.

Mr. Erin O'Toole: Do you have a number for how many employees that represents among the members, or even an approximation?

Mr. Jayson Myers: It's probably about one and a half million.

Mr. Erin O'Toole: That's very helpful. Our witnesses this morning from Unifor—I'm not sure whether you heard them—represent 300,000 workers. Their chief economist, Jim Stanford, predicts massive job losses as a result of the CETA. It's our position that the CAW and Unifor have consistently been against trade and have come up with straw man figures such as that to scare people.

What are the businesses that you represent, that are employing people across the country, saying about the CETA?

Mr. Jayson Myers: I can tell you that, from the point of view of the vehicle assemblers in Canada in the automotive industry, the discussion has been about how soon we can take advantage of the high quota. This is a quota that is 25 times more than we're exporting right now. Most of the problems, although there are tariff problems, are around inspections and regulatory issues. Those are some of the reasons that it has been so difficult to export automotive products to Europe.

I can tell you that the companies I've been talking with—our assemblers—are setting up and are already exporting cars to China and internationally in many markets, and I think they see the opportunity of taking full advantage of the quota increase to export cars into Europe.

I think it's very important to recognize the context of these negotiations. The United States and Europe are also negotiating, especially in the automotive industry, in which we have such an integrated supply chain across North American that it's really important to get the rules of origin right. As the United States and Europe begin to negotiate, I think we'll be grandfathered into those negotiations. The open type of market here, especially around tariffs, but also around certifications and vehicle standards, is a very positive step ahead for the automotive sector.

I don't see where the job losses would come from. In fact, Jim Stanford is a good friend, and we talk for ages about the Canada-U. S. trade agreement 25 years ago. It has moved beyond the Auto Pact. I'd hate to go back to the Auto Pact days, when we were only producing half the number of cars in the country that we were selling in the country. That's not where international business is; that's not where the automotive industry is. I think NAFTA.....

Canadian companies cannot compete on low labour cost; we can't compete, really, on volume. We have to compete on a degree of specialization, and I guess what I'm hearing among a number of our members—and this really echoes what the Pork Council has said, too—is that we won't be able to compete on a “business as usual” basis in Europe; it's going to take investment and product development and better service. But Canadian companies, I think, have a record of being able to do these things and win market share in the North American market or win market share in Asia, and this is going to allow many Canadian companies to win a lot more market share in Europe as well.

● (1020)

Mr. Erin O'Toole: Thank you.

Mr. Hiebert.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Thank you, Mr. Myers, for joining us today.

My questions are largely drawn from your statement this morning. During your testimony you mentioned that governments, both provincial and territorial, have been part of the negotiations in support of the agreement. For the benefit of people listening to the testimony or reading the transcripts, can you explain to us why provincial governments would have been supportive of this agreement, keeping in mind that these representatives from provincial governments cross party lines. We have Conservatives, NDP, Liberals in leadership across the country. What does this mean for them, and why would they get behind it?

Mr. Jayson Myers: I think there are two very important reasons to explain why provincial and territorial governments have supported this. One is that they have been part of the negotiations throughout. The impetus behind the whole process was launched by provincial governments; I think Premier Charest played an exceptionally important role there. But throughout, the negotiating team has involved industry and has involved provincial and territorial governments as part of the process. I remember about five years ago at a meeting of European ambassadors here in Ottawa, when people starting talking about whether we could do a free trade agreement with Europe, people shook their heads, saying that we'd never get provincial governments on board—and that was, to a large extent, one of the big interests of the Europeans.

Things changed dramatically in 2009 with Buy American procurement restrictions in the United States. In one year, provincial governments, for the first time ever, came together and agreed three times on a negotiating position around Buy American. That was crucial, I think, in bringing the provinces to the table and showing that there was some agreement. What it showed the Europeans was that if there is value on the table, then the provinces would be a part of it.

As I say, one of the reasons we're so positive about this agreement is that we have been part of the negotiations. We've been part of at least consultation as the negotiations have proceeded. We've been there as the positions have developed, and so have the provinces and territories.

Mr. Russ Hiebert: Are you saying that they see benefits for themselves as governments, or for the industries that are represented in their communities?

Mr. Jayson Myers: I think it's benefits for the industries represented in their communities. Europe especially has created a win-win situation for many industry sectors right across the country. I think most provincial and territorial governments would talk about the economic benefits that they would expect in their provinces. I know there has been a lot of discussion across the provinces, but I think there's also a sense in this agreement that the premiers and territorial leaders have come together and have said that this is not only good for their province but also good for the entire country.

In a sense, it reflects the nature of international business today, that if industry in one part of this country benefits, the supply chain effects really extend across the country. That's particularly true in the resource and manufacturing sectors.

The Chair: Thank you very much.

Mr. Pacetti.

[*Translation*]

Mr. Massimo Pacetti: Thank you, Mr. Chairman.

I thank the witnesses for being here.

Mr. Vincent, in the seventh paragraph of your brief we can read the following: "Our industry has faced serious challenges in terms of our ability to compete in the world market [...]".

What will change? Will the fact that tariffs will fall ensure that Canadian hog producers will be competitive?

● (1025)

Mr. Jean-Guy Vincent: First of all, the tariffs imposed prevent our slaughterhouses from having access to the European market. You have to realize that it is also important for our producers that our slaughterhouses have access to countries where pork is consumed and in demand, that is to say our products. As far as competition is concerned, yes, we are now in a position to face it.

Mr. Massimo Pacetti: Does the European market not have rather more aggressive or demanding requirements for the kinds of products that it will be importing?

Mr. Jean-Guy Vincent: It is possible that for certain sectors or products the European Union has different standards, but there are also many producers in Canada. In the different provinces, the producers and processors have niche markets. They therefore adapt to the markets for which they must, can or are in a position to provide products to. We have that ability in Canada because we are diversified. We can have access to these different markets, in all of the provinces. There are niche markets that producers and processors are in a position to supply.

Mr. Massimo Pacetti: I have very limited time and I would like to raise another subject.

Towards the end of your presentation, you said that processing plants in Canada must make investments. Do they have the ability to do so?

Mr. Jean-Guy Vincent: I will let Martin answer that question more precisely.

It is clear that in order to get access to these markets, some slaughterhouses will need assistance in order to be able to adapt. There are rules and things that have to be complied with, that's normal. We are aware of this. The transformers and producers, all together, have already made a request with a view to preparing and being ready to join these markets.

Mr. Massimo Pacetti: All right, that is good. Thank you.

[*English*]

That's my question for you, Mr. Myers. We understand that the Canadian markets are going to open up to Europe, but the European markets are also going to open up to Canada, so there'll be competition both ways. Canada's productivity level has not been the best and continues not to be one of the best. Europe has been able to survive based on...we were talking about the car industry because they have niche-type vehicles that are sold here in Canada. There are other sectors where they have niches. Obviously, Canada has some but less so. We're more known for our capacity to sell our resources.

Where are we going to be able to benefit from this in the manufacturing sense? I look in my area, my industrial park is simply decreasing in terms of being productive and actually keeping open and running at full employment. There are a lot of “for rent” signs and “for sale” signs, and it's not the only place in Canada where it's happening. It's happening across Canada and across North America, and Europe is suffering from the same thing.

You mentioned that you represent half a million workers. Is that right?

Mr. Jayson Myers: Probably about one and a half million.

Mr. Massimo Pacetti: Do you now represent the employers and the workers?

Mr. Jayson Myers: There are about one and a half million people employed in the companies that we represent.

Mr. Massimo Pacetti: But you represent the companies, not the employees.

Mr. Jayson Myers: Well, to the extent that they have jobs, I guess we represent their economic opportunity.

Mr. Massimo Pacetti: I wanted to be clear on that. I thought something had changed in the mandate, but to get back on the productivity level.

Mr. Jayson Myers: The opportunity for any Canadian company that is either exporting or doing business in Europe is set by the degree to which they are specialized, have an innovative product or innovative service. I think one of the problems that we've seen over the past decade—this didn't start with the recession, it also started with the rapid appreciation of the Canadian dollar against the U.S. dollar and more because the U.S. dollar has fallen—is that the traditional markets that Canadian companies have had in the United States have become much more difficult to access. That's only been aggravated by American import restrictions in our major market.

Companies are looking at new opportunities and they'll find those opportunities in two ways. One is if they have a product or service that is a niche product or service. Our experience with the United States is that Canadian companies can compete very well in a larger market. The other thing is the extent to which they'll now be able to connect into larger supply chains. I think that's extremely important. Companies like Siemens, for example, are going to open up a supply network that is not just a European supply network but really a global one.

● (1030)

The Chair: Mr. Cannon and Mr. Shory, I believe you're splitting your time.

Hon. Ron Cannan: Thank you, Mr. Chair.

Supplemental to that question to Mr. Myers, those are my thoughts too. I think it's time we started to proactively promote Canada. Our government is a party that believes that Canadian business is the Canadian economy, not the party that lacks confidence in the ability of Canadian business to grow the economy. I think we need to look forward rather than backwards. If we continue...as you mentioned, if we look at the Auto Pact where we've come from, the future opportunities are, I believe, really numerous. I think it's the fear of failure that colleagues across the way have that is holding Canada back from achieving success. Would that be your perspective as to where we are with the globalized world?

Mr. Jayson Myers: There's no sure thing in business, and it's going to be the ability of businesses themselves to really take full advantage of the opportunity that lies ahead. What I see is that new customers, new business opportunities are going to drive investment in product innovation, new technology, and skills training there. I think that is very important.

I have to tell you we were surprised. We thought there was some opportunity to facilitate technology partnerships, but to have 26 joint ventures under way already in a period of four months shows that even with a slow economy in Europe and here in North America, there's a tremendous amount of opportunity, especially for smaller companies that see some opportunity to work together in the development of new technology. I think that's essential. We really can't assess the benefits of this trade agreement just on a business-as-usual basis. We really have to look at the opportunities that are out there.

Again, it's up to the businesses to take advantage of that. They have to make the investments, they have to make sure that their employees come along with them.

Hon. Ron Cannan: The chair for the trade committee, the chair of the agriculture committee, and I were in Washington last week, and there was lots of talk about the incredible agreement that's come together. As you said, it took 45 years for the EU to accomplish it, and we've been able to do this in four and a half, five years. So it's definitely something the world is looking at, and we've opened the world up.

Mr. Dias was our guest witness in the last hour, and he commented on the Canadian auto manufacturing industry, that the product we produce is not competitive with the EU's. My question is, why can't we be innovative and competitive and produce a product in Canada that we can export to the EU? Is that a possibility, from your perspective and that of your members?

Mr. Jayson Myers: It is. I mean, we're exporting cars to China. If we can export cars to China, surely we can export cars into the European Union. It's been difficult because of some of the inspections, the product standards. And the tariff sure doesn't help either. I'm confident that we will be able to export cars. I know that some of the larger assemblers already have plans—45,000 cars on the part of one company—to take advantage of the quota increase.

There's another thing that we haven't really discussed very much, which I think is an important part of this agreement, and it goes to your meetings in the United States. I would be very doubtful that the United States and the European Union will be able to conclude an agreement that is as comprehensive as this one. I think this really puts Canada in a very favourable position for businesses that are looking to grow in both Europe and North America. To the extent that drives new investment.... If I were a company and looking at Canada.... This is a high-cost jurisdiction, and that's one reason we've lost a lot of investments. Now this is an economy that's open to both Europe and North America, and that's a significant advantage. So I don't think we should underestimate the impact this is going to have in driving new investment, and as I say, opening up some new supply channels for smaller Canadian companies.

● (1035)

Hon. Ron Cannan: Thank you very much.

I'll pass the floor to my colleague, Mr. Shory.

Mr. Devinder Shory: Thank you, Mr. Chair, and thank you to the witnesses.

I'm going to go back to Mr. Dias, the previous witness.

I'm a little disturbed when representatives from any organization simply support or oppose outright any political party. In August 2013, when he was asked what the union's strategy would be in 2015, Mr. Dias' answer suggested that the CAW's existing approach to elections—endorsing strategic voting—is likely to prevail. Then he said, and I will quote, “The outlining issue has to be, how do we best defeat a Conservative?”

My question to both our organizations is whether your organization has taken any such position to support or oppose any political party.

Mr. Jayson Myers: Let me start off. We have a very clear idea about what a good strategy for our membership is, and that's what we pursue. We've been known to be fairly critical of all parties, and we've been known to be fairly critical of this government—at times. As I say, we're supportive of this agreement because we think it's a good agreement. We think it's a good agreement for Canada's industry, for manufacturers and exporters, and I think it's a good agreement for their employees too.

Mr. Devinder Shory: What about you?

[*Translation*]

Mr. Jean-Guy Vincent: I am often asked that question. I am told that I lean more one way than another and vice versa. Personally, I can say that I lean in one direction, and that is for agriculture. If it is good for agriculture, everyone has to give their support.

In the pork sector, an agreement had been reached a few years ago and we needed all the political parties. That helped us. We have to tell it like it is. For the pork sector, regardless of which part, when I speak, I speak not for one part alone but for the entire sector and it is good for the pork sector.

[*English*]

Mr. Devinder Shory: I thank the—

The Chair: You're done, but we're going into the second round. We'll split the time.

Mr. Davies, go ahead. You have three and a half minutes.

Mr. Don Davies: Thank you. With that limited time, Mr. Chairman, I'll have to be brief.

I must take the opportunity to say a few things by way of introduction. The NDP regards this trade agreement with Europe as a very important issue for the Canadian economy. We're on record as saying that we believe we should be deepening and broadening our relations with the EU. We believe they're a good trading partner. We'd like to diversify our trade to them, and we're in favour of a good agreement with the European Union.

What we're doing is saying nothing more than what you've just said, Mr. Myers. I'm going to quote you. You said, “A lot still has to be worked out in terms of the details in the text”. You've mentioned the rules of origin and ISDS. With respect to rules of origins, you said it is “particularly important to get these right”. I agree with you completely.

You also said that, “One of the reasons that I'm so positive about this deal is that we were there in the negotiations, we were consulted”. Of course, as the official opposition, we have not been consulted about the deal. We were not present in the negotiations. We have not been privy to any of the negotiations with Mr. Verheul, signing a confidentiality agreement or not. We are not aware of what the rules of origin regulations will be. We have not seen the text. We have not seen the details. We're taking what we believe is the only responsible position for a political party, which is that once the text is revealed we will read it, consult widely, and if it's a good deal we will support it.

I feel obliged to say this because Mr. O'Toole and others on the Conservative side continue to try to misrepresent the position of the New Democrat official opposition by pretending we're opposed to the deal when in fact we're open to the deal. I just want to be clear so that you can tell your 10,000 members and the Pork Council can be clear that we are more than open-minded about this deal, and we'll support it if we believe it's of net benefit. I want to be clear about that. We believe this deal is too important to Canada to play silly partisan and spin politics on it. I want to be clear because I think that's what the Conservatives are doing with this important deal.

In terms of jobs, we're very interested in these. Mr. Myers, you're an economist. You said you think this will create jobs. Do you have any study you've done on behalf of your members that you can share at this committee that may help us get more detail on that? This could help us quantify which manufacturing sectors we can expect, or hope, for more job creation from, in what numbers, and by what time, as opposed to just throwing out 80,000 jobs from a study done five years ago before we had any shape or detail on the deal.

Do you have anything you can share with us, Mr. Myers, that'll help us in that regard?

● (1040)

Mr. Jayson Myers: We were part of that study. If you look at the study and the analysis that was done, it was pretty much based on whether we can quantify what we know about tariff elimination, areas where we can quantify and take a look at that and work that through the economics. Then those would be the jobs. It's broken down by sector. I think some of that is even in the analysis that was provided after the deal was signed. We're still working on those numbers as well.

But as I say, that really doesn't take into consideration the new investments or the fact that companies are looking at new partnerships. Right now, we can certainly provide some analysis in terms of "if we were to get *x* amount of new investment as a result of this, this is how many jobs would be created". But we might as well just work on the basis of the analysis that we have.

I also want to clarify that we were not part of the negotiations. We were consulted throughout the negotiations. The agreement in principle was signed, and the amount of information that I see that has been provided gives a pretty good sense of what we're about to see at the end of the day. The details still do need to be worked out, but from what we've seen in the agreement in principle I don't see anything in terms of some of the outstanding issues that would go very far off that, the analysis that was provided as a result of the agreement in principle.

The Chair: Thank you very much.

Thank you for your support, Mr. Davies.

We'll go to Mr. Hiebert and Mr. Holder.

Mr. Russ Hiebert: Thank you.

An additional point that you made in your opening remarks, Mr. Myers, is one that I haven't heard before. I wonder if you could elaborate on it. You made the comment that Canadian companies could access "the supply chains of European multinationals" and turn that into a platform for taking their goods, services, and technologies around the world. You listed a bunch of different parts of the world. It's a really interesting idea. Basically, you're suggesting that we can leverage this trade deal for access not simply to the European market, but also to Africa, Russia, Asia, China, India, and Latin America.

Can you elaborate on that?

Mr. Jayson Myers: I'll give you an example.

VA TECH is one of the largest companies in the business of building electricity generating stations. VA TECH is a huge Austrian company. Their procurement arm is based in New York. We hosted an incoming procurement mission on the part of VA TECH. We put them in touch with about 25 small Canadian technology companies.

One of the companies they looked at was a fairly well-known Canadian company that produces high-speed and very defined cameras. Those cameras are now in VA TECH's emission control systems throughout the world. That's the type of supply chain relationship. We sometimes think of trade in terms of country-to-country exports, but a lot of what we trade is actually indirect, through the supply chains of larger companies.

We've always had a very, very good supply chain opportunity through North American multinationals that have taken our products everywhere, and I think it's the same thing with Europe now.

Mr. Russ Hiebert: Thank you.

I'll turn it over to my colleague.

Mr. Ed Holder: Thank you.

Again, Mr. Myers, you made a comment in your text that one of the things that is key to the CETA is that it positions Canada for the future because of its favoured nation status. You said, "In other words we'll be grandfathered, by the EU if it is able to secure any more favourable treatment in its negotiations with the United States" in terms of its deliberations.

But in terms of most favoured nation status, you really meant with any country in the world—not just the United States—where the EU negotiates a trade agreement. Is that correct?

● (1045)

Mr. Jayson Myers: What I was really referring to are the negotiations that are under way between the European Union and the United States, particularly with respect to rules of origin, because it's going to be important to recognize a North American rule of origin rather than a Canadian rule. Also, in areas like product standards and —

Mr. Ed Holder: But I want to be clear that it isn't just the United States that we get the benefit from in terms of the most favoured nation. It's any other country in the future that the EU does a trade deal with. Is that your understanding as well?

Mr. Jayson Myers: That's my understanding, but the area we're particularly focused on is the United States.

Mr. Ed Holder: I appreciate your focus.

I have a second question and it is this. You said that it is critical, and that it only really mattered to Canadian business, that we know how to take advantage of the new opportunities, so I need to understand this a little better. Perhaps you can educate me. What is the role of the Canadian Manufacturers & Exporters in terms of guiding, training, and supporting Canadian business to take advantage of the CETA?

Mr. Jayson Myers: That's exactly what we're trying to do. First of all is identifying opportunities. I mentioned our Enterprise Europe Network Canada; we're working with organizations in Europe to identify technology and business partnership opportunities. So first is recognition of the opportunity itself and the provision of a qualified lead there.

Mr. Ed Holder: May I thank all our guests as well?

Thank you very much.

The Chair: Thank you very much, Monsieur Vincent, Mr. Rice, and Mr. Myers, for your testimony.

The meeting is adjourned.