HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on International Trade

CIIT • NUMBER 007 • 2nd SESSION • 41st PARLIAMENT

EVIDENCE

Monday, November 25, 2013

Chair

The Honourable Rob Merrifield

Standing Committee on International Trade

Monday, November 25, 2013

● (1405)

[*English*]

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

I want to thank our witnesses for coming forward in this beautiful city of Halifax. It's a gorgeous day today. The sun is shining and you are the gateway to prosperity in Atlantic Canada. The committee is certainly pleased to have our hearings here and to have you participate in them.

We are studying CETA, the Canada-European Union comprehensive economic and trade agreement. I want to thank you for coming forward and lending your voice to the hearings we are holding. We have held a number of them in Ottawa. We've had four hearings in Ottawa. We will be having more next week in Ottawa, and we are potentially looking at travelling to other areas in Canada.

We want to yield you the floor. We have with us from Halifax Gateway Council, Joyce Carter and Nancy Phillips. We are pleased to have you here. I believe you have a joint presentation and the floor is yours.

Ms. Joyce Carter (Chair, Halifax Gateway Council): Thank you very much.

My name is Joyce Carter and I am chair of the Halifax Gateway Council. As well, I am chief financial officer and chief strategy officer with Halifax International Airport Authority.

With me today is my colleague Nancy Phillips. She'll probably introduce herself more appropriately, but she is executive director with the Halifax Gateway Council.

Thank you so much for the opportunity to appear before you today.

You may be wondering what the Halifax Gateway Council is, so I will give you a little bit of background on who we are, what we do, and why we're here.

The Halifax Gateway Council was created in 2004. It comprises private sector stakeholders and government. We work very collaboratively in the market and we market the Halifax gateway with the objective of improving competitiveness in the region.

The vision of the Halifax gateway is to be the preferred eastern gateway for North America for the economic and social benefit of all of Canada. Our members are from all four modes of transportation, rail, road, air, and sea. We currently have members from three of the four provinces in Atlantic Canada. The current members include the Halifax Port Authority, the Halifax Stanfield International Airport, CN Rail, Oceanex, Armour Transportation Systems, and others.

Also included in the Halifax Gateway Council are all three levels of government, so there is municipal, provincial, and federal representation.

The total direct and indirect economic impact of the gateway to the province of Nova Scotia is $3.7 billion annually. We employ over 23,000 full-time employees, and on an annual basis we contribute $1 billion in salaries and wages.

The Halifax Gateway Council supports Canada's national trade policy, and that's why we're here today. Trade and transportation are very closely linked, and international trade involves the cross-border movement of both goods and services, which is very important to our members.

As you know well, transportation makes trade possible and is in itself a major component of trade and services. Trade liberalization and the reduction or elimination of barriers to trade are priorities for Canada and its major trading partners and are also priorities for the Halifax Gateway Council.

You may ask why the work of the Halifax Gateway Council is so important to our community. We speak with one voice. We set priorities together as a community. Having our council makes it very easy for government to interact with us and to interact with each other, and for companies that are looking to do business in our region, we're really one-stop shopping.

You may ask why I volunteer my time—because it is a volunteer position—and why the Halifax Stanfield International Airport volunteers its contributions to the Halifax Gateway Council. We see the investment of time and dollars as being of commercial value to us. It's a way for us to increase business in the region, and it means we get a return on the significant infrastructure investment we have at the airport.

You wouldn't be aware, but your visit here in Halifax is quite timely. The Halifax Gateway Council recently completed a trade mission to Europe. The collective group of Gateway Council members visited Brussels, Amsterdam, Antwerp, and Dusseldorf just a few weeks ago. We highlighted to the audiences in those cities the early benefits of CETA and as well of the $115 billion megaproject activity that's happening in Atlantic Canada.

It's very important to us, and we realize that the next two to three years, as the agreement is being finalized, will allow time to put a collective action plan together to market the benefits together for the benefit of Canada's trade policy. We heard that loud and clear when we were in Europe.

The Halifax Gateway Council members have invested significantly in our infrastructure over the past several years, and in many cases we currently have the capacity to deal with increased trade from both the megaprojects and CETA.

● (1410)

However, again as we heard when we were in Europe, it is imperative that the Government of Canada create some sort of marketing fund such that organizations like the Halifax Gateway Council can support collective messaging on CETA in Europe. We're really a non-profit organization, so it's very difficult for us other than through the support of our own pockets to market this message, which we were able to do just recently.

I would now like to ask Nancy Phillips, who is the executive director as I mentioned earlier, to speak a little bit more about some of the priorities of the gateway.

Ms. Nancy Phillips (Executive Director, Halifax Gateway Council): Thank you, Joyce.

Thank you to the committee for allowing us to be here today.

I'm Nancy Phillips and I'm the executive director of the Halifax Gateway Council.

From a strategic perspective, the Halifax Gateway Council is in its last year of its second five-year strategy, so we've been in existence for 10 years. We'll be doing a new strategy this year. Our strategy is owned and managed by the board of directors.

What I want to do is share with you our identified key priorities that as a gateway we have identified as being key to growing our selective transportation sector and the alignment we see with the early identified impacts of CETA.

Our first priority that we have identified as a community is the growth and development of the Halifax Logistics Park. I understand you are going to be doing a port tour on Wednesday morning, so you're going to see first-hand the Logistics Park and what it means to our stakeholders.

The growth of the Halifax Logistics Park is important because it's a value-added asset and it provides another reason for cargo owners and shippers to move their goods through the Halifax gateway. It is attractive to companies in the field of temperature-controlled warehousing, so important to the seafood, blueberries, and all the other export cargo that we have from this region, and to the general transloading and distribution of goods and services in the retail sector.

The gateway is strategically located next to 100-series highways and within easy access and commute of the central business district. It's 15 minutes to the Ceres container terminal, 15 minutes to Halterm, 15 minutes to the CN Halifax intermodal terminal, and 15 minutes to the Irving Shipbuilding $25 billion national shipbuilding procurement project. It's also just about 20 minutes from the Halifax Stanfield International Airport.

This is a critical piece of infrastructure which, with support, can increase trading opportunities from CETA. We would expect demand for this asset to increase as a result of Canada's trade agreement.

Priority number two for the Halifax Gateway Council is our air route development program. Increased airlift to Europe is critical to Nova Scotia's exporters and for the new import opportunities that will arise as a result of the trade agreement. We are Canada's closest gateway to Europe and as demand for products increases as the result of the elimination of tariffs, new airlifts from this region will become even more critical. Currently, a wealth of high-value, high-yield export cargo is being trucked to the U.S. for airlift from this community. We need to maximize opportunities through our gateway for the benefit of Canada and our local export community.

Better air access will also support the need for labour as we develop and work on the $115 billion in megaprojects that are currently under way in Atlantic Canada.

This brings me to our third and final priority. That is to maximize the $115 billion in megaprojects in Atlantic Canada. I've given to Paul a copy of our map, which he'll distribute when you're back in Ottawa. It outlines all the megaprojects that are under way and early identified opportunities for shipping.

Halifax is the natural receptacle and transshipment point for many of the projects in Atlantic Canada, including energy, mining, and shipbuilding.

In closing, I would like to say that Europe is our second largest trading partner. Opening up a market of over 500 million consumers will have a major impact on Atlantic Canada, Halifax, and the Halifax gateway. Lower tariffs on goods for agrifood, seafood, forestry, and reduced non-tariff barriers on services will benefit this region. In the next two to three years, we need to position ourselves to capitalize on these opportunities.

Thank you.

● (1415)

The Chair: Thank you very much.

We'll get these maps translated and get them to the rest of the committee. They are very impressive, $115 billion. I don't think many Canadians would realize that.

Ms. Nancy Phillips: No, and that's what we need to communicate. I'm sorry they're in English only.

The Chair: It's very impressive.

I'm sure your testimony has spurred lots of questions, but before we get into that, we're going to hear from the Nova Scotia Citizens Health Care Network. James Hutt is the coordinator. He is with us, and the floor is his.

Mr. James Hutt (Coordinator, Nova Scotia Citizens Health Care Network): Thank you for inviting me here to speak today. It's an honour to be talking about this with you all. As mentioned, my name is James Hutt, and I'm the provincial coordinator of the Nova Scotia Citizens Health Care Network.

We are a coalition of health care committees: doctors, nurses, labour unions, and concerned citizens all across the province of Nova Scotia. We work with a broad population here in the province, but also with our partners across the country, be it other provincial bodies, and the Canadian Health Coalition.

We were founded over 20 years ago. Our priorities are to protect, strengthen, and extend medicare. That means to strengthen our public health care system to work better, to protect it from privatization, and to expand what is covered under medicare. That has been our mandate, and we've been very successful at that. We're acting as the voice for Nova Scotians to meet their government and to express concerns and hopes for the health care system.

As the health network, we are non-partisan, but we are political.

If you look at my speaking notes you'll notice they are a bit brief and in bullet point, so I will be speaking a little off the cuff. I'll ask you to bear with me on that.

We have three concerns with CETA. One, it will commit Canada to creating a system of patent term restoration for pharmaceuticals that would delay the entry of generic drugs by up to two years. Two, locking in Canada's current term of data protection will make it difficult or impossible for future governments to reverse. Three, it will implement a new right of appeal under a patent linkage system that will create further delays to the entry of generic drugs.

Taken together, these three concerns spell increased drug costs to Canadians of between $850 million to $1.645 billion.

To put that in context, Canada already has the second highest drug costs in the world, trailing only the United States. We currently spend over $900 per capita. We also have one of the fastest rising drug costs in the OECD countries.

More locally, Nova Scotia spends the second highest on drugs per capita of all the provinces in Canada, and we consume the highest number of drugs per capita in the country. We have an aging population with a quarter of the population projected to be over 65 in a decade. With above average rates of heart disease and cancer, this has disastrous implications for Nova Scotia.

It is no secret that the comprehensive economic and trade agreement has spelled out greater drug costs for Canada, and while the government is committed to compensating provinces for the increased drug costs, that is only for public drug plans. What this means is that taxpayers end up paying more at the federal level to offset these costs. Those people who pay out of pocket for drugs, or through private insurance, will not see any relief. They'll see drug prices increasing, either out of their own pockets or from private insurers, as well as increased federal taxes to pay for the same drugs.

In terms of the first concern about creating a system of patent term restoration that will delay the entry of generic drugs, patents for pharmaceuticals currently run for 20 years from the time a patent application is filed. CETA will add up to two years to that patent, supposedly to account for the time between filing a patent and when the drug is marketed, even if the company or a patent filer is responsible for that delay.

On the second concern, about locking in the current terms of data protection, in 2006 Canada extended data protection to eight years of market exclusivity for brand name pharmaceuticals with an extra six months if companies have studied drugs in a pediatric population. CETA will not extend this data protection, but will lock it into place, making it impossible for future governments to shorten this period.

Furthermore, it is unclear if CETA will expand the range of products that receive this data protection. Right now it is only for new chemical entities, that is, drugs that have not previously been sold in Canada. With the uncertainty surrounding CETA this could encourage companies to tinker around the edges, engaging in minor molecular manipulation that offers no therapeutic advances in drugs, simply to gain increased data protection.

● (1420)

In terms of the financial implication, the estimations before the CETA negotiation is completed suggest that the agreement would delay the entry of generic drugs by 3.46 years, on average. The annual loss for every additional year of entry was estimated at $811 million, and the increase in annual cost to payers to be $2.8 billion per year. However, all this assumes that CETA's provisions apply to drugs currently on the market, which means they are conservative estimates given that the patent term restoration will apply to drugs approved only after CETA is ratified.

An important point to consider is that the comprehensive economic and trade agreement caters to brand name pharmaceutical companies that have so far been unwilling to fully invest in the health of Canadians. Canadian brand name manufacturers have shown a complete unwillingness to uphold their end of the bargain.

When Canada introduced generous pricing and broad protections in 1987, companies pledged to invest 10% of their sales revenue in research and development. That was in 1987, and that has not happened. In 2012 the ratio of research development to sales fell to 6.6%. It has never met the net 10%, and it has been declining. Instead of penalizing these companies, the comprehensive economic and trade agreement will only worsen this by increasing market exclusivity, and thus drug costs, without increasing research and development expenditure.

In conclusion, the comprehensive economic and trade agreement is designed to cater to large European multinational pharmaceutical companies. Their benefit comes at a greater cost to Canadians. Canada has chosen to extend market exclusivity for brand name drugs without requiring any commitment from drug companies to increase the already failing sales to research and development ratio.

At no point does this agreement benefit Canadians, neither in drug prices nor in research expenditure. All CETA will do is make it harder for Canadians to get the drugs they need. Already one in four Canadians have no drug coverage, with 8% of Canadians admitting they haven't filled prescriptions in the past year simply because they can't afford it. Making it even more unaffordable spells disaster both for the health of our population and for the increasing costs to our health care system in Canada.

Given the lack of a new health accord, the agreement about how the federal government funds provinces' health care systems, it is estimated that the health care system in Canada will lose about $36 billion in funding over the next decade. Given these failing costs, given this declining funding, and given the fact that the second highest escalating cost in health care is pharmaceuticals, the effects of this will be disastrous both for our health care system and for Canadians.

Furthermore, the whole process of looking at the comprehensive economic and trade agreement is tarnished by a lack of transparency. NGOs haven't been able to provide a full analysis of the implications and costs of CETA because we haven't been able to see the text. This means we can't properly articulate our concerns or the damage this will do to our health care system or to the health of Nova Scotians and Canadians.

Thank you very much.

The Chair: Thank you very much.

We will now move to questions and answers.

We will start with Mr. Davies. The floor is yours. You have seven minutes.

Mr. Don Davies (Vancouver Kingsway, NDP): Ms. Carter, Ms. Phillips, and Mr. Hutt, thank you very much for being with us today and for taking time out of your busy lives.

Mr. Hutt, I'll start with you. Was your organization ever consulted by the federal government during the CETA negotiations?

● (1425)

Mr. James Hutt: No.

Mr. Don Davies: You have already pointed out that you have, of course, not seen the text as it relates to your organization's interests. Is that right?

Mr. James Hutt: No, neither we nor the national provincial body with which we work has.

Mr. Don Davies: Ms. Carter or Ms. Phillips, was your organization ever consulted by the federal government during the CETA negotiations?

Ms. Joyce Carter: I can speak on behalf of the Halifax Gateway Council and the Halifax airport: for the Halifax Gateway Council, no; for the airport, yes.

Mr. Don Davies: This is the same question. Has your organization seen the actual text of CETA as it will relate to the interests of your organization?

Ms. Nancy Phillips: We've seen the marketing piece that's been put out surrounding the impacts from CETA on Nova Scotia, by sector, but that was after it was formally announced.

Mr. Don Davies: Has your group, Ms. Carter or Ms. Phillips, done any study pertaining to your organization that gives us an idea of what kind of job creation or economic benefit might happen in the Atlantic region as a result of CETA that you could share with us?

Ms. Joyce Carter: Not yet.

Mr. Don Davies: Mr. Hutt, there have been two changes, as I understand it, to the intellectual property regime as it relates to pharmaceuticals. One of them has to do with giving patent right-holders the right of appeal that currently does not exist for patent right-holders but does exist for generic manufacturers.

It has been said this would give all litigants equal appeal rights. If that's the case, how was that unfair?

Mr. James Hutt: I'll say that in terms of patent linkages, the area that I have least familiarity with, it being a provincial body, it's less of our focus to understand the implications of international trade. However, what I do understand is that given the fact that the European Commission does not use patent linkages and CETA does not require it to do so, these provisions only apply to Canada.

In fact, the European Commission prohibits the EU member countries from introducing patent linkage provisions, because they delay the entry of generic drugs. In the past, Italy in 2012 was reprimanded for trying to do so. It is ironic that under CETA , rather than Canada eliminating its patent linkage system, it will be forced to strengthen it by providing a right of appeal that will create further delays to the entry of generics. What that looks like, on average, is about six to twelve months as a further delay before generics appear. This is simply because of the time it takes the appeal to go through the court system.

Mr. Don Davies: In terms of the two-year patent term restoration, as I understand it, if a patent rights-holder applies for a drug to get regulatory approval in Canada, the length of time it takes to approve that drug currently counts against the time they can market it free from competition, so they question why they should have their patent term eaten up by a slow regulatory process. You pointed out that the extension of up to two years would apply, even if they themselves are guilty of the delay.

Mr. James Hutt: Exactly.

Mr. Don Davies: Can you explain how that would be fair, that an applicant would purposely delay the process and then extend their patent term because of that?

Mr. James Hutt: It's not necessarily about fairness, in the sense that they are purposely delaying their application process, but in the sense where it does not meet compliance or there are a number of issues around actually filing and having the patent approved, it shouldn't be counted against that when it's simply the company's fault.

Mr. Don Davies: I see.

In terms of infrastructure, Ms. Carter and Ms. Phillips, you pointed out the vital importance of rail, roads and ports to Canada's ability to export efficiently. Perhaps you could describe for us the state of that infrastructure in Atlantic Canada, briefly. Maybe you could give us some advice in terms of what the federal government might be able to do to help improve the infrastructure in this region.

Ms. Joyce Carter: I'll start and then I think Nancy will add specifically as it relates to the Halifax Logistics Park.

Generally, when you look at all of our members, when you look at the port, the airport, CN and the various members of the Halifax Gateway Council, our infrastructure today is of a way that we do have access capacity. You would have noticed in my remarks that in the beginning stages, at least, through the development of the $115 billion in projects and as well through the early stages of CETA, the infrastructure is fairly well aligned across the board.

There are pockets through the infrastructure where the alignment doesn't necessarily exist. One that's been identified clearly is the Halifax Logistics Park. Nancy can speak more directly to that.

● (1430)

Ms. Nancy Phillips: The Halifax Logistics Park would be an area that could benefit from further review for infrastructure funding. Right now in phase one of the Halifax Logistics Park we only have 48 acres of land left. In order to access the remaining acreage that exists in phase two, roadway infrastructure needs to take place to bring that to the market. From a gateway community perspective that would be our number one priority.

Port, airport and rail all have great infrastructure, and the existing capacity, as Joyce said, is not fully maxed out today. In order to begin to increase the usage and the capacity, the Halifax Logistics Park is a value-add to help bring that cargo on stream.

The Chair: Thank you very much.

We'll move to Mr. O'Toole. The floor is yours for seven minutes.

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

I'd like to echo Mr. Davies' comments. I thank all of you for taking the time to appear. I think we all agree that it's important for members of Parliament to get outside of Ottawa and hear from folks in important centres across Canada, such as Halifax. I love being in Halifax at any time, so it's great to be here.

I have a few questions for both groups appearing. I'll start with the folks from the Gateway Council.

I'd echo the chair's comments and I look forward to seeing the map once translated, because in Ottawa we know about a lot of the great opportunities happening in Atlantic Canada. Our government is supporting all of them, from shipbuilding through to the lower Churchill, but I've never heard it expressed as $115 billion in megaprojects.

I'm wondering whether some of the council's marketing efforts around securing Halifax's role as central to all of those megaprojects could dovetail into also selling Halifax in Europe. Has there been consideration of connecting your work with the megaprojects to a burgeoning opportunity in Europe?

Ms. Joyce Carter: There has. I mentioned in my remarks the recent trip that the Gateway Council members conducted in Europe. We had this trip in planning stages for a while. In fact, we took a similar road show to Mississauga a few months prior to the announcement of CETA.

As we were planning our trip to Europe and looking into those markets, mostly we worked very closely with the Atlantic Provinces Economic Council, who developed the report on the $115 billion in ongoing economic projects. It's a very nicely packaged, detailed report, which we're happy to submit as well. The map came from it.

As we were developing that to take it into Europe—visiting Europe is obviously very different from visiting Mississauga to talk about your projects and your gateway—we were becoming aware that CETA might be announced at roughly the same time. The timing couldn't have been more perfect for us. In fact, we were there on November 3 or 4, within a week of the announcement in Brussels. We changed our plans, not the cities we were visiting, but the marketing behind them slightly, to the extent that we could, and the presentations we did in those cities.

The importance of linking those two together for the rest of our trip became very obvious to us in the first presentation in the first city on Monday morning, in Brussels, to the point that as we went through the program we adjusted it accordingly. All of them are very closely linked.

As the audiences in the various countries in Europe learned more about the megaprojects, to my surprise they also learned a fair amount about CETA. It was big news and a big story here. I personally was very surprised at how little was known in those markets about this agreement, so we took the opportunity, to the extent we could and to the extent we had been involved and using the information we had, to speak about them and link them together.

Certainly we are planning to go back, and soon, and we're planning to go back often over the next two years, because of the tremendous interest in hearing about both and in linking those two together.

● (1435)

Mr. Erin O'Toole: Thank you.

Certainly within our caucus and our government—I'll have been an MP for a year as of tomorrow, actually—there has been talk about the gateway. In the last year our government, along with the province, supported cold storage capability, which I think will be spectacular for the seafood industry in particular, which has great wins with CETA.

You mentioned briefly in your remarks a marketing fund that you think might be one way you can help sell the gateway and Halifax's role in growing European trade. Certainly we want to try to help not only industry sectors but also regional partners to benefit from CETA. Would you mind going into what you foresee that as being and what you would recommend to us?

Ms. Joyce Carter: The Halifax Gateway Council is a not-for-profit organization funded by our members. To the extent that we do projects that can be funded by any of the three levels of government, we obviously are able to do that, but for the most part our work is funded by our members, because they see the commercial value in so doing.

As we were putting together our plans to go to Europe, it just happened to be how it worked out. I talk about going often and repeating what we've said, but It became obvious to us as we were in Europe that we needed to have more of a government presence with us to talk about the benefits of CETA and about the details that we don't yet have. I realize that those will come out over the years.

Because in private companies the dollars are always being assessed, it would be very helpful to have cost-sharing. It doesn't have to be 100% dollars, but even 75% dollars would help, in a fund that we could access through the Halifax Gateway Council and put together to take those companies with us to Europe with some cost-sharing in that regard, particularly as we're talking about the benefits of CETA.

It is really early stages, but when we came back, this was one of the first things we took away, without even realizing that you folks were going to be here this week looking for input. It was one of the early things we took away to look at where we might be able to up our game. To up our game takes some time and some money.

Mr. Erin O'Toole: I have one quick question.

How am I for time, Mr. Chair?

The Chair: You have 30 seconds.

Mr. Erin O'Toole: Okay. I'll thank you for that answer.

I have one quick question—

The Chair: You can split your time, because we don't have any Liberals here today. We'll move to Mr. Cannan next, so go ahead.

● (1440)

Mr. James Hutt: I would say, given the concerns and given the fact that the federal government has already stated that there will be upward pressure on drug costs, it is apparent that drug costs will rise for Canadians. Even when there is provincial compensation, it doesn't really pan out across the board for taxpayers who pay out of pocket or pay from private drug plans.

When it comes to data protection, what this does is it locks this into place, so we can't reduce that period in the future. It doesn't really allow us to increase the drugs that Canadians need and the ways they can get them.

If we look more broadly, we've been talking about pharmacare for the last 40 years. There are numerous arguments for the idea that we should be including drugs in universal public health care, but essentially, it would save us more than $1.5 billion per year.

Locking us in takes us further away from anything like that. Given the fact that when Canadians can't meet the drug costs and don't get drugs, they get sicker and cost the health care system more, it doesn't make sense for us to go further away from that. If we did try to move towards something like pharmacare in the future, we would face backlash with respect to the economic trade agreement and from European investors looking at a loss of market share.

Does that fully answer your question?

Mr. Erin O'Toole: In part it does. Certainly you're mixing a treaty agreement with—there is nothing in the agreement that would take away any provincial right to set up a provincial pharmacare system. There is nothing in the agreement to preclude that.

Your point that there could be higher costs over time is a valid one, which the federal government has addressed through its willingness to provide compensation to the provinces, who are the payers.

I also think that some of the broader assessments of the rise in pharma costs haven't taken into consideration the provincial governments' cooperation and collaboration in recent years on buying in bulk. We haven't even seen the savings from the bulk purchasing, yet the modelling for costs are going from the old model before the provinces start saving money. My personal opinion is that the work the provinces have been doing will actually help mitigate some of the rises, but that's more of a statement than a question.

Thank you.

The Chair: I thought of that.

Mr. Cannan, you have two and a half minutes.

Hon. Ron Cannan (Kelowna—Lake Country, CPC): Two and a half minutes. Thank you for sharing my time.

The Chair: Your seven minutes are gone, and I added his. Go ahead. It's okay, you'll get another shot at it.

Hon. Ron Cannan: Thank you, ladies and gents, for inviting us. It's good to see Mr. Chisholm, a member from the Nova Scotia area here who used to be on the committee, so we welcome him back to our hearings.

I appreciate the time as well as the fact that you're volunteering specifically for the Halifax Gateway Council. I like the idea of one voice. One-stop shopping makes it much more efficient for any businesses that are trying to work their way through regulatory challenges with all levels of government, and we're making sure that we can help to streamline those opportunities and move your businesses forward.

I'd like to know what the response was from your European presentations when you went on your trip to Europe.

Ms. Nancy Phillips: When we made the presentations on the $115 billion in megaprojects combined with CETA, we found the response overwhelming, actually. At the end of every presentation we needed to move on to the next city and we could barely shut the event down. People stayed long after the event was over to ask a lot of questions, to ask for follow-up information, to ask for contacts, and to ask when we were coming back with further information.

Because this is an evolving process for us, we know we need to stay on top of the research and to keep providing that information back to them. There was a real hunger once they heard what was going on. They are a community of 500 million in total, thereabouts, and the information just wasn't as well known, but when we put them in a room and presented to them the cold, hard facts on screens, it was a very interesting process for us.

● (1445)

Hon. Ron Cannan: Impressive. That $115 billion is a big number. Obviously this is not just a short project. It's evolution is over many decades. Just like NAFTA, it can evolve over many years. We're looking at opening a market to 500 million people, and the reason we are doing this is—and I appreciate your idea for the marketing as my background is marketing—as my colleague, Mr. O'Toole said, we need to inform Canadians of this opportunity, and it's only as good as businesses taking advantage of this agreement.

I have a few more questions, but my time is up. I'll come around again. Thank you.

The Chair: Yes, you'll come around.

Very good, we'll move now to Mr. Masse. The floor is yours for five minutes.

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

Thank you to our witnesses for having taken the time to come here today.

Mr. Hutt, some would argue that intellectual property rights shouldn't be in trade agreements in the first place. What's your opinion on that?

Mr. James Hutt: That's an awfully broad question.

I would argue that, especially here in CETA, it's particularly dangerous to be increasing intellectual property rights, especially for brand name pharmaceutical companies, when they haven't even met their past commitment to invest in research and development, and when we see that research and development expenditures in Canada have been declining compared to other countries with far less protection for brand name pharmaceutical companies.

To take a broad question and put it a little more simply, I would say that it's very problematic to include it in the CETA and that, in the end, it's not going to benefit Canadians or increase the access to drugs that we'll have.

Mr. Brian Masse: On the reason I ask that, I will go now to Ms. Carter and Ms. Phillips. With regard to your members, has there been an evaluation in terms of their drug cost increases that would be incurred under this agreement and the consequences on their workforces and benefit plans?

Ms. Joyce Carter: No.

Mr. Brian Masse: Is that something you might consider doing in the future when the technical data is released so they have an idea what their exposure is? In any big deal, you're going to have some stuff you win on and some stuff you have to give up. I think this is one of the ones that we're giving up, and I just need to understand this a little more.

Ms. Nancy Phillips: I think that would be something that individual organizations would do on their own. Maybe the data could be aggregated for an overall impact, but the Halifax Gateway Council would not take that on.

Mr. Brian Masse: With regard to CBSA, Canada Border Services Agency, right now they are undergoing significant cuts; from 2012 to 2015, approximately $160 million is being gutted from them. Just recently they moved the east coast marine operations to Toronto with regard to intelligence gathering. They also cut the marine dogs from the service. I'm told that significantly affects the speed and capability of getting intellectual property abuses and contraband, in particular, off the streets and keeping it out of our country.

We're also moving on Bill C-8, which is actually going to allow CBSA officers to suspend materials they believe are contraband. Are your members interested in that issue? Contraband has actually been rising significantly in Canada, including not just regular T-shirts and CDs, but it's actually circuit breakers and other types of public infrastructure.

Ms. Joyce Carter: It's not currently an issue that has been raised by our members. It's an interesting point you raise. One of the items Nancy talked about earlier is that it will soon be time for us as a council to regroup our members on current issues and looking forward. Whether it might be raised through that process, I'm unsure, but to my knowledge it hasn't been an issue raised to date.

Ms. Nancy Phillips: I also think it is a large impediment, though it may be something which as a group we could put on the table to talk to.

Mr. Brian Masse: There are some interesting hearings you might want to see through the industry committee right now. The increases on it are quite significant.

Moving to your marketing fund, what other services do your organizations make use of? In my area, unfortunately, the government closed the Detroit consular service. We used to be able to get visitor visas for people from the United States over to Windsor and the area rather quickly, within hours. Now they either have to fly to New York or wait for two to three weeks.

Do you use the trade offices and which ones in particular? They are under cuts as well.

● (1450)

Ms. Nancy Phillips: For the events that we did in Europe, we worked very closely with the DFATD offices and the embassies. In some respects, the embassies in certain cities were very good, and in others, I believe they are somewhat challenged because they don't have a lot of resources to help with the one-on-one and with the connections, but we do work with them.

The other thing is we want to make sure they have the information at their fingertips and at their disposal to help spread the message of the $115 billion in projects. We want to make sure they have the information as well because they are our first point of contact for companies in the regions they represent. Mainly we work with the European DFATD offices quite quickly.

The Chair: Thank you very much.

We'll now move back to Mr. Cannan.

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

I'll share my time with my colleagues.

Ms. Phillips, there were three points that you were looking at. One was better air access. Could you expand on what your vision would be for better air access?

Ms. Nancy Phillips: Well, I'll also ask Joyce to jump in on where she is with the airport.

We could really benefit from having greater air cargo lift out of this region, a dedicated freighter service. We could also benefit by having direct flight access on a more regular basis into the European community. Our top market of choice would be Frankfurt for that. That's very important. A lot of our exporters are challenged to get the flights and the belly-hold cargo space or the dedicated air cargo space into markets, and they are forced to drive high-value, high-yield seafood products out of this region mainly to the U.S. to get air lift into the markets because we don't have the dedicated services we need.

Ms. Joyce Carter: I'll just add that it's interesting because with the rollout of CETA, we hope to see that change.

One of the difficulties we have out of Halifax is that in order for air cargo to fly profitably by the carriers, it has to be balanced both inbound and outbound. We don't have that today. We don't have the inbound cargo that we need to balance the outbound, which is mostly seafood. That is why you'll see seafood put on the truck and shipped out of the country for lift out of the U.S., a lower value product, obviously, and less fresh into those markets.

We want to recapture that, and we want to recapture it out of Halifax. The way to do that is to build up the inbound. A big opportunity that we see would allow us to do that is through some of the outcomes of the CETA.

On the air service side, Nancy is bang on. We currently have dedicated service into Heathrow. Our market would love to see it also into Frankfurt. It's a market that's really important for us.

When you look at the passenger side, with that comes the belly capacity in those aircrafts as well. It's not just dedicated freighters for cargo; it's also passenger cargo that can carry belly freight into the European market. Some of it will come with the increased business, for sure.

With workforce mobility, one of the big issues we talked about while we were in Europe which we probably should mention is the transfer of workers between Europe and Canada, and the fact that there's a lot of interest in Europe to have workers come to Nova Scotia and to Canada. The megaprojects are the way they see to be able to do that. With the transfer of workers and their families, we see the need for increased air access as well.

Hon. Ron Cannan: I think those are very laudable goals and good strategic plans.

Mr. Davies and I come from British Columbia, the Asia-Pacific gateway, and this would be the gateway to the EU. I think it's very comparable.

Ms. Joyce Carter: That's a perfect example.

Hon. Ron Cannan: Work with your Nova Scotia government. It's a provincial-federal partnership, definitely, as British Columbia has been a great partner with our federal government.

Mr. Hutt, I want to clarify a point where you mentioned two questions. One is about the two-year extension on patent protection.

Are you aware that Canada is just catching up to the international countries as far as patent law in pharmaceutical research is concerned?

● (1455)

Mr. James Hutt: I would actually disagree with that. Given the rate of approval in Europe versus Canada, we're just below Europe from the reports. Looking at the analysis of the time it takes to approve patents and drugs in Europe versus Canada, I find it's generally about 10 days shorter in Canada than in Europe.

This number has been a bit compounded by a past report. The Norton Rose report had a number of issues. It compared approving generic drugs in Europe versus new formulas, new drugs, in Canada. It's really apples and oranges. However, when you look at the facts, the approval time in Canada is either on par or shorter.

Hon. Ron Cannan: It has to do with patent protection.

For clarification, you said that Canada is going to lose close to $36 billion because of the health accord. If you are aware of the Canada health transfer, the move is to equal cash allocation. By 2013, it will be $30.3 billion; by 2018-19, $38 billion; and by 2020, close to $40 billion, which would be a record amount of health transfers to the provinces and territories.

The provinces and territories and local government—

The Chair: Your time has gone.

Hon. Ron Cannan: I was just going to say that they support CETA.

The Chair: That was more of a statement, at any rate.

Those are just numbers—

Hon. Ron Cannan: It was clarification because I think these facts are important.

The Chair: Exactly.

Mr. Chisholm, welcome back to the trade committee.

Mr. Robert Chisholm (Dartmouth—Cole Harbour, NDP): Thank you, Mr. Chairman. I am pleased to be here.

I understand I just have a couple of minutes.

I want to speak to the Gateway Council.

In response to Mr. Davies, it was interesting that you indicated you felt we had room to handle an increase of almost 23%, reportedly, in bilateral trade. I'm curious about that, in particular, the truck and rail traffic through town to Halterm. To me, I saw that as more of an issue. Maybe there are some plans to upgrade that capacity. That was the first thing.

The second thing was that there's certainly the prospect of greater competition from both Sydney and from the Melford port.

I wonder if you could comment on those two issues for me.

Ms. Nancy Phillips: I can speak to Halterm, the container terminal. They have had infrastructure upgrades. I know they just installed new super post-panamax cranes, so I think they are ready to handle an increase in usage down there.

I know they extended the south end container terminal, so we can now take two super post-panamax ships nose to nose.

Mr. Robert Chisholm: Right, but are they getting the stuff in and out by rail and by truck?

Ms. Nancy Phillips: Do you mean from the container terminal?

Mr. Robert Chisholm: Yes.

Ms. Nancy Phillips: It has been in the press the last two days about, I think, pie-in-the-sky thinking around whether there is a potential to move the container terminal.

Is that what you're referring to?

Mr. Robert Chisholm: No. I'm talking about the infrastructure, the rail line going in and out, and the difficulty of getting truck traffic in and out.

Ms. Nancy Phillips: I suppose having a container terminal in the south end is never easy for moving trucks through the downtown, but at this point, the capacity usage at the container terminal is lower now than it has been in the past, so it's probably easier now than in the past.

From CN's perspective, I think they have the ability to increase capacity on the rail line, so I don't think there is any need to increase capacity.

Mr. Robert Chisholm: Can you comment on the question of competition from the other ports?

Ms. Nancy Phillips: From our perspective, we really focus on Halifax. When the capacity in Halifax is 100% utilized, or nearing 100% utilized, then we think it makes sense to move outward in the province.

● (1500)

Mr. Robert Chisholm: Is it the Gateway Council's plan to do any further work, research and otherwise, into the details of the plan to make sure that whether it be the airport—I know there has been a big expansion in terms of lengthening the runway. We're probably two, three, or five years off, but what is the plan to make sure the port, the airport, and the rail are ready?

Is that work going to be done?

Ms. Nancy Phillips: We'll work on looking further into the impacts of CETA , so we can market that. We'll also look further into the impacts around the goods and supplies necessary to fuel the megaprojects.

We would probably leave the capacity around private sector companies, such as Halterm, up to them, to research and determine what is appropriate for their company as well as for the port.

The Chair: A really quick question if you have one.

Mr. Robert Chisholm: Mr. Hutt, did your organization have any discussions with the provincial government during these negotiations?

Mr. James Hutt: Yes, we have. We expressed our concerns about this and about the increased costs of pharmaceuticals, as well as the looming cut to the Canada health transfer, given the changing formula.

The Chair: Thank you very much.

We'll now move to Mr. Shory, for five minutes.

Mr. Devinder Shory (Calgary Northeast, CPC): Thank you, Mr. Chair, and thank you to the witnesses for appearing this afternoon.

It is my understanding that the Halifax gateway is an integral component of Canada's Atlantic gateway.

I was going through your October 31 press release, where it says you had plans to go to Europe, and you told us you have been there. It seems that the delegation was among the first to capitalize on the agreement by collaboratively promoting opportunities within the Atlantic gateway.

That press release stated:

> “The collaboration of our Gateway members offers European companies seamless and unified access to all modes of transportation and logistics services.”

It appears to me that you have acted swiftly to begin ensuring that the gateway is prepared for the increased business you expect to see. In terms of transportation and logistics, what concrete steps have you taken to increase capacity? Also, what infrastructure have you begun investing in as a result of the agreement in principle between Canada and the European Union?

Ms. Nancy Phillips: For us, over the past several years the Halifax gateway and gateway partners have actively invested in their infrastructure to ensure they have capacity and have the ability to take on a lot more cargo, whether it be at the airport or at the port of Halifax, or at either one of the container terminals. CN Rail is ready to handle an increase in their capacity usage as well.

We have worked very closely over the past few years with our municipality to market and brand the Halifax Logistics Park. We are 48 acres away from finishing phase one of the Logistics Park at full capacity. Then we are gearing up to figure out, as a community, how to create the necessary infrastructure financing we would need to build a roadway and open up phase two lands.

Mr. Devinder Shory: It seems like you're all set.

Last night when I was driving from the airport, the car driver and I got into a conversation and the car driver was actually worried about where they would get all the employees to work here in Halifax once the agreement is in place and things keep on moving.

Talking about the infrastructure, and in light of your visit to Europe in the first week of this month, it seems that you have the plans in place to modify. Do you have the plans to modify transportation and logistical capacity once the agreement is in place and things start moving five or six years down the road?

What I mean is that once the flow starts, if needed, would you be able to upgrade immediately as the demand requires?

● (1505)

Ms. Nancy Phillips: I believe both the container terminals can double their existing capacity throughput currently. That's a lot of unused capacity that they are ready to take on. I believe the airport is as well. I will ask Joyce to talk to the capacity there.

Ms. Joyce Carter: From a cargo perspective, with the recent extension of our runway and as well the addition of a multi-tenant cargo facility, which has temperature-controlled space, we currently process 30,000 tonnes of cargo through the airport, and with our existing infrastructure that's able to double. That will take us out for a ways, including the early impacts of CETA.

From a passenger perspective, today we process 3.6 million passengers through the Halifax airport and our existing infrastructure is certainly well beyond the numbers I'm going to give you on the air side, but in the terminal and on ground side, it's able to handle up to 5.5 million passengers, so there's a significant area for growth.

Mr. Devinder Shory: Going—

The Chair: The time is gone.

I do want to thank you.

Basically, what you're saying to us is that as far as capacity is concerned, whether it's rail, air, or sea, and I've tried to get a handle on the numbers—in response to the last question you actually nailed the numbers—you can double the capacity in all of those, and in air traffic you could actually go four times more. That's actually very impressive.

I want to thank you for coming and sharing your testimony with the committee.

Our time has gone for this segment. I certainly appreciate what you had to offer and we'll take it under consideration.

With that, we will suspend as we set up the next panel.

●

(Pause)

●

● (1515)

The Chair: Okay, we'd like to call the meeting back to order. We want to thank our next panellists for being here.

Just to let the committee know, Mr. Stephen Ross was going to be joining us for the last panel. He has actually accelerated his time schedule and will be presenting with the panellists here. We will extend the time an extra half hour for the questioning, so we will be able to get three in on this segment.

First of all, from the Atlantic Grains Council, we have Michael Delaney and Neil Campbell. Thank you for being here.

From the Nova Scotia Fish Packers Association, we have Marc Surette. I believe you'll start, Mr. Surette. The floor is yours, and we'll hope Mr. Ross gets here before the panellists are done.

Mr. Marc Surette (Executive Director, Nova Scotia Fish Packers Association): Thank you, Mr. Chair.

Thank you all for inviting us to present.

This is certainly a major announcement for the seafood industry in Nova Scotia. I've been in this position for just over two years, and I can say it has been a number one priority for a large number of my membership.

Europe represents a huge seafood-consuming population. It is our second biggest trading partner to the U.S. when it comes to seafood, and it represents about 20% of our exports. We're talking about $200 million to $250 million a year. It's a nice chunk of change for the seafood business.

There has certainly been a continued following by my members over the last few months, in particular this summer, on some of the issues. We were scared. We showed our support by sending a letter to Minister Fast and our local MPs, Gerald Keddy and Greg Kerr, to continue our support and be willing to do whatever it took to get to this point.

When the deal in principle was signed, some of my members were so excited they asked if they should start looking at their inventory. I told them no, that we were still a little ways away. This is how enthusiastic they are. It's easy to understand. When you have duty rates that start around 6% and can end up at 23% to 25%, it certainly makes your seafood product far less attractive on a price-point issue. When you're competing with the likes of Norway and Iceland, it's certainly going to be advantageous.

Another aspect of this that has caused problems is repeated import quotas on certain species. I think of silver hake and salted cod. There is a small amount that gets in at a lower duty rate, but between fishing seasons and the logistics of storage, trying to play the quota game becomes costly. You've probably chewed up whatever benefits you're going to get, and you don't have control of your product anymore. In the fish business, “COD” isn't just fish.

Reducing and eliminating the tariffs will certainly make our products more attractive to the European customer base. We have been there for a long time, and our products are known, but to be able to compete on that level playing field is going to add to our ability to make money. Fish business is all about simple terms.

We've also been told that with this, we'll basically be able to skip the brokers and we'll have access directly to the retail market. Again, it's another way to compete, another way to be more profitable, and profit is a good thing. In an industry that's seen its instant profit with the U.S. dollar evaporate in the past decade, it is very encouraging to find a way to get some of that back.

It doesn't come without trying. People are sincerely putting their efforts in. I met one of our members, the principal of one of our companies, the other day. Usually I'd see him in a jacket and tie. It is very unlikely to see someone in the fish business in a jacket and tie, yet he's the one I see. Some of you may know him, Jean Guy d'Entremont. I saw him last week on the wharf in rubber boots, a hoodie, a jacket, in the rain. When I asked him what he was doing, he said, “Well, this is my normal day at work.” That's how people are doing this.

I speak in simple terms, trying to keep everybody.... When this comes out, my members will read this.

Basically, increasing the value means more money for coastal communities. That's a positive. That's going to come in terms of steadier employment, increased employment in the shore-based plants, something that we've seen wither away since the early 1990s, and it's something that really can provide jobs. They're good jobs. They pay better than minimum wage as a rule. Usually they're not far from your home, and you know you'll get paid. You have a little more flexibility.

Another aspect of this is resource pricing. If we see tariffs go down, it means our sale prices can stay the same and we can have a trickle-down effect. It's not going to just affect big businesses; this is going to affect small and medium-sized shore businesses. Ultimately it will affect the harvesters on the water, and they are some of the hardest-working people you'll ever meet.

Another positive aspect that we're finding is the most favoured nation status. As we hear the Americans are now entering into their round of talks, we know we're on a level playing field. That's a great idea. Coming from a background in brokerage and having spent time doing customs entries, I understand full well what kind of benefit that can mean. To see this as part of the trade deal is a positive. No one is going to have a leg-up on us from this point forward.

● (1520)

There are some concerns. Access to resources was echoed in the days following the announcement. I am confident in DFO policy to make sure that foreign interests do not have access to our resources inside the 200-mile limit.

I've gone through the NAFTA process. Oddly enough, I've read that document twice. It's not as boring as my mortgage, but it's close. There were a lot of those similar fears as we went into NAFTA. Are they going to come and take our water, or what are they going to take? At the end of the day, they didn't take anything and they can't take anything. I'm hoping that's the way we're going to go forward with CETA.

With the EU representing that much, this is a major deal for Nova Scotia. We've seen the lobster industry suffer. We've seen resources and allocations for groundfish cut. We need some good news. In my line of work there are very few good news stories, but thanks to some hard work, we have one to talk about today.

I won't chew up any more of your time.

The Chair: Thank you very much. I'm sure you'll have stimulated a number of questions and they'll want to be as direct as you have been.

We will now move to the Atlantic Grains Council. Some of us on this committee come from a grain area. It's great to have you here representing the grain industry of the Atlantic.

Welcome, Michael Delaney and Neil Campbell. I'm not exactly sure who is starting off.

Mr. Delaney, the floor is yours.

Mr. Michael Delaney (Director, Atlantic Director, Grain Growers of Canada, Atlantic Grains Council): Thank you.

In the interests of economy, then, I'll shorten the introduction. I'm Michael Delaney. With me is Neil Campbell. I'm representing the Grain Growers of Canada and supporting the Atlantic Grains Council. Neil is representing the Atlantic Grains Council.

Our presentation is regional and national in scope, so I'll read it and try to stay to the text.

The Grain Growers of Canada represent over 50,000 successful grain farmers from British Columbia to Atlantic Canada. From the beginning, the Grain Growers have supported the comprehensive economic and trade agreement, CETA, negotiations, as we believe new markets are essential and crucial for Canadian farmers.

New opportunities in a global marketplace are important, because we export 85% of our canola, 70% of our wheat, and 65% of our malt barley nationally. The trade deal will give farmers and the agriculture industry greater access to 500 million consumers and to GDP worth over $17 trillion. Our assessment indicates that this deal will deliver these new market opportunities for Canadian grain farmers.

The gains include increased market access, which is always positive and will be trade enabling for cereals, oilseeds, and livestock, both nationally and regionally. In a general sense, any trade deal that increases demand or reduces supply nationally is a great deal for Canadian farmers and the overall economy.

From an Atlantic exporter's point of view, we also see new opportunities around the corner coming from CETA. Any success we achieve will be tied to the strategic importance of the Halifax harbour and its supporting infrastructure, where there are 11,000 jobs, and where 1,500 vessels are handled annually. It's also the closest shipping point to Europe, so we see the opportunity and potential for more business for the Atlantic economy.

Nationally, the industry's estimates for gains are $90 million in net gains for the canola sector, over $20 million in net revenue gains for wheat, and $1 billion in combined net gains for the beef and pork sector. Although I'm here today representing the grain growers, I will say that the substantial gains anticipated for Canada's livestock sector will be especially good for the Canadian feed grain producers and will have a positive ripple effect for the value-added industry.

Nationally, the feed industry consumes about 80% of our total harvested barley and about 15% of our total wheat crop production. Here in the Maritimes, a portion of our grain production is used as fish food. Any growth in fish and fish product exports to Europe will no doubt benefit Atlantic grain farmers.

We have some info on tariff lines relative to our grain exports to Europe: for oats, $114; for barley and rye, $120; for sweet corn, immediate access on 8,000 tonnes; and for wheat, depending on quality and class, current tariffs are up to $190 a tonne. Eliminating these tariffs will give our wheat exporters much greater confidence in establishing long-term supply relationships with European customers. Down the road, CETA will lock in permanent duty-free access on all Canadian grain exports.

These are real and important gains, and that is why at the Grain Growers we encourage the government to ensure the agreement is concluded quickly.

All of that being said, the Grain Growers will continue to keep our eyes open about some areas of concern.

For example, what do we know about European grading standards? How do they harmonize with our own? What's the commercial business climate for something in the area of 24 to 27 nations?

As well, there is more work needed on pragmatic and workable sanitary and phytosanitary provisions and risk assessment processes. Harmonization will need to be considered at some level on regulatory and inspection regimes.

Last, Canadian farmers are among the most environmentally sustainable farmers in the world and are showing global leadership in developing and implementing sustainable farm management practices.

The Grain Growers of Canada are eager to see the Canada-EU trade deal open a new dialogue through an active working group or groups that will focus on biotechnology issues to address non-tariff barriers. A similar approach may be needed to move the UPOV 91, which has to do with plant breeders' rights and intellectual property. There is a similar opportunity to structure those consultations.

On behalf of the Grain Growers, I thank you for considering our views. I'll turn the panel over to my colleague, Neil.

● (1525)

Mr. Neil Campbell (Representative, General Manager, Prince Edward Island Grain Elevators Corporation, Atlantic Grains Council): Thanks.

I'm Neil Campbell, general manager of the P.E.I. Grain Elevator Corporation. Thanks for your time.

The elevator is a farmer-controlled board of directors. I'm here today representing the Atlantic Grains Council, which we are a member of.

At the elevator I'm directly responsible for the purchase, sale, risk management, and logistics of close to 80,000 tonnes from P.E.I alone. Because of shrinking availability of livestock in our area, 65% to 75% of those products are now exported off the island This is a recent phenomenon and is very positive for farmers and the local economy.

The Atlantic Grains Council represents the entire regional value chain. It is made up of our four provinces, hundreds of growers, processors, and input suppliers. The organization is financed through producer association memberships and an industry sponsorship program. A recent effort of the council has included the successful implementation of a voluntary producer-led research levy in order to improve our region's ability to increase our research capacity, especially at the local level.

Agriculture has always been important to our region, and it is today as well. Farms are diverse, with crops and livestock production. Atlantic Canada exports crops around the world, domestically and internationally.

Some of our challenges locally include the lack of value-added processing facilities and difficulties with transportation handling, which increases our costs. Regionally, we use the elevator here in Halifax for use in distribution. In addition, there are several sizable feed markets that assess these facilities. The major mainland companies use local food sources. We manufacture several hundred thousand tonnes of livestock and fish food for the aquaculture business.

I'll give you a brief overview of the Atlantic agriculture output. Nova Scotia farmers have shown signs of developing greater capacity for crops such as corn and soybeans for on-farm use. There are grain brokerage facilities available in that province to purchase the grain and soy products. A similar trend is also noticed in New Brunswick, although they have some issues, being closer to Quebec and Ontario, with domestic competition.

As far as the P.E.I. elevator is concerned, it's a good-news story. We currently store excess capacity in Halifax. This includes our milling wheat and 10,000 tonnes of feed wheat for local use and our export program. Over 15,000 tonnes of P.E.I. barley have been stored in the elevator and have now been shipped to Morocco, as a result of some trade improvements in the last couple of years. We're also in the process of moving 29,000 tonnes of soybeans, which will end up in Europe in the biodiesel industry. We see these markets being opened up to the Middle East and the European Union as very positive for our area.

If it were not for participating in these key opportunities, prices paid to the local producers would be much more subdued because of the oversupply of grains and oilseeds, as well as insufficient infrastructure to handle the storage. While there's competition, the facilities in Halifax are very convenient for our milling wheat. The local flour mill uses 100% of our product, and it's felt to be cost-effective for the flour mill.

There are also facilities available that could hold containerized products, such as malt barley into Europe. Identity preserved soybeans, non-GMO, would also go in those areas. These contracts that would be given to the farmers are very beneficial to them. As prices have been quite high lately, it's been a great way to offset falling demand for regional livestock.

Our business is anticipating potential future opportunities with the new market access related to direct access to these markets. We've now commissioned a study to identify these higher value markets inside the European Union and to learn how we can access them. We also see that the Canadian-European trade opportunities are very advantageous for our local grain farmers and the regional agriculture industry here at home.

We're very aware of the importance of the work of this committee, and we're aware of the various regional, provincial, and national processor and producer organizations that provide you with the input required to continue your deliberations on the comprehensive economic trade agreement.

Thank you.

● (1530)

The Chair: Thank you very much for your testimony.

We want to also thank Stephen Ross for moving the agenda up a little bit. I'm glad your day freed up a little bit to join us here at this panel.

You're from the Cherubini Group of Companies, and we want to yield the floor to you. We'll listen to your testimony and then we'll start the questioning.

Mr. Stephen Ross (General Manager, Cherubini Group of Companies): Thank you for the opportunity to speak to you on CETA, the Canada-European Union comprehensive economic and trade agreement.

My name is Steve Ross, and I'm the general manager of the Cherubini Group of Companies. We are a Nova Scotia based operation, and all our plants and facilities are here in Nova Scotia. The company was formed in 1971 by some Italian immigrants, and they continue to own and operate the company today. Through constant improvement and investment, we've become Atlantic Canada's largest steel fabricator, employing over 400 people in our group of companies.

Our focus of work is primarily bridges, buildings, and infrastructure projects throughout Atlantic Canada. We also carry out work in Ontario and the United States. From 1998 to 2008, approximately 50% of our sales were in fact export work to the United States. However, our U.S. sales dropped dramatically due to three factors, one being the strong Canadian dollar, another the U.S. recession, and the other the 2009 buy American steel provisions for procurement on infrastructure.

In 2009 we saw a dramatic reduction in overall sales. However, with the Canadian government funding for infrastructure in Canada over the past several years, we have refocused our efforts on projects here in Canada and have rebounded with strong sales and growth. In fact, we just completed a $20-million expansion to our facilities. However, U.S. sales remain stagnant as far as overall sales are concerned.

I have reviewed the technical summary of the filed negotiated outcomes, but to our knowledge, there are no current import duties for eurozone companies in our product line. The eurozone, British, and Asian companies do in fact ship goods and services to Canada, similar to the products that we produce. For instance, the approximate value of the majority of the structural steel is $150 million Canadian for the Long Harbour nickel processing plant, which is under construction in Newfoundland as we speak. It is produced by William Hare, a steel fabrication company in Britain. We in fact bid on this project, but the contract was awarded by the owner, Vale, to this offshore company.

I have a side note, talking about Vale, on what we've seen in the past number of years. Vale, which was formerly owned by Inco, was sold for $18 billion or something like that in 2006 to Vale, a Brazilian company. We find that the larger international companies have a tendency to shop the world for their goods and services needed here in Canada, whereas Inco, when they were a Canadian company, would shop in Canada for their goods and services. We do find a bit of a propensity for large international companies that own and operate, whether it be mines or whatever, here in Canada, their tendency is to shop the world as opposed to shopping here in Canada for their goods and services.

Another example of foreign companies working here in Canada is the Walterdale Bridge in Edmonton, which is a $120-million bridge that was recently awarded a few weeks ago to Acciona/Pacer, a joint venture from Spain. They're a Spanish general contractor, and they in turn awarded the structural steel fabrication for that project to Daewoo, which is a Korean-based fabrication company. We are seeing a lot more foreign competition, at least in our business. When I say foreign, I mean European and Asian.

U.S. companies, we find, are not as competitive, or we're competitive there as well, because we have similar cost structures. We could compete in the U.S. fairly recently; however, with buy American, what's happening now is we're having difficulty getting work in the U.S. simply because of that condition, along with the value of the Canadian dollar.

We do have several concerns with the CETA. Just as a preamble, I think it's important to understand that in our business, or in any other business we're talking about here, ocean container rates are such that shipping costs from Europe to Canada are comparable to shipping costs within Canada. I can send a container to Ireland, Scotland or Spain for the same cost as I can send a truck to Ontario. When you look at freight or geography, we're such a big country, the geography is not as important when it comes to costs as far as freight and deliveries are concerned. A lot of times the playing field is balanced a little bit in that our geography doesn't have a major impact as far as cost is concerned.

● (1535)

The other factors we're going to talk about are that other countries have certain protective measures, such as buy American provisions, which impede free trade.

How does the CETA police and deal with eurozone countries that provide tax or labour benefits for exports? We see that some countries have tax-free zones and export tax credits that certainly create an uneven playing field for companies like ours.

The current agreement does not provide federal, provincial, or municipal protection with respect to local benefits. For example, here in Halifax the reconstruction of the Macdonald Bridge is going to be contracted for in the next several months. It's a $160-million project. Without any local benefits under the new CETA , there will be no advantage for us to be the local company, as opposed to someone from Spain or Korea or another country. To us, that's a real concern: how the federal and provincial governments will provide some incentive for local benefit.

Also, a good example of that is how the recent WTO rulings related to Ontario's Green Energy Act will adversely affect job creation. The Ontario government mandated that 50% of the cost of wind tower construction had to be spent in Ontario. They've been doing that for several years, and the WTO recently ruled that's an unfair labour and trade practice. I believe there's going to be a lawsuit over that with the Ontario government. They're going to have to pay somebody some money.

With those kinds of trade practices under the CETA, there are no measures in there that I can see if the federal, provincial, or municipal governments want to protect local industries, whether through energy conservation or labour market conditions.

With respect to the infrastructure stimulus moneys that are put forth by the federal and provincial governments, when the federal government decides they're going to inject some infrastructure and stimulus money into the economy, with this CETA, there's nothing to keep that money here in Canada. That work can be sent to other countries. If it's for building a bridge, for example, that work can be done in Spain, Korea or other places, because under the CETA, under free trade, they have equal rights to do the work here in Canada. We see that as a hindrance.

We also see there'll be a lot of exposure to legal battles, with respect to interpretation of the CETA. I have a legal opinion on the agreement now. There are still holes in the agreement in principle. A lot of loose ends are subject to legal interpretation, and that results in a lot of litigation. I don't think the agreement is ironclad when it comes to legal interpretation.

Getting back to item 7, I want to talk about the factors beyond our control that would significantly affect our competitiveness with eurozone states, one being currency exchange rates. I did some analysis of our sales over the past 10 or 12 years, U.S. sales compared to the U.S. dollar, and there's a direct correlation with the Canadian dollar strengthening and our sales in the U.S. shrinking. Undoubtedly, the euro has decreased about 30% in the last two or three years; certainly that helps European companies, because their euro is certainly weaker and that affects their costs.

You look at all the states—the countries are states; it seems to me the word is used interchangeably between eurozone countries and states. I looked at average household wages in the eurozone. I looked at Canada compared to a number of the countries we're dealing with here, and for the most part, average wages are 30% to 40% less than here in Canada.This will undoubtedly shift labour to the lower-cost areas. If something can be made more cheaply somewhere else because of lower labour costs, then that product will likely shift to that area, so we see that potential.

● (1540)

Also, some of the factors that are really unknown, safety, environmental, human rights, and other factors may be less stringent in certain countries, which will obviously affect our competitiveness. If we have certain safety requirements and human rights, there are a lot of factors that go into our cost, and other countries that may not have those conditions obviously are at a competitive advantage.

In closing, we're an at-risk company. We receive limited federal, provincial, and municipal funds in our operations. We're strong supporters of free trade, but insofar as it's fair trade. What I mean by fair trade is we've been competing with U.S. companies and they're comparable as far as human rights, laws, wages, all the components that go into the cost of doing work, are concerned. If they're fair and comparable, then we're happy with that, but we think of it more as fair trade as opposed to free trade.

That's it and thank you.

● (1545)

The Chair: Thank you very much.

We'll start our round of questioning with Mr. Chisholm. The floor is yours, sir.

Mr. Robert Chisholm: Thank you, Mr. Chairman, and gentlemen, for very interesting presentations.

Frankly, I don't know where to start, but let me start with fish, because there has been, as you've said, Mr. Surette, and I've heard, a lot of excitement expressed by people in the business in terms of getting access to those markets and getting rid of the duties, and so on.

I have a couple of questions. One is on the whole access to resources and what it has been like for your members in terms of finding markets for your products. Where generally are you finding they're selling their products as a whole here in Nova Scotia?

Mr. Marc Surette: We're slowly but steadily moving from a reliance on the United States. That's been a centuries-old trading route. Europe was great and they're facing the same economic issues that we're seeing in the United States, but as a whole, sales in Europe are still hanging on. We have not seen a drop as we have in U.S. valuation, so to see that happening.... Yes, we're making inroads in Asia, but Europe is still a key factor.

As Mr. Ross said, the cost to get to Europe is similar to getting halfway across the country. It's not an issue. We're shipping lobsters in containers now. We've found ways to maximize how we get things there. The potential there is still stronger and it's certainly going to help alleviate our reliance on the U.S., which is still not where it was even 10 years ago.

Mr. Robert Chisholm: No.

What about the price difference between the U.S. and Europe?

Mr. Marc Surette: Usually you can get a little better price as far as quality products go in Europe. That's a given. We've got members that are producing some great quality shellfish products, for example, that can't get that market in the U.S. and they can't get that market in the Caribbean, but they can certainly get it in Europe. It's the import quotas and it's the heavy duty rates that are really making that difficult for them.

On the flip side of that, they have all along been able to import raw material from European countries duty free and that's been there since time immemorial. Basically, they get the advantage of having that same level playing field, because our products are definitely superior. You have a country like Norway that has an amazing marketing campaign in place, second to none in the industry in the world, and we cannot compete because we don't have that volume. What we do have is high-quality products and we're getting better and better at creating higher quality, higher-end products.

I heard the lady from Halifax Gateway talking about how that drive to Boston to catch a plane sucks value out. It does not. That I wanted to make sure you guys heard. That is part of the route. In Halifax—and I know I'm in the wrong city to say it—they're playing in an awfully big league if they think they're going to compete with Logan and JFK as far as freight service goes. There is absolutely no way. I've been in the fish truck business and have worked with some great people. With the volume that our company alone was putting across the border on a daily basis leading up to Christmas, we're talking about eight to ten planes a day out of Halifax. It's a great goal. I think if we have increased business we can get there, but it's a big dream at this point. We need baby steps.

Mr. Robert Chisholm: Thank you.

What about the rules of origin issue? Do you think that's sufficiently clear? I know your members get product wherever they can get it. In terms of lobsters, New Brunswick brings in a lot of lobsters from the U.S. to process.

I had the chance to ask the chief negotiator some of these questions before.

What is your understanding of how the rules of origin are being sorted out?

● (1550)

Mr. Marc Surette: From the briefing I've received, I don't see that being an issue. The New Brunswick lobsters were an issue. I used to buy those lobsters in the States and bring them to New Brunswick. I know what that business is all about.

I've had some very quick conversations with my friends in New Brunswick who are processing, and they are all for this. They do not see that proving to be any kind of a major issue at this point, but I can't speak on their behalf. I do not have any lobster processing members in my association yet.

Mr. Robert Chisholm: What about the issue that came up within the last couple of weeks about European countries, Spain, for example? Part of their interest in this deal was getting hold of resources from here.

Mr. Marc Surette: As long as DFO stands behind its policies—and we had a test of that in recent weeks, given the fire at Premium Seafoods.... As a one-off we were okay with a foreign vessel, and we were okay with it because the decision had ultimately been made, and there were certainly extenuating circumstances.

The idea of allowing foreigners to come in and actually buy resource access is a concern. It is probably the only real concern that any of us have.

I have not read the entire document yet. I've stayed focused on some of the exporting issues and those have been the focus of my members' wishes.

I am leery, and we can see that they are the worst overfishing countries in the world. Having them inside the 200-mile limit cannot happen. I think our policy is strong enough, and the minister has seemed willing to look at things very specifically. I think our one-off has happened and hopefully we won't see that again. I think it would be something that the industry, as a whole, would stand up to. We have spent too much time trying to get our house in order. We're seeing growth in haddock stocks. Regretfully, cod stocks aren't there, and the WTO says that killing seals and finding products for that is inhumane. Well, I look forward to the first visitors to Sable Island this spring and trust me, it won't be ponies they see, and it won't be white sands they're stepping in when they come off the boat, but I digress.

We need to make sure our 200-mile limit is held. If it has to be done at gunpoint, as we've done in the past, Canada will stand behind that, but we do need to make sure.

We're seeing a greater presence of foreign operators in shore-based businesses now, and that is starting to increase concern. When it's an American partner you're trading with and he's just trying to find a logistical way to manage things, that's one thing, because your sales are still there. But there are people from China who have bought in, in a small community in Cape Island. That's not the way we want to go, because we're going to start cutting out where the money is, and I do not see that as being beneficial either.

There are some concerns with access to resources and with how much investment and how much foreign presence we can have on Canadian soil.

The Chair: Okay. Thank you very much.

Mr. O'Toole.

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

As I said to our first group of witnesses, I would like to sincerely thank each of you for taking the time to appear. It's important for members of Parliament, and particularly for this committee, to get outside of Ottawa and to hear from key stakeholders, many of whom have been involved as partners in discussions with respect to CETA. It's important for us to hear your responses and perhaps see early moves to take advantage of this agreement.

I'll try to ask each of you a couple questions.

First, Mr. Surette, I appreciate your comments and particularly the wider participation of the seafood and processing industries in getting to a good agreement with CETA. You talked about some of the highest tariff rates to hit this industry particularly. Even given its proximity to Europe and our high-value and world-class food industry, it couldn't really break that market with the tariff rates. For frozen lobster it is as high as 16%, and for cooked shrimp it's at 20%. It's hard to compete with those tariff rates right off the top.

Have you heard talk from the processors, the packers, or the fishermen themselves about putting in place the infrastructure to take advantage of what could be a new volume to be sent to Europe?

● (1555)

Mr. Marc Surette: It has been hinted at, but at this point we're still dealing with Europe. For our industry it's not always growth, but stability is the important factor. We see, certainly in the early stages, this will create stability.

As I said in addressing Mr. Chisholm's question, I don't think we're going to see in the seafood industry any drastic increase in the next five years. I think it'll be slow and gradual. As they did say—the backhaul is what we call it in the industry—there is not the same level of backhaul to come back from Europe. Hopefully, as we move forward, there will be reasons for that to change.

Infrastructure, as far as the plants are concerned, will be business as usual, only it's going to be a different customer. We don't see that in the short term. Long term, perhaps it is going to give us that opportunity to be more fierce with what we have in Atlantic Canada, which is basically world-class wild food. The people I represent make that point abundantly clear in every conversation: we are supplying the last wild food source. We're proud of it. We work hard to do it. To worry about something as simple as lift out of Halifax versus lift out of Boston, which container pier am I going to have to take the fish to today, is not going to be a big concern. Their concern is making sure they have customers they can meet and they have a playing field where their products can be put at a price point that is not going to change. A housewife in Norway or a chef in Paris is not going to change the product they pick simply on price. Canadian quality will stand up, and if it's at the same price as in other countries I think we'll succeed well.

Mr. Erin O'Toole: We appreciate your enthusiasm. The government feels it took the time to reach a deal that was spectacular on all levels, and particularly strong for Atlantic Canada.

Does your organization and its other stakeholders see an early role for the government in helping your industry prepare over the next couple of years to access that market? You have us here today. What would you like us to be thinking about as we ratify this agreement domestically and try to prepare our economy for it?

Mr. Marc Surette: It's simple. It's marketing. Canada does not market its seafood, one could say at all, but worst case scenario is we don't do it well. I think the Seafood Value Chain Roundtable has looked at the scope of comparing it to Alaska or Norway, which have some very well-thought-out, very effective marketing programs funded entirely by industry. It takes some start-up, and some organization, but there will be enthusiasm from the industry to see that go forward.

In an ideal world, we'd have people on the ground in various points throughout Europe to address issues, as we saw with the seals, as we've seen in PETA attacking. They don't like the way we catch or transport lobsters. Germany's not a big place for lobster sales, but again, that reaches out and has a negative effect in the long term. If we've got good marketing, with people on the ground to deal with those issues, that would be the next step to help the Canadian seafood industry.

Mr. Erin O'Toole: I appreciate that. Mr. Surette.

Since you mentioned it, I want you to know the government's already indicated it will be appealing the WTO decision.

One of the added secondary benefits of CETA is, actually, we're going to be establishing with Europe a number of councils that will meet on non-tariff barriers and regulatory issues. It's our sincere hope that over time that will bring more science-based and less PETA-driven approaches to the seafood and seal industry, but also to science and crop life, that sort of thing. That's an added thing I thought I'd indicate.

Mr. Delaney, we've talked about what a win CETA will be for grains and oilseeds in particular. I've talked about that with producers and the industry in Ontario. I was in Manitoba. You broke down the important thing that there's also a win in terms of the feed aspect, that 80% of producers are selling their harvest into the feed network, for cattle in particular. In Nova Scotia or in Atlantic Canada, if you can speak to both, how does your production go? Do your producers here sell in that sort of 80% to the feed market range? What's the breakdown in Atlantic Canada?

● (1600)

Mr. Michael Delaney: Thank you for that question. I'll try to keep my remarks brief because Neil may want to comment as well.

In general, the Atlantic region is feed deficit. Prince Edward Island finds itself feed surplus, so there are basically structural differences in the region. Nova Scotia has a lot of supply management commodities, and they have a corn forage, soybean interest in farm-fed. New Brunswick is somewhere in the middle. New Brunswick has some farm production tied to potatoes and some livestock production that shrank, so they've been able to capitalize on export opportunities in Quebec for raw product. Prince Edward Island, basically because of the connections with the large potato industry, has a lot of feed grain on the barley side, and more recently in relation to strong prices, has aggressively developed soybeans. It came at a time that our livestock sector in Prince Edward Island, in particular...but the entire region shrank.

To answer your specific question, we're well engaged in the feed market on barley, somewhat engaged in wheat, because we have an opportunity to sell milling wheat to the P&H Milling Group here in Halifax, about 7.5% of their requirements, and it is less so in soybeans because there is no available processing.

That would be my response. I don't know whether Neil has anything to add.

The Chair: All right, Mr. Shory, you're already into your round because he went over, but go ahead.

Mr. Devinder Shory: Why did it happen to me? Anyway, Mr. Chair, thank you.

Thanks to the witnesses.

Mr. Surette, my first question will be for you. I was going through your October 25 statement about the Canada-EU agreement, and here I will quote you saying, “This is a big, big deal.” Then you went on to say, “We’ve managed to get a deal with the largest market of seafood eaters and that’s just tremendous.” Then you said, “It is a huge undertaking. It makes NAFTA look like a rental agreement.”

We all know that as of today each country has its own set of rules as far as tariffs are concerned and the existing tariffs, specifically on live lobster, run between 9% to 15%, depending upon the country that you deal with. From the agreement, we see that approximately 98% of all EU tariffs would be eliminated on the first day the agreement comes into force.

My question is in terms of CETA, levelling the playing field for your industry, allowing you to do the retailing instead of going through a middleman kind of thing. How is your industry preparing to deal with these new logistics? Have you laid any groundwork and spoken to your counterparts in the European market?

Mr. Marc Surette: I know that my members are talking to their customers and are trying to find ways in. Some of the larger companies are going to be able to easily transition to having access to the retail market. For others, it will be a little more laborious. Some of them have had long-standing relationships. The companies I represent are long-standing family-owned companies. There are relationships there. I've had the privilege of meeting some of these people on their trips to Canada. There is a willingness to work with them as well, as we get started.

The duty is the big factor. Having the access and trying to get rid of that brokerage fee, which can be anywhere from 10%, 15%... again, it certainly would be beneficial if we could get to a point where we can get in.

Again, going back to my previous statement, a good marketing campaign for seafood in Europe would lend itself to giving us the access that we need. We could ask anything of government, more than what we've already got, and that would be the next step, and with that, a trade mission, perhaps, is a way, or to queue something up with the Brussels show to make that more accessible for more people.

They are generally proud people. They don't want a handout. They just want to have direction. They want to have access to the people they need to speak to. At some point, that would be another step in the right direction, but wheat and shellfish....

Mr. Devinder Shory: I will go back again to my talk with the car driver last night. He was seriously concerned about the labour shortage once the agreement flows in two, three, or four years. Has your industry looked at it from that angle?

I am from Calgary, Alberta. I see that quite a few workers go to Fort McMurray from the Atlantic provinces, and when you have those huge opportunities right here—of course, as of now Alberta has a shortage of skilled workers—I can foresee, based upon my conversation with the car driver last night, that there will be labour shortages here as well, in the Atlantic provinces. Have you considered that? Have you had any serious thoughts about that?

I'd like virtually everyone to answer that.

● (1605)

Mr. Marc Surette: Well, to be quite honest, we've been dealing with that labour shortage for a considerable period of time.

To give you an example of the people from Nova Scotia who are out in Alberta, a lot of those guys were people who would fish in the stern of a lobster boat this time of year. You can see the wind and weather out there. Fifteen years ago they'd have been out today; they wouldn't have been tied up. Thankfully, safety has come first.

Those guys could make $85,000 a year in 50 to 60 days' work. Given the way the economy's gone, the price of lobster, the value of the U.S. dollar.... The U.S. dollar is what we deal with in fish. That is the currency. All of those factors come in. That $85,000-a-year job now pays $25,000. It's a no-brainer. If we start having a way to increase the value for the products we export—and in Nova Scotia, fish is number one; it's simple—that would increase the value of those jobs, and we should start to see retention of our young people in coastal communities.

I come from a town whose median age dropped by 10 years over the course of five. I'm one of the rare ones of the people I went to high school with—I came home. I'm not working somewhere else.

Mr. Devinder Shory: Let's give the others a chance to make a quick comment.

The Chair: The others can make a quick comment, and then his time is gone.

Mr. Devinder Shory: On the labour side....

Mr. Stephen Ross: In Nova Scotia, there's no question about it; there is a labour shortage.

Regarding skilled labour, we've brought in about 45 foreign workers. Most of them are now immigrated or permanent residents. The federal policy over the past six months has slowed immigration down. We have trouble getting people in from India and Asia. Getting people from Ireland and the European countries is somewhat easier because of the immigration rules. We are continuing to try to bring in foreign workers. I know there is also the job skills training thing going on, but that still hasn't unfolded.

We still see a big disparity. When you have 7% unemployment, we find that 4% of the people don't want to work anyway, and the other 3%.... It's difficult to get a fish plant worker in northern New Brunswick to come to Halifax to work. We are struggling with that.

The Chair: Very good.

If you can, make it really quick.

Mr. Michael Delaney: Basically, the resource industry is a seasonal economy. I guess the people who live and work here have a choice. They can use social net programs, or the alternative is to seek employment elsewhere and be ready hopefully to come back and work during the next season.

The Chair: That takes us to the end of the first round.

I just want to use the chair's prerogative to ask one more question to Mr. Ross, because I was a little confused in your testimony.

You said that one of the biggest problems you had in your industries were the buy American clauses, which hurt your industry.

Mr. Stephen Ross: That is correct, yes.

The Chair: Then you went on to indicate to me that you wanted a buy Canadian clause. We fight the Americans on shutting down buy American because we agree with you that's a dead-end street and hard on our industry, but then to bring it into an only buy Canadian clause, that's difficult to square.

Mr. Stephen Ross: For us, I don't think it is. It's a circle....

The Chair: Maybe I just heard your testimony wrong.

Mr. Stephen Ross: On bridges and infrastructure, we are prohibited from selling our goods and services with the buy American clause—

The Chair: Right, but with the Edmonton bridge you would have said the same thing.

Mr. Stephen Ross: The Edmonton bridge was.... We do not have a buy Canadian clause—

The Chair: That's right. You aren't advocating for that, are you?

Mr. Stephen Ross: Yes.

The Chair: That takes me to the other question.

Do you realize that in this trade agreement there is a $2.7 trillion steel opportunity in Europe? Are you capitalizing on that?

● (1610)

Mr. Stephen Ross: We'll be looking at that, but in our world here in Nova Scotia, we are limited in our size and there's a lot of.... If we're competing against Spain, for example, where labour costs are a lot cheaper, we're going to have difficulty.

The Chair: Okay, fair enough. I just wanted to make those points.

Let's move on to Mr. Morin.

Mr. Marc-André Morin (Laurentides—Labelle, NDP): Mr. Delaney, it seems that one of the remaining issues to be solved in the agreement is the tracing of GMO in grain shipments. Could you tell me if you foresee a solution in that matter in the near future?

Mr. Michael Delaney: Thank you for your question.

My answer would be that as I understand it, the CETA sets a framework for further dialogue. With GMO, genetically modified organisms, there's a science-based approach to deal with that. Canada and the EU, as I understand it, will enter into side agreements before the agreement is finalized, and the provinces and the Government of Canada will be consulted to address cultural, social, and technical issues with relation to GMO.

The hope is that through dialogue and trying to get to know the customer, we can do a better job in market access on GMO through a science-based approach.

Mr. Marc-André Morin: As I was listening to you in your statement, I think you were looking forward to massive grain exports to Halifax. To sustain the infrastructure, don't you think that some of the grain will have to come from central Canada, from other provinces, or do you have enough volume?

Mr. Michael Delaney: I'll let my colleague respond to that. Suffice it to say, the argument could be made that we're indirectly connected to them now, because we're topping off vessels with product from the rest of the country now.

Mr. Neil Campbell: Yes, I think we do need more volume through the elevators here in Halifax. Maybe stuff from western Canada will come this way. They seem to be having some rail issues shipping to the west, and maybe this will provide an opportunity to make people come this way and increase the throughput to this elevator.

Mr. Marc-André Morin: At the moment, the train would have to ride on Lac-Mégantic's main street to come here. That was tried, but it didn't work out very well.

Don't you think we need massive investment in our railway system in order to get benefits for the gateway, as the other witnesses were telling us? If you want to make it sustainable in the long run, it has to be used by Quebec, Ontario, Manitoba. Anything east of Winnepeg could come here.

Mr. Neil Campbell: Oh, yes, for sure. If this trade agreement creates those opportunities, certainly Quebec and Ontario are not that far to rail down here, and yes, infrastructure is key. We need more rail cars, better lines, better service. The more throughput through that plant....

I mean, if you just go back to the Crow rate days, there was an awful lot of product from western Canada going off the east coast to Europe.

Mr. Marc-André Morin: From a historical point of view, Halifax and Montreal, which were the economic powerhouses of Canada at the time, drained their savings to finance the construction of a trans-Canadian railway, but it's the same railway. Are we going to catch up somehow?

● (1615)

Mr. Michael Delaney: Sir, Prince Edward Island has had to deal with the loss of the railway since 1989. We've had to evolve a transportation system of moving products from a net export province without the railway and without the benefit of harbours.

We also know, through the Grain Growers of Canada and other national organizations, that there are a number of reviews going on nationally, transportation reviews and so on, to try to improve the overall system.

To that extent, if it helps our sister provinces assemble product for export out of Halifax, I'm sure our organizations would be supportive.

The Vice-Chair (Mr. Don Davies): Thank you.

Mr. Cannan.

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

Thanks again to our witnesses.

Following up on that, Mr. Delaney, approximately how many farmers does the Grain Growers of Canada represent?

Mr. Michael Delaney: The Grain Growers of Canada is an organization made up of 14 sub-members. When the math is done on who those 14 sub-members represent, it's in the area of 50,000 coast to coast.

Hon. Ron Cannan: Do you survey your members? How do you get feedback or responses on CETA?

Mr. Michael Delaney: Each of these organizations has a membership, and they collect levies. The levies give them an indication of who their members are and how many they represent. Each of these organizations has a policy analysis component to it, or a good many of them do, for example, the Canola Council of Canada; the canola growers; the western wheat producers association; more recently the barley council; and more recently yet, Cereals Canada and commissions that have taken some of the load off of grain marketing and policy analysis from the Canadian Wheat Board.

Hon. Ron Cannan: So the sentiment is that across Canada this is going to open up opportunities. Have you been able to quantify what potential growth there will be from this CETA, not only in the short term but also over the long term?

The analysis of potential economic growth that we saw in a pre-study approximately four and a half years ago was that it would mean about 80,000 jobs and $12 billion in economic growth to the GDP of the country. I'm wondering if in your sector, the grain industry, you have been able to do an analysis along those lines.

Mr. Michael Delaney: Thanks for that question.

The best number we have is through our relationship with CAFTA, the Canadian Agri-Food Trade Alliance, and the number is in the area of $1.34 billion. That's made up of gains in beef, pork, bison, canola, sugar, biofuels, common wheat, other grains, processed foods, and fruit and vegetables.

Hon. Ron Cannan: That's $1.4 billion. That's fantastic. Thank you very much.

Mr. Surette, thank you very much for your comments as well. You were talking about the significance of this. You said that this is a major agreement for the fish industry. How many employees are involved with the Nova Scotia Fish Packers Association?

Mr. Marc Surette: We have approximately 60 companies, which would put employment at somewhere around 2,000. On a good day, it might be 2,500.

Hon. Ron Cannan: You mentioned that right now your trade is about 20% European Union. Could you give an overview of what your trading partners look like? Where is your revenue stream coming from right now?

Mr. Marc Surette: In Europe, you mean?

Hon. Ron Cannan: No, overall.

Mr. Marc Surette: Overall? Sixty per cent is U.S., and 20% is Europe, and we're making headway in Japan, China, and other Asian countries. After the United States, which takes up to 60% and shrinks a little bit every year now, 20% to 25% is what we're floating at in Europe. It's a big market, and it's not like dealing with Walmart, where we pay for less.... We're getting more bang for our buck when we can go there. There's a lot of red tape and a lot of hassle, but they pay for quality.

Hon. Ron Cannan: I appreciate that. That's one of the things we're also trying to do with the regulatory reform. We're trying to make sure that safety is number one, but we're also trying to streamline the process of bilateral trade.

You said that at 20% it's around $250 million right now.

Mr. Marc Surette: Yes.

Hon. Ron Cannan: Has the association looked at the potential, at what the number will extrapolate out to in jobs as well as dollars?

Mr. Marc Surette: Like we said, we're looking for stability. We're seeing an industry that's shrinking. A member mentioned out-migration. At this point, we'd like to see something that will put the stop on outmigration. We're not worried tremendously about any growth immediately. We want to be able to see the plants basically start making some money, because money has been tight over the last five or six years. As I say, when you lose 35% to 40% of your advantage dealing in U.S. dollars essentially overnight, it hits and it hits hard.

In looking at this, we're looking at stability and at maintaining the status quo. Improvements in personal infrastructure in each company would be more easily gained when they start looking at their sales to Europe and thinking, gee, there's 20% on it that they don't have to pay anymore. Those are the sorts of things.... From there, if we can get that to work, growth is down the road, not in the immediate future.

● (1620)

Hon. Ron Cannan: Diversifying to potentially 500 million more stomachs doesn't hurt, either.

Mr. Marc Surette: It doesn't hurt. As I say, they eat fish. They love it.

The Chair: And cheese.

Mr. Marc Surette: We won't go there. Maybe they don't want to eat Newfoundland fish, and I won't go there either, but yes, it's a great market. They appreciate the quality. It's better than just peddling it off to the fish-and-chip industry. We don't need to do that. We have great products here.

The Chair: Thank you very much.

Hon. Ron Cannan: Thank you.

The Chair: We'll now move to Mr. Davies.

Mr. Don Davies: Mr. Ross, if I understand your testimony about your company, you're a steel fabricator. You build bridges and other manufacturing products, and you have about 400 employees. Is that right?

Mr. Stephen Ross: That's correct.

Mr. Don Davies: How many jobs do you think your organization will create as a result of CETA?

Mr. Stephen Ross: It's hard to predict. We don't know. Again, it's coming back to.... Right now, we have no plans to really look to Europe to carry on work in Europe. The opportunity may arise, but we're more concerned about preserving what we have now and growing here in Canada than we are about moving to Europe.

Going back to Rob's comments earlier, the forces that are driving us, really, are exchange rates and labour costs. They're the two primary forces, so if we're going to countries that have.... When we started shipping to the U.S. in the nineties—Brian Mulroney brought in the free trade agreement in 1994, I think it was—the Canadian dollar was at 65¢. To the fish industry and to other industries, having the Canadian dollar at par to the U.S. dollar makes a big difference in your bottom line and your ability to get and perform work. The exchange rate is a big factor.

Likewise, what we're seeing with the euro is that the euro was at $1.76 three years ago, and now it's at $1.32 or $1.35. That's a big factor. Again, the fish industry or our industry will suffer simply because of the exchange rate, simply because we're not getting the bang for the buck or our competitors over there are getting more opportunities.

Mr. Don Davies: Yes. I've heard it said by many witnesses that one of the big problems we have with China is that they manipulate their currency, and other countries do as well. Currency manipulation can wipe out almost entire gains from any kind of trade agreement.

Do you think currency should be negotiated in a trade agreement? That's a glaring omission in CETA. There is nothing on currency. Mind you, we have dealt with intellectual property, patent law. Some people wonder why that's in a trade deal but currency is not.

Would your advice be that Canada should have currency in our trade agreements?

Mr. Stephen Ross: I'm not an expert on currency and foreign exchange rates, but I know that the strong Canadian dollar is certainly affecting our business.

Whether they're artificially held up or artificially created, I don't know that, but I do know it certainly affects our business and our ability to export work.

Mr. Don Davies: In terms of manufacturing in Atlantic Canada, can you give us any broad opinion about the impact that CETA will have on manufacturing in Atlantic Canada?

Mr. Stephen Ross: Again, going back to currency exchange rates and labour costs, all those things, if they go in the direction we don't want them to go, then it would have a negative impact.

Mr. Don Davies: In terms of jobs, I read this morning that Spain's unemployment rate to date is over 30%, and it's over 50% for people under 25.

I'm wondering whether you have any testimony about the competition in Spain. We hear a lot about opportunities, but we're also going to be facing increased European competition, and that's the thrust of your testimony.

Would that affect your industry?

Mr. Stephen Ross: That's what we see.

In our particular industry, there are companies that do what we do in Spain. They work here in Canada, and they do a lot of work in the U.S., like the World Trade Center. A lot of the steel fabrication companies, our business, in Spain certainly can come to Canada with lower labour costs, and we'll simply have difficulty competing.

We do see a possible decline, not so much on the day-to-day smaller projects, but the bigger infrastructure projects that we're building here in Canada. That's where we see the hurt will be.

Mr. Don Davies: The New Democrats are waiting to see the text of CETA. We read the same technical summary—we call it a brochure—that you probably read, and there's a lot of information that is simply not there yet. One area is labour mobility.

Do you have any concerns that European workers will be able to come to Canada and replace labour here? Could you tell from your review of the strategic summary about that?

● (1625)

Mr. Stephen Ross: I would like a little more mobility of labour, but I think the labour mobility here is more or less at the managerial level and not so much at the skilled labour level. I don't think it applies to skilled labour, and that's what we're looking for in Canada.

I think all of the witnesses could tell you that labour is certainly a problem here in Nova Scotia.

Mr. Don Davies: I want to confirm this. Was it your testimony that, pre-CETA, there are no European tariffs on your product lines right now?

Mr. Stephen Ross: No, there's not, not to my knowledge.

Mr. Don Davies: How is your ability to access European markets been so far with no tariffs?

Mr. Stephen Ross: We've had no interest in the European markets over the past few years because we have been quite successful in Canada and North America.

Again, as I said, with what has happened with the U.S. over the past several years, with the exchange rates and their economy suffering and the buy American provisions, that has pointed us in a different direction. There has been a lot of activity in Canada in construction and building and infrastructure, so we've been quite busy and quite successful doing that.

We are starting to see that European and Asian companies are making inroads into Alberta and also into Newfoundland, and even projects here in Nova Scotia. They are starting to have a look. With Labrador, for example, there are a lot of European companies supplying goods and services up there. These are not small projects. They're billion dollar projects, where a lot of goods and services are coming from outside of Canada. They could have been done here in Canada, but they're simply being purchased outside because there is no real trade agreement to prevent that.

The Chair: Thank you very much.

Mr. O'Toole.

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

I didn't get the chance to address some of Mr. Ross's concerns or statements, so I'll try to do that in my remaining few minutes.

My colleague, Mr. Davies, mentioned China and currency. To clarify, China is not part of the EU at the present time, but thank you very much for that, Mr. Davies.

The Chair: I need to interrupt you for a second.

I think Mr. Surette has another engagement.

You have to run, and I certainly want to thank you. We appreciate the time that you spent with the committee.

Mr. Marc Surette: I would like to thank you for the opportunity.

The Chair: Thank you.

We'll continue with the other presenters.

Go ahead, Mr. O'Toole.

Mr. Erin O'Toole: Mr. Ross, in your presentation you suggested that there were some holes in the CETA. Could you describe what you see as holes with respect to industry, region, or whatever you think is lacking?

Mr. Stephen Ross: I'd have to pull it out and discuss some of the details.

The only protections, I think, relate to shipbuilding. There's a three- to seven-year protection on shipbuilding, but from what I can see, there is no protection for local content. For example, if Halifax Regional Municipality wanted to purchase goods and services, they couldn't buy them locally. Any company in Europe that can supply that good or service has an equal and fair right to come and offer proposals, without recourse.

Mr. Erin O'Toole: It depends on how you look at it. The procurement provisions in CETA allow for preferences when it comes to grants or economic development companies or groups like ACOA, so there can be direct assistance permitted. It's assistance on the tail end, provided by limiting competition. The chair referenced that you spoke negatively about buy American, but it seemed like you were promoting buy Canadian.

The competition that will be engendered by the opening up of the procurement market in Canada and the far larger procurement market in Europe could mean a cost savings to governments.

You said that half of your business, I believe, is in the United States, in New Jersey, and states like that. Do you feel you are competitive on a North American basis?

Mr. Stephen Ross: We are very competitive on a North American basis. That's because our labour costs and input costs are similar. That changed with the increased valuation of the Canadian dollar. We still are competitive, but certainly not as we were when the dollar was 65 cents. It's no different from the fishing industry. Their profits and bottom line were affected by the valuation changes.

The buy American clause hurts us in doing work in the United States. The reason we're supportive of a buy Canadian agreement for infrastructure and certain industries is we see that other countries have trade and labour costs that are significantly lower. We cannot compete on lower labour costs, because a good portion of our inputs are labour. If it costs the same amount to ship something somewhere, and the only variable input is labour, and labour costs in several eurozone countries are a lot lower than Canada's, then I suspect there will be a loss of opportunities and jobs in this country.

We're not against free trade, but we're more committed to the idea of fair trade. As long as labour costs and valuations on currency rates are appropriate, then we are open to fair competition.

● (1630)

Mr. Erin O'Toole: As to the products the Cherubini Group produces, I know your early heritage was in rail and products for the rail industry. Were you aware that the 2% to 5% tariffs in the EU on rail components will be eliminated with CETA? Were you aware of that?

Mr. Stephen Ross: No, I was not aware of that.

The Chair: Your time is up.

Mr. Shory. See, I didn't let him cut into your time this time.

Mr. Devinder Shory: Thank you so much, Mr. Chair. I was not expecting you to be so generous. Give me one second.

The Chair: We could go to the next questioner, if you like.

Mr. Devinder Shory: No, Mr. Chair. Thank you so much.

Mr. Delaney, I will come straight to the question. I understand that canola oil, wheat, and soybeans comprise a substantial export to the European Union. With the elimination of tariffs on these exports, are you able to assign a dollar amount to how much you project to gain from the trade deal?

Mr. Michael Delaney: Thank you for that question.

The only quantitative data I have seen is the number I already quoted. For canola, in oil and meal, the estimate is $90 million. For Canadian beef and pork, it's close to $1 billion; $600 million for beef and $400 million for pork. For common wheat, it's estimated at $20,000,500. Biofuel is another $50 million.

Mr. Devinder Shory: I also understand that in the European Union canola is the preferred source for biodiesel production. How prepared are your industries for the increased exports of this and other grains to the European Union? Are there steps being taken to increase your capacity and production capabilities to take advantage of the more liberal access to these markets you will now have?

Mr. Michael Delaney: Thank you for that question.

As I am an Atlantic Canadian, my answer will be somewhat constrained, but suffice it to say that the canola and grain industry has analysts who can address your question more specifically. In a general way, western Canada is blessed with world-class export infrastructure. Some of the largest companies in the world are located in western Canada on the grain assembly and export side. If we can get the railroad and port delivery mechanisms up to speed, there's every expectation that commercially those sectors could grow in response to the increased market demand.

● (1635)

Mr. Devinder Shory: We have heard from the Halifax Gateway Council, and we have heard from other witnesses. Are the industry and all of these stakeholders and businesses ready for the jump they are supposed to receive as far as business is concerned? Are they ready from a positive perspective, for the opportunities there will be?

Of course, it will increase the market for all the industries, I would say, in this region. Whether it is grain growers or the grain elevators association or the gateway people or...we talk about metal workers that do an excellent job. Do you guys have any joint meetings and so on to brainstorm on how to address all those potential issues you will have to face given all these growth opportunities?

Mr. Michael Delaney: Halifax Grain Elevator, for example, has a storage capacity of approximately 150,000 tonnes, and it's been underutilized, so this makes them more competitive due to greater throughput.

As well, the Halifax Grain Elevator and Halifax Port Authority have access to a whole bunch of ships and they also have containerized facilities. The opportunity could be that Atlantic Canada, for example, would gear up more hormone-free beef, which is something. We have a federally inspected plant in the region, so there's an opportunity.

I'll stop there, if that's okay.

The Chair: Yes. We're good.

Our last questioners are to be Mr. Masse and Mr. Davies. I think they're sharing their time.

Mr. Brian Masse: Thank you, Mr. Chair.

Mr. Ross, I can confirm to you that I have had American politicians say to me that we should actually be looking at a buy Canadian act to at least negotiate access to the market, because there are so many companies with high integration that it's creating significant issues for their companies.

I would like to expand a little bit on bidding for contracts with some of the larger consortiums in Europe. We have one that just took place in Windsor where we're building a multi-billion dollar parkway to a new border crossing. Freyssinet, a Spanish consortium, actually went around the rules and produced 500 girders. Two hundred had been put in the ground already. They all had to be taken out and destroyed because they didn't meet Canadian standards. They didn't have the proper people in place, and they also tried to take shortcuts in the process.

I'd like you to comment on procurement bidding with some of these larger consortiums that are coming in, because we had local and also some national Canadian consortiums that were outbid on this P3.

Mr. Stephen Ross: I guess it comes down to whether, when it comes to infrastructure, you want foreign companies building your infrastructure for you.

I'm aware of the project you're talking about. I'm aware of the events that took place, and they did make some mistakes. They're certainly paying for them and they are correcting their mistakes, but I would say you're just taking chances at some point.

For example, in New York there have been a number of bridges that were built by a Brazilian company that there were significant problems with. The Whitestone Bridge was completed seven years ago, and after two years they started to notice some problems with the quality of the work. There is that element. Whether that's a big element or not, I can't really say because a lot of these international companies certainly know what they're doing. They're certainly qualified.

From the Canadian consultants that I deal with, such as Lavalin and the big companies we do a lot of work with, the European general contractors are very large construction companies. They have a tendency to take over the project from the local Canadian consultants because they are telling them that this is how they build things in Europe and this is the way they're going to build this job. We lose a little bit of control.

The design consultant does lose some control of the project because the international company is so large and has so much horsepower that they tell them how they're going to build the job as opposed to our telling them what we're going to do. We do see that, but I wouldn't want to dwell on it too much. I'm well aware that it is a problem at the Freyssinet project.

Of course, we have selfish interests, but for the infrastructure, especially when it comes to bridges and a lot of the infrastructure we're talking about, we think it is important to have that protected and built in Canada.

● (1640)

Mr. Don Davies: Mr. Delaney and Mr. Campbell, you have quoted the CAFTA numbers that include things beyond grain in the total amount of benefit to Canada, such as jobs, beef, etc. In terms of grain, in your neck of the woods here, can you give us an estimate of how many jobs you think the Atlantic grain industry will create in Atlantic Canada as a result of CETA? Do you have any idea?

Mr. Neil Campbell: I would say that we don't know how many jobs will be officially developed off this, but just in P.E.I. alone, they had over $30 million last year in grains and oilseeds, which is a big deal for Prince Edward Island, being a small player in the grains and oilseeds business. Jobs are being spun off that all the time.

To go back to that labour shortage we had earlier, we're dealing with some immigrant foreign workers and we're hoping to retain more of our people and get some home.

Mr. Don Davies: In terms of the trace GMOs, would you agree with me that whether or not we can take full advantage of the increased trade opportunities for our grains, for some of the grains anyway that are affected by GMO, it will require us to get a successful resolution to the trace GMO issue? I understand, as you quite correctly said, Mr. Delaney, it is not resolved by CETA yet. It's subject to an ongoing discussion group.

That needs to be resolved in order for us to fully get the benefits of CETA for the grain industry, does it not?

Mr. Michael Delaney: My answer would be that we agree. The agreement foresees dialogue, particularly in canola and to some extent in soybeans, and 15 years out, maybe wheat. Now is a great opportunity to have the constructive dialogue.

Mr. Don Davies: Mr. Ross, in terms of the broader manufacturing sector in Atlantic Canada as well, have you talked to colleagues of yours in your industry or other manufacturing industries? Is your testimony indicative of what they're telling you?

Mr. Stephen Ross: Not particularly related to CETA but related to the topics you talked about earlier, about foreign competition, and whether it is Asia or Europe, it's really the same thing. There has been a lot of discussion over the past several months across the country with companies from Quebec, Ontario, Alberta, and British Columbia. I've had a lot of discussion on this very topic.

The Chair: Thank you.

Chair's prerogative on a final question.

Mr. Ross, I was actually talking to the steel association recently, and they seemed to have a different opinion and are actually very supportive of CETA. I don't know if they represent all of their members or not or whether you're—

Mr. Stephen Ross: Are you speaking of the Canadian Institute Of Steel Construction?

The Chair: Yes.

Mr. Stephen Ross: Yes, we were speaking on the topic.

The Chair: Are you a member of that association?

Mr. Stephen Ross: We are, yes.

The Chair: Okay, are you offside with their position on CETA?

Mr. Stephen Ross: No, we haven't spoken specifically about CETA. We were talking about foreign companies working in Canada, low-cost companies.

The Chair: Are you generally supportive of CETA or not?

Mr. Stephen Ross: Yes, we're very supportive of the principle of CETA, but again it comes back to the fair trade side of things when it comes to labour costs. That's the part we're concerned about.

The Chair: That's always the issue. When NAFTA was signed, we had the wine industry thinking that it was the end of the world for them and they went from $100 million to $6 billion with the industry over the 18 to 20 years. It's always the private sector trying to catch the opportunities in these agreements because government to government we just set the playing field, and hopefully we set it in a way that the private sector will be able to—

Mr. Stephen Ross: I would like to comment on that because you are correct. We were a little intimidated, too, in 1994 with the free trade agreement with the United States. Again, we felt that when you look at the numbers as far as labour cost inputs were concerned it was fair. We're not so certain about some of the countries that we're going in with here on the other side.

The Chair: Just on that, the agreement with NAFTA has been actually very quite successful, but buy American clauses actually go against the intent of the NAFTA and that's what's hurt you the worst.

Mr. Stephen Ross: Exactly.

The Chair: With that I want to thank you very much for your testimony, Mr. Delaney, Mr. Campbell, and Mr. Ross. We appreciate it very much. That draws this session to a close. We look forward to an opportunity to spend a little bit of time later this evening. Thank you.

The meeting is adjourned.