



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on International Trade

CIIT • NUMBER 021 • 2nd SESSION • 41st PARLIAMENT

EVIDENCE

Tuesday, March 25, 2014

—
Chair

The Honourable Rob Merrifield

Standing Committee on International Trade

Tuesday, March 25, 2014

• (1100)

[English]

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

We are into our study on the benefits for Canada of the Trans-Pacific Partnership agreement. We have the department with us today; we have Kirsten Hillman and Nadia Theodore.

Thank you for being here. I see you have significant staff behind you as a resource. We're looking forward to you presenting and to our being able to probe you with questions. Third time's a charm: I think this is the third time we've had you booked to come to committee. Usually it's nonsense in the House. I will blame the opposition for this, but nonetheless....

You see? They're not refuting it, so it must be right.

Voices: Oh, oh!

The Chair: At any rate, thank you for being here. We look forward to your presentation, after which we'll move on to questions and answers.

The floor is yours.

Ms. Kirsten Hillman (Canada's Chief Negotiator, Trans-Pacific Partnership negotiations, Associate Assistant Deputy Minister, Trade Policy and Negotiations, Department of Foreign Affairs, Trade and Development): Thank you very much.

Good morning, everyone.

[Translation]

Good morning, everyone.

My name is Kirsten Hillman. I am the Associate Assistant Deputy Minister of the Trade Policy and Negotiations Branch at Foreign Affairs, Trade and Development Canada, and Canada's Chief Negotiator for the Trans-Pacific Partnership, or TPP, negotiations.

Mr. Chair, I am very pleased to have the opportunity to speak with the committee today in support of your study on the benefits of the TPP to Canada, particularly at such an important juncture in the negotiations.

[English]

With me today, from DFATD is Nadia Theodore, who is our director of the TPP division, communications and engagement.

I'd like to start by saying that I have read with great interest the exchanges that you have had with witnesses appearing before the

committee in the spring, as well as more recently with several Canadian stakeholders in British Columbia. I noted in particular that a number of stakeholders in B.C. highlighted the importance of free trade agreements as a way of helping diversify Canadian trade.

They also cited the potential to lower both tariff and non-tariff barriers impeding Canada's exporters' access to key markets, including in the Asia Pacific, and the importance of competing on a level playing field with other global players.

The value of being part of the TPP as a transformative agreement, as they call it, was also expressed. If successful, the TPP with its current membership and as it continues to grow will undoubtedly set the terms of trade in Asia.

I note that the comments you have heard are similar to those we have heard from our own consultations with Canadians. Consultations have been a very important part of the process for us and have helped us inform our positions, the positions that we have taken throughout the negotiations since we joined. We continue to welcome the input of stakeholders, and have mechanisms in place to support an ongoing and productive consultation process.

From a comprehensive *Canada Gazette* notice as well as through meetings, briefings, and other methods we have used to engage Canadians, we've heard a number of views including those of Canadian businesses, provinces, territories, academia, civil society, and organizations and individuals. While a few concerns have been raised with specific elements of the negotiations, overall there is very strong and very broad support for Canada's participation in the TPP.

I'd like to talk a little about the TPP as a strategic opportunity for Canada.

Budget 2014 reiterated the government's commitment to opening new markets for Canadian goods, services, and investment. The government has demonstrated its commitment through the recent conclusion of the Canada-Korea Free Trade Agreement as well as through expanding trade with emerging markets in Asia and the Americas through our engagement in the TPP.

The TPP is an initiative that is squarely in line with the government's ambitious trade policy agenda. The global markets action plan, which is the blueprint for creating opportunities for Canadians through trade, identifies both the emerging and established markets in the TPP as priority markets for Canada, given the important opportunities they represent for Canadian businesses.

Broadly speaking, the TPP represents an important economic and strategic opportunity, I would say, in three ways. First, the TPP negotiations are a significant part of Canada's efforts to expand our commercial presence in the high-growth Asian markets. Second, being part of this transformative initiative enables Canada to be part of the rule-setting process that will impact how trade and investment are negotiated more broadly going forward. Third, the TPP provides Canada with the opportunity to work with our largest trading partner, the U.S., to pursue outcomes that protect and further enhance North American integration and supply chains.

• (1105)

I'd just like to turn to each one of these briefly.

First, the Asia Pacific is a priority region for Canadian businesses as well as for Canadian trade policy promotion. The Asia Pacific region is home to some of the fastest-growing economies in the world. And with both the U.S. and Japan, the world's largest and third-largest economies, respectively, the TPP market represents more than 792 million people and a combined GDP of \$28.1 trillion. This is almost 40% of the world's economy.

The TPP holds significance for Canada's relationship in the Asia Pacific region and for our broader efforts to diversify Canada's trade and investment in order to create new sources of prosperity for Canadians. Solidifying and expanding Canadian access to global markets is essential to maintaining and enhancing Canada's competitiveness in an increasingly complex global environment. The TPP is among the best mechanisms we have to achieve that goal. This is particularly true as the TPP is expected to grow to include other countries in the region in the future. In fact, Korea has recently expressed strong interest in pursuing participation in the TPP. As more countries follow suit, the value of the TPP to us, from both a commercial and a geopolitical perspective, simply grows.

As a modern, high-quality agreement, the TPP will become the leading mechanism for Asia Pacific economic integration. For Canada, this expansion is fully in line with our trade priorities in the region and highlights the critical point that Canada's participation in these negotiations is essential.

Second, it is important for us to be part of the rule-setting process. Although there are currently other regional negotiations in the Asia Pacific, including the ASEAN-led Regional Comprehensive Economic Partnership, or RCEP, nothing in the region compares to the TPP in terms of level of ambition, comprehensiveness, or scope.

Canadian companies have long recognized that sitting on the sidelines is simply not an option when it comes to today's global economy. Participating in the TPP means that Canada is at the forefront of designing new rules governing trade and investment not only for the Asia Pacific region, but for the wider global market.

The TPP has been called a 21st-century initiative, but what exactly does that mean? To put it simply, it means that in addition to lowering tariffs we are placing significant emphasis on new and emerging challenges that our companies face in the modern knowledge-based economy and the highly competitive global market. For example, we're seeking strong rules in relation to intellectual property protection and enforcement for our innovators; we're seeking to raise the bar in relation to reducing non-tariff

barriers to trade; we are trying to ensure effective competition rules for state-owned enterprises; and we're focusing on transparency and regulatory coherence. Negotiators are also pursuing rules that support small and medium-sized enterprises, and recognize the unique nature of the digital economy. We're working to support supply chains.

These are all the kinds of issues that make this, the TPP, a modern, 21st-century trade agreement.

That brings me to the third reason that the TPP is a key element of Canada's pro-trade plan. This initiative provides Canada with the opportunity to work alongside our largest trading partner, the U.S., in pursuing expanded opportunities in the broader Asia Pacific region. Our economy continues to be highly integrated with the U.S., and while we look to pursue new opportunities and to diversify trade to support sustained growth, we cannot forget the importance of promoting and protecting this relationship.

• (1110)

The potential offered by the TPP to strengthen the North American partnership was highlighted, as you will likely have seen, in the North American Leaders' Summit joint statement that was issued last month.

[*Translation*]

The TPP is giving Canadians an opportunity to protect and enhance North American supply chains, while advancing Canadian interests vis-à-vis our critical partner to the south, the United States.

Let me now briefly summarize our key objectives in the negotiations. Naturally, we are seeking an ambitious TPP outcome across all areas of the negotiations.

That said, with respect to the rules being negotiated under the TPP, several areas have been of particular interest to stakeholders. As such, we have been pushing for strong outcomes in relation to protection and promotion of inward and outward investment, strong and balanced rules on intellectual property rights and enforcement, improved regulatory transparency, and effective disciplines on crown corporations, among others.

[English]

We are also placing priority on improved market access for a wide range of goods, while also seeking gains through market access enhancements for government procurement and services trade, including for service providers. These are areas that could have significant positive economic impacts and that Canadian businesses have emphasized.

We're working hard to achieve outcomes on these and other issues in order to meet our goal of realizing tangible benefits for Canada.

The TPP countries are at an important stage in the negotiations, having concluded 19 full negotiating rounds, of which Canada has taken part in the last five. We have moved to a new format with frequent engagement at the level of technical experts, chief negotiators, and ministers.

Our most recent meetings were in Singapore. Chief negotiators met from February 17 to 21, while ministers gathered for four days from February 22 to 25. The meetings in Singapore enabled frank discussions among members on a path forward. They also allowed TPP members to reaffirm our shared commitment to conclude a comprehensive next-generation agreement that supports the creation and retention of jobs and promotion of economic development in all TPP countries. Members are aware of the work that needs to be done to meet these goals and will be continuing to resolve outstanding issues.

● (1115)

[Translation]

As for the next steps, negotiators have been working tirelessly over the last several months. These efforts will continue as TPP countries work to narrow the remaining gaps and move towards concluding the balanced, ambitious, next-generation agreement that we all seek.

Canada will also continue to ensure that a high level of engagement is maintained with the Canadian public, as well as with Canadian provinces and territories, particularly in areas of provincial/territorial jurisdiction and interest.

[English]

In conclusion, Mr. Chairman, free trade negotiations are increasingly important for promoting Canadian commercial interests around the world and therefore for creating prosperity here at home. Our competitors are negotiating agreements at a pace never seen before. Canada has risen to the challenge with our own ambitious pro-trade plan, and Canada's participation in the TPP is a key element of that.

[Translation]

The government is committed to ensuring that Canada pursues its interests across all sectors in the TPP in order to secure tangible benefits for all regions in Canada.

I thank the committee for this opportunity. My team and I look forward to hearing your views. I would also be happy to take any questions at this time.

Thank you.

[English]

The Chair: Thank you very much for your presentation, and your introduction from the department's perspective.

We'll now turn to questions and answers.

We'll start with Monsieur Morin. The floor is yours.

[Translation]

Mr. Marc-André Morin (Laurentides—Labelle, NDP): Thank you, Mr. Chair.

I want to begin by thanking the witnesses for joining us. We appreciate their being here, especially because the negotiators certainly have a lot to teach us.

Contrary to what the government may think, the NDP is pleased to support agreements that benefit Canadians. However, we know practically nothing about the TPP. We have absolutely no details about the partnership, and this worries us a bit. That is why we have many questions for you today. So thank you in advance.

Canada joined the negotiations a few years late. Did that fact affect its negotiating position? If so, in what chapters can that lateness have a negative effect?

Ms. Kirsten Hillman: Thank you for your question.

As I said earlier, Canada joined the negotiations in the 15th round, following long consultations on the agreement and its overall content with all TPP countries.

I can say without hesitation that joining the negotiations when we did has not caused Canada any problems whatsoever for a fairly simple reason. Some of the TPP countries—such as Canada, the United States and Australia—have concluded in recent years rather modern free trade agreements that are largely inspired by one another.

We also have some other countries at the table, including Malaysia and Vietnam, which have less experience in that new type of agreement with chapters on labour, the environment, crown corporations, the protection of small and medium-sized companies and other kinds of more modern obligations or chapters.

Over the first few years of this negotiation—according to my understanding, as we had not yet joined the TPP—countries with greater experience in the negotiation of agreements more in line with the 21st century took the necessary time to teach countries with less experience in chapters on the environment, labour law, and so on. When Canada joined the negotiating table, those countries were still participating in the TPP.

● (1120)

Mr. Marc-André Morin: Since our time is limited, I will move on to another question.

Canada has not always been entirely welcome in this partnership. Some participants had reservations about issues such as supply management.

What were the terms of entry when Canada joined the TPP? Can you provide some relevant examples?

Ms. Kirsten Hillman: No conditions were imposed on Canada when it joined the TPP.

Mr. Marc-André Morin: How will Canada integrate the discussion chapters that were closed by the time it joined?

Ms. Kirsten Hillman: Canada joined the negotiations at the same time as Mexico, but before Japan. Malaysia joined before us, once the negotiations had already begun.

Every new country joining the TPP promised the other partners that it would not slow down the negotiations and would keep up the pace. Canada made that commitment, and I think that's warranted. So we had to prepare properly or, as we say in English,

[*English*]

we had to be ready to hit the ground running.

[*Translation*]

We committed to that. We are currently in negotiations.

All international trade negotiations share one specific principle. I will say it in English because I don't know how to render it in French.

[*English*]

We are negotiating what's called a single undertaking, and that means that the treaty itself is not concluded or any element of it concluded until the entire negotiation is concluded. So we joined. We said we would keep pace; we said we would keep up. We did. We are fully integrated and ultimately nothing in the negotiations is agreed until it's all agreed.

The Chair: Keep it very short.

[*Translation*]

Mr. Marc-André Morin: There's definitely a lot of work to be done. Could you tell me very briefly which chapters are considered to be resolved and which still need to be discussed?

[*English*]

Ms. Kirsten Hillman: It's a single undertaking, so, in a sense, nothing is done until it's all done.

We've made very good progress in a number of chapters: SPS chapter, TBT chapter, the small and medium-sized enterprises, and the labour chapter. There are a variety of chapters that are well advanced.

Some of the more challenging areas include some of the newest areas, so the chapter on state-owned enterprises is a bit more challenging because, for some of the countries around the table, it's quite new. The environment chapter for some countries is a bit more challenging. Intellectual property is a vast, vast, and technical area so that requires some more work. Then there are all of the areas of market access: services investment, government procurement, temporary entry, and financial services and goods. Those are also areas that we continue to try to move forward.

• (1125)

The Chair: Thank you very much.

We'll now move to Mr. O'Toole for seven minutes.

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

Thank you, Ms. Hillman and Ms. Theodore, for coming. It's very welcome to have some of our professional civil service members who are involved on the ground with these negotiations. We appreciate your time and your being here.

I do have to comment on my friend Mr. Morin who spoke positively about supporting trade and treaties that are good for Canada. Most MPs get bombarded with a lot of emails that really try to spread misinformation with respect to trade.

In fact, each of the NDP members of the trade committee sponsored these emails or are part of websites called MPs for Transparency and all of these things. So, having officials involved in the negotiations here to dispel the myth that there's some secret agenda happening is not only welcome.

The most recent email that all MPs received as part of these email campaigns said that "there is no justification for negotiating" with the countries of the Trans-Pacific Partnership. I think your presentation was helpful because you showed exactly why there's a justification for being at the table. I'm going to use my short period of time to talk about that justification and I'll be sending this exchange back to the forces, the Council of Canadians and others, who try to really cause mischief and misinformation.

Your second part, I think, was the most critical in terms of rule setting. This is a market of 800 million—give or take—consumers representing a significant portion of the world economy and, if we're not setting the rules of trade for the generation to come, Canada will be a loser and our economy will suffer.

I'd like to you to just talk a little bit more about the rule setting and if possible to talk about the services aspect to Canada's economy. Often we think of trade as selling cars or resources, those sorts of things, but services account for 70% of Canada's GDP and 14 million Canadian jobs. Modern trade agreements like the CETA and others take into consideration the exchange of services and professional mobility, those sorts of things. Could you speak about that as part of the rule-setting process for the TPP?

Ms. Kirsten Hillman: Yes, absolutely. I'd be very happy to.

I think on your first more general point around rule setting, what I'd like to pause on for a moment is the fact that the NAFTA and the WTO agreements are 20 years old. They are excellent agreements, the WTO at setting global standards, and the NAFTA being really the vehicle for our integration in North America and much of our prosperity and the establishment of North American platforms. They're very important agreements.

That said, as I was saying earlier, business has changed. The way in which we do business has changed. The digital economy has become much more important. Small and medium-sized enterprises are drivers of our economy. Emphasis on the kinds of rules that need to be put in place to help them is crucial.

For example, things such as lack of regulatory transparency, or having a licensing requirement in a foreign jurisdiction one day and having it changed the next day, can cause some of these small and medium-sized businesses such difficulty that they will retreat from international operations. Maybe they will operate in the United States, but further afield will be a little bit too precarious for them.

In terms of setting the terms of trade, of setting the rules for trade, our responsibility is to create the conditions under which these actors that are the creators of jobs in our country can grow, participate, and flourish, conditions such as regulatory transparency, regulatory predictability, lowering technical barriers, ensuring predictable and secure data flow, and ensuring appropriate protection of their innovation.

We've talked to a lot of businesses—the energy sector was one area—that create small tools and small implements that are used in the resource sector and have large markets in Asia. If as soon as they are sold they are retro-created, then their business, their innovation, and the value of that has been lost, so ensuring that those rules are in place and enforced in this region, and in this treaty as it expands to include other players in the region, is crucial for Canadians.

Did you want me to go on to services? I don't want to keep your—
• (1130)

Mr. Erin O'Toole: What's my time, Mr. Chair?

The Chair: You have a minute and a half.

Mr. Erin O'Toole: I have a minute? I'll move to my next question, then, because we could go on forever but I have limited time.

I'm glad you mentioned small and medium-sized enterprises. I was at Viceroy Homes last week and I was amazed. They employ 200 people in Port Hope and 200 in Richmond, British Columbia. They're Unifor workers. They predict that with Korea and just Japan, which we are having bilateral talks with, they will double their workforce in the next five years. That's a medium-sized player that we don't often hear about but that will require the terms of trade to be open. I'm glad you used that term.

Please address this quickly. The absence of any trade agreement provides zero protection, whether it's on reducing tariffs, or non-tariff barriers, or intellectual property protection. Would it be fair to say that not having a protection promotion agreement in place, or an FTA, or a treaty, actually puts our people at a disadvantage when exporting?

Ms. Kirsten Hillman: Absolutely, and in two ways.

One, trade agreements set the rules and they enforce them, so we want to set rules that set the conditions under which our businesses can operate effectively and predictably. We want to set predictable open marketplaces, and we will offer a predictable open marketplace in return, right? That's the bargain we strike. Then the agreement has mechanisms to enforce those commitments we've made. That's the benefit of having it.

The challenge of not having it is, first, if you don't have it, those rules and the enforcement are not in place, but second, others may have it, so there's a competitive disadvantage. If we're not at the table but others are, or if we're not pursuing these opportunities but others

are—and I can assure you that in the high-growth Asian markets everybody is interested—then we are at a further disadvantage, because not only do we not have the rules, but those who have them are taking advantage of benefits that we can't offer our businesses.

Mr. Erin O'Toole: Thank you.

The Chair: Thank you very much.

Mr. Pacetti.

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

Ms. Hillman and Ms. Theodore, thank you for appearing.

I have a lot of questions, so I guess I would start either at the beginning or at the end. I prefer starting at the end.

What are we looking to accomplish at the end? What is our ultimate goal? Is it just to have free trade in terms of no tariffs, *point final*, at the end of all this?

Ms. Kirsten Hillman: I guess I'd go back to my answer just a moment ago.

Fundamentally, there are two things that you seek to do in a trade agreement, and this one is no different. You seek to provide an operating environment for businesses that is predictable, that is open, and that is enforceable, so that the commitments that are made, for example, to regulatory transparency.... We take for granted posting regulations on a website, and when you change them, posting the change on a website. It doesn't exist in all the TPP countries, and that is a very big hindrance to businesses. That's just an example.

Mr. Massimo Pacetti: No, but it's a good example. So let's take that for an example.

What is the difference? Why do we need to negotiate with all these countries when some of them already have this regulatory enforcement whereas others don't? Why do we need to do this at the table? Does it provide anything? Is it beneficial? I guess that's what I'm wondering. Is there time lost there? There are tons of questions I can ask.

We're negotiating at the same time with Japan. We've already negotiated with Korea, and perhaps Korea will attach themselves. We already have agreements with the U.S., Mexico.

Is this the right approach? I'm not second-guessing, but I'm just wondering if it is the most efficient, best way to go about achieving what we want to achieve at the end—I guess that's free trade or fair trade—when there are some countries involved in the partnership that are not even at the first step of where we are. How does that work? Because I'm not part of negotiations. I'm just even wondering how you're even able to get there.

There are a lot of questions there.

• (1135)

Ms. Kirsten Hillman: Let me think about how to come back on that.

The cornerstone of Canada's trade policy for over a generation has been the global rule setting at the WTO. That is because, as a medium economy highly dependent on trade, what we are looking for is a level playing field in advanced countries like those in Europe, or the United States, and in high-growth developing countries where we would like to enhance our economic ties.

Unfortunately, things are not moving very well at the WTO. That has caused countries to go out and seek bilateral arrangements, and now, with the TPP and a few other regional agreements, regional initiatives, because as I was saying earlier, the WTO has become somewhat dated. It's not dealing with the realities of the current marketplace and what businesses need from their governments in trying to set a level playing field for them.

To answer your question as to why we're doing it with these countries, it's because these countries are doing it. They're doing it together. Right? There are many countries there that are extremely important to us and very important to our economy. In addition, it's a mechanism that is designed to grow in the region to include other countries that are very important to us.

Mr. Massimo Pacetti: So which countries would be the most important in a TPP?

Ms. Kirsten Hillman: Which countries are the most important to us?

Mr. Massimo Pacetti: Important to Canada, yes.

Ms. Kirsten Hillman: Beyond our NAFTA partners, Japan, and then the Asian markets that are there and that are coming in.

Mr. Massimo Pacetti: So a huge country like Malaysia, is that important to us?

Ms. Kirsten Hillman: Yes.

Mr. Massimo Pacetti: So their regulatory regime, I would imagine—I don't want to pick on them—is not as sophisticated as ours?

Ms. Kirsten Hillman: I too wouldn't want to pick on them.

What I would say is that there are countries around that table where our businesses have had challenges, absolutely.

Mr. Massimo Pacetti: Okay. What worries me is this. I think you were answering Mr. Morin's question about the single undertakings. So we can go about and do all this, and then at the end just pull out? Now, I'm not just saying Canada; anybody can pull out.

So we're starting from zero or minus zero when we talk about—and again, maybe I might be wrong—Malaysia, where the regulatory regime is not up to snuff with ours. Shouldn't that be the first area that you address before you continue? If not, just say, "Well, I'll go ahead and just negotiate with Japan and negotiate with the other countries," and just get the deal done with Japan.

Ms. Kirsten Hillman: I think what happens in a complex multi-party negotiation like this is that each country comes to the table with what they're looking for and what they're sensitive to. There's going to be a package of gives and gets that is going to be acceptable for each party.

The reason we operate on the basis of a single undertaking is that we will not be able to assess until the very end of the day whether those gives and gets are acceptable to us. The same is true for every

country around that table and there's no real way to have a country move forward on the things that matter to you unless you're willing to move forward on the things that matter to them. So we do it in a stepwise approach, bit by bit by bit, and at the end of the day we will all say this is the best deal we could create. Here it is, this is it. We take it back home and say this is what we have.

In truth, if you've devoted years to doing this and been very careful along the way, chances are hopefully everybody's going to say this is the deal, they're happy with this deal or else they usually just keep negotiating until they are. That's the sort of blood, sweat, and tears that has to go into getting there with a diverse profile of countries around the table. And I think the diverse profile of countries around the table is one of the key reasons that this is such an interesting initiative because it is setting rules, not only for countries that have already got rules like that, but for countries that don't or haven't taken steps in those directions, which sets an example to.... Absent of WTO we're all developing, and all developed countries and the whole global community is there. We've got a microcosm of that here, which I think makes it an extremely useful policy tool.

The Chair: Thank you very much.

Mr. Cannan, you have seven minutes.

Hon. Ron Cannan (Kelowna—Lake Country, CPC): Thank you very much.

Ms. Hillman and your team, welcome to our trade committee.

I wanted to follow up on my colleague Mr. O'Toole's comments with regard to the fact that trade agreements are negotiated by professional trade policy negotiators such as you and not by parliamentarians or politicians.

• (1140)

Mr. Massimo Pacetti: That's the problem.

Hon. Ron Cannan: I wanted you to clarify for the committee, if you could, if you feel there's an appropriate balance of transparency and confidentiality in these negotiations.

Ms. Kirsten Hillman: I'd be very happy to.

The way in which we approach, and have historically always approached, trade negotiations is to balance the requirement...and a trade negotiation is no different from any other negotiation that one might have in any other business context or labour context. There's a certain amount of confidentiality that's required in order to maintain our negotiating partner's trust. People have to take steps to be able to test the waters with certain ideas, get reactions, and see if those ideas are worthwhile in an environment where they feel comfortable that this will not become public, or they won't take those chances.

Like any negotiation—I'm not telling any of you anything you don't already know—in that context there has to be a certain amount of negotiating confidentiality or it just won't work. Nobody can negotiate in the public eye.

That being said, this is a government initiative for the benefit of Canadians, for the benefit of our businesses, our citizens, our workforce. Therefore, the positions that we as public servants are asked to take at the table are informed 100% by the consultations we have within the government and in Canadian society at large.

We have a very robust consultation mechanism or series of tools in this negotiation, similar to everything we've had in other negotiations as well. We have our *Canada Gazette* process that we launched before the negotiations were initiated in December 2011. We received 79 submissions from companies, associations, civil society, provinces, individuals, and a variety of sources. We have a consultation mechanism whereby we have regular information briefings to hundreds of Canadian businesses in civil society, stakeholders, on a regular basis as the negotiations progress. We do this through webinars. We have an online tool and mailbox. We receive written submissions, we answer back, and we also meet with specific groups, either in the business community or others, who ask us to meet and discuss what's going on in their specific areas of interest.

Within the confines of the trust we have with our negotiating partners, we reach out in a multitude of ways to inform our negotiating positions. That is the mechanism we use to make sure that the information is getting out to those who are most interested in it in relation to the TPP.

The other thing that I think is really interesting about this negotiation, and that I've never seen before in my career in this area, is that the TPP itself, during all of the formal negotiating rounds, had what was called a "stakeholder day". Negotiations were suspended for a day and stakeholders from any TPP country were invited to come and make presentations to not only negotiators from their own country but to negotiators from all TPP countries. Then we had a question and answer period.

I've never seen anything quite like it before. Many Canadian stakeholders participated in that. It also gave us an opportunity to provide them with a forum to talk to negotiators from every other TPP country should they so desire. I think really the openness of this negotiation is unlike anything I've ever seen before.

Hon. Ron Cannan: Thank you very much for clarifying, I think for all members of the committee and all Canadians, the fact that, as you alluded to and the Prime Minister has indicated, and the trade minister on many occasions, we've only signed the agreements in the best interests of all Canadians. We saw that in Korea. I had the honour of being there a couple of weeks ago for the announcement of the completion of the negotiations on the gateway into Asia.

The next one touted for bilateral by many of the stakeholders is Japan. You mentioned that, or Mr. Pacetti, when he was asking about the next one besides NAFTA. Maybe you can update the committee on that. I think it's the fifth round of negotiations with Japan.

How do you see those negotiations going in parallel with the TPP talks?

Ms. Kirsten Hillman: We actually have a negotiating team in Tokyo right now for our fifth round of negotiations with Japan. Those are proceeding well. I wouldn't say they're at an early stage, because maybe that's not quite right, but they're at an earlier stage. Japan has also committed to pursuing both the TPP and the Japan FTA in parallel, and that's precisely what we're doing.

Obviously many of the interests we're pursuing with them bilaterally are also on the table in the TPP. In a way, that provides

a bit of efficiencies for us as well, because we can have these conversations in relation to both instruments at the same time.

● (1145)

Hon. Ron Cannan: That is very helpful. Several of us on the committee were in Japan so we know the importance of that agreement opening up the Asia market and the bilateral opportunities. I know Japan is very welcoming because we don't threaten them; we don't produce rice, per se, like one of the other TPP partners.

I have one last quick question on the timeline. What do you see as far as President Obama trying to get the trade promotion authority? He hasn't really succeeded. What's your best guess as far as the timeline with the TPP?

Ms. Kirsten Hillman: That's always a tricky question for someone like me.

What I can say is that there is a very strong and sustained commitment to concluding the agreement as rapidly as we can. That being said, many challenging issues remain. There are domestic political processes in train in the United States coming up. Chile has just gone through a change in government. These kinds of things always have an impact on the pace of a negotiation and that's just the way it is. I don't think we can truly predict. I think there is a will to not have it languish. I think we see in trade negotiations that if we let them slow down too much people lose the incentive to make the choices that are needed to bring it to a conclusion.

I know that's not a very precise answer for you but I think that's really the only possible answer at this point.

Hon. Ron Cannan: It's a sincere and honest answer. I appreciate it.

Thank you very much.

The Chair: Thank you very much.

Madam Liu, the floor is yours.

Ms. Laurin Liu (Rivière-des-Mille-Îles, NDP): Thank you, Mr. Chair.

Thank you, Ms. Hillman and Ms. Theodore, for appearing before our committee today.

Just briefly, before I begin my questions I'd like to push back on what the Conservatives have been saying as one of the most transparent negotiation processes. We've had witnesses coming to the committee unable to make projections about job creation numbers in their own sectors. I know Mr. O'Toole is concerned about the Council of Canadians causing mischief. I think it's in the best interest of all Canadians that there's a level of greater transparency in the negotiations.

I'd like to continue by asking about the number of FTAs that Canada already has with most of the significant countries in the TPP. Since we already have trade agreements with many of these countries, what new market access does Canada stand to gain from the TPP?

Ms. Kirsten Hillman: As I said, it's both market access and rule settings.

With the countries with which we don't have FTAs, Malaysia, Vietnam, Australia, New Zealand, and Japan, some of those countries have significant market access barriers in place. There are tariffs in the tens, to twenties, to thirty, percentages in some of the areas of interest to us: agriculture, forestry, fish, seafood, and chemicals.

Ms. Laurin Liu: Do you not need concrete projections for this? That is, numbers on the new market access that Canada will gain or are these just kind of hypothetical projections?

Ms. Kirsten Hillman: It depends on where we get to at the end of the day.

What we look at is what the tariffs are today in the sectors of export interest to Canada. The sectors of export interest to Canada include a variety in the TPP, the goods I've just mentioned to you but also the services areas—a variety of professional services, engineering services, and environmental services. This comes back to the question I was asked earlier about services. We get more strong support and intervention from most of our service providers in this initiative than I've seen in a long time. That's a high priority for Canadians as well. Exactly what it will end up with it's too early to tell. We can't say at this point. Those are what we're pursuing.

Ms. Laurin Liu: A recent editorial in the *New York Times* said that Canada is actually one of the countries that are seeking to undermine the creation of a dispute settlement process that would enforce the environmental provisions of the agreement. They base this assertion on a leaked environmental chapter.

Is this true? If so, what would be the reasons for Canada's position?

• (1150)

Ms. Kirsten Hillman: Canada has had either environmental side accords or with the CETA now an environmental chapter in all of its modern FTAs. We are committed to strong environmental chapters. This includes an ability to pursue action if the chapter or the side accord isn't being enforced. That's our position and that's absolutely the position that we're taking at the table of the TPP.

Ms. Laurin Liu: In other words, it's not a clear position in favour of a dispute settlement process concerning the environmental provisions.

Ms. Kirsten Hillman: There are many different kinds of models of dispute settlement process and different countries have different perspectives on that. We have had in the past, in all of our FTAs, collaborative dispute settlement processes whereby independent experts look at the alleged breach and come to a conclusion on a path forward. We've always had enforceable chapters and, as I say, that's the position we're taking here.

Ms. Laurin Liu: The Government of Australia has also said that it's unwilling to submit to the investor dispute settlement under the TPP and has encouraged TPP negotiators to exclude ISDS. As well, the EU is another party that's seriously examining ISDS in the TPP. However, the U.S. Congressional Research Service stated that the proposed TPP will likely contain provisions related to dispute settlement and governance of the agreement. Could you comment on Canada's position on this issue?

Ms. Kirsten Hillman: Specifically in relation to ISDS or dispute settlement generally?

Ms. Laurin Liu: On ISDS specifically.

Ms. Kirsten Hillman: Canada's position is that in seeking predictable, open, transparent environments for our investors, we seek both strong rules and enforceable rules, enforceable through state to state and investor state. We're taking that position in the TPP.

Ms. Laurin Liu: Thank you.

The Chair: Thank you very much.

Mr. Hoback, the floor is yours.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Mrs. Hillman. It's great to see you out here today on the TPP.

I'm kind of curious. Could you identify some of the obstacles that are maybe holding things back at this point in time? Are there any serious obstacles that you see at this point in time as far as getting us to a completion date and getting this back out into a place where it can be ratified are concerned?

Ms. Kirsten Hillman: I don't see any particular obstacles that would stand out more than in any other negotiation. The reality of any trade negotiation is that as we resolve issues it's those that are the most challenging that remain until the end. That's always the case. So there are issues that are challenging out there for every country, a variety of different issues depending on the country.

We were talking a little earlier about some countries not having taken on some of these kinds of obligations before. That can be difficult for them when it comes to really finalizing those commitments. Market access and opening markets to investment and services, and financial services and government procurement, can also take time to really get to the level that we want and that others want, and goods as well, in all areas.

I wouldn't say that there's one thing in particular, or two or three things. I think it depends on the country and that for each country, as I was saying, there's this bargain that you're working on. Some are more difficult issues to get them where you need them to go in order to say that this is a deal that makes sense for me and my country.

Mr. Randy Hoback: As we've added different groups or different countries into the talks at the TPP—and you said there are other countries showing interest in it—does that reduce the level of ambition or level of resolve to get it done or does it change it?

Ms. Kirsten Hillman: Absolutely not. In fact, I would say the contrary.

I think the interest that we're having from Korea... Taiwan has expressed interest recently. Thailand has expressed interest. There are all different sorts of magnitude of interest. But I think, on the contrary, that really reinforces for us as negotiators the need to get the agreement finalized amongst ourselves so that we can start the process of having new countries enter and expand the agreement. I would say it also reinforces the need to make sure that we're setting out an agreement that meets our high ambition goals so that as it expands in the region we have a platform that we really think is going to be effective as the membership grows.

• (1155)

Mr. Randy Hoback: As we go through the TPP and we sign the TPP, how does it impact existing bilateral agreements, for example, like the one we've just done with Korea or NAFTA? Does it supersede it? Does it overtake it? Are there areas that it would have impact on, where this part of the agreement would actually supersede NAFTA, for example? How would that work?

Ms. Kirsten Hillman: We have a lot of bilateral FTAs with countries with which we are also partners in the WTO. There's a principle that we use when we have overlapping commitments. One is that from a goods perspective, from a market access perspective, the most liberalizing regime can prevail. The exporter can take advantage of whichever rule is in place under whichever agreement that is most beneficial to that exporter. So in that sense, I guess "supersede" would be one way to put it.

In terms of disciplines—so the rules in the areas of state-owned enterprises or technical barriers to trade, or SPS, or what have you—there's a principle of coexistence. To the greatest extent possible, what we are trying to do, and I think succeeding in doing in the TPP, is establishing rules that simply build upon everything that we've done to date. They take what we've done to date and try to bump it up one step further to address concerns that have been raised with us by our businesses. Again, they should be able to coexist. Obviously, we'll have a very rigorous legal analysis at the end of the day and ensure that that's the case. If not, there are mechanisms by which we can make sure that everything fits together smoothly.

Mr. Randy Hoback: Okay. And, of course, our colleague from the NDP just made a comment about transparency, and the government has basically been saying this has been the most transparent agreement. Of course, I would say it's not the government saying that; it's actually the negotiators saying that.

Would you not agree with that comment? With all the agreements you've done, how would this transparency and consultation process compare to previous agreements you've worked on?

Ms. Kirsten Hillman: Speaking from my personal experience—and I haven't worked on every FTA we've negotiated—the feature that I was saying was unique, that I've never seen before, which I think is extremely successful, is this stakeholder event that the negotiators implemented before we joined, whereby stakeholders from any TPP country could come and attend a negotiating round. The negotiations would be suspended for a day, and those stakeholders could make presentations, and not only chief negotiators, but anyone from your negotiating team would sit and listen to the presentation, and then afterwards there were question and answer opportunities, and also opportunities for stakeholders to

actually seek bilateral meetings with negotiators from other countries.

Here in Canada, our stakeholders can seek meetings with my team as they see fit. But one thing that is much more complicated I would think is for them to actually have an interface with negotiators from other countries. And when I said I'd never seen anything like this before, that was the feature, in particular. It was a transparency element that I'd never seen before and I think was extremely successful.

Mr. Randy Hoback: It goes to prove—

The Chair: Thank you very much.

Mr. Allen, welcome to the committee, and the floor is yours for five minutes.

Mr. Malcolm Allen (Welland, NDP): Thank you very much, Mr. Chair.

I want to thank Miss Hillman and Miss Theodore for being with us today.

Let me start right out. I'm the agriculture critic, so supply management is obviously fairly important to my area. Clearly, it's no secret what New Zealand has said about supply management, or the U.S. I happen to live very close to the border, about 20 minutes from Buffalo, where you can buy a jug of milk for two bucks U.S. if you go to Tops. There's no question they're looking to come into the market.

A really easy question. Is supply management still on the table?

Ms. Kirsten Hillman: Well, I think the answer to that question is that we've entered this negotiation with the sensitivities that we have. Other countries have sensitivities that they have. We—

Mr. Malcolm Allen: No, I get that. I used to bargain too. I did collective agreements for a living. I get that.

Is it on the table? It's pretty simple. It is or it isn't.

Ms. Kirsten Hillman: I guess my question would be, what do you mean by "Is it on the table?"

Mr. Malcolm Allen: It's primarily the dairy sector. The three pillars of supply management. Is it still sitting on the table as a negotiating piece? Or have you removed it and basically protected it? It's the basic question.

Ms. Kirsten Hillman: We entered the negotiation saying we would be willing to discuss whatever countries wanted to discuss with us. As you said, New Zealand and others have said they wanted to discuss with us all aspects of Canada's agricultural sector. And we said we would talk to them about that.

• (1200)

Mr. Malcolm Allen: I never like to put words in anyone's mouth. I'll take that as a yes, it's still on the table.

I hear my friends across the way talking about transparency. This is a question of, is it on the table or is it not on the table, and it's now all sectors are on the table. In the agriculture sector, I'll assume supply means it's still on the table.

Mr. Randy Hoback: You start with everything on the table.

Mr. Malcolm Allen: It's a pretty simple question, I would think.

The other piece is, if we look at the CETA, which is sort of done but not kind of, since we're still waiting for all the other bits to get done, part of what we thought we'd see there, or we think we see there, on the supply side is an opening up of allowables when it comes to the cheese market. Sectors might be this or that but ultimately—

Mr. Randy Hoback: I have a point of order. It's with regard to asking the witness on the TPP about another agreement, the CETA, and asking for her personal input. This is an agreement she hasn't been working on.

The Chair: I'll allow the question.

He can ask what he wants, and the answer can be appropriate... whenever.

Mr. Malcolm Allen: I think my friend across the way will find that the issue is: is there something similar in the TPP agreement that we might be discussing around what we saw in the CETA? So it is about the TPP.

Is there a sense of a bargaining position from your perspective as the chief negotiator? Are you looking at the potential of allowables similar to what happened in the other one? Would that be a position you might take, or are taking?

Ms. Kirsten Hillman: Specific positions within the negotiation in this area or another area are still very much under discussion. I think we are committed to ensuring that we work to protect Canadian interests across all sectors, and that's what we're doing.

Mr. Malcolm Allen: I appreciate that.

When you bargain you can't necessarily just tip your hat. That's understood, including by the Canadian public, since we are your members, if you will, but you have to do that.

Ultimately, the other part of it is, and listening to the tail end of that comment about protecting from the supply management side—there are three pillars in supply management, as I know you know—so I'll take it from your last statement that you are talking about “that's the type of protection we would look at”, as well as other sectors, but I'm specifically homing in on this one.

Will it be our intention, or at least will it be our hope, that we protect the three pillars of supply management, not only through the entire negotiations, but as you've suggested, this is when it's done it's done, we take it all or none. Would this be something we would be looking at, to say this needs to still be there and intact when we get to the end, or is that a bargaining position that still...and I'll accept that. I understand that, Ms. Hillman, if it's a bargaining position we're still not quite clear yet.

Ms. Kirsten Hillman: I don't think I fully understand the question.

Mr. Malcolm Allen: There are three pillars of supply management.

Are you going to protect them right to the very end of negotiations? When you sign off we'll know they're fully protected?

Ms. Kirsten Hillman: Our responsibility in the negotiations is to pursue Canada's interests as vigorously as we can across every sector, and within a sector, across all areas. That's what I'm tasked with doing and that's what I'm doing.

Mr. Malcolm Allen: Fair enough.

Let me switch to the pharmaceutical piece.

The Chair: Do that very quickly.

Mr. Malcolm Allen: Yes.

There are issues around pharmaceuticals in the sense of IP. When it comes to intellectual property, is there any sense that when this is finalized that the price of pharmaceuticals will go up, and if so, have we done any studies around what that might be as a magnitude of price increase for Canadians?

Ms. Kirsten Hillman: The area of IP generally, and pharmaceuticals in particular, within that chapter is a very important—and I think “sensitive” is fair—topic for everybody around that table. We are at the table pushing for, and negotiating hard for, an outcome that represents Canadian policy and the balance we have struck.

The Chair: Thank you very much.

Mr. Hiebert, the floor is yours for five minutes.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Thank you.

Thank you, Ms. Hillman, for being here.

I have a number of questions. You talked about this stakeholder event that was new or novel to these negotiations, and for anybody who might be following this discussion, I'm wondering how these stakeholders would get on the list to participate in that kind of event.

Ms. Kirsten Hillman: The country hosting the event would have a website and registration would be open via the website for any stakeholder from any TPP country.

● (1205)

Mr. Russ Hiebert: Singapore posted a note saying anybody who would like to participate should submit an application.

Ms. Kirsten Hillman: On our Government of Canada website we have a TPP page and we would offer a link on our page to, for example, the Singapore page, notifying Canadian stakeholders that they could sign up.

Mr. Russ Hiebert: Were there any Canadians participating in this event?

Ms. Kirsten Hillman: Yes.

Mr. Russ Hiebert: How many?

Ms. Kirsten Hillman: Well, it depends on the round. I think the most we had at one point was 15.

Mr. Russ Hiebert: In Singapore?

Ms. Kirsten Hillman: I'm getting a count...I don't have the exact number.

There were stakeholder events at a variety of rounds in Malaysia, Singapore, and Brunei. As for how many Canadians appeared, it depended on the round. In Singapore, we had 13 Canadian stakeholders participating.

Mr. Russ Hiebert: All right. That's great.

We've negotiated with the European Union and now with Korea. We're in the process with the TPP. What does this say about the future role of the World Trade Organization?

Ms. Kirsten Hillman: Well, as I said, for a country like Canada, which is highly trade dependent—I don't know if “middle economy” is quite the right term, but that's a term you often hear used to describe Canada—I think the World Trade Organization is crucial, and I think global rule setting is crucial. The challenge is that as an organization it has not been able to move forward with the Doha agenda as we would have liked to see. That said, there's some very good work happening in Geneva to adjust to that reality and to harvest, as they say, as many outcomes as possible.

This is more of a speculation, because we can't really know, but I think that as some of these larger regional or bilateral agreements come together—for example, the United States is negotiating now with Europe, we've negotiated with Europe, there's the TPP, and Japan and the European Union are negotiating—it may well provide an impetus for everybody to go back to Geneva and say, “Okay, let's take all of this and globalize it.” Again, this is speculation on my part, but I think that would be a very good outcome from a trade policy perspective.

Mr. Russ Hiebert: We've just concluded, after years of negotiation, this agreement with the European Union. As a department you've had a tremendous opportunity to consult with stakeholders. You've gone through the negotiation process. Would that experience not inform your negotiating position with the TPP, knowing what stakeholders have told you about trade with Europe? Presumably it would be similar in terms of their expectations for trade with other Asian countries. With that in mind, would you anticipate an outcome similar to what we were able to conclude with the European Union?

Ms. Kirsten Hillman: I'm not sure I would put the link that way.

I would agree with your comment that through extensive consultations for the European negotiations, through extensive consultations that we have for a bilateral with Japan, and for extensive consultations that we have for putting into place our refreshed global market strategy as a department, there's a huge amount of work that has been done in engaging with Canadian businesses and stakeholders to understand where their market interests lie, where their business interests lie, and what we can do to assist them in terms of trade policy tools, investment agreements, FTAs, and air agreements. There's a variety of taxation agreements. There's a huge tool kit, right?

Mr. Russ Hiebert: You get my point.

Ms. Kirsten Hillman: The consultations that we have are broad-based. They're ongoing. They're not simply in relation to an FTA. They're in relation to the bread and butter of our job, which is to understand Canadian businesses and Canadian stakeholders' trade interests. We take that information in a variety of contexts and use it in a variety of contexts, and then we dig down specifically in respect

of this initiative. So yes, I guess, in a simple answer to the first part of your question, yes.

Because we happen to have the same information at our disposal with respect to what Canadians want, does it mean that we will have the same outcome in the TPP as in the CETA? I'm not sure that I would make that link, because the outcome we have is partly in relation to what we're seeking absolutely, and it's partly in relation to what others are seeking, and it's partly in relation to the specific configuration of that agreement, which may be slightly different from another agreement. They're all based on a similar model, but they all try to build upon each other.

I absolutely anticipate that this will be of great benefit to Canadian businesses and stakeholders and exports in the region. There's no doubt about it. For similar sectors in some respects, similar benefits across Canada in different provinces, absolutely.... Will it be exactly the same? I guess time will tell, but I think it will be very important. If it shapes up the way it's trying to shape up now, I think it will be very important indeed.

• (1210)

The Chair: Thank you very much.

Back to Mr. Hoback. The floor is yours for five minutes.

Mr. Randy Hoback: Thank you, Chair.

I know Mr. Allen talked about the supply management sector, but I just wanted some assurances. All sectors have interests in play in the TPP. I know the beef sector is very excited, canola growers are very excited, the wheat growers are very excited, and the barley growers are very excited because they look at the opportunities.

Can you assure this committee that you're looking after all the best interests of agriculture producers right across Canada?

Ms. Kirsten Hillman: Absolutely.

Mr. Randy Hoback: Okay. When we look at some of the rumours coming out about the TPP, there's some talk out there that Japan and the U.S. are trying to delay those talks. Can you comment on that statement or do you have any information to add on that?

Ms. Kirsten Hillman: I certainly don't see that from my perspective at all. I think that it comes down to what we were saying a little earlier, that as negotiations progress, the easier issues get resolved, and the harder issues remain. The harder issues take time. They take energy, they take effort, and they take creativity. That's what happens in any negotiation as you get to the final stages. So both of those countries, as does every country around the table, have very clear domestic objectives of what they want to get out of this. They have sensitivities to manage, and it takes time. It takes time to work those through.

Mr. Randy Hoback: Thank you, Chair. I'm done. Can I give my time to Mr. Hiebert?

The Chair: Yes. You've got three minutes.

Mr. Russ Hiebert: Some have been critical of the confidential nature of the negotiations. Are other participating nations consulting their stakeholders as we are yet also maintaining a similar level of confidentiality or are other nations providing more public information than Canada is?

Ms. Kirsten Hillman: No, not to my knowledge. We have, amongst ourselves as negotiators, an undertaking that specifies that we will keep the details of the negotiating text confidential. To my knowledge, everybody is respecting that.

Mr. Russ Hiebert: Everybody is on the same page. There's no one country providing more public information than Canada is. We're staying to the same line or level of confidentiality between all partners.

Ms. Kirsten Hillman: Yes.

• (1215)

Mr. Russ Hiebert: My last question relates to a comment that my colleague Mr. Cannan raised regarding the fifth round of negotiations in Japan. We have these bilateral trade negotiations going on, one with the TPP and then with Japan directly. If one or the other was to conclude, what would the impact be on the remaining? Let's say we concluded the Canada-Japan free trade agreement. What impact would that have on the TPP or vice versa?

Ms. Kirsten Hillman: I'm not sure it would necessarily have an impact. Concluding with Japan, I'm not sure that would have an impact on the TPP as a whole. I think the parties to that agreement would still press forward to ensure that they get the deal that they're looking for. I'm also not sure it would have an impact on our negotiating position with Japan and the TPP. If we concluded a deal with Japan, it would be because we believed that we had come to a deal that was in the best interests of Canada on a bilateral basis. In the TPP there are many similarities to what we're negotiating bilaterally, but there are differences as well, so we would want to stay at that table to pursue those interests with all partners, including Japan.

Conversely, if the TPP concluded before our bilateral FTA with Japan, I think that there would remain issues between us bilaterally that we might very well want to continue to pursue with Japan, so these are complementary initiatives.

In the context of a bilateral, one can sometimes go a little further than one might be willing to do in a larger group, or focus on specific interests that you have vis-à-vis that other market in a way you might not be willing to do in a larger group. So there should always be an incentive for that bilateral to carry on, as well as the TPP, and vice versa.

The TPP, as I said, is a regional initiative rule setting. Japan is a major player in the region, and we want to be in a deal with them in the TPP.

As I say, I think that they're fully complementary and hopefully they'll both move toward conclusion in a very ambitious way and relatively quickly.

Mr. Russ Hiebert: Just to clarify, if we're negotiating on the same subject at the TPP and with Japan directly and one was to conclude, would that not solidify our position vis-à-vis Japan on that particular subject or would we then also be able to consider going further or not going as far on a particular issue?

Ms. Kirsten Hillman: I think that all options would be open to us, because it would be a different configuration. We would define our interests in the bilateral context or in the regional context depending on the discussions being had at that table. I don't think by

concluding a certain package bilaterally with Japan we would necessarily have to have the exact same package in the TPP, because the dynamics are different, the players are different, and what's on the table is different in some respects, and vice versa. So what we do and would always do is to try to get the best that we can in both fora, to advance as much as we can in our relationship with them and to integrate it as much as we can in both places. Those are the advantages, in fact, of being at the table for two initiatives with Japan.

The Chair: Thank you very much.

Mr. Morin.

[*Translation*]

Mr. Marc-André Morin: Ms. Hillman, we know that American legislators can have access to the TPP text. The European Union will also soon publish the chapter on investments.

How do you think the government can justify its secretive and non-transparent approach?

[*English*]

Ms. Kirsten Hillman: The U.S. system and their way of consulting are different from ours. In the Canadian system, as we know, there is this process of consulting and discussing with this committee; then there is the treaties and Parliament process that we have. That's the mechanism by which the government consults with members of Parliament in relation to trade agreements. The U.S. process, as I understand it, is slightly different. I think there are situations in which certain members of Congress have limited access to negotiation text in relation to their constitutional authority. Our constitution is structured differently. My understanding—and I'm not an expert in this regard—is that it flows from the manner in which their constitution is derived.

[*Translation*]

Mr. Marc-André Morin: Normally, Americans have to submit any agreements to the Congress for approval. I trust you as a negotiator on a personal level. If I saw that your mandate was to protect something important to me like supply management and if I saw that Canada was already benefiting from this—I don't know where the negotiations currently are—I may be in favour of this agreement.

That being said, I cannot endorse the agreement without reading it. I understand that those who would like to have access to the text need to sign a confidentiality agreement. That's probably how things are done in Europe, the U.S. or other countries.

[*English*]

Ms. Kirsten Hillman: We have mechanisms in place in Canada.

[*Translation*]

Our system works in a different way. We have a policy for tabling treaties in Parliament. Once all of Parliament has access to the text, members can debate it. That's when the discussion can be held.

• (1220)

[*English*]

Mr. Marc-André Morin: Do I have a few minutes?

The Chair: You have one.

[Translation]

Mr. Marc-André Morin: Ms. Hillman, could you tell us about studies that have been carried out on the TPP's costs and benefits? I am referring to the study mentioned by Minister Fast at a meeting in 2013. He said there was a report.

Could you tell us about that report and its conclusions?

Mrs. Kirsten Hillman: Yes, I can talk about that.

[English]

In the TPP it's been a bit of an iterative process for a few reasons: one, when we joined; and two, it's not a bilateral negotiation. Unlike the Canada-Japan FTA, for example, where a study was done before we joined that assessed a number of things, the TPP operates somewhat differently. Rather, the TPP represents or includes a variety of markets and countries that have been identified as priorities by our department and the minister through the trade policy agenda. Those priorities were based on consultations with Canadians, on assessments of market access barriers that exist in those regions and countries, on what we were looking for in improvements.

So there was an assessment through the global commerce strategy and its successors to identify core markets of interest for Canadian businesses. In addition, as the TPP has evolved, we have, as I said, a bit of an iterative process in assessing where it's at and the benefits as it progresses.

We have considered the opportunities that will arise from deepening our relationships with FTA partners, the U.S., Mexico, Chile, Peru, and others.

We have assessed the benefits of some of these new emerging markets, and our chance to gain new access into some of these areas, based on the high tariffs they had, based on some of the non-tariff barriers and regulatory or competitiveness challenges that we have with those countries.

All of the partners are listed as priority partners in our priority markets assessment under the global markets action plan. That is also the other area in which we have done the assessment.

I guess the answer that I can give you is. This assessment is coming at the TPP from a variety of different angles. It's an assessment that is ongoing as the negotiations are ongoing. As I mentioned, Mexico and Canada joined, and then Japan joined. It is a fairly organic process that we have in the TPP.

The Chair: Thank you very much.

Mr. O'Toole will be our final questioner, then we'll move into business.

Go ahead.

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

Thank you very much, Ms. Hillman. I think it was very informative. I appreciate the flow of questions from all sides in here.

I started out talking about that email campaign, saying there's no justification for negotiating as part of the TPP. I certainly think you've shown clearly why there's such a justification.

Your comments on transparency, and in fact some of the unique stakeholder engagement that's almost cutting edge with the TPP, sort of dispel the myth of this secretive cabal that the email campaign... I do note to my friends three of the four Canadian MPs on this TPP transparency campaign are Ms. Liu, Mr. Morin, and Mr. Davies. I hope they've taken this session and your responses to show that there's quite a degree of transparency and the appropriate balance of confidentiality, and why that exists.

My final question relates to the stakeholder engagement you talked about. You mentioned 79 submissions on the TPP from the outset through DFATD. Fifteen stakeholders attended the Singapore round, which I found very informative. The unique ability for them to talk to other negotiators from other countries, so actually really profound engagement of stakeholders...

Can you talk about some of the civil society organizations? I'm assuming there were some in the 79 written submissions. Have any labour or civil society organizations attended any of the rounds in your experience?

• (1225)

Ms. Kirsten Hillman: Yes. Maybe I'll wait a moment before responding on civil society quickly while Nadia checks it to confirm. I know we have but I just want to make sure I get the facts correct.

I mentioned earlier that we have reporting mechanisms where we provide a webinar to hundreds of interested Canadians. One of those sessions is to civil society: academia, NGOs, whoever is expressing an interest. We have had that regularly with a broad variety of different kinds of groups interested. Without naming names, which I might get wrong, we've had health advocates, for example. We've had a fair bit of interest in the intellectual property area. We've had regional interests. Different regions of our country are particularly focused on Asia. Some think tanks and academics who are focused on particular relationships in Asia have been involved. There has been a variety of different kinds of academic civil society participants.

As well, travelling to some of our meetings we have had medical representatives who are interested in health advocacy, interested in IP issues, and pharmaceutical issues. Those are the main ones.

Mr. Erin O'Toole: You've held these webinars, which was an additional opportunity I guess in a fashion that would be similar to this where some of these groups, whether industry associations, employers, or some of the groups that may be civil society or other can participate in this enhanced level of discussion that a webinar would offer. Are there going to be any of those going forward as well?

Ms. Kirsten Hillman: Absolutely. We have them on a regular basis. We schedule them when we have something new to say, to be honest. We schedule them when a certain period of time has gone by and we have something to report. It was after every round previously. Now that we have moved from formal rounds to technical meetings we do it when we have something to report. So, yes, absolutely we'll be having more.

Mr. Erin O'Toole: So even some MPs I guess could sign up and participate on the Web.

Ms. Kirsten Hillman: Go to our website.

Mr. Erin O'Toole: Thank you very much. To both of you, I appreciate your time here today.

Ms. Kirsten Hillman: You're very welcome.

The Chair: Excellent. Thank you very much.

Mr. Pacetti had one quick question, so I'll allow it.

Mr. Massimo Pacetti: In your brief, Ms. Hillman, you state that as a modern high-quality agreement the TPP will become the leading mechanism for Asia-Pacific economic integration. What does that mean for China? We haven't spoken about China, so I would like to know what your opinion is.

Ms. Kirsten Hillman: That comment is meant to reflect the fact that the TPP is going to be more rigorous than other mechanisms that are under discussion in the region that include a broader membership including China, the RCEP and others, which are very important initiatives. I don't mean to suggest otherwise, but they are a little softer is a good way to put it.

I think that China has made some comments in relation to the TPP, which you can look for, that suggest they think it's an interesting initiative. They have asked some questions of some members about what's going on. They seem to be wanting to be kept abreast of how it's developing. I would hope that China, like any country in the Asia-Pacific region that's able to sign on to this high-quality agreement that we're trying to create, will be very interested to do so. I think that we would welcome any country that's willing to be part of what we're all hoping will become, and what I think will become, a growing common understanding of the platform for trade rules that we're trying to establish.

•(1230)

Mr. Massimo Pacetti: Thank you.

The Chair: Thank you very much.

Mr. Malcolm Allen: Mr. Chair, I recognize we have business to do but seeing the clock is only at the half hour, it's not quite at a quarter to, I'm sure my colleagues may have some other inquiries. Our guests quite frankly have been very illuminating and very helpful.

The Chair: So what's your issue?

Mr. Malcolm Allen: My issue is I would appreciate using another 10 to 15 minutes between our colleagues to ask a couple more questions.

The Chair: There's nobody else on my list. I will allow you to ask a quick question, if you have something burning. Go ahead.

Mr. Malcolm Allen: We always have burning questions, Mr. Chair. That's why we come to committee.

The Chair: Your name was not on the list, but go ahead. You're new here, so we'll be gracious.

Mr. Malcolm Allen: I'm quite happy to have you add me to the list, Mr. Chair, and I appreciate your adding me.

Ms. Hillman, you talked in your opening remarks about state-owned enterprises and the complexities and difficulties with them. Can you give us a sense of how they factor into the TPP? We have different types of models, with crown corporations—unlike some of the partners, that have true state-owned enterprises including

investment funds that are totally foreign to the way we would do things.

I could be wrong about this, but I don't think they're about to wind them up and privatize them and send them off to wherever. Can you give us an overview and a sense of what exactly the nuances and difficulties are that we might face with this situation?

Ms. Kirsten Hillman: Sure, I'd be happy to.

First, just to be clear, nobody is asking any country to wind up their state-owned enterprises. Canada, like every single TPP member around that table, has state-owned enterprises. In all of our modern FTAs we have rules regarding state-owned enterprises and government entities. They are found in the competition chapter.

The objective of these principles is to ensure that certain companies do not benefit from business advantage by virtue of their ownership structure; they are fair competition rules.

In the TPP, that's precisely what we're trying to address and build upon a little bit more in relation to a variety of areas. It remains to be seen where it will all land, but there will be additional transparency requirements so that we can know what's going on in some of these entities; we can know the extent to which they exercise government functions as well as private functions. These are the kinds of factors that are very relevant to making sure that a country isn't distorting, if I can put it that way, international trade through the operations of certain kinds of ownership structures within its economy.

When I say it's a challenging chapter, it's because we have different countries with different economic models around the table whose economies are different in important ways. We have to find a common set of objectives, which I think we most certainly have done. I think everybody has agreed that they're not looking to have a competitive advantage for their government-owned entities.

But then it becomes a question of how we take the common goal that we've all agreed upon and translate it into legally binding rules that will get us where we want to go. That's frankly a technically challenging thing to do, but there's no doubt that there's a strong commitment on the part of all parties to ensure that our businesses are operating under appropriate rules of competition.

Mr. Malcolm Allen: I have one little thing.

•(1235)

The Chair: This is your last question.

Mr. Malcolm Allen: It's the issue of the provinces and territories. We have seen that there's more at stake for them, if you will, because some of the trade agreements are a little more comprehensive.

Did the provinces and territories play an integral role with you—not you personally, obviously, but as the trade negotiator—or is it more of a notification process?

Ms. Kirsten Hillman: We have a very robust dialogue and cooperation with the provinces. I either meet with them or talk to them before and after every negotiating round. They are aware of every area in which provincial jurisdiction will be brought to bear in these negotiations, and we consult obviously very closely with them on all of those issues.

In addition to areas that are simply within their jurisdiction, they have as provincial governments economic interests, and so we have a very open and comprehensive dialogue with them about the benefits they will be seeking from the TPP. We have had some of them come to have briefings from all of our specific leads in areas that they're interested in; there they can ask detailed questions based on their constituents' businesses.

Many of those businesses are the same businesses we talk to, but we work very closely with the provinces. Our objective is to make sure that we come to the end of this agreement with an outcome about which the whole country, across all regions and for all sectors, will be saying that this is a very good deal for Canada.

The Chair: We want to thank you very much for your work as chief negotiator. This is a very important agreement for Canada, and we wish the very best of success to not only you but all of your team who are here as a resource. Hopefully the outcome will be positive for Canada.

We wish you well, and thank you for being here at committee today.

With that, we'll suspend as we move to our in camera session.

[Proceedings continue in camera]

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>