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## **Standing Committee on International Trade**

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**EVIDENCE**

**Thursday, March 27, 2014**

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**Chair**

**The Honourable Rob Merrifield**



## Standing Committee on International Trade

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• (1105)

[English]

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

I want to thank our witnesses for being here.

In this first hour of the panel we have with us, from the Canadian Council of Chief Executives, Ailish Campbell. Thank you for being here. You've been here before and we look forward to your testimony.

Also, we have, from the Canadian Generic Pharmaceutical Association, Jim Keon and Jody Cox. Thank you, both, for being here.

I'll just make mention that I've been on the trade committee a long time, and I've never seen so many new faces around the table. This is actually great. It should be very interesting.

**Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.):** It says something about your leadership.

**The Chair:** That's right. They're falling off the rails. Well, we'll see how well behaved they are. We'll put it to a test.

Nonetheless, let's start with the Canadian Generic Pharmaceuticals.

Mr. Keon, the floor is yours.

**Mr. Jim Keon (President, Canadian Generic Pharmaceutical Association):** Thank you very much, Mr. Chair.

[Translation]

On behalf of the Canadian Generic Pharmaceutical Association and our member companies, I would like to thank the chair and honourable members for this opportunity to participate in your study of the Trans-Pacific Partnership Agreement.

I am joined by Ms. Jody Cox, CGPA's Vice-President of Federal and International Affairs, who leads intellectual property and international trade files for our association.

[English]

The generic pharmaceutical industry operates the largest life sciences companies in Ontario and in Quebec. We are Canada's primary pharmaceutical manufacturers and primary exporters, and we are among the top research and development spenders across all industrial sectors in Canada.

The CGPA member companies directly employ more than 12,000 people, primarily in Ontario and Quebec but also in Manitoba. These are highly skilled research, development, and manufacturing positions.

Our industry is a strong supporter of free and open trade, and we export our high-quality, made-in-Canada generic medicines to more than 100 countries. These include many Asia-Pacific countries and many, if not most, of the TPP member countries. The Asia-Pacific region is also an important source of raw materials and other input for our made-in-Canada medicines.

Canadian generic pharmaceutical manufacturers are globally focused, and they all play an integral role in their companies' sophisticated global supply chains.

In addition to being of industrial importance to the Canadian economy, the generic pharmaceutical industry plays an important role in controlling health care costs in Canada. Generic drugs are dispensed to fill 66% of all prescriptions—so two out of three prescriptions in Canada now are with generic medicines—but we account for less than one-quarter, only 24%, of the total spending on prescription medicines in Canada.

We have had a strong interest in the TPP right from the outset of the negotiations. We participated in the early TPP consultations through the *Canada Gazette* process, and we're participating in the webinar updates provided by the chief negotiator. CGPA, in particular Jody, also attended some negotiating rounds of the TPP and participated in the stakeholder days held during the negotiating rounds, which the chief negotiator mentioned earlier this week during her testimony. As well, we've had meetings with negotiators from all of the TPP countries.

We understand that reaching consensus with 12 parties at the negotiating table will be no easy task. It is a very unique negotiating dynamic. Domestic policies, priorities, and motivations vary from country to country, making for a messy and complicated business. While the negotiations present opportunities in many areas, this dynamic also poses considerable risks.

We paid particular attention to the appearance earlier this week of the chief negotiator, who shared with you the Government of Canada's objectives with respect to pharmaceuticals and indicated that the current position of the Canadian government—which we support—is not to exceed current Canadian law and policy. Kirsten Hillman also noted that she and her negotiating team are pushing very hard to achieve this objective.

To exceed current Canadian law and policies on pharmaceuticals we believe is clearly not in the best interests of Canadians, particularly given the challenging and carefully balanced outcome on pharmaceuticals that was made to reach an agreement in principle, announced just a few short months ago, in the CETA negotiations. We'd be happy to explain that further.

There are a wide range of proposals on the table in the TPP negotiations, and other proposals that have been discussed but not formally tabled. The generic pharmaceutical industry remains concerned that some of these proposals are aimed at providing excessive monopolies going beyond Canada's already high intellectual property standards. Others are aimed at respecting intellectual property rights without creating new obligations for TPP countries.

The CGPA supports the position taken by the Government of Canada in the TPP pharmaceutical IP negotiations. We specifically request that the Government of Canada refuse to sign a TPP or any other trade agreement if it includes provisions exceeding our current law, policies, and treaty obligations, including the recently announced CETA obligations with respect to pharmaceutical intellectual property. We also ask members of this committee to include that recommendation in their report on the TPP.

What are the generic pharmaceutical industry's interests in the negotiations? From a domestic market perspective, we want to ensure that no provisions in the final text have the effect of denying pharmaceutical competition in Canada. Delayed generic market access in Canada would have a direct impact on the ability of our member companies to attract new R and D and production mandates, particularly to our major industrial plants already existing in Ontario and Quebec. In addition, drug competition saves Canadians between 75% and 80% on each purchase. Longer delays until savings can be achieved mean higher drug costs for Canada.

As nearly half of our domestic production of generic pharmaceuticals is exported, ensuring that no new barriers to trade are erected for our industry is also a key priority. The final outcome on TPP must not undermine in any way the commitment of the Government of Canada in its CETA negotiations to allow for the unfettered export of generic medicines following the expiration of a 20-year patent but during the term of the patent extension.

We also look at the TPP from a global policy perspective. Along with our colleagues in the International Generic Pharmaceutical Alliance, with whom we work carefully, we have an interest in the precedent that the negotiated outcomes may have for future trade negotiations. It is our view that less emphasis should be placed on intellectual property provisions in trade negotiations and more emphasis should be given to other areas, such as regulatory harmonization, regulatory cooperation, and mutual recognition of inspection standards. These are areas that reduce cost, introduce efficiencies, and benefit the entire life sciences sector, not just one part of it.

In addition to advocating for a non-excessive level of pharmaceutical IPR provisions, the generic industry also encourages negotiators to table proposals aimed at establishing safeguards against abuse and misuse of IPR. By penalizing both abusers and infringers, countries can help to ensure balance between the goals of rewarding innovation and promoting competition.

We also advocate for provisions that help to promote competition and support well-functioning intellectual property systems in pharmaceuticals. I won't go into detail on these, but these include such things as a strong Bolar provision, which is an early working exception; a best mode for patent disclosure, so that the information can be clearly and effectively identified; and incentives to encourage generic companies to challenge patents and come to market. I'd be happy to answer questions about those when we get to the question period.

Before concluding, I would like to leave the committee with a few other important thoughts with respect to pharmaceutical IP and trade negotiations. Negotiating pharmaceutical intellectual property is not the same as a negotiation around a reduction in tariffs. A tariff line can be reduced on a bilateral basis or on a plurilateral basis. Intellectual property obligations in a trade agreement, in contrast, have national treatment. You make changes to your national laws and you give the protection to all inventions regardless of where the invention was made. It is not country-specific.

As a second point, Canada already had high and internationally competitive levels of intellectual property protection for pharmaceuticals before the announcement of the CETA agreement in principle. The implementation of CETA provisions will be crucial.

CGPA is aware of some brand name efforts to undo the Government of Canada's important commitments to end dual litigation under our patent linkage system. We are also aware and are wary of any attempt to make the export exception cumbersome and unworkable, which would not preserve Canadian manufacturing jobs—the Government of Canada's objective in making the commitment.

Excessive intellectual property standards for pharmaceuticals, which have been proposed in TPP by some countries, would disadvantage the generic pharmaceutical manufacturing facilities in TPP member countries, including Canada. That would put us at a disadvantage compared with non-TPP countries such as India and China.

My final point is that excessive intellectual property standards in TPP would undermine the objectives of the Government of Canada and other countries to have still other further countries, perhaps Korea and others, sign on to TPP after the negotiations conclude. It would create a major barrier to entry that in our view many Asia-Pacific countries would be unwilling to accept.

Thank for this opportunity to appear. My colleague and I will be happy to answer questions afterward.

Thank you.

• (1110)

**The Chair:** Very good.

Ailish Campbell from the Canadian Council of Chief Executives, the floor is now yours, ma'am.

**Ms. Ailish Campbell (Vice-President, Policy, International and Fiscal Issues, Canadian Council of Chief Executives):** Thank you.

Mr. Chairman and committee members, thank you for the invitation to appear before the committee on this important subject concerning the benefits to Canada of the Trans-Pacific Partnership agreement.

[*Translation*]

The Canadian Council of Chief Executives is a not-for-profit, non-partisan organization composed of the CEOs of 150 leading Canadian enterprises. We are responsible for an active program of public policy research, consultation and defence. The CCCE is a source of well-thought-out and well-founded comments reflecting the business perspective on issues of national importance regarding economic and social structure in Canada.

[*English*]

On behalf of the Canadian Council of Chief Executives, today I plan to answer three questions concerning the Trans-Pacific Partnership. Number one, why should Canada have an ambitious approach to the TPP? Number two, what would a successful outcome to the TPP negotiations look like? Number three, what else should Canadian firms and governments do to prepare for the opportunities provided by Asia?

First, why should Canada have an ambitious approach to the Trans-Pacific Partnership agreement?

The TPP is an agreement that, with its current members, would cover an area with about \$28 trillion in annual economic output. The region is responsible for about 40% of the world's economic output. An ambitious outcome to the TPP would reduce barriers for Canadian firms to provide products to almost 800 million customers. If the TPP remains open to additional members, as the CCCE believes it must, this market could grow even further.

The answer as to why Canada should engage in the TPP and why Canada needs an Asia strategy is clear. Asia is a powerful engine of global growth. It is essential that Canadian firms and the Canadian government engage fully with the region during this remarkable period of economic and geopolitical transition.

Canadian merchandise exports to the 10 nations in ASEAN, plus China, Hong Kong, India, Japan, Taiwan, and Korea, have doubled over the past decade and now account for about 2.2% of Canadian GDP. However, Canada is underperforming when compared with the scale of the opportunity. Canada's exports to Asia—again, 2.2% of GDP—pale in comparison to Germany's 5.7% and Australia's 10.8%. Clearly, there is room for improvement across a range of sectors, and in particular for Canadian energy exports.

Asian prices for gas are in the range of three to four times the current North American price. Even if a world price closer to European levels were reached for LNG exports, the impact on Canada's GDP could be roughly \$28 billion a year. This could add \$6 billion in revenue for all levels of government, according to research published in 2013 by Kevin Lynch and Karen Miske.

Closer relationships between people, between firms, and between governments, as part of an Asia strategy, would certainly advance

the case for the purchase of Canadian energy products. The TPP is a key element—but just one—of a made-in-Canada Asia strategy.

Question two: what would an ambitious TPP outcome look like?

An ambitious outcome to the TPP means one tariff schedule that eliminates all tariffs. Ambition means simple and straightforward rules of origin and cumulation in the region that let a producer truly produce a duty-free item inside the TPP region and move it around to customers.

Simple rules of origin are vital for Canada, as many firms import inputs, add value to them, create a final product, and then re-export. Simple rules of origin are important, particularly for small businesses that do not have the benefits of legal departments and compliance teams. Complex rules equal cost.

Ambition means services liberalization. Ambition means developing common rules for consumer goods, agrifood, and health and safety issues, the regulatory issues that Jim mentioned in his remarks. Non-tariff barriers also need to be transparent, and then TPP members need to work on eliminating those barriers. Ambition means disciplines on state-owned enterprises so that market-based firms can compete fairly for customers inside the TPP region. Strong common rules for investment and IP are also essential.

Secondly, the TPP should include completely open agricultural market access. The TPP promises access to markets of 800 million customers and a growing middle-class group of consumers. These customers will buy high-quality Canadian agrifood and seafood products. If an ambitious deal is reached that includes access to the protected sectors in Japan, the U.S., and elsewhere, this will require Canada to open its agricultural markets. If our peak agricultural tariffs and quotas are not removed, Canada's access to other nations will in return be diminished. Much depends again on the level of ambition of the final TPP agreement.

● (1115)

Third, the TPP should include strong environmental protections and labour laws.

What the TPP must not be is a spaghetti-like bowl of unique bilateral agreements between each of the partners. It must not be a hub-and-spoke agreement in which one nation receives better access than all of the other partners. For example, faster phase-outs of agricultural duties for one country but not for all partners; that would be bad. Some economists like to refer to this as a suboptimal outcome. I will just use the simple word “bad”.

Another way of looking at this is more liberal rules of origin for products from one nation and not the others. This would be bad. Greater liberalization in the auto sector for one nation that is not extended to all partners; this would be bad. A bad outcome would create a confusing web of rules that businesses may well ignore due to cost. At worst, such outcomes could distort Pacific trading patterns. The TPP, in short, must be ambitious, simple, and straightforward for firms to implement, include agricultural liberalization, and must have strong environmental and labour laws.

Question three: what else should Canada and Canadian firms do to prepare for the opportunities provided by Asia?

Simply put, Canada needs a clearer and more coordinated Asia strategy with short- and long-term targets for flows of trade, investment, and people. An ambitious TPP is a key part of that strategy, but the CCCE would put it to you that the TPP cannot be Canada's only plan for engagement with Asia at the government-to-government level, and it's not. First, this is because the TPP is missing nations key to global value chains that are home to millions of customers, such as China. Second, it is because the TPP may move more slowly than hoped for. As such, Canada must prioritize negotiations with Japan and with India, and the South Korea free trade agreement is to be warmly welcomed. The free trade agreement with Korea must be implemented as quickly as possible so that Canadian firms are no longer at a disadvantage.

Canada should create a strategic partnership with China, similar to Australia's, that could lead to deeper commerce in sectors of mutual interest, or as New Zealand has done, a free trade agreement with China that has resulted in exports growing more than four-fold between those two nations.

Another way of looking at an Asia strategy is to ask what Canada's competitors are doing that possess similar economic and political structures. In addition to the bilateral arrangements I've just described, Australia and New Zealand have what I would call a plan B for the region, the regional comprehensive economic partnership, or RCEP, with the 10 ASEAN nations plus Japan, Korea, India, and China. I would encourage this committee to study the RCEP negotiations, which cover three billion people.

I would encourage this committee to ask "What is Canada's Plan B?" Is our current suite of negotiations sufficient or must Canada add a plan for deeper engagement with countries such as China? For their part, firms of all sizes require strategies for specific Asian markets: countries, regions, and even cities.

In 2011, the Canadian Council of Chief Executives launched a multi-year initiative intended to raise awareness across Canada of Asia's growing economic power and influence, and to identify key policy solutions that would enhance our country's ability to succeed in a transforming global economy. The results of that work are available on our website for the public, for policy researchers, and for firms. We continue this research. We're partnering with Deanna Horton at the Munk School of Global Affairs and her master's students to create a Can-Asia map creating a footprint of the thousands of Canadian firms that are present in the Asia region. That work has begun and some of it will be made public shortly.

I would also underscore that examining Canada's merchandise export trade is insufficient to understand Canadian commercial activity. This committee may be well advised to ask Statistics Canada for an update on how they're measuring trade and services, foreign affiliate sales, joint ventures, and other new forms of commercial relationships between Canadian firms and Asian firms, and how Canadian firms are now selling into those Asian markets.

To conclude, open markets, strong regulation, a skilled and healthy workforce, and great products make Canada a global destination of choice for investment and production. Canada is an open economy with tariffs that are already very low. Trade agreements therefore tend to bring down other countries' barriers disproportionately as a result.

• (1120)

In addition to our robust agreements with the U.S., Mexico, and the EU through CETA, updating our relationship with the U.S. and Mexico must remain a priority. But I would offer that in addition to these two traditional theatres of engagement—North America and Europe—Canada must have a third rail, a third strategy for deeper engagement with Asia.

An ambitious outcome to the TPP negotiations is just one element. But to fail to create a strategy for Asia would be a monumental error. To be clear, the TPP is not the outcome. It is the process by which governments can play their part to encourage investment in Canada, to sell more Canadian products to Asian consumers, and in so doing create jobs and grow the Canadian economy.

Thank you.

**The Chair:** Thank you very much.

We'll now go to our question and answer.

We'll start with, Madam Liu. The floor is yours.

**Ms. Laurin Liu (Rivière-des-Mille-Îles, NDP):** Thank you, Mr. Chair. Thank you to our witnesses for coming in today.

I would like to start with Mr. Keon. Firstly, has your association been consulted by DFAIT concerning the TPP? If so, in what manner?

**Mr. Jim Keon:** As I indicated in my remarks, we participated early on in the *Canada Gazette* process. We follow the briefings through the webinar process. We have had the opportunity to go in and present our views to the negotiators. As well, we are part of the International Generic Pharmaceutical Alliance, so we exchange information amongst our colleagues in other countries in the generic pharmaceutical industry. So through those mechanisms, yes, we have had opportunity to make our views known.

**Ms. Laurin Liu:** Are the minutes of your meetings with... [Inaudible—Editor]...have they been taken down? Are they public? Or were those meetings held behind closed doors?

•(1125)

**Mr. Jim Keon:** No, at those meetings we have presented our positions. Our brief that we submitted to the government is on our website. So we are consistent in the positions we are putting forward.

**Ms. Laurin Liu:** Thank you very much.

As you mentioned, similar to CETA the IP chapter of the TPP could cause an increase in the cost of pharmaceutical drugs. Is this true? Is there a study done in the context of the TPP to investigate the impact of the IP chapter on the cost of drugs in Canada?

**Mr. Jim Keon:** Under CETA there will be an increase in the length of the patent protection in Canada. That's been discussed. The reason why that could increase costs is that generics, which are much lower priced, will be delayed coming into the Canadian market.

As indicated earlier this week in the appearance of the Canadian chief negotiator, the Canadian position that we understand is that Canada should not agree to further intellectual property extensions as part of the Trans-Pacific Partnership agreement. Canada already has intellectual property provisions in pharmaceuticals that go well beyond many of the trading partners we're negotiating with, so we are confident and we support the position that there should be no further extension of patents in Canada. If that is the case then of course there shouldn't be new and extra costs for the Canadian pharmaceutical system.

**Ms. Laurin Liu:** Just to reiterate, we understand that recent versions of the IP chapter include more than a dozen measures that would actually limit competition and might raise prices in markets for drugs including, as you mentioned, provisions that would extend patent terms beyond 20 years and that would lower the standards of attaining patents. So what effect would this have on Canadian patients and the medicare system?

**Mr. Jim Keon:** Again, our position is that Canada should not go beyond the recently signed agreement with the Europeans. So we have patent extensions but in that agreement, under the agreement in principle and under very clear statements from the Canadian government, the patent extension will be for two years. Very important to our industry, during that period of time generic manufacturers will be able to develop products for export to countries where patents have expired or are not in force. That is very important for our competition and to bring investment into Canada. That is something we are stressing and advocating for in this negotiation. That is something again that, as I said, we would like this committee to recommend as well.

**Ms. Jody Cox (Vice President, Federal and International Affairs, Canadian Generic Pharmaceutical Association):** If I could just add, there's a wide range of proposals on the table. There are some that have been tabled by certain parties that could have a negative impact if all parties were to agree to them. So there are 12 different countries who are part of the negotiations. There are some good proposals that are on the table as well. It's very difficult at this stage to say what the final outcome was, and as I think we heard the chief negotiator say on Tuesday, Canada is fighting hard to ensure that the final outcome of CETA would not go beyond Canadian law and policy.

**Ms. Laurin Liu:** Thank you.

Ms. Campbell, my riding is found on the north shore of Montreal, so the aerospace industry is very important to my riding. Furthermore an important manufacturer of hybrid buses is in my riding as well. What would the TPP mean for those industries in my riding?

**Ms. Ailish Campbell:** They could move a lot more people, 800 million people potentially, in the region.

Cities that require advanced transportation solutions...we're seeing, of course, many more regional airports, so when it comes to the Bombardier CSeries, for example, and other aircraft, these are for regional markets, not necessarily for crossing the Pacific. The inter-regional trade and activity in Asia is, of course, growing at a rapid clip due to their development. Light rail solutions, buses, a whole host of Canadian clean-tech applied technology such as the hydrogen fuel cell buses that helped move people in the Vancouver Olympics, why not reach more customers for those fantastic Canadian products?

**Ms. Laurin Liu:** That's great news.

You also talked about the fact that the TPP would expand the market, allow us to access new markets, although Canada already has trade agreements with many of the countries that are part of the TPP.

So could you give us a better idea of the market share we would access through our TPP negotiations?

•(1130)

**Ms. Ailish Campbell:** We have an agreement with each of these nations in the World Trade Organization negotiations, the multi-lateral trading systems, and in many respects I think our first preference would be to see the World Trade Organization Doha Round negotiations create common rules so we have market access to all nations in Asia, including, for example, that WTO rules extend to China. But there are significant aspects of government procurement, of services, of investment rules that are not covered in the WTO. Without a regional agreement like TPP we can't move to some of those new forms of services, for example, new forms of moving people, which is increasingly important to bring highly skilled individuals and others who are needed to complete specific projects and engineering services in Quebec, for example.

**Ms. Laurin Liu:** But we can't say that we don't have any percentage of market share that we would access or there's no number that—

**Ms. Ailish Campbell:** Since we don't know what the agreement is going to look like, it's hard to do projections but certainly that could be modelled, based on various options.

**The Chair:** Thank you very much.

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

**Hon. Ron Cannan (Kelowna—Lake Country, CPC):** Thank you, Mr. Chair, and thanks again to both of you for appearing and providing your wisdom and insight to our committee and to negotiators as they continue to work hard on behalf of Canadians to develop a rules-based, level playing field for our trade opportunities around the world. The chief negotiator who was our witness last week alluded to the consultation with our stakeholders.

When Ms. Hillman talked about the issue of having input from groups.... We hear a lot that there's a lack of openness and transparency. Ms. Hillman said that something she hadn't seen in her career before was the issue of a stakeholder day and the opportunity to allow stakeholders to consult, not only the Canadian negotiators but other countries' negotiators as well.

I would ask both of you to comment. Do you feel the process is balanced between confidentiality and transparency, meeting your needs from an industry perspective?

**Mr. Jim Keon:** I'll start and then I'll let Jody say a few words since she participated in stakeholder sessions during negotiations.

As I said in response to another question, we've had good opportunities to make our views known. I think the negotiators have been open to us in terms of Canada's negotiating principles, so in that sense, yes, we've had an opportunity. We have never seen text formally. Text gets leaked and flies around on Internet sites. It's dated so you don't know whether it's up to date or not, so that is not necessarily all that helpful. But in terms of the principles, the overall approach, CGPA feels we are being heard and our views are getting to the negotiators and being taken into account.

Now, as I said, I'll let Jody comment on the negotiating sessions and the stakeholder involvement.

**Ms. Jody Cox:** Thank you, Jim.

I had the opportunity to participate in two of the stakeholder sessions that Ms. Hillman had mentioned. One was in Brunei and one was in Kota Kinabalu—I think I said that correctly—in Malaysia. Maybe I can just give a little bit of information about how the stakeholder days are structured and the kind of experience I had going through those.

In the morning, typically there would be presentations from different stakeholders. If you wanted to make a presentation, you'd let the host country and the Canadians know. They were 10-minute presentations. I had the opportunity to make one at two different rounds. In the room—the chief negotiator was right—there were some stakeholders, of course, but there were probably 100 or 150 people from the different negotiating teams from all TPP member countries. After the presentations, they were full of questions and wanted to learn more about our industry's perspective and our proposals and that sort of thing.

Again, because you have all of those people together in one spot, it was really a wonderful experience to have the opportunity to meet with different chief negotiators and IP negotiators from all the different countries to hear their views and perspectives as well.

So, yes, stakeholder day certainly was a very interesting experience and it is a model that I hope will continue.

• (1135)

**Hon. Ron Cannan:** Thank you for sharing that.

Ms. Campbell, could you give us your organization's perspective?

**Ms. Ailish Campbell:** Thanks.

I'll say two things. I think, first of all, that broad consultations are essential. The CCCE, for example, firmly supports the government's recent conclusion of the South Korea free trade agreement. Not all

CCCE firm members are in agreement about that. Some of our auto sector CEO members have made their views clear about their concerns, for example, with that specific agreement. We have to be respectful and mindful of those views and work together with our U.S. and EU counterparts on non-tariff barriers in the South Korean market. Those are a legitimate concern.

I would say the general outreach is important, but it's also important that consultations be as broad as possible to allow individual firms, as well as associations like ours, to make representations.

Second, I would strongly recommend that in addition to having stakeholder days and showing the great openness that the government has shown in terms of consultations, that a ministerial advisory council be created, not just for the Minister of Trade but also for other ministers who are intimately involved with aspects of rural development, including the Minister of Finance and the Minister of Agriculture. Those kinds of ministerial-level tables have existed in the past, and the CCCE would encourage the re-creation of those councils that directly advise the minister for ongoing dialogue and discussion.

**Hon. Ron Cannan:** Thank you.

The next question deals with the magnitude of this agreement.

As you alluded, Ms. Campbell, we're talking about approximately \$20 trillion and close to 800 million people. We have CETA, which involves about \$17.5 trillion and 500 million people. NAFTA is about \$17 trillion and 450 million people. Canada, if we were able to secure this agreement, would have the most impressive free trade regime, rules-based trading partners, and opportunities around the world. I'm excited about that. I think it's a great opportunity.

The challenge is that as we move ahead, as was alluded to, we want to move with slow steps to make sure that it's in the best interests of all Canadians. When we had CETA, there were concerns from the generics manufacturers about the cost of pharmaceuticals. We had a report issued by the Conference Board that talked about how Canada's business expenditures and research and development in pharmaceuticals are less than half the average. We need to provide more attractive opportunities. I think that comes with a reasonable and balanced approach.

All these agreements are great, but we need to encourage and engage Canadian businesses and take advantage of these opportunities. The government can get out of the way and level the playing field and remove the red tape, per se. From your organizations' perspective, what can you do to help government and your organizations? What are you doing to encourage them to take advantage of these free trade agreements?

**Ms. Ailish Campbell:** First and foremost, our 150 members are responsible for the vast majority of Canada's exports and R and D, so they're already there. The key is getting more Canadian firms there. The key is getting Canadian small and medium-sized enterprises to be aware of those opportunities. In that respect, tools like the trade commissioner service, Export Development Canada, and BDC are essential. The government can't necessarily hope to cover all those regions that you covered with the existing resources. We think there's probably a case to be made for more resources, specifically for the Asian market, so that we don't sacrifice the excellent work that EDC, BDC and the trade commissioner service are already doing in Europe and North America.

**The Chair:** Thank you very much.

Mr. Pacetti, the floor is yours.

**Mr. Massimo Pacetti:** Thank you, Mr. Chair.

Thank you to the witnesses for being with us today. We've had you both here for the EU, and with a little bit of a different perspective from the TPP.

I guess my first question, Mr. Keon, would be to you. Which country or countries in the group of countries in the TPP would probably have the most generous patent protection rights or rules? I don't want to put words in your mouth, but who would be causing you the problem? Which country is maintaining their right to have these generous patent rules?

**Mr. Jim Keon:** I think the rules vary tremendously by country, and the rules are different in different aspects.

For example, the United States is typically seen as the aggressor on intellectual property, if you will, and as the country that's trying to promote higher levels of protection. If we compare, in the pharmaceutical space, the United States and Canada, Canada has now, or will have after CETA, patent term extensions. The U.S. has patent term extensions. Canada has a very restrictive patent linkage system that is very costly and that we're hoping to improve.

My point is that the U.S. is the aggressor that had been seen to be promoting strong IP, but in terms of Canada I think we already have strong IP, so we're not as targeted as some countries.

• (1140)

**Mr. Massimo Pacetti:** That's what I thought you were going to say about the United States, but don't we already have an agreement with the United States when it comes to free trade?

**Mr. Jim Keon:** Well, we have a North American Free Trade Agreement, yes.

**Mr. Massimo Pacetti:** Right, so why would that jeopardize your industry?

**Mr. Jim Keon:** Well, the North American Free Trade Agreement has an intellectual property chapter and has obligations that Canada of course meets. The Trans-Pacific Partnership could in theory, if some elements are there, go beyond that and require greater levels of intellectual property protection based on proposals that have been made in the past by some countries.

**Mr. Massimo Pacetti:** So the "some countries" are the United States...?

**Mr. Jim Keon:** In particular, the United States has promoted—

**Mr. Massimo Pacetti:** So why would the United States ask for more generous patent protection when they don't already have it...?

**Mr. Jim Keon:** Well, they have.... They're picking and choosing. I would say they're cherry-picking. I don't believe the United States is ready to change its intellectual property laws significantly as a result of the TPP. I don't think that will happen. But issues like the biologics industry and the pharmaceutical industry are very powerful and have a lot of influence with the U.S. trade representatives, so they're taking their position—

**Mr. Massimo Pacetti:** Okay. I have one more quick question before I go to Ms. Campbell. You were talking about the intellectual property having nothing to do with tariffs. In your industry, what is more important? The tariffs or the intellectual property aspect?

**Mr. Jim Keon:** Tariffs generally for pharmaceuticals are not major impediments to trade. Our industry needs access to products to export on a timely basis. That's what we're concerned about, maintaining timely access.

**Mr. Massimo Pacetti:** Thanks.

Ms. Campbell, that was an interesting presentation, but in terms of your membership, what would be most important? Tariffs? Regulation? I think you also talked about investment rules. Of all these intangibles or all these items, which one would be most important to your membership?

**Ms. Ailish Campbell:** I think that's a great question. Our members cover all sectors of the economy, so it depends on the sector.

For our agrifood exporters and energy producers that have resources they can't move to the region, other than through traditional forms of export, tariffs and non-tariff barriers for standards would be the most important.

For our services companies, we're finding that many of them have their head offices here in Toronto and in Vancouver, Calgary, and elsewhere, and then they're locating sales offices, often through joint ventures or other initiatives, in regions. That's when you get at the mobility of people being important and various forms of services liberalization.

It really depends on the sector.

**Mr. Massimo Pacetti:** So you need this agreement to be comprehensive and not just about tariffs?

**Ms. Ailish Campbell:** Exactly.

**Mr. Massimo Pacetti:** Okay.

In terms of benefits, when we were out in Vancouver, it looked like the TPP was more important to the west coast than the CETA. When we were in Halifax, it looked like the CETA was more important than the TPP. Is that your feeling as well in terms of your membership?

**Ms. Ailish Campbell:** My feeling is that provinces are most concerned with the agreements that correspond to the composition of their exports.

British Columbia, for example, has more than 50% of its exports.... Again, we're dealing with merchandise trade, and I think these are outdated numbers not reflecting the true economic footprint of Canada globally, but at any rate, 50% of B.C.'s merchandise exports go to Asia, so of course they would be more concerned. But if you go to the east coast, you'll see that Clearwater, Canada's largest seafood producer, is very interested in selling more products to Asia. So I don't think it's a simple story at the macro level.

**Mr. Massimo Pacetti:** Is there a complaint of transferring goods from one end of the country to the other end of the country to get them out on each coast? I don't know if you're ever hearing that from your members.

**Ms. Ailish Campbell:** The logistics and ports remain critical no matter what trade agreements Canada concludes.

**Mr. Massimo Pacetti:** Not just ports but rail as well.

**Ms. Ailish Campbell:** Sure, absolutely.

**The Chair:** Thank you very much.

Mr. Hiebert, you have seven minutes.

**Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC):** Thank you, Mr. Chair, and thank you all for being with us today.

I'm going to start with the CGPA.

Mr. Keon, in your comments, I'm told that you had expressed some concerns about the negotiations as they're unfolding. I'm wondering if you could elaborate on what those concerns are, and in particular, what tariff barriers the CGPA is currently facing in TPP nations that could be remedied through these negotiations.

• (1145)

**Mr. Jim Keon:** Thank you.

Our overall objective as a Canadian generic pharmaceutical industry and as part of the worldwide generic pharmaceutical industry is to increase opportunities for exports. We want to export good quality medicines around the world. Canada has a good reputation on generic medicines. We've been in this business for decades. Health Canada has a high regulatory standard. Canadian-approved generic medicines are wanted and seen as quality medicines around the world.

From time to time now, we're seeing questions about medicines coming from various countries. So one of the things we would like to see in TPP beyond intellectual property and beyond tariffs—and I'll answer the tariff question—would be, in trade negotiations generally, a movement towards trying to lift up regulatory standards and harmonize regulatory standards and reduce costs, improve efficiencies, and do more cooperation in terms of inspections between agencies. It's not possible for Health Canada to go and check agencies around the world. They need to have assurances that those plants we're relying on have quality products. That's an important element.

In terms of tariffs, as I mentioned, generally speaking they're not that high in pharmaceuticals and they're not really a barrier. It is not something that our member companies are particularly concerned about. We do support elimination of tariffs as a general principle. We import products from around the world and we sell around the world. We would like to see the complete elimination of tariffs on pharmaceuticals, but that's not a barrier.

On the intellectual property, again, we're an export industry. About 50% of our domestic production is being exported. We think it is critical that Canadian companies have access to developing products legally on a timely basis so that we're not late to market, because these are truly international markets now and generic pharmaceutical investment will go to those countries where it is legal to manufacture products on a timely basis.

**Ms. Jody Cox:** If I can also just jump in quickly, in answer to your question in terms of what the specific concerns are, they're very wide ranging depending on how you look at things. So again there are very good proposals that have been made by some countries that are on the table. There are other things that are under discussion that have been tabled that are also of great concern. So because of the complex nature of intellectual property, perhaps we could submit something in writing to the committee that would give a fuller explanation of those concerns.

**Mr. Russ Hiebert:** Yes, thank you, we'd be pleased to receive those through the chair.

Ms. Cox, I was going to ask you about the opportunity you had to participate in a stakeholder day, as you said, in Brunei and Malaysia. I was curious to know what were the key points that you made on behalf of the CGPA in those presentations.

**Ms. Jody Cox:** Thank you very much.

Among my key points, first was to describe our industry, the importance of pharmaceutical manufacturing and exporting in Canada and many other jurisdictions as well. There was the importance of ensuring that the TPP does not erect new barriers to trade in generic pharmaceuticals for Canadian companies and also for all TPP member countries. Then also I was providing some of the information that Jim unfortunately had to skip over in his presentation, some of the kinds of things that we would like to see in trade agreements beyond regulatory cooperation and harmonization, things pertaining to intellectual property like an early working exception.

So Canada, for example, has a very strong early working exception for generic medicines, which ensures that generic medicines can access the market as soon as the patent expires, so that it doesn't create an extra delay there. I talked about best mode patent disclosure, so again, being able to have disclosed within a patent the most efficient way of creating an invention.

Also, I noted the incentives to help generics challenge weak or frivolous patents, because again countries rely on the generic pharmaceutical industry to challenge weak and frivolous patents to bring competition to the market, so providing incentives to ensure companies can do that is also viewed as very important to our industry.

**Mr. Russ Hiebert:** Ms. Campbell, I wanted to ask you, in your presentation you highlighted a number of bad scenarios to summarize those concerns, including this hub-and-spoke outcome that you would not favour. Is this genuinely a concern on behalf of your organization that negotiators might end up with an outcome that would benefit primarily only one country and not all member states?

• (1150)

**Ms. Ailish Campbell:** I put it as a scenario to the committee. We should always be aware that we are a relatively smaller country in these negotiations. Geopolitically, we don't possess the same military projections, the same literal raw power that the other members of this negotiation do. Those can come sometimes with intangible benefits inside negotiations. It's something we should be aware of until we're assured that there is a single tariff schedule being negotiated.

Currently, as you may know, the negotiations, as I understand it, are being conducted bilaterally, and the objective is to then multilateralize those bilateral gains to all parties. Until that process actually happens, we should just simply be aware that there is a possibility this could turn into a series of bilateral agreements under the title of TPP, and that, in our view, would be bad, because as I said, businesses would find it very confusing to try to look at 11, 12, or 13 tariff schedules and move their products around the region.

We certainly hope that's not the outcome.

**The Chair:** Okay, thank you very much.

We'll now go to our second round. We have about ten minutes left and we'll need to prepare for the next session, so we'll give four minutes to each.

Go ahead, Mr. Côté. The floor is yours.

[*Translation*]

**Mr. Raymond Côté (Beauport—Limoilou, NDP):** Thank you very much, Mr. Chair.

Ms. Campbell, it is a real pleasure to listen to you.

In your presentation, you said that Canada had to show ambition and establish a strategy regarding its approach to Asian countries. You talked among others about Australia. The labour government has in fact developed a white paper on Asia. I think that is an intelligent approach.

How would you describe Canada's approach and its degree of preparation with regard to the Trans-Pacific Partnership?

[*English*]

**Ms. Ailish Campbell:** Canada has, I think, a very vigorous strategy toward Asia. Our people-to-people links are very strong. Increasingly, in addition to our first nations and our European heritage, we're becoming a more Asian country simply because of our excellent people-to-people links, education links, and again

businesses continue to trade whether the government has an agreement or not.

The activity of Canada in APEC is to be welcomed and encouraged. Our bilateral engagement with Japan is, I hope, a very high-quality agreement, not least because Japan has invested significantly in Canada, including in our automotive footprint. We want to sell energy products to Japan.

I think our most important element of an Asia strategy is in fact the domestic work we have to do inside our own country to create the highest quality, most environmentally responsible infrastructure to actually export to Asia and take advantage of this incredible opportunity.

In addition to that, we would encourage a strategic partnership with China, similar to Australia. That white paper process you described is very important in terms of involving the public in a discussion about the people-to-people, human rights, and political linkages that surface any time we discuss China as well as, in our view, the huge economic opportunities that are presented by China.

[*Translation*]

**Mr. Raymond Côté:** This leads me to another topic.

Last Tuesday, officials told us that the government had carried out studies on possible gains and losses related to the TPP. Unfortunately, we were not given access to those studies—which reminds me of something. Two years ago, when I sat on a committee in connection with the European agreement, my European colleagues were surprised to learn that even in camera we did not have access to that document.

First, do you think it is problematic that the content of that study was not shared with all of the members of the committee? Did you have access to these studies on the potential gains and losses related to the TPP?

[*English*]

**Ms. Ailish Campbell:** On that specific study, no, but we're working with an economist, Dan Ciuriak, and, in fact, we'll be publishing in a few weeks what we see as another thought exercise, shall we say, which would be looking at what would happen if Canada, in fact, just unilaterally liberated all tariffs, and the benefits that would produce. I'm sure you and I will both enjoy reading that study when it's available.

[*Translation*]

**Mr. Raymond Côté:** Finally, in connection with international trade, we must provide support to our enterprises. I was my party's critic on small business and tourism, and I remember the problems SMEs had in trying to do cross-border trade with the United States. In fact, the structures well not well-adapted to that, as compared to the trade done by big businesses and multinationals.

Do you consider that the current structure, including the Trade Commissioner Service, is adequate and can meet the needs of SMEs, or do you think, rather, that it is more useful to large companies or multinationals?

Do you think measures could be introduced to improve the support we provide to our small and medium enterprises?

•(1155)

[English]

**Ms. Ailish Campbell:** On that score I would say three key things.

First of all, small and medium-sized enterprises do export as part of the value chains of larger firms, so large firms are critical to the ecosystem of the Canadian economy because they enable small and medium-sized firms to export.

The second thing I would say is that joint ventures in those regions—finding a good partner in that region—are critical for small and medium-sized enterprises.

Third, in this case, I think the tools that are provided by the Government of Canada—the trade commissioner service; BDC, Business Development Canada; and EDC, Export Development Canada—are essential, in particular for small and medium-sized enterprises.

**The Chair:** Thank you.

Ms. Bateman, the floor is yours for a few minutes.

**Ms. Joyce Bateman (Winnipeg South Centre, CPC):** Thank you very much, Mr. Chair.

[Translation]

I also thank all of our witnesses for being here with us today.

[English]

I would like to start with Ms. Campbell, if I may. I thank you for the clarity of your presentation. I love it when people say, “This is good; this is bad” with such clarity of purpose.

The Prime Minister and Minister Fast have always said that we negotiate trade deals in the best interests of all Canadians. I mean, that's our intention. I defer to my colleagues here, but I think we've moved it from 5 to 42 trade deals since we became the government, so it is clearly our intention to benefit all Canadians.

Could you put more meat on the bones in the context that we're acting in the best interests of Canadians as to what is bad and how we avoid it? You've listed a few.

**Ms. Ailish Campbell:** Let me just say a few things.

First of all, trade diversion is bad. Trade diversion means that there is an excellent producer of a product, a service, or an agricultural good, and because of tariffs or non-tariff barriers, those rules act as a diverting effect for the customer to purchase what is really the product from the most efficient producer.

What we're really looking at here in the WTO, in the TPP, and in our suite of bilateral initiatives is making sure that governments are not in the way, that rules are not in the way between consumers and the best products. Anything that distorts markets such that inefficient producers end up getting to sell to customers is bad.

What's also bad, unfortunately, is seeing our competitors conclude agreements more rapidly than Canada. For example, I'm sure the United States looks on CETA with great jealousy. We're very excited about the opportunity to create a truly transatlantic marketplace, knitting together NAFTA and CETA with common regulatory standards that also allow governments in all those nations to protect

consumers and their public with their own domestic rules, but rules that create a common market.

But when our competitors conclude agreements more quickly than we do—for example, in South Korea—it made it imperative that Canada have a bilateral agreement so that we weren't displaced by Australian, EU, or U.S. competitors who did have agreements with that country.

As countries have and develop closer relationships with China, we're going to have to look at that. China is third to the U.S. and the EU in terms of our export and import relationship. Chinese producers have displaced Canadian products in the U.S. market. We have to look at that very carefully. We have to have a strategy for China. It's just too big not to.

**Ms. Joyce Bateman:** Thank you very much.

That's it?

**The Chair:** Yes, your time has pretty well gone, so I'm going to call it because we have to set up for the next panel and we want to be respectful of time there as well.

I want to thank Ms. Cox, Mr. Keon, and Ms. Campbell for coming and sharing with us. It's been a very interesting panel.

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

•(1155)

\_\_\_\_\_ (Pause) \_\_\_\_\_

•(1205)

**The Chair:** We will call this session back to order. We're a little bit late but we'll catch up, I'm sure.

From Amnesty International we have Alex Neve, and from the Canada China Business Council, we have Sarah Kutulakos.

Sarah, we'll yield you the floor first. We look forward to your testimony.

**Ms. Sarah Kutulakos (Executive Director, Canada China Business Council):** Thank you, Mr. Chairman.

Thank you to the committee for inviting the Canada China Business Council to be here today.

CCBC is an independent non-profit, non-partisan membership association. We were organized 35 years ago to help our members better succeed in trade and investment between Canada and China. We have approximately 225 corporate members and about 2,000 active individuals within those members. Of those organizations, 90% are Canadian. They tend to be companies primarily, but we also have a good number of educational institutions and also some government agencies within our membership. Our membership is about three-quarters SMEs; 75% of our members have less than \$50 million in annual revenues. We have offices in Toronto, where our headquarters are, and in Montreal, Calgary, Vancouver, Beijing, and Shanghai. Through that network of offices we cover both countries as a bilateral organization.

We do a number of things for our members, including helping them one on one with their China business, bringing them together to educate them and help them build their networks through events in both countries, as well as helping to advocate for an easier environment in which to do business. In that regard, we are always looking at ways in which we could break down barriers to trade and investment in both directions. Often it takes an agreement of some sort to make big progress in that. We saw big gains from the WTO, for example, when China acceded to the WTO in 2001, with some further sectors joining in 2005, but there has been little opportunity to make big progress in that lately.

As a council, we're in favour of any policies that increase market access and build rules-based systems to help our companies compete in a country that is challenging but offers huge growth opportunities. Two years ago the conclusion of the Foreign Investment Promotion and Protection Agreement was very good news to us, particularly because we see that the assistance the agreement could give to Canadian companies that are invested in and doing business in China could be significant. It may also offer benefits to Chinese companies in Canada, but as a country with a better system of rules overall, the impact is bigger for Canadian companies who are currently operating in China without the benefit of such an agreement.

On the Trans-Pacific Partnership, I'm not an expert on this, but I do eat, sleep, and breathe China and the China opportunity every day. Personally I've been involved in China my entire career, more than 25 years. I speak the language. I've lived in China on a number of different occasions. As an organization, we think about China 24-7.

The opportunity that China brings is something that has been very obviously covered in the press. I'm sure the committee is aware of it. China is Canada's number two trading partner after the U.S. We are China's 13th-largest trading partner, so we're a bit farther down the list. China will be the largest economy in the world in five years. Even China's slowing growth of 7.7% last year makes it one of the best opportunities around.

Canada's trade with China in 2012 was about \$70 billion. If you look at all of the Asian countries, that is half of our total trade with Asia. Only Japan comes anywhere close, at \$25 billion versus \$70 billion, and the next one down, South Korea, is \$10 billion—seven times smaller than our current trade with China.

This number is growing nicely. We were at \$11 billion in 2001 and \$65 billion in 2011. But to be honest, it's without trying very hard. Similar to what you heard from Ailish Campbell, there's a lot of opportunity for Canadian companies to do even more. The growth is nice at 7% overall in 2012. Our exports in 2012 grew by 13%, which is even better, but we still feel like we're far behind. To use a transportation analogy, it feels like we are on an express bus, so we're not doing too badly, but China is moving at the speed of a fast train. It often feels like a challenge to keep up, particularly because other countries are engaging China more aggressively and in a more coordinated fashion.

Unlike in other markets, government actions in China help to pave the way for businesses of all sizes. What happens from our federal government in its relationships with China's central government filters down even to the smallest companies. They will hear from

their counterparts in China, "Well, you know, your government isn't getting along with our government," or "Things are slow, so I can't do as much with you." It's an important consideration. We always keep in mind that although businesses have to do well on their own merit, the government plays a very important role. The signalling from the top is important.

• (1210)

Overall, we look at the trade numbers and why that is good for Canada. There was a report done a couple of years ago by the Institute for Competitiveness & Prosperity, a think tank in Toronto. They talk about the fact that in addition to the standard economic benefits of more trade, trade is an important stimulant to innovation and our economic success. Innovation is driven by a combination of support and pressure, and international trade contributes to both, so these two terms—"support" and "pressure"—are important.

Support refers to the conditions that are a foundation of assistance to all firms and individuals as they compete and develop. This leads to larger market opportunities and access to better supplies of materials, people, and capital, which are critical supporting conditions for innovation. That support, through agreements like the TPP, can end up being delivered by the trade commissioner service and by organizations like ours and variety of resources that companies have in their tool box.

Pressure is even more important, in my opinion. It comes both from aggressive and capable competitors who are a threat to complacency and from sophisticated customers who demand innovative goods and services at low prices. Better market access to countries in Asia through the TPP gives you access to much more demanding customers, and it helps our companies be better. International trade exposes our businesses and managers to these beneficial pressures that create the imperative for innovation.

In any country, there are competing interests that can get in the way of trade liberalization. I look, for example, at our dairy supply management policy, an interesting anecdotal example being Saputo, the Quebec dairy company that is in the process of buying Australia's Warrnambool for about \$520 million. In the press around that acquisition, a key statement was made, which was that they are buying it for the China market opportunity that an Australian operation brings. They're not addressing that China opportunity directly from Canada. That could be an indication of the fact that value chains are really global, but there are also, I believe, some trade barriers in that.

Now, I'm not the right person to comment on the pros and cons of supply management concessions in an agreement like the TPP, but the fight over such a controversial topic is analogous to one that happened in China prior to its WTO accession in 2001. The WTO deal pitted China's internationalists against those who preferred not to open up to the world. The internationalists won, and China benefited greatly.

The TPP, as you know, doesn't include China currently among its 12 countries, but our council is still in favour of the TPP, particularly because there is an opportunity for China to be brought in along the line. A successful TPP may very well convince China to join. The Development Research Center, which is a think tank under China's State Council, has recently invited a number of scholars to Beijing to brief them on the agreement. I would add that the DRC, in conjunction with the World Bank, has published some very good work that shows China very clearly understands the changes that need to be made to China's structure to keep growing at the rate they are. They know there are a lot of reforms that need to be done, so I'm heartened to see the DRC inviting scholars in to talk about the TPP.

Some recent statements show that they're thinking about joining as they learn about what the TPP includes. China may be able to use the TPP to deal with some of their own internal structural issues. Just like the WTO, where it was actually very convenient to essentially blame it on the foreigners—"they made us join" and "they made us make these changes to our country's structure"—that's often a convenient excuse for getting this hard work done. In this regard, China tends to recognize the value of multilateralism, especially when it can help it restructure its economy.

I would also point out that global value chains are predominant, as I alluded to with the Saputo example. The more countries with which Canada has such cooperation agreements, the easier it will be to build productive and efficient global value chains, because much less happens bilaterally than multilaterally as we move products around the world.

There is also a significant benefit to Canada, as was written by the Peterson Institute for International Economics in a report in 2012. Among the key points this report made were that the TPP offers a pathway to free trade in the Asia-Pacific with significant potential gains economically, and in addition to some very strong economic numbers listed even for Canada, they talk about some intangible effects of "renewed momentum toward global economic integration".

•(1215)

As I mentioned at the beginning, there hasn't been much news in terms of agreement that makes it easier for companies. You can see from the success—or lack of—with the Doha Round of the WTO that a large worldwide agreement is likely not in the cards. So agreements like this, which help us take steps toward that, are useful. One of the points they also made was that it can lead to better rules for Asia-Pacific trade and perhaps global trade. As I mentioned, those rules are very helpful to us.

Finally, people might ask why we don't just negotiate a free trade agreement with China. Wouldn't that be what the council would want? While we are definitely in favour of such an agreement, realistically whether or not it can happen is a question.

The bilateral complementarities that we have between our economies will not remain static. A good report was done two years ago between DFAIT and China's Ministry of Commerce about economic complementarities in a variety of sectors, but those opportunities come from China's five-year plan and some of its stated goals in how it wants to upgrade its industries. Those are open windows, as I call them, that will close as China tries to develop

those capabilities. In the time it may take to negotiate a comprehensive agreement, the open windows may completely change. Other countries that have been negotiating bilateral FTAs with China have seen that it is not a quick process.

So we feel it may be more promising to negotiate a series of confidence-building agreements that would deliver liberalizing momentum as they enter into force and help create a framework for the future. But at the same time, the TPP can help to move things along well.

Finally, we need a strategy versus ad hoc liberalization of trade. Often these one-off bilateral agreements appear to be much more ad hoc. So the TPP is a very efficient way of getting many Asian countries involved at the same time, with a fallback being individual negotiations where Canada is often just too small to get those done quickly.

So we see TPP as a must-do, but it's not in lieu of having a strategy for China. The TPP would be part of an Asia strategy and Canada's China strategy should be an integral part of that Asia strategy. They can be mutually reinforcing.

I would recommend to this committee a commission perhaps in parallel to your TPP work to study the China trade relationship, and the council would be very happy to provide further input on that topic.

Thank you.

**The Chair:** Thank you very much.

We'll now move to Amnesty International, Mr. Neve.

**Mr. Alex Neve (Secretary General, Amnesty International Canada, Amnesty International):** Thank you very much, Mr. Chair, and good afternoon, committee members.

Amnesty International appreciates this opportunity to be here and share some views and recommendations with respect to the TPP. Clearly I'm not here on behalf of Amnesty International because we are an organization that is focused on trade or trade policy or trade priorities. We don't have expertise or views on those issues. We have clearly very solid global expertise with respect to human rights and a growing body of work that looks at the relationship between human rights and trade, trade policy, business practices. That will be the area of my focus today.

When we turn our mind to something like the TPP, obviously we begin by thinking about the countries that are involved or potentially involved, a list, which of course with the TPP, continues to grow. In addition to the original four, now eight others are actively negotiating, and to our knowledge we have at least 10 others who have varying degrees of official or likely interest in becoming involved in the TPP. Amnesty International has varying degrees of concern with respect to human rights protection in every single one of those 22 countries.

I want to start my remarks by briefly highlighting some of those concerns in four of the countries, not because they're the worst or any other particular reason. In many respects these are countries where Amnesty has focused on some connections or implications with or for Canadians.

• (1220)

**The Chair:** I'll stop you for a second. Just to clarify, I understand that you're speaking on behalf of Amnesty International. Yes? Okay. You said you weren't speaking on behalf of Amnesty International with regard to TPP, I think.

**Mr. Alex Neve:** No, I was highlighting that obviously we are not a trade association; we're an organization.

**The Chair:** Yes, that's what I thought you said. I was just clarifying.

Go ahead.

**Mr. Alex Neve:** I just wanted to make clear what our focus and expertise is.

In Vietnam in recent years the repression of government critics and activists has worsened significantly. With severe restrictions now on freedom of expression, association, and assembly, numerous peaceful dissidents, including bloggers and songwriters, among others, have been sentenced to long prison terms after unfair trials. Members of ethnic and religious groups in the country are targeted for human rights violations, and there are now more than 500 people on death row in Vietnam.

One of those imprisoned is a well-known and popular blogger who goes by the name Nguyen Van Hai. I want to take a moment to talk about his case because there is a Canadian connection. His daughter is a Canadian citizen living in Vancouver. Coincidentally, I heard from her this morning and we shared the latest concerns about his plight.

Her father Nguyen Van Hai is a founding member of what's known as the independent Free Journalists Club of Vietnam. He's been sentenced to a 12-year prison term, which is to be followed by a further five-year term of house arrest upon his release, all of that after a trial that lasted only a couple of hours, a trial at which his family was harassed and detained to prevent them from even attending, and a trial that was unfair in every way possible.

His prison conditions have been harsh and intolerable and there is mounting concern about his health. In her note to me this morning, she shared just briefly a few updates. She noted that he's now jailed in an isolated area, and as she described it, "cannot step out of his cell". He is like a caged animal. Food is brought to him and he cannot eat with any of the other prisoners because they are worried that information about his plight will get out of the prison. But very notably in the note today his daughter stressed to me, as if she knew I was going to be in front of this committee, that in her family's view, business links and global economic pressure offer the best means to get her father out of prison.

Mexico faces serious challenges to the rule of law and respect for human rights. The alarming security situation in many parts of the country and the consequences of militarized combat, organized crime, and drug cartels have increased insecurity and violence dramatically in many regions, leaving many communities unpro-

ected and at risk from all sides of these conflicts. Enforced disappearances, torture, and arbitrary detention continue. Human rights defenders and journalists, who often try to support victims and expose abuses, face increasing attacks. Women, indigenous peoples, and migrants face discrimination and violence.

In Colombia, despite peace talks, human rights violations and abuses continue, especially against indigenous, Afro-descendant, and peasant farmer communities; women; human rights defenders; and land claimants. There is a particularly dire crisis facing indigenous peoples in the country, starkly confirmed and documented in a ruling from the country's own Constitutional Court that has found that one-third of Colombia's indigenous nations are at risk of extermination. The factors that lie behind this human rights crisis are many, including relentless targeting by all sides during decades of armed conflict, and more recently, the impact of a massive influx of foreign mining companies, including many from Canada, into indigenous territories.

As for China, authorities in China maintain a stranglehold on political activists, human rights defenders, and online activists, subjecting them to harassment, intimidation, arbitrary detention, torture, and enforced disappearance. Muslims, Buddhists, and Christians who practice their religion outside officially sanctioned channels, as well as Falun Gong practitioners are tortured, harassed, arbitrarily detained, and imprisoned. Harsh crackdowns continue against Uighurs and Tibetans.

Again, there are Canadian connections. A Canadian citizen, Huseyin Celil, of Uighur origin, is serving a life prison term after a deeply unfair trial. Canadian entreaties to Chinese officials on his behalf have been rebuffed and ignored.

Brothers, sisters, and children of Chinese democracy activist and political prisoner Wang Bingzhang, all of whom are Canadian citizens, continue to press for his release. His daughter Ti-Anna Wang, a Canadian citizen, had travelled to Geneva last week to press her father's case at the UN Human Rights Council, and in doing so, in open session at the council, was openly photographed—including photographs of her laptop screen—in a very intimidating fashion by agents clearly linked with the Chinese government.

That is, to say the least, obviously the briefest of overviews of human rights concerns in just four countries in the region.

• (1225)

I want to highlight that Amnesty International takes no view on the degree or nature of trade and investment that Canada should pursue with any of those four countries, or any of the list of current or potential TPP partners. But we do consider it essential that Canadian trade, investment, policy, and agreements, including the TPP, very deliberately pay serious attention to human rights.

Trade and investment and the business activities that are fostered and generated by trade and investment, if pursued responsibly and sustainably, can obviously be of great benefit to human rights protection, helping to improve livelihoods, to open up opportunities for employment and empowerment for marginalized groups within society, to lead to greater access to education and skills development, and many other benefits.

Trade and investment and business activities can also, however, be of great harm on the human rights front when pursued irresponsibly or recklessly. That is particularly so when there are no standards or there are weak standards in place to hold companies accountable for the human rights consequences of their activities.

We obviously want to ensure that Canada's trade, investment, and business presence and activities maximize the former—human rights promotion—and minimize, ideally avoids, the latter—human rights violations. With that in mind, therefore, allow me to make a three-part recommendation as to a crucial policy step that we believe Canada should take before and as we move forward in finalizing new agreements and arrangements in the trans-Pacific region and elsewhere.

First is to clearly enunciate that regard for internationally protected human rights is to be a pillar of Canada's strategies for pursuing increased and freer trade and investment in the trans-Pacific region and worldwide. We very much regretted the fact that the new global markets action plan, released last fall, did not do so. The action plan, in fact, has no reference to human rights, let alone any measures or mechanisms that would help advance human rights protection.

Second, in negotiating Canadian membership in the TPP or any other deal, ensure that there is explicit reference to the relevance and applicability of binding international human rights treaties both in the agreement itself and in domestic legislation implementing the agreement.

Third, establish in law a requirement that the TPP, and all trade and investment agreements, will be subject to comprehensive, independent human rights impact assessments both before coming into force and at regular intervals thereafter. Such assessments must be released publicly. There must be an expectation and requirement that shortcomings identified through the assessment will be addressed and that progress to alleviating those shortcomings will also be reported publicly.

In that regard, let me wrap up with a few words about both the potential and the disappointment of the approach taken to assessing and reporting on the human rights impact of the free trade deal between Canada and Colombia, one of the countries thought to have active interest in becoming part of the TPP—

**The Chair:** Time is very tight, so make it quick.

**Mr. Alex Neve:** Okay.

There has been disappointment with the first two rounds on how that human rights assessment has been carried out. We had held out hope that there would be a better approach this year. That was crushed last week when we learned how consultations were to be conducted for this year's review, consultations having been opened up for a mere six working days, consultations not in any way being

publicized or announced widely, including in Colombia, and the announcement not even being made available in Spanish.

The experience with human rights and the Canada-Colombia deal is instructive for the TPP process. The very positive piece is that it really highlights that assessing the human rights impact of trade agreements is indeed possible and that governments do recognize, as Canada and Colombia did, that there is an important connection between human rights and trade. The problems and shortcomings in how the human rights assessment has been handled with respect to this particular deal, though, highlight that a better methodology, a better approach and stronger commitment are needed.

We certainly hope that Canada will demonstrate human rights leadership in the TPP process, building on and substantially improving that process. It's good for human rights. We think it's also good for business.

• (1230)

**The Chair:** Okay, thank you.

Madam Liu, the floor is yours.

**Ms. Laurin Liu:** Thank you, Mr. Neve.

The time is short, but in your testimony to the committee today you've given us a brief overview of how human rights standards might be variable among the 12 countries that are part of the TPP and the countries that also have an interest in the TPP.

Also, as you mentioned, three days ago your organization made it known publicly that the Conservative government had limited the online consultation process to only six working days for the Canada-Colombia FTA human rights report, also without any public announcement. Is it fair to assume that six days is enough time for organizations to prepare a submission to a consultation of this nature?

**Mr. Alex Neve:** Not only Amnesty International but many organizations spoke out and expressed considerable disappointment that there was such a limited consultation period and that it wasn't even publicly announced in any respect. You'd have to have had the wherewithal to find the announcement deep within the department's website to even know it was under way. Also, for something that primarily needed to be an exercise facilitating input and information coming forward from individuals and communities on the ground, those who had the first-hand human rights experience to share, it was not even made available in their language, Spanish, so that was obviously a considerable disappointment.

As a result, every organization and activist I know who follows this information felt that it was an impossible consultation process to take seriously and to contribute to, and therefore they will not be participating in it.

**Ms. Laurin Liu:** On that note, about how many groups do you believe would have been able to put in submissions in the short period of time?

**Mr. Alex Neve:** To my knowledge there was no group that felt it would have been able to put something together in that short a period of time.

**Ms. Laurin Liu:** That's certainly something of great concern. What do you think compelled DFAIT to hold consultations in such a manner on something so crucial as human rights?

**Mr. Alex Neve:** We don't know the answer to that. Of course, because we don't know why a decision was taken to offer something that was so limited and really, I think at least to outside appearances, therefore meaningless, the conclusion that groups are left to draw is that there wasn't real interest in hearing from the grassroots on-the-ground organizations that had information to share. I hope that's not the case. I hope there could be some other kind of explanation, but without an explanation and such a flawed process, people understandably draw those kinds of conclusions.

**Ms. Laurin Liu:** Understandably they are very upset by the process.

Can you speak to whether or not Amnesty has been consulted by DFAIT on human rights implications of the TPP, particularly for countries such as Vietnam, which may have human rights standards that are lower than Canada's?

**Mr. Alex Neve:** We have not had any outreach from the department with respect to human rights perspectives on the TPP, and that's one of the reasons we certainly very much welcome the opportunity to be here today.

**Ms. Laurin Liu:** Further on the TPP, on Tuesday a witness told the committee about DFAIT's online consultation mechanism. Is it fair to say that given the way the government has handled the consultation process on the Colombia FTA human rights report that Canadians don't have complete faith that the government is truly consulting in good faith?

**Mr. Alex Neve:** Certainly our organization wasn't aware of whatever online process has been under way with respect to the TPP. I wouldn't want to speak for other members of civil society. There may be other organizations that were aware of it and that have participated, but we weren't.

• (1235)

**Ms. Laurin Liu:** You mentioned the importance of Canada producing comprehensive human rights impact assessments when we speak about trade agreements. What would make these human rights impact assessments truly comprehensive? Could you just describe to us perhaps the process and the content that these assessments would need to have?

**Mr. Alex Neve:** Well, the real answer to that is an entire lecture that I deliver, which obviously you don't have the time to hear. But it's safe to say there are some very well-developed methodologies, including those by UN experts, that are now well accepted and recognized as providing a comprehensive approach with regard to the range of human rights that are assessed, the scope of consultation, and the frequency and regularity of assessments that are carried out. There's some flexibility around that depending on the deal, depending on the scope of the deal, and depending on the countries that are involved, but there is a lot of information to draw on.

**Ms. Laurin Liu:** If, through our chair, you could just table a document perhaps summarizing the crucial elements of that, the committee would greatly appreciate that.

**Mr. Alex Neve:** Sure, I could do that.

**Ms. Laurin Liu:** As we see clearly in the case of Colombia, the parallel agreements on environment and human rights risk are not actually being applied. In your opinion, would that equally be the case in the TPP, and more generally, what is the position of Amnesty International on parallel agreements?

**Mr. Alex Neve:** With the Canada-Colombia deal it isn't so much that there's a parallel agreement. What we have is a secondary addition to the deal. It happened quite late in the process and it was added both to the deal itself and also to the implementing legislation, which is of course very important because that gives it some domestic legal teeth. This is a binding national legal requirement now.

That feels to us to be actually an important way to go on something like this because it does anchor it in law that there's a legal obligation and expectation, which therefore lays out clarity around when it's going to happen, who's supposed to conduct it, and those sorts of things.

So that's the kind of approach we would recommend with respect to something like the TPP as well, that there both be measures taken to bring human rights into the agreement itself... There are a lot of free trade agreements that have this, not so many Canadian free trade deals but others, especially European Union ones, that have provisions that even just specifically highlight and recognize the applicability of international human rights treaties. It's not seen as a separate body of law that has no relevance to this treaty. It's right there in the treaty and recognized as having applicability. That's a very good starting point.

But then, to give it some meaning, we think that the best practice is to go this route of requiring human rights impact assessments. That's what gives the tools and the opportunity to truly study and understand the human rights implications and consequences of a particular trade deal, and coming out of that, to identify the recommendations that will address the concerns.

**The Chair:** Thank you.

I think you made the point. Time's gone.

Mr. Cannan.

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

Welcome back, Mr. Neve, it's always good to see you.

To Ms. Kutulakos, welcome to our committee.

I want to jump right into my first question to you, Ms. Kutulakos. It was interesting looking at your bio online. You attended the University of Wisconsin, with a great interest in Mandarin. You went from Taiwan in China to Toronto, Canada. It's a very diverse experience, so I appreciate your input here at the committee today, and I wanted to get a little bit of more input as far as your perspective on TPP is concerned.

You mentioned Canada's need of a strategy for Asia. We do have the global markets action plan. GMAP identifies Canada's strong economic growth not only for now but for the future, and it identifies with our interest in China, Asia. We just had the official announcement earlier this month of the completion of the negotiations in Canada-Korea, and of course there's the gateway that this provides into the Asian market and bilateral discussions are just under way and there's the fifth round of talks this week with Japan.

So we're working towards that direction and we also had at this committee from an organization called the Asia Pacific Foundation of Canada, Mr. Yuen Pau Woo. He talked about the benefits of the TPP, and representing the riding in the Okanagan of Kelowna—Lake Country in British Columbia, there were the benefits, obviously, for the forestry industry, seafood. He talked about tariffs being reduced on agriculture, specifically horticulture—blueberries, cherries from my riding, ice wine.

An interesting point is that I was advised by the Wine Institute that Korea has the highest price point of red wine in the world, so there's a great opportunity for expanding there too. I'm just wondering what is your organization's relation to the Asia Pacific Foundation? Do you work together?

• (1240)

**Ms. Sarah Kutulakos:** We work very closely with them. In fact, they have a deep research capability that is not inherently built into our own organization, so we do collaborate with them. We will also consult with them frequently on issues of mutual concern. Many of the issues they have highlighted in their national conversation on Asia and some of the work they've done to underpin that gets to some of the elements of what an Asia strategy or a China strategy might include. They take some of the good work that's already being done, such as the global markets action plan, but they think about it in a very comprehensive fashion, going beyond trade and investment to include people flows, education. I think this ultimately results in perhaps a better balance and healthier attitudes toward certain Asian countries than what may exist, based on some of the polling they've done in Canada.

One of the things we find when we look at their surveys is that in Canada, in general, the average Canadian is afraid of a place like China. We see it even in terms of many companies that go in saying that they're afraid for their intellectual property or that it's just so different from their traditional markets like the U.S. Part of an overall strategy, for example the Australian white paper that Ailish mentioned, is helping to think about a country's overall attitude toward a place like China.

A few months ago I was in New Zealand, which is, of course, one of the few developed countries that has a free trade agreement with China, and I noted with interest a very broad-based, healthy dialogue about China. It would come up in conversation—not positively, not negatively—in terms of what was happening with investment in farming or exports of lobster or whatever. There was an element to it that I haven't seen here in Canada. I think the government can take a lead on that.

I would also note that the global markets action plan is very ambitious. It's important. To go from 11,000 exporting companies to

21,000 is not an insignificant task. It's going to take the help of many organizations beyond the federal government to get there, but we have to get there.

**Hon. Ron Cannan:** I agree it's very ambitious. We've gone from five trade agreements with five countries to 43 now, and we continue to check off one a day. Minister Fast is travelling the world, and I noticed Prime Minister Harper today over in Europe. We have the CETA, which is the most comprehensive agreement that Canada has ever entered into.

I'd like to segue to Mr. Neve. I know that part of that was the extensive agreement on labour and environmental aspects and human rights. I don't think there's anybody in this room or in Parliament who's not caring and compassionate and wants to make sure that we have our values of human rights respected around the world. As a matter of fact, a similar trade committee is heading to Peru next week to tour a mine. We want to make sure that those values are upheld and to do what we can as Canadians to ensure the proud Canadian reputation we have is respected around the world. So it's with great interest...and how we can work together, continue to respect the agreements.

You alluded to Colombia. When Mr. Peter Julian from the NDP was on the trade committee we went to Colombia. We went to a UN schoolroom, to classrooms to talk to the students. Then we met with some of the local individuals in a shanty town. Connie Watson, a CBC reporter, followed us. The issue we asked them about was whether they felt we should provide this trade agreement to open up doors or just back away.

So my question is to you, Mr. Neve. Do you think it's better that we engage developing countries like Colombia and other partners in the TPP, or do we isolate and trade just with countries that have human rights values more similar to Canada's?

**Mr. Alex Neve:** I want to be very clear that Amnesty International, be it with respect to Colombia, and again with what we're saying today regarding the TPP countries, is not saying do not trade, do not do business. In many respects we don't have a position one way or the other on that particular piece, on who Canada should be doing business with, in what way, and in what industries. What we do say is to please ensure that trade policy goes ahead and business is conducted in a fashion that is, to the maximum extent possible, going to promote and improve and safeguard human rights, and at a minimum, is going to safeguard the ways in which we know that irresponsible business practices—and they arise in some sectors more than others—can either directly cause or indirectly contribute to human rights violations.

I think Colombia is a very good example of that. We never opposed the free trade deal. All along we said let's make sure that there are strong components to this deal that are going to attend to those human rights issues. We welcomed the addition, therefore, of the human rights assessment process, which was groundbreaking and unprecedented. As I say, we have some disappointment, which we hope can still be turned around, in terms of how it's now being implemented. The real opportunity and potential of that groundbreaking possibility isn't being realized, and it really needs to be.

• (1245)

**The Chair:** Thank you very much.

**Hon. Ron Cannan:** I think we share that hope in opportunity as well. Thank you very much.

**The Chair:** Mr. Pacetti, the floor is yours.

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

Thank you to the witnesses for coming forward today. It's an interesting discussion, different points of view, coming from different angles, but that's what Canada's all about.

I guess my first question is for you, Mr. Neve.

I may be a little bit naive, but maybe you can help me. When you say that the trials are actually unfair, how do you determine that? Do you have people there? I'm asking that because this morning I was watching Radio-Canada, and they had statistics on people being executed worldwide. Fewer countries are executing people, but certain countries, like Iran and Iraq, are actually executing more people. Yet there are no statistics available for China. If they can't get statistics, how can you get documentation or proof that these trials are not being fairly run?

**Mr. Alex Neve:** That report you heard was actually based on our report of today, so I know it very well. The China situation, I think, is very interesting. We do this every year. We release what we call the annual death penalty statistics. Obviously it's a grim report.

We used to include China in the statistics. It was always a shot in the dark estimation, our best guess as to how many executions were happening, because executions in China are considered a matter of national state security. There is no public release of how many people are being executed. The executions are not reported publicly.

We've gotten to a point where we felt our estimations weren't—

**Mr. Massimo Pacetti:** My time is limited. I don't have as much time as the other people. I'm just wondering in terms of the trials, how are those determined, whether they are fair or unfair?

**Mr. Alex Neve:** For us, we work by international fair trial standards. It's all enshrined in international human rights treaties.

**Mr. Massimo Pacetti:** But do you have somebody there that witnesses...?

**Mr. Alex Neve:** It differs from country to country. Some countries don't allow Amnesty on the ground. China doesn't allow Amnesty researchers on the ground.

**Mr. Massimo Pacetti:** Specifically, for example, the three countries that you stated are in the TPP group of negotiating are Vietnam, Mexico, and Colombia. Would you have somebody...?

**Mr. Alex Neve:** Those are three countries that we do have access to. In fact we have an Amnesty International team that's on the ground in Vietnam right now.

**Mr. Massimo Pacetti:** Would you have a scale or a determining minimum requirement to determine what those trials...?

**Mr. Alex Neve:** As I said, we work by international standards that governments themselves have set out in international human rights treaties and those are quite detailed.

**Mr. Massimo Pacetti:** On a question of a different vein, you're saying that the free trade agreements should highlight human rights situations. Have you tried to get support from other stakeholders, for example, business groups, or anybody that has things at stake with

free trade? Or is this something that you guys are just going at by yourselves?

**Mr. Alex Neve:** We're certainly not doing it by ourselves. There's a wide sector. There's the trade union movement, many civil society organizations, religious groups, human rights organizations, that have called for this approach of, number one, enshrining human rights obligations in the deal itself; and then number two, backing it up through a human rights assessment process.

Engagement with the business community has been mixed. I would say that we very often get a positive response from the business community. At the highest level, yes of course, we agree with you that trade should be done in a way that's good for human rights. We've found it more difficult to get agreement around some of the specific, concrete pieces that would give some teeth to that, like a human rights impact assessment.

**Mr. Massimo Pacetti:** A business in Canada would have to withhold or meet certain standards, whereas their competition in other countries would not, and I don't see why the business would support your cause or help you defend your cause. I'm a little bit worried that you weren't even aware of these webinar and consultation processes that have been going on during the TPP negotiations that are being made available for everybody. I'm wondering if the government is doing their job or not. I'm not going to blame you guys but there's something wrong here. There's a miscommunication somewhere.

• (1250)

**Mr. Alex Neve:** I think that there could be a significant improvement in the dissemination of information.

I do want to highlight that this, of course, is not a recommendation we simply make to Canadian business. Amnesty pursues this globally because we very much agree that, when it comes to human rights, what we want to do is establish a level playing field right around the world, so that all countries have the same kinds of obligations when they're doing business with another country.

**Mr. Massimo Pacetti:** I have a question for Ms. Kutulakos.

You mentioned that a few countries have free trade agreements. Do you know which ones?

**Ms. Sarah Kutulakos:** I believe that it's New Zealand and Iceland, not any big ones. Those are of the developed countries.

**Mr. Massimo Pacetti:** But you did state that other countries are pursuing China more actively, so where does that come from? What are they doing that Canada's not? Besides the fact that the Prime Minister is not visiting China on a regular basis....

**Ms. Sarah Kutulakos:** There are actually some interesting statistics out lately about the numbers of prime ministerial and ministerial visits from different countries and things like that. Let's take the U.K. as an example. They have a quite comprehensive approach to China. They still have their issues, but for example, they've made London a renminbi trading hub, and there's been a lot of attention paid lately to the fact that they've put in place a swap agreement that was just signed this week.

When their prime minister goes over, he tends to take many more companies with him, and they put forth very big goals. I'll give you an example. We've tried to make sure we can help China to pay attention to Canada, being a relatively small country. Last October when we held our annual general meeting in Beijing, we had about 300 people come to our own activities, but we estimated that there were about 600 Canadians in Beijing that week: the National Art Centre orchestra, provincial delegations from Quebec, and city delegations from Ottawa and Calgary. Minister Baird was there, Minister Oliver was there, and the Governor General made his state visit. I think we did a very good job of bringing things together to make it not look like a one-off visit. At the same time, the Chancellor of the Exchequer and the Mayor of London were there, and they still ended up stealing all the press in Beijing that week.

It's just a fact that we need to keep coordinating and trying very hard.

**Mr. Massimo Pacetti:** Does your—

**The Chair:** Okay, I've been very gracious with my time. He doesn't get as much, so I really feel for him.

**Mr. Massimo Pacetti:** It's not fair.

**The Chair:** To be respectful for the next questioner, we'll go to Mr. Hiebert.

**Mr. Russ Hiebert:** Thank you.

We can continue that conversation because that was going to be the line of questioning that I was going to take as well.

Ms. Kutulakos, welcome here.

You talked about the U.K. and the strategy that they have. That is frankly what I was going to ask. What does a China strategy look like? You said an Asian strategy would be good, but a China strategy would be better. You've suggested that we have a study on China trade relationships. Can you just elaborate on where you think the government should be going in these different areas?

**Ms. Sarah Kutulakos:** Well, I think if we look at some of the countries that do have more specific strategies toward China, Australia comes up very frequently. There's been a strategy that transcends individual governments that has been very helpful in continuing to help some policies move forward. There's a goal, for example, that I believe it's 12% of school leavers, people who graduate from schools in Australia, will speak an Asian language. So there are some goals that help to deepen the whole country's perspective on that, and there's been some work done.

Recently there was an Asia competency study done that David Mulroney, our former ambassador, took the lead on. One of the things he noted was that it's more difficult for us to get as many Canadian students to want to travel over to China and study there or live there than it is to attract Chinese students to come here. When they explored that a little bit more deeply, they discovered that those students said, "Well when I go apply for a job upon graduation, the companies who are looking to hire me aren't telling me that they value that experience I would have gained during my semester or my year abroad." You can see where, if you can have a bit more of a comprehensive approach there, it could be helpful.

If I think about a couple of comments about the U.K. or Europe, for example, I noted recently that the European Union funded a very big project that we noted with interest because we have an incubation initiative to try to help these SMEs to do business in China better. They had done it on a European basis with some very good reports and things like that. The U.K. itself has many more trade offices in China, for example, than Canada does. It also funds quite directly some of the bilateral associations that are involved.

We are completely independent as a council. Our counterpart in Britain is not, and I'm not asking for money from the government, but it just shows a difference in approach.

• (1255)

**Mr. Russ Hiebert:** You mentioned, not in your former remarks but in an answer to a question, this concept of a renminbi trading hub. I know that you've done some work at promoting that in Canada. What impact would that have on Canadian businesses investing or doing business in China?

**Ms. Sarah Kutulakos:** I said that it would have an impact in several ways. In many ways it's more of a marketing initiative than it is some major change to what's happening.

As we talk to the banks, the banks are trading in renminbi, and it's growing all the time. However, right now in North America, not a city has decided that it wants to be a renminbi trading hub. Singapore is doing it, London is doing it, but New York, for example, has not decided to do it. If Canada were to choose one of our cities to play this role, and do it early enough—you can't be late to the party or there's no benefit—it would draw increased trading through our country.

That would have a couple of benefits. For example, right now some of the major banks are already developing those capabilities of their employees to understand the benefits of the renminbi and how you would trade in it, but if we had a hub, the capability would go through many more of our financial institutions. At the same time, a lot of our small and medium-sized enterprises, who we know struggle to figure out how to expand beyond the U.S. to a more difficult export market like China, would be able to understand how they could use renminbi in their strategies for bidding on projects for selling. They would be able to avoid the costs of bidding, for example, in U.S. dollars, and then having to trade Canadian dollars to U.S. dollars to renminbi, and be able to go more directly.

None of these are "big bang" benefits, but they would all come together. To be honest, if I think about our political issues that we can discuss with China, this is one that would seem to be relatively uncontroversial. If you think about the items on which we would like to make progress in our political relationship with China, this one might be a nice easy step as we move toward further deepening of our China strategy.

**Mr. Russ Hiebert:** Mr. Neve, you highlighted some concerns from a number of different TPP member countries. In terms of the consultation, this was going to be the third consultation on Colombia, is that correct?

**Mr. Alex Neve:** The third review.... The first time there was no consultation, and the second time there was a very limited online consultation that most groups only found out about after the fact, not during the time.

So this is the third experience of the review, and I just described to you the kind of consultation that's been initiated.

**Mr. Russ Hiebert:** Yes, you did. I'm just wondering, in light of the fact that this is the third review, to some degree I think it would have been fair to expect that organizations should have been preparing reports. They know it's an annual event, and they potentially would have had an opportunity to submit. It's not like it came out of the blue, *per se*. It was something that was expected.

I would like to focus more closely on your comments regarding Vietnam. You talked about some bloggers being imprisoned, Dieu Cay among them. Can you elaborate on what he was communicating, why he was imprisoned, why he was such a threat to the government?

**Mr. Alex Neve:** He is a well-known and very popular blogger, an independent journalist, really, in Vietnam. There's strongly state-controlled media in Vietnam. Over the last few years, there's been a vibrant community of alternative journalists who have tried to open up independent space for that. He's been a real leader of that. He's brought together an association of independent journalists to promote freedom of the press and freedom of expression.

My understanding of his blogs, which I don't follow—I don't read Vietnamese—is that they very much talk about social justice and democracy issues. He also is one leading voice that has raised some critical and sometimes challenging questions about the nature of Vietnam's relationship with China. That is a very sensitive political issue in Vietnam. The government is known to very often shut down and stifle individuals who try to provoke debate and discussion about that.

Amnesty International's assessment of his case is that there's absolutely nothing at all the slightest bit criminal that he has ever done. We consider him to be a prisoner of conscience. That's why we're campaigning, and have been for two or three years now, for his unconditional release.

• (1300)

**The Chair:** Thank you very much.

Thank you both for your testimony. It's been very valuable and quite diverse. I appreciate that, and I appreciate the questions as well.

With that, we will adjourn.

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