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Chair

The Honourable Mark Eyking

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● (1540)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): We're going to start our meeting. First we have a little update from Mr. Hoback.

Mr. Randy Hoback (Prince Albert, CPC): Yes, Chair. We talked about going into the U.S. to some of our trade commissioners across the U.S. Is there anything to report on that file? We were talking about going to Denver or Chicago.

The Chair: No. We've just sent the preliminary overview to see if we can get a rough agreement from all parties that we can go, and then we'll put the meat on the bones. That's where it's at right now.

Mr. Randy Hoback: Thank you.

The Chair: Before we start, I'd like to congratulate the committee for all the work we've done so far, especially seeing the two bills in the House today and the trade bill getting through.

Our business agenda with the U.S. is coming up.

Without further ado, Ambassador, thank you for coming in. I'm sorry for the wait.

We have with us Ambassador Duc Hoa Nguyen.

Is my pronunciation of your name okay?

His Excellency Duc Hoa Nguyen (Ambassador for the Socialist Republic of Vietnam to Canada, Embassy of the Socialist Republic of Vietnam): Yes. Thank you.

The Chair: Thank you very much for coming. As you know, our committee started this process to deal with the TPP over a year ago. We took our consultation process right across the country. We were in every province and territory, and we also did a lot of communication with the public on the TPP agreement.

We will probably be tabling our report in the House in a month's time. We really appreciate the input from ambassadors. We are in the final stages of our study on the TPP, and even though there's a sense that the original TPP might not go very far with the United States not being part of it, we feel that all the information we've gathered from Canadians, from other countries, and from ambassadors could bode well for future bilateral agreements.

One thing I am very impressed with is how your country has grown so much economically over the last three or four decades. It's amazing, this miracle in your country and what you've gone through. Vietnam is one of the countries I've never visited, but it's on my bucket list.

Without further ado, sir, welcome to our committee. You have the floor.

H.E. Duc Hoa Nguyen: Thank you, Mr. Chairman, dear friends, ladies and gentlemen. It is my great pleasure to be invited to speak on the TPP in front of the Standing Committee on International Trade of the House of Commons after the United States president's decision to withdraw the U.S. from the TPP.

Before I go straight to the points, I would like to say that the views and the insights I present today are my own, not those of our government.

The first point I'd like to make is that the TPP is a free trade agreement of the new generation, which was signed by the 12 participating countries in New Zealand on February 4, 2016, after long-lasting negotiations over six years.

If launched, the TPP will meet the interests of all the participating countries: removing trade barriers; cutting most tariff lines; increasing the degree of trade and investment openness, facilitation and liberalization; pushing a strong momentum for regional economic connectivity; and, strengthening peace and stability in the region. It's a common agenda.

In the TPP negotiations, the United States said that it expected the TPP to create a new benchmark for the "FTAs of the 21st century" and considered the TPP one of the key pillars of its "rebalance to Asia" strategy to consolidate U.S. leadership and balance China's rising power in the Asia-Pacific.

The U.S. presidential memorandum to pull the United States out of the TPP is causing an unpredictable future for this deal. In my personal opinion, the withdrawal is not a wise decision. Without the United States, the TPP is truly meaningless, but it is also a disaster for the United States, economically and strategically.

Economically, it could put U.S. businesses at a competitive disadvantage in Asia. The U.S. will have less leverage to engage in writing new rules and setting up new games in reshaping a new economic order in Asia.

Strategically, it will raise fundamental questions about the Asia strategy of the U.S. and about the U.S. role and U.S. credibility and reliability in Asia. The U.S. allies and partners are less confident in United States leadership in Asia, and U.S. influence and power in Asia continue to decline relative to other major powers in the region. A geostrategic shift in the balance of power is likely to emerge, to the disadvantage to U.S. national and security interests in Asia and in the world as a whole.

Therefore, in my own opinion, not all Americans and U.S. allies welcome this decision.

The TPP is said to be dead since Washington's exit, but some countries do not accept that. Japan and Singapore already have ratified. Japan and Australia are working together with other partners to go ahead. Chile has come up with the idea of hosting a meeting in mid-March and has invited all 12 participating countries, as well as South Korea and China. We welcome this idea and highly appreciate all efforts and initiatives to seek new ways to go beyond the TPP.

Vietnam's joining the TPP—and other bilateral and multilateral FTAs—is part of our consistent policy to expand and deepen the comprehensive international integration into the global economy.

• (1545)

The opportunities and benefits we look forward to in participating in the TPP are as follows: to boost exports and imports, promote foreign investment, and improve the competitiveness of our national economy; to build a more favourable business environment for home companies and foreign companies, and for trade facilitation and liberalization; to accelerate institutional and structural reform centred on the legal reform, the economic restructuring, the administrative public system, and the education and training institutions; to perfect the market economy system and transform our model of development; to enable Vietnam to expand and deepen co-operation with leading partners in the region and beyond, contributing to the growing trend of economic integration in the region; and last, to strengthen the political relations, mutual understanding, and trust between Vietnam and the partners in the TPP.

The TPP brings about opportunities for Vietnam, as well as challenges and risks, but in the long run we look forward to the positive impact on sustainable development and a shift in the model of growth, and to higher living standards and a better quality of life for our people.

Vietnam will continue our renovation, our economic reforms, and comprehensive international integration despite the decision by the United States to pull out of the TPP. Vietnam will take the necessary steps to ensure the effective implementation of its commitments under existing and future free trade agreements. Also, Vietnam will work with other TPP partners to find new solutions for the TPP, because we believe this deal will bring about major trade and investment benefits to Vietnam and other countries and will create strong driving forces for economic integration in the region and in the world.

Vietnam and Canada are among the participating countries of the TPP. No matter whether or not we have the TPP, we are optimistic about the bilateral relations and co-operation between our two countries, particularly in the fields of trade, investment, education, student exchange, agriculture, high tech, environmental protection, and mitigation of climate change.

The opportunity that Vietnam offers to Canada is growing. Vietnam is now the largest trading partner of Canada in Southeast Asia, with trade values recorded at nearly \$5 billion Canadian in 2016, and the growth in bilateral trade is about 25% to 30% annually.

Vietnamese students in Canada now top 5,000 and are one of the fastest-growing sources of foreign students for Canadian universities, and the numbers will increase in the incoming years.

Vietnam's leading exports to Canada are textiles and garments, footwear, seafood, furniture, edible fruit and nuts, and sports equipment. Vietnam is also the destination for major Canadian exports, especially wheat, seafood, oilseeds, and fertilizer. Canadian high-end garments, leather articles, and fur skin products are also becoming more attractive to Vietnamese consumers, with sales of certain products increasing tenfold in recent years.

Trade between Vietnam and Canada complements each other, rather than competes, and there is much more potential and opportunity for trade and investment co-operation between our countries due to the following factors.

Vietnam's economy grew by 6.5°/o in 2016, one of the fastest rates in the region, and it has a large market of 90 million consumers. By 2020, the middle and affluent classes in Vietnam will double from 12 million to 33 million, with a growing appetite for high-quality goods and a better life. Vietnamese consumers love made-in-Canada products such as cold-water lobster, snow crab and geoduck, high tech, biochemicals, agricultural technology, and medicine and pharmaceutical products.

● (1550)

Vietnam not only offers Canada its tremendous market but also serves as a gateway to the ASEAN market, now becoming an economic community, and to China if Canadian firms want to access the Chinese market without placing all of their eggs in one basket. As a signatory of FTAs with major trading partners like China, Japan, South Korea, the EU, and India, Vietnam could be helpful as a connecting point for Canada in the Asia-Pacific.

Vietnam and Canada are among APEC's member economies. This year we will host the APEC summit in November. When the TPP is stuck, APEC and other regional institutions are important for us to work together on the issues of common concerns and interests in response to the fast-changing world—most importantly, in trade and investment liberalization, growing protectionism, innovation, inclusive growth, job creation, human resources, gender equality, sustainable development, and climate change.

While NAFTA is likely to be renegotiated, as President Donald Trump has stated, APEC is also a window for Canadian firms and entrepreneurs to access Asian markets and diversity your trade policies. Vietnam is actively working with APEC members to lay out the priorities of APEC Vietnam 2017. We look forward to working closely with Canada within the APEC and will welcome Prime Minister Justin Trudeau to the summit in November.

We should work together to accelerate the discussion and the signing of the MOUs on co-operation in agriculture, finance, and banking sectors and a bilateral agreement on promotion and protection of investment. We should collaborate to intensify business-to-business ties, people-to-people links, and student exchanges.

We do hope that all of you will support the deepened and substantial relations based on the mutually beneficial co-operation between our two countries.

Thank you so much for your attention.

• (1555)

The Chair: Thank you very much, Your Excellency, for that very good report.

We will have some questions from the different parties here. We'll start off with the Conservative Party.

Mr. Ritz, you have the floor for five minutes.

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): Thank you, Mr. Chair.

Ambassador, gentlemen, thank you so much for the gift of your time and knowledge here today as we work toward carrying on the TPP even without the United States.

You've outlined Vietnam's concerns as well as the opportunities. I think you're absolutely right in that the meeting coming up in Chile will be very fundamental in deciding what the direction will be, moving forward. A lot of major players are considering doing just that. I think it's worthwhile. I don't see any reason why we can't move forward without the United States. It's their loss, and in some cases our gain. At the end of the day, tremendous opportunities for like-minded countries on developing agricultural capacity in Vietnam, using Canadian feedstock and genetics, is certainly paramount in the foundation of this type of agreement. I've had the great opportunity to be in Vietnam a couple of times talking about those connections, and I look forward to a third trip.

I really don't have any questions to ask you. That said, I know that other countries as well are coming to that meeting in Chile. That includes China. I'm not sure if serious about joining TPP, but they'll make sure that they know what's going on. There's South Korea, and I've even seen that Colombia, the Philippines, and so on are considering coming. I think that's good, because it breeds new life into the TPP agreement.

So will Vietnam be there?

H.E. Duc Hoa Nguyen: Yes. I've already made the recommendation to our foreign ministry and other ministries to have a representative at these meetings. I don't know who will be there, but I've personally recommended to our minister that we should have a person at these meetings.

Hon. Gerry Ritz: I think it's very important that we all are there. Japan has been pushing for this as well.

H.E. Duc Hoa Nguyen: Yes.

Hon. Gerry Ritz: It's a good sign that they're ready to move ahead. Multilateral agreements like TPP always give you more

ambitious outcomes than bilateral ones. We look forward to moving forward on that.

Thank you for your strong presence during the negotiations and as we continue to work on some sort of completion of the TPP.

The Chair: Thank you, folks. We'll move to Mr. Peterson.

Go ahead.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Mr. Chair.

Your Excellency, thank you so much for being here today and spending your time with us.

During your opening remarks you talked a lot about the economic importance of a trade deal like the TPP, but you also alluded to the geopolitical importance of it. I wonder if you could elaborate a little on that for those of us on this side of the Pacific who don't necessarily have the same appreciation you might have for the importance of the geopolitical component of whatever arrangement comes forward as we work together.

H.E. Duc Hoa Nguyen: It is very important, in my personal opinion.

Of course, I am now working at the policy and planning department in our foreign ministry and I really look at the TPP mainly from a geostrategic perspective. In my view, the TPP is important not only economically but also strategically for economic arrangements. Now, we have to ask again how important it is. I think it is really important.

Mr. Kyle Peterson: Okay. What role do you see Canada playing in that geopolitical reality, in building relationships with countries like your own, Vietnam? We look at Japan and we look at other parts of your part of the world. How important would the trade agreement be in fostering those other relations?

H.E. Duc Hoa Nguyen: Canada's role will be very important for us, even if Canada is far from Asia, when we look at the grand scheme, not only in Asia but on global issues. Canada is very important for the TPP, so we would like to encourage that and would like to see Canada go ahead with other countries for the TPP and beyond the TPP.

● (1600)

Mr. Kyle Peterson: Okay. Thank you.

You alluded to the United States, and obviously it's not going to be a part of this agreement. I think you've also alluded to there being an appetite and a desire to move forward into some other arrangement. Do you see that including a number of the TPP countries or would you consider bilateral agreements with either Canada or any other TPP partners going forward? Are you open to all sorts of ideas at this point?

H.E. Duc Hoa Nguyen: It is too early now to predict exactly what will happen, but I think countries now are pretty flexible and some countries are looking forward to bilateral trade relations and bilateral trade bills. I cannot give you the right answer now, but I think all countries in the region now are flexible on trade issues and also on some others.

Mr. Kyle Peterson: Okay, thank you.

Mr. Chair, do I have more time?

The Chair: Do you want more time?

Mr. Kyle Peterson: I was going to share with one of my colleagues if I had any.

The Chair: I can give you another couple of minutes or a minute and a half.

[Translation]

Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Thank you for being with us today. We greatly appreciate your being here.

Many of your companies are state-owned. What effect would the TPP have on your companies if the agreement were signed? [English]

H.E. Duc Hoa Nguyen: Do you mean how it will affect our business?

[Translation]

Ms. Linda Lapointe: I am speaking of your state-owned companies.

[English]

H.E. Duc Hoa Nguyen: It will have an effect.

Like you here, we also have some competition among government agencies, and between government and business. It's hard to estimate or analyze how much of an impact it will have on business. I think it will have an impact, but I cannot give you an exact answer as to how much, because TPP has not been implemented. In my personal thinking, the impact will not be so much, but it has not yet been implemented. In reality it has not yet been signed, so I cannot give you the exact measure and impact of this.

The Chair: That's fine. Thank you.

[Translation]

Ms. Linda Lapointe: Thank you very much.

[English]

The Chair: We're going to move over to the NDP now.

Ms. Ramsey, you have the floor.

Ms. Tracey Ramsey (Essex, NDP): Thank you.

Thank you, Ambassador, for being here today and for answering our questions.

We certainly heard from many people in our travels around our country here about the benefits of the TPP that they see in the markets of Vietnam. We certainly heard that from the seafood sector and from some of the others that you mentioned. We heard them mention that this was the market in a country that they would like to increase trade with.

My question is along the lines of my colleague's. It's about the United States and the announcement of its withdrawal. I'm wondering now whether the Government of Vietnam intends to ratify the agreement.

H.E. Duc Hoa Nguyen: Before I came here, the TPP was brought to our national assembly for consideration. I think that at the time it seemed that our government would go ahead.

Ms. Tracey Ramsey: That's good to know.

I have another question. If you're facing other negotiations in this regional comprehensive economic partnership that you're in the process of negotiating as well, I'm wondering how Canada-Vietnam trade relations would be affected if you achieve this free trade agreement with the countries of that regional comprehensive economic partnership. What would be the impact if the TPP does not come into effect? How would that affect the trade between our two countries?

H.E. Duc Hoa Nguyen: On our economies, I cannot say, but I think that no matter whether we have or don't have the TPP, we are optimistic about our bilateral relations and trade.

Ms. Tracey Ramsey: Thank you.

The Chair: Ms. Ludwig, you have the floor.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Your Excellency and gentlemen, thank you so much for being here today.

I have four questions. I'll be very fast.

The first one is about looking at international education. You mentioned that as one of the areas. We're seeing an influx of Vietnamese students in Canada. Are you able to tell me the typical area of study that your students are most interested in?

• (1605)

H.E. Duc Hoa Nguyen: My colleague will answer.

Mr. Hung Son Nguyen (Minister Counsellor, Political and Economic, Embassy of the Socialist Republic of Vietnam to Canada): Thank you for your question.

From our observations, many of the Vietnamese students who come to Canada would like to learn things that are very popular in Vietnam, so that they can easily find a job in Vietnam. For example, areas such as banking, business administration, and some technical areas such as computers, engineering, and IT or information technology, are the most popular.

Ms. Karen Ludwig: Thank you.

I represent a riding in eastern Canada, so I'm very pleased to say that we are very significant players with the lobster and snow crab that hopefully are coming your way.

I want to congratulate you. I was reading about Vietnam and looking at its poverty reduction. I read that the poverty rate has been reduced from about 58% to 11%. How much would you relate that to the significance of trade? In terms of the more you are involved in trade, do you see a relationship to that in your reduction of poverty in Vietnam?

H.E. Duc Hoa Nguyen: Of course, it is very important that we have trade to make a contribution to our poverty alleviation, and to increase and to lift a great number of Vietnamese people out of poverty. I think that's why our government has demanded a consistent policy, a policy that we be open to the outside world. This has remained unchanged. It is absolutely consistent. It's very important for our country's development: for trade, economic development, climate change and environmental issues.

Ms. Karen Ludwig: Thank you.

Do I have time for one more?

The Chair: Go ahead.

Ms. Karen Ludwig: Looking at trade agreements in general, we're certainly living in a time of rising protectionism. How important are these trade agreements to Vietnam as you see the future in the next 10 to 20 or 30 years?

H.E. Duc Hoa Nguyen: It's very difficult now, I think, because our economy now is less competitive compared to other economies in our region. If protectionism is growing, it's very difficult for our businesses, particularly for our SMEs. Our government now has a policy to support SMEs, and we need Canada and other countries' support and assistance to help us with our Vietnamese SMEs. A few days ago, I had a talk with a Canadian institution, which talked about how to support our Vietnamese start-up companies and enterprises. I absolutely agreed.

Ms. Karen Ludwig: Okay, thank you.

The Chair: Thank you.

We're wrapping up our time, but the Conservatives only took a couple of minutes.

My understanding is that Mr. Van Kesteren has a short question, so you can take the floor for minute here, if you want.

Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC): Ambassador, thank you for coming.

One can't have anything but the utmost respect for the Vietnamese. You suffered a horrendous war with the Americans, and shortly thereafter, I believe it was in 1976, there was a border skirmish with the Chinese as well. We certainly view you as a tenacious and a fierce country.

I'm curious. When I think about the geopolitical situation in southeast Asia, is it important for you to have this trade agreement to hedge yourself from an increasingly expansionist mainland China? Is that part of the importance of this agreement as well?

H.E. Duc Hoa Nguyen: Those are very good questions, and very difficult questions too.

This is very difficult for our country. Vietnam and China are very close geographically, and it's good because China is a very big market. It's our biggest market for Vietnamese imports and exports. But because of the historic reasons between Vietnam and China, there exist some differences, particularly the disputed territory in the South China Sea. We call it the Eastern Sea, not the Southern Sea.

That's why we advocate a foreign policy of bilateral relations and multilateralism. We need to have good relations with China, but we also need to have good relations with other major countries and regions, even countries far from, and not in, our region. So now we have established a partnership with 15 countries, and we have comprehensive partnership with 10 countries. That's our policy. It would take a long time to explain to you how it went, but I think that in essence is our main foreign policy in dealing with the neighbouring countries, and also in dealing with a major power. I hope that you get my point.

Thank you.

● (1610)

The Chair: We have one more quick question, from Mr. Fonseca.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Your Excellency, and thank you for coming before our committee.

I was reading that public opinion polls showed that 98% of Vietnamese were in favour of the TPP and only 2% against. That's not exactly how things were here in Canada.

What I'd like to know is how you got the public onside. How were the public informed about the TPP that you would get 98% approval?

H.E. Duc Hoa Nguyen: I don't know this number.

Where did you get the statistics, from the Vietnamese government or from an organization or agency?

Mr. Peter Fonseca: It was the media.H.E. Duc Hoa Nguyen: The media.

Mr. Peter Fonseca: That there was 98% approval.

H.E. Duc Hoa Nguyen: I don't think it was 98% who agreed.

Most Vietnamese people agreed, but also another number have different views on that. That's why we also have what we call "internal consultations" among the agencies, between the government ministries and [Inaudible—Editor].

Mr. Peter Fonseca: With the approval that you were getting, was it a strategic decision not to move to ratify right away, thinking about waiting for the United States to see what they would do?

H.E. Duc Hoa Nguyen: No, I don't think so.

I'd like to say forget the TPP, but apart from TPP, we have also joined other FTAs. That is why we don't mind so much about whether the TPP exists or not. We have signed and are a member of, I think now, about 10 FTAs, multilateral and bilateral, with other major partners and regions. Without the TPP, from my point of view, it's not so....

The Chair: Thank you. That wraps up the questions and dialogue.

Thank you, Your Excellency, for coming today. We are planning, maybe in the fall or in the upcoming year, on doing an Asia-Pacific tour. If we have time and if we have enough money, we'd love to go to your country. We'd appreciate that.

On that note, we're going to suspend. We're just going to take a minute if anybody wants a picture with the ambassador. Maybe we can go in the back somewhere.

H.E. Duc Hoa Nguyen: One thing I'd like to say is to emphasize that I would like to see your Prime Minister in Vietnam during the APEC summit. I would like you to support this, because it is important for our two countries to discuss the major issues that we need to work together on. Thank you so much.

The Chair: We will pass on your request.

H.E. Duc Hoa Nguyen: Thank you so much.

The Chair: Thank you, sir.

We're just going to suspend for a minute.

[Proceedings continue in camera]

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