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## **Standing Committee on International Trade**

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**EVIDENCE**

**Thursday, February 1, 2018**

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**Chair**

**The Honourable Mark Eyking**



## Standing Committee on International Trade

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• (0845)

[English]

**The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):** Good morning, everyone. I know it's difficult to get started on time, but we'll get in our groove on this early-morning shift. Welcome, everybody.

As you know, this morning we are going to continue with our study dealing with potential agreements with the Canada-Pacific Alliance.

We have with us this morning two witnesses. We really appreciate you coming. We have the Canadian Labour Congress and we have the Saint John Port Authority. I think you have been with us before and we appreciate you coming back to our committee. If the presentations can be under five minutes, we can have good dialogue with the MPs.

We have the Saint John Port Authority through video conference. Mr. Dixon, welcome.

**Mr. Andrew Dixon (Senior Vice President, Trade and Business Development, Saint John Port Authority):** Good morning, everyone. I certainly appreciate the opportunity to appear before the committee, at least through technology.

**The Chair:** Excuse me, sir. We're losing you.

Maybe we can have the Canadian Labour Congress go ahead and the technicians can figure out our problem in the meantime.

You have the floor.

• (0850)

**Mr. Hassan Yussuff (President, Canadian Labour Congress):** Good morning, Mr. Chair and members of the committee.

On behalf of the Canadian Labour Congress and its 3.3 million members, we thank you for affording us the opportunity to present our views here today. As you know, the CLC brings together national and international unions along with the provincial and territorial federations of labour and labour councils across the country working in every sector in our economy, and in all occupations in all parts of our country.

Today we appear to explain why we believe any free trade agreement between Canada and the Pacific Alliance—Peru, Colombia, Chile, and Mexico—should have people's well-being and workers' rights at its core. The old model of free trade agreements prioritized corporate rights over workers and the

environment. We believe this contributed to global instability through inequalities of wealth and income, deregulation of financial services, and the removal of the levers once used by governments to support economic growth. In a new trade model, we should embrace the kinds of economic partnerships that have at their core a commitment to equality, public reinvestment, and economic renewal that is both sustainable and democratic.

Nearly 20 years ago, together with trade unions across the Americas, we articulated elements of such an alternative trade and investment agreement in Labour's Platform for the Americas. In the wake of the 2009 economic crisis, the international trade union movement made proposals that would put sustainable economic renewal and decent work at the centre of our recovery efforts. Now we have a government that is taking these suggestions seriously in their progressive trade agenda. Labour rights have never been treated equally to the many rights granted to investors but the ambitious labour chapter tabled in NAFTA marks a significant change. We hope the government continues to build on this effort in the Pacific Alliance talks. This would be especially meaningful since we know labour rights are precarious in Peru, Colombia, and Mexico, and that Canadian corporations have been bad actors on environmental issues and labour rights in many of these countries, but alternative trade models must go beyond stronger labour rights.

The ability of government to regulate in the public interest must be protected and the ability of government to take action on climate change must be a priority over investor rights. Canada must seek a much stronger exemption in all free trade agreements in a manner consistent with the Canadian government's obligations to indigenous peoples in Canada. All FTA texts should include a wide-ranging, comprehensive, and clear exemption of indigenous rights, freedoms, and interests, from the scope of the agreement.

The renegotiation of NAFTA set a new standard for consultation, collaboration, and inclusivity in trade talks, but that work has only just begun. We need to build on this. For example, making studies available that would show the likely economic and social impacts of this deal on a range of issues; as well as establishing a system of regular monitoring and assessment of specific outcomes of FTAs, both positive and negative.

For those who say progressive trade is a distraction, I ask why can we not have an agreement that has as its central goal the creation of decent jobs and sustainable development? The Canadian labour movement is determined to ensure that any new trade agreement deals are fair and are protective of workers' rights, public services, the government's right to regulate in the public interest, and our environment.

It is time to take a new approach to trade that puts the interests of working people and the environment first.

The last point I would make, and this is always something I try to clarify, is our members throughout this country work in sectors that highly depend on our ability to trade with other countries. We recognize the importance of trade, and more importantly, the need for us to expand it. At the same time we recognize we don't have to compromise the basic principle of workers' rights, the environment, and indigenous and women's rights in the context of how we trade going forward.

Thank you on behalf of the Canadian Labour Congress.

I look forward to any questions the committee may have.

●(0855)

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

We're going to try to get back to the Saint John Port Authority.

We're going to suspend for a few minutes here.

●(0855)

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

●(0900)

**The Chair:** Go ahead, you have the floor. If you can, be brief, and then we can have some dialogue.

**Mr. Andrew Dixon:** Okay, I'll try to be as brief as possible.

As members of the committee are aware, Port Saint John, also known as the Saint John Port Authority, is located on the Bay of Fundy and the southern coast of New Brunswick. Port Saint John provides a gateway into North America for maritime commerce. It handles bulk, break bulk, and container cargoes. Petroleum products, potash, containers, and cruise provide the mainstay of port business, while other commodities make varying contributions.

In recognition that many of today's consumer and manufactured goods move in containers, we are now focused on significant opportunities being presented with the completion of the Panama Canal expansion and anticipated trade growth for east coast ports. The port is well situated to take advantage of the north-south trade routes, as well as emerging opportunities in Europe and Asia.

We're focused on growth at Port Saint John, growth that includes building capacity at our cargo terminals, strengthening our business, developing collaboration with shipping and rail partners, and

working with economic development agencies, such as ACOA, on international trade and foreign direct investment opportunities. We've seen results from this focus. Since 2012, we have had MSC, the world's second-largest container line, calling at Port Saint John on a weekly basis with a service to Freeport, Bahamas, and Caucedo, in Dominican Republic. Both offer transshipment destinations to countries further afield. Last year, CMA CGM, the world's third-largest container line, also began to call on a weekly basis. These two lines offer our importers and exporters competitive options and connections to global markets, but particularly in the north-south corridor.

To support these ambitious growth goals that we have, we needed strong terminal operations partners with a focus on international business development that is aligned with our own. In this regard, a major development took place last year when DP World became the new terminal operator of our WestSide facilities, and they're the fourth-largest operator in the world.

We have a long-standing connection with North America via CN's vast network, and we have recent success in partnership amongst short-line providers into the New England marketplace, expanding our target market and providing alternatives that were not previously cost-effective.

In our international marketing efforts, we have been working closely with ACOA on a north-south bilateral trade development, which includes Mexico, Brazil, and Chile. In fact, I will be travelling to those countries later this month, in conjunction with our cargo development manager, to engage in business meetings over a two-week period, designed to uncover opportunities for increased trade.

Our ongoing work with ACOA complements Canada's focus on trade growth with the Pacific Alliance countries of Chile, Mexico, Peru, and Colombia. Today our trade with these countries is valued at \$31.7 billion for Canada, and \$182 million of that is specifically Atlantic Canada. On the export side, our Canadian exports are \$6 billion in goods to these four Pacific Alliance countries, and of this, nearly \$118 million is exported from Atlantic Canada. Clearly, as a country, trade with Chile, Mexico, Peru, and Colombia is significant, and with trade agreements it's bound to grow.

Given our natural geographic advantages on the north-south trade route, our marine infrastructure capacity-building, and the trade and transportation partnerships we have established, we believe there are advantages for Port Saint John in the Pacific Alliance with Chile, Mexico, Peru, and Colombia.

For reasons I've outlined today, at Port Saint John we believe our regional and national economy will benefit from the introduction of reduced tariffs on importation of goods and materials from these countries.

Increasing imports at Port Saint John is a vital part in balancing trade in our container sector. Having more balance allows for increased cost-competitiveness for shippers and receivers at our port. Having greater import volumes at Port Saint John will also allow for better economies of scale for our existing exporters. Improving the balance of trade has been a major component of our north-south trade strategy.

● (0905)

In conclusion, we appreciate the attention of the committee and the invitation to provide comments today. For us, the opportunity for increased trade with the Pacific Alliance is about a brighter and more prosperous future for Port Saint John and our stakeholders through increased trade and competitiveness.

I hope I have been able to provide some information that the committee will find valuable as you carry out your important work. Now I'd be pleased to answer any questions you might have.

**The Chair:** Thank you, sir.

Our committee also had the pleasure of being at your port—I think it was last year or the year before, when we were doing the TPP study—so it's good to hear from you again.

We're going to start a dialogue with the MPs and we're going to start with the Conservatives for five minutes.

Mr. Hoback, you have the floor.

**Mr. Randy Hoback (Prince Albert, CPC):** Andrew, it's great to see you here and to hear you today. I'm so excited that we have the port in Saint John. I think it's very important for Canada, especially when we start seeing the B.C. government doing what it's doing on the west coast and starting to restrict our ability to ship stuff through the west coast. It just means more things are going to go south and east, and we're going to need your port more and more.

In your presentation you talked about petroleum products coming through the port. Are you exporting petroleum products through your port, or are you importing?

**Mr. Andrew Dixon:** We're doing both, actually. We have Canada's largest refinery here, Irving Oil. Primarily we're importing crude oil, and then we're exporting refined petroleum products. We also have an LNG terminal, where we're importing LNG. Our tonnage of petroleum products makes up a huge portion of what we do as a port.

● (0910)

**Mr. Randy Hoback:** Again, that's all imported crude and exported refined products, so it's not Canadian oil that's being

refined there, of course. That's partly disappointing, but in the same breath, I guess you've got to do what you've got to do.

I understand you guys had a challenge when PotashCorp closed its mine, which had exported a lot of potash through there. I understand you're picking up a lot of potash shipments at this point. Where are those shipments going? Are we seeing them going to the Asia-Pacific region, Brazil, and countries like that?

**Mr. Andrew Dixon:** Yes, we did have quite a major hit with the mine closure, and we expect that at some point it will reopen. But we had a record year of exports last year, as you are aware, and that was rail from Saskatchewan. The biggest market would be Brazil, but certainly Latin America, through other Latin American countries, through Central America, is primarily where most of our potash is destined.

**Mr. Randy Hoback:** You talked about the Pacific Alliance, and of course when you think of the countries involved—other than Colombia—you'd say, “Well, they're all west coast markets for the west coast ports”. But you're very aggressive. You're saying you're going to get a lot of shipping activity into that region, of course, with the expansion of the Panama Canal.

Do you have any idea of the number of jobs this is going to create in your port and the economic spinoff for the region by having the ability to ship through your port to these markets?

**Mr. Andrew Dixon:** It's difficult to say. We really look at the whole bloc of Latin America in total. Two of the countries that we're discussing today are accessible from both east and west coasts. The other two are accessible through the Panama Canal or around the southern tip of South America.

We're just starting to see—particularly in the container world with CMA CGM—imports from both Mexico and Chile, and we would expect to have reach into Peru and Colombia. And of course the east coast of South America is a major target.

**Mr. Randy Hoback:** Again, you can't say the number of jobs, but it's definitely going to secure the port and the port's future by having that extra capacity in those markets to ship into. Is that fair to say?

**Mr. Andrew Dixon:** Yes. On the whole, we need all of our market sectors and we need everything to be running on eight cylinders.

We have a huge modernization project with the container terminal, and we're investing \$205 million, along with our partners in the federal and provincial governments. It's all part of the formula that's going to grow the port in all sectors, but particularly in the container sector where really, in Atlantic Canada, the options for shippers are Halifax and Saint John, so it's important to have those two options.

**Mr. Randy Hoback:** Again, if it weren't for CETA and now the Pacific Alliance—and of course we have trade deals in these countries as we speak—you wouldn't have that growth, would you?

**Mr. Andrew Dixon:** No, we would be restricted. There would always be some import and export activity, even with tariffs and other obstructions to trade, if you like, but a trade deal, and free trade, and so on only serve to open up those channels. We always see, when these trade deals are successfully negotiated, that volumes increase. We take those opportunities to our exporters in the region, and importers as well.

**Mr. Randy Hoback:** Just one quick question, you're a unionized port, are you not?

**Mr. Andrew Dixon:** We are, yes.

**Mr. Randy Hoback:** Okay, so these are unionized jobs.

**Mr. Andrew Dixon:** Yes, they are ILA.

**The Chair:** Thank you.

We're going to move to the Liberals now for five minutes.

Madam Ludwig, you get the floor.

**Ms. Karen Ludwig (New Brunswick Southwest, Lib.):** Good morning, Andrew, how are you?

Obviously, my riding is New Brunswick Southwest, which borders on the Port of Saint John, so thank you so much for being here today.

I have a couple of questions for you. One is on the environmental side, and I'll just wait to go on that one, but the other one is on the infrastructure. Certainly a great deal of work is being done with the Saint John port. I wonder if you can comment on the adequacy or the challenges regarding rail and an adequate number of truck drivers and trucking in the Saint John area for rail-on/rail-off.

● (0915)

**Mr. Andrew Dixon:** Specifically, first of all, with respect to rail, we have a great connection through New Brunswick Southern Railway, which is the rail line that purchased, about 20 years ago, a short-line from CP. Through New Brunswick Southern we connect right in Saint John with CN Rail, and up through Moncton and then into Central Canada. Then also through New Brunswick Southern we can go down through Maine, the Central Maine & Quebec Railway, connect to CP near Montreal, or down through the Pan Am rail system into the U.S., with CSX and Norfolk Southern. We actually have optionality in rail, which isn't always the case on the east coast.

**Ms. Karen Ludwig:** Great. What about the trucking aspect?

**Mr. Andrew Dixon:** With respect to trucking we have some major carriers in New Brunswick, and then some smaller ones as well. This is the home to Day & Ross, Midland, Sunbury. We have other small carriers like Blacks Transfer, for instance, that do a lot of work within New Brunswick to the port. While there's a challenge in that industry with a lack of qualified operators and drivers, we have never had that challenge manifest itself as being a problem for our import/export activity.

**Ms. Karen Ludwig:** Great. Just adding to that then, looking at the opportunities, unfortunately the closing of the Piccadilly mine has had a significant impact on the area. Why is it that Saskatchewan

potash is now being shipped over to Saint John and then exported from there? Obviously, there was an opportunity.

**Mr. Andrew Dixon:** Yes, that's a great question. A lot of the time people will think, Saskatchewan is basically on the west coast, so you'd ship out of the west coast. In fact, it's still quite a distance to go through either Canadian or U.S. ports on the west coast. In shipping to the east coast, CN has been able to put a program together to ship longer trains. They've established some economies of scale that were very helpful to Canpotex, the shipper in this case. It's really worked very well, particularly for the fact that a lot of the destinations are on east coast, South America, so in Latin America, either Central or South America. If you're going to Brazil, it's one thing to consider what the origin is, and then another to consider what the destination is, and just their volume altogether. They have ready infrastructure and a terminal here in the Port of Saint John. The business has worked very well.

In 2017, as I mentioned, we actually saw our biggest shipment year ever of potash exports. Obviously, it's working pretty well.

**Ms. Karen Ludwig:** Great. Thank you.

I'm presenting before the House in March a private member's motion on the protection of endangered whales. I'm wondering, Andrew, if you can speak to any changes in shipping lanes or speeds, regarding container ships as well as cruise lines coming up the east coast, to basically avert any ship strikes with the North Atlantic right whale.

**Mr. Andrew Dixon:** As a pre-qualifier first, our VP of operations and harbour master Captain Chris Hall would be the one most qualified to answer that question, but while this issue has been very newsworthy lately with the unfortunate realities of what's happening with right whale deaths, this has been for the last couple of decades, if not beyond, at the forefront in the Bay of Fundy. That's what I can speak to primarily. Shipping lanes and patterns have been altered, and speed has been altered in order to ensure that everything possible is being done to protect the whale population in the Bay of Fundy.

I know that there's now some further movement to assist with that in the St. Lawrence. I wouldn't be up on what's taking place there currently, so I wouldn't like to comment.

**Ms. Karen Ludwig:** Thank you.

**The Chair:** We're going to move to the NDP now. Ms. Ramsey, you have the floor for five minutes.

● (0920)

**Ms. Tracey Ramsey (Essex, NDP):** Thank you to our presenters today.

I would like to say that I believe we have the best workers here in Canada, and if we are on a level playing field with workers in other countries we can absolutely be competitive and excel. But I believe we have a responsibility to ensure that we don't turn a blind eye to the working and human rights conditions of workers in the countries that we have trading relationships with.

I want to point specifically to a Canadian Labour Congress response to a report that came out. It's dated Thursday, February 2, 2017. It's about the rights of Colombians to collectively bargain to have a union, and what the reality is for people who attempt to do so. There are quotes in here about the anti-union hostility, intimidation, and threats that exist for Colombians who are trying to form a union, to have some freedom of association to improve their working conditions. It notes here that there are long-standing complaints of violence and intimidation used to restrict workers' freedom of association and collective bargaining.

Could you speak to this response to the report that you put out and tell us about the conditions that exist for working people in Colombia today?

**Mr. Hassan Yussuff:** Colombia has been, as you know, probably one of the most violent places on the planet for trade unionists. We've had more trade unionists killed in Colombia than in any country in the world. It's not just me saying that; it's a report of the ILO. They've established a process within the ILO to hold Colombia accountable to try to reduce this violence, and more importantly to try to change it. Since we have signed our free trade agreement with Colombia, it allows us the opportunity to bring complaints to the Canadian government about the Colombian government's behaviour and what they have not been able to do in bringing their laws into compliance with the trade agreement. Those complaints we filed with the Canadian government were sustainable. Now there is a process where the Canadian government, the Minister of Labour, will be engaging Colombia to...laws that they would have to repeal to ensure they're not in violation with our free trade agreement, but more importantly, to also take positive steps.

One of the other developments that I think is positive is that for the first time, Colombia has concluded a major peace agreement with the guerillas, this war having gone on for decades. We're hopeful this could substantially change the climate in which trade unions have been experiencing violence in that country. Time will tell, but I think the peace agreement will certainly contribute significantly to help make that better. We're hoping the minister will be travelling to Colombia to meet with her counterpart there. I know our officials have been working since they have issued their report and their findings. We're hoping now that the Colombian government will show tangible movement, because in absence of that, it will be a complete breach in terms of the provisions in the trade agreement we signed with Colombia.

**Ms. Tracey Ramsey:** In terms of the other countries in the Pacific Alliance, certainly Mexico is top of mind. We're talking a lot about the rights of Mexican workers. Of course, there was a horrible incident with a worker who was murdered outside a mine just last week. I'm also looking at Peru and Chile.

Could you speak to these other Pacific Alliance countries, their ability to organize and bargain collectively, and the workers' rights that exist in those countries?

**Mr. Hassan Yussuff:** In the renegotiations of NAFTA one persistent challenge we face—in addition to the United States, despite the rhetoric—is that we have tabled probably the best labour chapter to say that if this truly is about how we improve the conditions, here is the power to do so. In terms of this new provision that has been tabled in the renegotiation, neither the Americans nor

the Mexicans have yet acquiesced to Canada's demand. I can say without any hesitation the government has been persistent and committed to pushing those countries and saying, "Listen, we've talked a great deal about how we can do things." Mexico is the country, when we first signed NAFTA, that had better laws than Canada. The unfortunate thing is they have not enforced their laws—

**Ms. Tracey Ramsey:** Yes.

**Mr. Hassan Yussuff:** —and continue to not enforce their laws. I think that is where the frustration that has evolved in the last 20-something years of NAFTA has shown that it is a complete weakness.

Peru, of course, and Chile.... We had a long-standing agreement with Chile. Most recently, the Chilean government made a major effort to reform labour laws in that country. I think it's a positive step. Whether that will be sustained or just change.... Of course, a new government has just been elected, so we'll see—

**Ms. Tracey Ramsey:** Sorry to interrupt you, but do you know if the labour provisions that have been put forward in NAFTA have been put forward in the Pacific Alliance agreement as well?

• (0925)

**Mr. Hassan Yussuff:** I don't know that for a fact, but we will obviously ask the department whether it has been submitted or not.

**Ms. Tracey Ramsey:** Thank you.

**The Chair:** We're going to move back to the Liberals.

Mr. Dhaliwal, you have the floor.

**Mr. Sukh Dhaliwal (Surrey—Newton, Lib.):** Welcome, presenters, to the committee.

Mr. Dixon, are there any security concerns when you import from and export to these Pacific Alliance countries?

**Mr. Andrew Dixon:** We have a very strong relationship with CBSA, the Canada Border Services Agency, here in Saint John. There are several initiatives that we work on together. They're on site as almost an employee and an operator within the port, with some very sophisticated equipment for detection in export and import, but the emphasis is on import when you're looking at South American and Central American countries.

They have the ability to grow in their analyzing and checking of the container volumes along with the growth in business, so we stay very close with them. In fact, interestingly enough, we have a meeting next week of several people from the CBSA and our folks, talking about this exact subject and what will be required, what infrastructure is required, and how they can fit in best with the modernization and growth to ensure that they're ready. I'm very comfortable with the process and with the current program in that regard.

**Mr. Sukh Dhaliwal:** Thank you.

Hassan, again, it's always great to see you and the great work that you do to protect workers' rights.

You mentioned Colombia and that we had a free trade agreement. I was on the committee at that time. I had the opportunity to travel to Colombia and to see first-hand the situation on the ground and how UNO was helping the displaced people. Would you say that things have improved with the signing of the agreement?

**Mr. Hassan Yussuff:** I think that for the first time we have some standards to adhere to, as of course Colombia has too. I think that the Canadian government, in the complaint we filed, certainly found that Colombia had not met its commitment under the current free trade agreement with them. They're going to be travelling there because there are some laws they have passed that they have to repeal because they completely contradict what's in the Canada-Colombia Free Trade Agreement.

I think what was very good about the process was that the Canadian officials who participated in that process were very transparent in their engagement. They had the opportunity to go to Colombia to meet with those who were filing the complaint, and they tried to investigate in a very comprehensive way. Subsequently, they produced a report that we're very proud of. The Americans did exactly the same thing with a completely different outcome. We're hopeful.

Our Minister of Labour Patty Hajdu will be travelling to Colombia to say, "Hey, you have to meet these recommendations. Otherwise you're in breach of our relationship in this free trade agreement."

**Mr. Sukh Dhaliwal:** Do you see that if we have an agreement in place, it's better than not having an agreement in place?

**Mr. Hassan Yussuff:** The agreement allows us to hold the other country to a certain standard. Equally, they can hold us to the same standard. It's not a one-way street, it works both ways. If we are not in compliance, we should be held accountable.

In regard to this particular agreement, the question was asked earlier about the labour chapter that has been tabled in NAFTA. I think many of those who looked at it, including us, would say it's probably the best that has ever been tabled in any trade agreement to date.

In answer to Tracey's question, we are aware that the department will be submitting that chapter as part of this process for the Canada-Pacific Alliance free trade agreement.

**Mr. Sukh Dhaliwal:** We see how free trade helps small businesses grow. When small businesses grow, the workers grow as well, and the middle class grows. Would you agree that having free trade helps the small businesses and helps Canadians who are middle class?

**Mr. Hassan Yussuff:** Angella, go ahead.

**Ms. Angella MacEwen (Senior Economist, Canadian Labour Congress):** There has never been a successful labour complaint under a free trade agreement that has resulted in the other country having to do anything. It has never been the case that the free trade agreement labour chapter has resulted in concrete change for workers in that other country. We have other venues to do similar things that we're doing in Colombia right now, for example through the ILO, that might result in the same outcomes as this FTA, but the FTA has allowed Canadian companies there to exploit workers right now. We have complaints against Canadian companies.

The ombudsperson who was announced is useful in that and far more useful than perhaps the current labour chapter we have in the Canada-Colombia Free Trade Agreement. Often small businesses don't have access to understanding the free trade agreement or to the enforcement mechanism in the free trade agreement, so usually large corporations benefit that have the lawyers who can fight the ISCS claims. Often we say it's not small businesses that benefit from free trade agreements.

● (0930)

**The Chair:** Your time is up. We're going to move over to the second hour. We might have time for two more MPs.

Madame Lapointe.

[*Translation*]

**Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.):** Thank you very much, Mr. Chair.

I would like to welcome the witnesses.

It is a great pleasure to see you here. Your testimony is very interesting.

Mr. Dixon, as we said earlier, we already visited Port Saint John in September 2017. It was very interesting.

You said that potash comes primarily from Saskatchewan. Are there other products or merchandise that could be transported to increase the capacity of Port Saint John?

[*English*]

**Mr. Andrew Dixon:** Yes. In conjunction with the growth and the modernization of our WestSide terminals, we are taking a very targeted approach to specific commodity groups that we know are exported from central Canada or imported to central Canada from the Latin American countries.

We've always been very involved in forest products, but there are so many other things—consumer items, plywoods, veneers, hardwoods—that we're currently targeting. When I'm down in Brazil, Chile, and Mexico during the last two weeks in February, this is going to be some of the discussion with freight forwarders, and with the embassies, and also with the offices of the two major container lines, to uncover what those opportunities are and to develop a business development plan for the next couple of years to exploit the fact that we now have such great container connections down to that area.

**Ms. Linda Lapointe:** That's good.

**Mr. Andrew Dixon:** So yes, we see a lot of opportunity.

[*Translation*]

**Ms. Linda Lapointe:** Thank you.

You talked earlier about modernizing infrastructure, and you just mentioned it again. You also talked about rail and truck transport.

What percentage of merchandise that you export to Maine comes from Central Canada and Quebec? I would also like to know the percentage of merchandise shipped by truck and rail.

And I have another sub-question: is the rail capacity good?

[English]

**Mr. Andrew Dixon:** On the percentage of goods that are shipped, there are three regions I would note. One would be down into the U. S. It could be Maine and New England. Another would be regional: New Brunswick, Nova Scotia, Prince Edward Island. The third would be central Canada.

Because we have other sectors that involve different regions, a lot of our container business is very strongly based on regional cargoes in Atlantic Canada that are exported. We're just uncovering the opportunities with the new lines that are calling for import, but to have that business model and to have those container lines calling... it's very important to have connections to Quebec, Ontario, and beyond.

Every week we have shipments that are exported from and imported to central Canada as well. You mentioned Maine. That's a developing business. We used to do a very big business with forest products exporting from Maine through Saint John, but we saw a lot of closures in Maine forest product-producing mills, paper and pulp. A lot less is going offshore, but we have good opportunities in central Maine, and just over the border in Woodland, Maine, for exports through the port as well. We're working on those currently, enjoying some business, but we see that's going to certainly grow.

• (0935)

[Translation]

**Ms. Linda Lapointe:** Thank you very much.

[English]

**Mr. Andrew Dixon:** And what was the second part?

[Translation]

**Ms. Linda Lapointe:** Thank you, Mr. Dixon.

I have a question now for the Canadian Labour Congress representatives.

You have not mentioned temporary foreign workers. A lot of produce is grown in my riding and surroundings. You talked a lot about workers' rights, but can you tell me how we could improve conditions for temporary foreign workers? What could be done? Many of them come from Chile and Peru.

[English]

**Mr. Hassan Yussuff:** We have said consistently since this program has been created that there's been consistent documentation about the abuse in the program. The government, of course, has taken some steps, but again we think we have to do more. The pathway to become a Canadian landed immigrant and to citizenship, I think, is one of the most positive developments. We think there are other aspects of the program that continue to be problematic.

As you know, the federal government authorized temporary foreign workers to enter the country, but of course when these workers get to Canada, they operate under the provincial jurisdiction. The provinces, then, are required to enforce their labour laws, employment standards laws, housing laws, and what have you. When there's no inspection of a workplace, we see consistent abuse. Most recently, it's been documented. When the story was exposed, workers who came to help build a temple were absolutely horrified with what was going on. Most recently, it was documented that some

workers in a Burger King facility ended up living in the facility, not just working in the facility. There have been consistent patterns of abuse in the program.

I think the government has to be far more aggressive in what we have said. They should end the low-skill pilot program. There's never really been any demonstration as to why we need the low-skill pilot program. It was never originally part of the program. Where there are some challenges in terms of certain sectors.... We established a process as to how we can get workers to fill.... More importantly, if we're going to bring workers here to fill those jobs, we should also provide a pathway for them to remain and become Canadian landed immigrants and citizens going forward.

**The Chair:** Sorry, we're way over time. I let it go for quite a while. It was an important question, but it should probably have been asked first.

[Translation]

**Ms. Linda Lapointe:** That was very interesting.

[English]

**The Chair:** We have time for one more MP.

Mr. Dreeshen, you have the floor.

**Mr. Earl Dreeshen (Red Deer—Mountain View, CPC):** Thank you very much, Mr. Chair.

Thank you to our witnesses today.

Mr. Hoback and I, a number of years ago, through ParlAmericas, had a chance to go to Colombia. We happened to be there when the talks were taking place in Havana between FARC and the government. We were talking to the various groups that were going over for meetings, such as the trade unionists, families of those people who had been kidnapped and murdered and so on. The discussions were very fulsome. With that, and of our Canada-Colombia Free Trade Agreement, where a human rights component was associated with it, I think our standing in Colombia is very strong. They recognize that we have been a great partner for them and with them. Of course, the imports and exports that we've had with Colombia over the years have helped them, and of course have helped us as well.

One of the main imports that Canada has from Colombia is coal—which has a certain irony—and petroleum products. Petroleum products are coming in at world price. We continue to sell ours because the majority of our petroleum products are landlocked at a discount, which hurts every Canadian when you look at the relationship that exists there.

I suppose one of the things that I would like to first of all ask Mr. Dixon is, how many oil cars can you take per day from Saskatchewan and Alberta in order to run through your facilities?

**Mr. Andrew Dixon:** On the capacity of oil cars, we had a tremendous number coming in—I'm going back maybe between one and two years ago—and they came into Irving Oil private facilities. I know they expanded that capacity during that time because there was a lot of activity that was coming by rail as opposed to vessel. I'd be hesitant to quote specific volumes. I know it's the Irving Group, and if they see that as being a good source of raw materials, then they have the geographic area to expand. They have shown that they'll put in the rail tracks and accommodate the rail.

CN has been primarily bringing that in, and they have a great system down through an interchange in Moncton. I would say that the capacity is not limited provided there's a bit of lead time and infrastructure can be put in place. I think today there's an overcapacity of infrastructure for railcars so there will be no difficulty with an increase in business coming over land as opposed to water right now.

● (0940)

**Mr. Earl Dreeshen:** When you speak about that and that we're having supertankers coming in with oil from other parts of the world, what are the safety procedures? Are they different from the safety procedures that would have been used on the west coast for similar types of tankers?

**Mr. Andrew Dixon:** I can't speak to what the difference might be between safety on the east and west coast. I can't imagine that it would vary in any substantive way. Of course, we're part of the Association of Canadian Port Authorities and we operate with the same rules under the Canada Marine Act with 18 ports across Canada.

I would say that the safety rules are quite inconsistent. From a safety standpoint coming into Saint John, once again, I know that my colleague and the harbour master Captain Chris Hall would be able to speak to specifics, but we work very closely with Irving Oil and the crude oil tankers. We know what the activity is each day. The monobuoy, where a lot of the oil is discharged, is something that we monitor and the communication is very intense because of the potential for something to go wrong. Obviously, the impact could be very great.

If we get a small incidence of leakage in the system, it's detected right away. It's isolated, so everything is shut down and it's resolved. We have a very good safety regimen in the port and in the Bay of Fundy in total, with respect to oil cargoes. We've been doing it for a very long time.

**Mr. Earl Dreeshen:** Thank you very much.

**The Chair:** That wraps up our time and our first panel.

Again, I thank the witnesses for coming.

Sorry about the technical difficulties. When we got back on track, there was some good dialogue.

If you want a copy of our report in the upcoming months, it will be released and we're looking forward to that.

We're just going to suspend for a few minutes.

● (0940)

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

● (0945)

**The Chair:** Good morning, folks.

This is the second portion of today's meeting. We're continuing our study of a potential agreement between Canada and the Pacific Alliance.

Welcome, witnesses. Thank you for coming.

If some of you are here for the first time, try to keep your briefs at least under five minutes so we can have lots of room for dialogue with the MPs. We have one hour altogether, so we're going to move along here.

We're going to start with the Canadian Chamber of Commerce and Madam Vega.

Thank you for coming, and you have the floor. Go ahead.

● (0950)

**Ms. Adriana Vega (Director, International Policy, Canadian Chamber of Commerce):** Good morning.

Thank you to the committee for conducting this study and for inviting the Canadian Chamber of Commerce to provide comments and our views on a potential agreement between Canada and the Pacific Alliance.

The Canadian Chamber of Commerce is supportive of preferential trade agreements as a means to expand Canadian exports and to reduce barriers to trade. As a trading nation, we know these are important tools to remain globally competitive and also to help our economy grow.

Specifically on the Pacific Alliance—and I'll try to keep my remarks fairly brief—the chamber is supportive of the government's interest in seeking associate membership for four main reasons, and I'll outline those for you.

The first one is that an FTA with the Pacific Alliance would upgrade, or modernize in a sense, the individual agreements that we have with each of the four Pacific Alliance members. While this might seem perhaps an unnecessary thing to do, it's quite relevant given the level of integration and coordination that the Pacific Alliance members are pursuing, particularly in areas like regulatory standards, for example, or trade facilitation. We know for a fact that the terms of the agreement under Pacific Alliance would be far superior for Canada than the current scenario. We see the existing bilaterals as a good foundational start for an eventual FTA.

The second reason is first-mover advantage. Canada has been an observer member of the Pacific Alliance for a number of years, since 2012, and that gives us an early start. But that window of opportunity is narrow. It's closing fairly quickly in the sense that last year Australia, New Zealand, and Singapore all joined Canada on the short list of countries seeking associate membership to the Pacific Alliance. We know that roughly 50 countries are currently observers in the Pacific Alliance. If we look at it another way, we see that Canada is at this moment in time the only G7 nation in that short list of countries seeking accession to the Pacific Alliance, and the only one in the hemisphere. That gives us a very early advantage and an opportunity, really, to play a significant role and even a leading role in the trade relationships in the Americas.

The third reason is strategic. Canada is right now in a privileged position, in that we have a CETA and we are still in the mix for CPTPP. What we're observing in trade rules globally is, in a way, a race to the highest gold standard for modern rules of trade. What's interesting is that the Pacific Alliance is in a way already there. It's very forward looking, and they have a high level of ambition when it comes to things like digital trade, for example, or new industries like fintech. It would be very valuable for Canada to be a part of that. We're seeing the competition or that race as accelerating. We see Japan moving very quickly on its deal with the EU, and the EU itself modernizing and closing a number of agreements, so it's important to keep those things in mind. Of course improved access and rules of trade are good for businesses already operating in that region. Beyond that, being a member of the Pacific Alliance or an associate member would give Canada a voice also in the accession of future members, which is, once again, a significant advantage.

The fourth reason—and perhaps this should be the most obvious one—is that the Pacific Alliance is an attractive region on its own. Put together, the four economies of the Pacific Alliance make up the equivalent of the ninth-largest economy in the world. It's growing fast, it has a large and young population, and it has taken significant steps toward economic reform. In fact, two of those countries are OECD members.

Really, if we look at it, we see there is no real reason we shouldn't pursue this agreement. It's just perhaps that there has been a lot on our plate, our attention has been perhaps elsewhere, and we've been preoccupied with other agreements, but it's quite an attractive region in its own right.

Arguably, with the exception of Mexico, some might say, “Well, they don't really represent a big chunk of our export markets; they don't really feature in the top five countries.” That doesn't mean they're not buying from elsewhere, and that's where an improved access would help. It would be an added tool in the bag, so that Canadian exporters could access or improve our share in that market.

● (0955)

Of course, trade negotiations are complex, so we have a lot on our plate. This one is still at a relatively early stage, and yet a lot of the work has already been done. We'll continue to observe how negotiations proceed. We often recommend to the government that we look for easy wins or aim for the low-hanging fruit, and this is exactly it. The Pacific Alliance is a modern agreement. It has solid

foundations. It opens new markets with relatively low costs in an attractive region, and it supports our ambition to diversify our trade.

Overall, just to close, the chamber is supportive of this initiative.

**The Chair:** Thank you for all the work you're doing, not only in our country but internationally. Thank you for helping us on our previous study we did on NAFTA. You were a big part of organizing our meeting in Washington with the chamber of commerce, so thank you very much. It went really well, and we had good dialogue there. Thank you, again, for your presentation.

We're going to move on to the Canadian Pork Council. We have Mr. Roy and Mr. Stordy.

Thank you for coming. You have the floor.

[*Translation*]

**Mr. René Roy (Vice-Chair, Canadian Pork Council):** Thank you, Mr. Chair.

Hello everyone.

I would like to thank you for the opportunity to appear before the standing committee and provide the perspectives of Canada's pork producers on the matter of a potential trade agreement between Canada and the Pacific Alliance.

I am a producer from Saint-Jules, Quebec, and am here today as a member of the board of directors and second vice chairman for the Canadian Pork Council, the national voice for over 700 hog producers in Canada.

The meat industry is, by far, the largest component of this country's food processing sector. Our producers raise animals from coast to coast, with the largest pork production and processing facilities clustered in Quebec, Ontario and Manitoba. Direct farm gate sales of Canadian pork in 2016 totalled \$4.1 billion dollars and created over 31,000 farm jobs in rural Canada. The pork industry is a major contributor to Canada's GDP.

Additionally, food processing creates more jobs than any other segment of the Canadian manufacturing sector. Providing employment for 65,000 workers, meat packing and processing plants are often either the primary or a major employer in towns and cities located across Canada.

The members of this committee are no doubt aware that export markets are absolutely critical to the current and future prosperity of the Canadian livestock and meat sector. Meat processors and exporters must identify foreign markets for more than 70% of Canadian pork.

Therefore, it should not be surprising that pork producers have been ardent and steadfast supporters of all initiatives that contribute to opening new export markets and expanding access to existing markets. The Canadian Pork Council and producers welcomed the news out of Japan that an agreement was reached on the Comprehensive and Progressive Transpacific Partnership (CPTPP).

And we would like to thank Prime Minister Justin Trudeau, International Trade Minister François Champagne, Agriculture and Agri-Food Minister Lawrence MacAulay, Minister of Foreign Affairs Chrystia Freeland, the negotiating team and all other Canadian representatives that supported the request that this trade deal be concluded as soon as possible and contributed to making it happen.

Producers are confident Canadian pork will soon have competitive access to key markets in Japan, and to developing markets such as Singapore, Vietnam and Malaysia. The signing of this agreement in March, and its ratification shortly thereafter, will only signal further investment in the sector. Because of improved access to key markets, Canadian pork producers can keep doing what they do best knowing that their livelihood and that of thousands of other Canadians in rural and urban communities who work in the pork industry are supported by this latest agreement.

Canadian producers also welcome the Canadian government's efforts to expand economic ties with the Pacific Alliance through a free trade agreement. A key reason for the growth of Canadian pork exports has been the establishment of free trade agreements with strategic partners. As you know, at present, Canada benefits from bilateral trade agreements with each of the members of the Pacific Alliance. The FTA with Mexico as part of the North American Free Trade Agreement was brought into force on January 1, 1994. The FTA with Chile was implemented July 5, 1997, and the FTAs with Peru and Colombia were brought into force on August 1, 2009, and August 15, 2011, respectively.

We see the potential agreement between Canada and the Pacific Alliance as an opportunity to improve exports in several areas. However, recognizing the importance of certain questions, I would like to highlight just a few key points and leave it to my colleague Mr. Lavoie to expand further.

• (1000)

[English]

**The Chair:** Excuse me, sir. If you could wrap it up, we would appreciate it.

[Translation]

**Mr. René Roy:** Okay.

There are three things to remember. First, we request that the allocation process in Colombia for Canadian pork products be simplified. Second, that the Colombian government recognize Canadian swine herds as trichina-free, permitting exports of chilled pork to that market. Third, that the quota for Canadian pork products be drastically increased and the existing tariff rate reduced in Peru.

Thank you.

[English]

**The Chair:** Thank you, sir. As a farmer, I know your industry went through some hard times over the years, and it's good to see it's now very vibrant and doing well. Thank you for coming.

[Translation]

**Mr. René Roy:** Thank you.

[English]

**The Chair:** We're going to move over to Canada Pork International.

Mr. Lavoie, go ahead.

**Mr. Martin Lavoie (President and Chief Executive Officer, Canada Pork International):** Thank you very much for having me here this morning.

On behalf of our members, I'd like to thank you for the opportunity to talk about the free trade agreement eventuality with Canada and the Pacific Alliance.

Canada Pork International was established in 1991. We are a joint venture of the Canadian Pork Council and the Canadian Meat Council, and we represent Canadian packers and trading companies. Our focus is on having market access and promoting Canadian pork in foreign markets. We're involved in trade and supporting companies doing business in over 100 markets.

The Canadian pork industry exports over \$4 billion annually. We're exporting the equivalent of 50,000 sea containers every year. We're a huge driver for jobs, and all those containers are getting on trucks and trains before they're getting shipped, so we are a big mover in the agribusiness sector.

Pork is the largest meat industry in Canada. We're 70% dependent on export, and our success is directly linked to the government's ability to provide more competitive market access conditions than our competitors—mainly the U.S. and the EU.

As Mr. Roy was saying, this is why the announcement of CPTPP is such great news for the Canadian pork industry. Not only does it give us an opportunity to have better access to the market for chilled pork in Japan, where we're competing head-to-head with the U.S.—sharing 50% of the market with them—it also prevents us from falling behind on frozen products from the EU, which is now putting in place a free trade agreement. While we're still feeling the impact of falling behind on the United States-Korea Free Trade Agreement, and we've seen our business negatively affected there, we're really positive about this news. It's going to have a tremendous impact on our industry.

I'll get into more specific details. I'm going to go to the four partners of the Pacific Alliance. Mexico is our fourth-largest market, with \$200 million of trade, but we're already covered through NAFTA and CPTPP. It's a very important market, but there's not a whole lot extra we can gain. It's the same thing with Chile, where the FTA has come to maturity. Over the years, there were TRQs and tariffs, but now we have free trade just like the U.S. We're on a level playing field with them.

I think where we have the most gains to make is in Colombia. With their FTA, Colombia recognized the U.S. as having pork free of trichina, so they are able to ship fresh, chilled pork and have access to the retail market in Colombia. That gives them access to higher-value markets.

Also, the conditions right now are so different. It's a free market for the U.S., so there are no TRQs or tariffs. Right now, after 6,000 tonnes a year, there's a 41% tariff kicking in for Canada, so our trade pretty much stops at that point. There's a great benefit to be had by catching the U.S. Just to give you an example, we're shipping around \$30 million every year to Colombia, compared with \$200 million from the U.S. I don't think the market would grow, because they already have access to the U.S. market. I think we would be able to get a much better share of that very good market. It's not a primary market, but it's an excellent secondary market for a lot of pork products.

What's important in the pork business—I just came back to Canada Pork International, and I've been in the trading business for the last six years—is having access to the best return market for every single cut. This is where it's important. If they like some specific bones in Colombia and they're paying more than others for that type of product, this is where we're adding value to all the businesses in Canada. It's not about just looking at the market as a whole. You have to look at the opportunities for specific products, and this is where we're creating value.

• (1005)

We have an FTA with Chile, but right now it's 500 tonnes a year of TRQ, and after that there's a 25% duty. I told you about the 50,000 containers earlier. This is 20 containers, so it's pretty limited. It's not a huge market, but we can definitely grow our business in that market.

As I mentioned, the three main potential gains are the following: in Colombia, getting access to chilled products and having a level playing field with the U.S. on tariffs, and also increasing the TRQ allocation or having free trade with Peru.

In conclusion, we're supporting the FTA with a Pacific trade alliance because we trust that the Canadian government has the resources to deal with all the trade deals in place and on all fronts at the same time. CPTPP, NAFTA, China, ASEAN, and the Pacific trade alliance are all priorities for us. Where we can measure the value of this deal for the Canadian pork industry is how quickly we can achieve an agreement. We're going to get to free trade with Colombia in 2023 and Peru in 2025. If we're in a position where this is going to take four or five years, that decreases the value for us. The conditions are there. We have FTAs with all of those countries. This is something that could be achieved quickly. To me, this is a very important factor in the success of the pork industry.

Thank you.

**The Chair:** Thank you, sir.

Before I go to the other MPs, I have a side question for you.

We often focus on the big trade agreements. If you can give me a number, do we export much Canadian pork to the Caribbean countries?

**Mr. Martin Lavoie:** We do, but you'd have to look at the region. Just to give you examples, markets like the U.S. and China are 300,000 tonnes. They are big markets. These markets are all between 2,000 and 12,000 tonnes a year, but they're very important: there are some countries where we're shipping very high-value products, because there are some parts of the animal that only these countries

like. This is very important for the overall value. Cuba is a very important market. In Barbados we're doing great business. I was actually looking at the trade numbers yesterday. We're shipping 2,000 tonnes a year to the Dominican Republic, but the U.S. is shipping 30,000. This is something for me to look at and investigate how we can do better.

Definitely, when we take them as a whole.... Plus there's an opportunity for processed products, and for hotels—the hotel industry is fairly important—and these things are important to me as well.

• (1010)

**The Chair:** Maybe someday down the road our committee can look at that region, and we'll have your input.

We're going to start with the Conservatives for five minutes.

Mr. Carrie, you have the floor.

**Mr. Colin Carrie (Oshawa, CPC):** Thank you very much, Mr. Chair, and thank you to the witnesses for being here.

We're living in a very interesting time, given the uncertainty around NAFTA.

I really liked the comments about how we have to look at these for the chamber, modernizing these individual agreements—first-mover advantage, strategic advantages—and I was wondering if you could comment. The United States, for example, is a big market for us, but they're also becoming one of our big competitors. We look at the obvious—the resource sector, oil and gas—but of course in our agricultural community it's huge as well. The United States just went through and modified their entire tax structure. I was wondering if you could comment on the importance of us keeping in sync with the United States as far as the competitiveness side of things, and the importance of these agreements getting done fairly quickly so we can have that competitive advantage if we're losing on other ends. How important is it to get these done now, taking into account the American changes to their taxes?

Mr. Lavoie, is that going to be causing your producers challenges right now?

**Mr. Martin Lavoie:** Yes. This is one of them, but obviously we're competing with the U.S. on a daily basis. We have the advantage in Canada, I think, of having a better product. I really believe it. You see the impact of that in Japan, the success we're having right now, just on the recognition of the quality of the product by the Japanese consumers. This is also why I think TPP is going to get tremendous results. We still have to compete on everything, because that success can be washed away if price becomes a huge factor. Quality is one thing, but there's always a price linked to it. Whether it's on the fee, on the taxes, or on the FTAs, we have to look at everything. This is a huge factor. The currency, obviously....

I'm not here to talk about Korea, but we've seen the impact of having an FTA three years ahead. It's crazy when you look at the graph of the U.S. trade going like this and ours going like that. This is directly linked to the timeliness of the trade deal. I agree, timing is so important for those agreements.

**Mr. Colin Carrie:** Thank you for that, because we do live in a different world.

Madam Vega, could you comment on that as well? You brought up the strategic side of things, the first-mover advantage. Could you please expand on that?

**Ms. Adriana Vega:** Yes. I would agree with Mr. Lavoie for sure. I think competitiveness vis-à-vis the U.S. is a perennial issue for Canada. Yes, we trade with them; they're our biggest trading partner, but as well, as you mentioned, they're a close competitor.

Trade agreements are just one piece in that puzzle to succeed internationally. We're looking at things like taxes, cost of doing business, access to talent, and opening markets. All these things work together, and unfortunately there's no easy solution. You have to look at all of them holistically and how you can make the most out of your local conditions to improve your competitiveness overseas.

I am not the in-house expert. I would recommend perhaps that you consult with our policy director at the chamber who looks at tax. Our recommendation has been to look at Canada in terms of our comparative competitiveness, and certainly tax—or a review of our tax system—is a part of that.

**Mr. Colin Carrie:** Mr. Roy, you mentioned three points, and one of them was the trichina-free issue. I wonder if you could talk about this issue of non-tariff barriers and how important it is with these new modern trade agreements that we address the non-tariff barriers. It seems to be used by other players. Canada goes into these trade agreements, and I always say we're the boy scout. We do what we're supposed to do, and then you get these other countries putting in these barriers.

Could you explain how important it is to modernize and address things like non-tariff barriers?

• (1015)

**The Chair:** It will have to be a quick answer, please.

**Mr. René Roy:** For non-tariff barriers, the question—especially with the United States—is that there are some implicit problems that are not that clear when you look at the numbers, but when it's time to go through the borders you have some problems. This is a real problem for the whole production—not only at the producer level, but also at the processor level. We have some problems to go through the border even if there are no trade barriers. Technical trade barriers come in and hurt our market right now.

**The Chair:** Thank you.

We're going to go over to the Liberals.

Mr. Fonseca, welcome back. It's good to see you on the mend. One of us always seems to be on the mend on this committee.

**Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.):** Thank you.

I'd like to welcome and thank the presenters. I thank you for your advocacy and for your strong voice for your members, but more so for the knowledge and experience that you always bring to our committee. It makes a tremendous difference.

That's where I want to start my questioning. I'm going to go to Ms. Vega. I know you do a lot of reports, analysis, and position papers. How do you consult with your members, so when you bring forward something like FTA Pacific Alliance you gauge where your members

are with this and where they can put their opportunities, concerns, etc. on the table?

**Ms. Adriana Vega:** That's an interesting question. I will try to keep it short.

As you know, we're the largest business association in the country. It's not an easy or simple process. We have various ways through which we inform our policy positions. We have an annual general meeting where our different chambers of commerce across the country come together. They make recommendations on policy positions, and that's a very democratic process in a way. It goes through many different iterations and commentary. At the end of that process they are voted on. That becomes our position on a topic for the next three years.

One of those positions that's in our books right now is to diversify trade. This would fall under that bucket, but obviously things don't happen under our timelines. We have a number of committees within the membership that look at different aspects of policy issues.

I staff, for example, our committee on international affairs, which specifically looks at trade agreements and bilateral economic relationships with various countries, for instance, Canada-China, Canada-Japan, negotiations with the EU. This kind of consultation on the Pacific Alliance will fall under that bucket. We know this is a big committee, so we'll tend to go to those members whom we think have an interest or would have more relevant information. We ask them. We try to raise our positions to a high enough level that it brings together all the different views. Sometimes we can have quite divergent views. Our position is to have policy recommendations that are as rich as possible.

**Mr. Peter Fonseca:** Because you represent all sizes of businesses, small, medium, and large, and all sectors for the most part, which sectors have said that they would realize the biggest opportunity with an FTA with the Pacific Alliance?

**Ms. Adriana Vega:** At the moment we have agrifood production, agriculture as you can see from my colleagues at the table, and services. That has been the biggest caucus I would say in favour.

**Mr. Peter Fonseca:** Have some of your members raised concerns?

**Ms. Adriana Vega:** Surprisingly, no. I have tried to look. I did ask. It was surprisingly no, no big comments against.

**Mr. Peter Fonseca:** This could be to any of the presenters.

We heard from the Canadian Labour Congress, and they're looking at making this a very progressive FTA, so bringing forward chapters on labour, environment, indigenous, etc. Any of you can comment.

How would you feel about those chapters? Do you think that would enhance this agreement?

**Ms. Adriana Vega:** I can go first.

In a way, we're trail-blazing. It hasn't been done before. No one is yet an associate member of the Pacific Alliance, so even there you have a strategic advantage in that you can actually partake in how these things are done. The full members, they know they have engaged, as you mentioned, in very progressive conditions for their agreement. I would point you to programs that we have already in Canada, like the NEXUS, for example, or the Trusted Traveler between the U.S. and Mexico.

I think that sometimes it can be misunderstood that it just means they're going to open the floodgates. There are mechanisms. We have a fairly thorough immigration policy here in Canada. I think it's a matter of looking at how these conversations evolve and what the conditions are. It's definitely, I would say, in the modern economy where you're looking at industries like fintech or digital trade. You cannot look at trade anymore without thinking, "How am I going to move data or how am going to move people?" I think it's worth having that conversation.

● (1020)

**Mr. Peter Fonseca:** Mr. Roy, Mr. Lavoie, there's that question and also in particular to labour, because we've heard some issues and concerns with labour shortages when it comes to your sector, your industry.

**The Chair:** Give very short answers please.

**Mr. René Roy:** Yes.

We have a progressive industry, especially in pork production, where we make sure that not only on the economic side but also on the social side and the environmental side we are on the edge. We would welcome this kind of an agreement where it is progressive. We have to remember that we have 70% exports in our market. Opening some opportunities in the world is really important because it allows us to have a more stable market.

**Mr. Martin Lavoie:** Basically, yes in the principle, the idea, especially when you're touching the part of labour, which is a key component for growth of Canadian pork, export is a labour issue in processing plants and in farms. This is very important. The only thing I would say about it is that we have to make sure, just as I mentioned earlier, we have a window of opportunity to gain versus if we're not doing anything.

We have to make sure that if you're making it progressive you're not adding too much time to the process.

**The Chair:** Thank you.

We're going to go to the NDP now. Ms. Ramsey, you have the floor.

**Ms. Tracey Ramsey:** Thank you all for your presentations. In particular, Mr. Lavoie, I really appreciated the specifics of what you brought us today. Adriana, certainly you can weigh in, but I'm not sure if you've done this type of analysis.

Of course, we're always looking for the benefits for Canadians. That comes down to jobs in our communities, so I wonder if you've done any analysis on how many jobs you feel that the access to this alliance would create. For the pork industry, I hear that it really is about Colombia versus Mexico, Chile, and Peru, potentially. Have you done any analysis on how many jobs you feel you could create

in Canada with this agreement going forward and the quotas being raised and tariffs lowered, presumably?

**Mr. Martin Lavoie:** On our side, the answer is no. We know what the larger TRQs are bringing in the case of TPP, like the value for our industry and the growth and the investment. Some plants are specifically geared towards the Japanese market. They do 100% for Japan, so it's easy to see the link there and the jobs that are supported.

In this case, to be honest, we haven't done that analysis because they are markets that are covered by other FTAs.

**Ms. Tracey Ramsey:** For instance, if a quota is raised by 1,000 tonnes, how many jobs in Canada are tied to 1,000 tonnes' access to another market? Do you have any type of analysis about that?

**Mr. Martin Lavoie:** It brings extra value to the whole value chain. There are no more pigs being raised, so it really increases the value that supports an investment. I don't have specific numbers for that.

**Mr. Gary Stordy (Director, Public and Corporate Affairs, Canadian Pork Council):** I was going to suggest that it's not always about increasing jobs. It's also about maintaining the jobs that already exist and allowing producers a sense of comfort to reinvest in their facilities and take on new technologies to maintain competitiveness, but also to adapt to society's needs in that aspect of it.

**Ms. Tracey Ramsey:** Yes. However, unfortunately, there is always a sector that ends up losing jobs in some of the trade agreements we have, so to me it's always about how we increase the number of Canadians working. I know you have a challenge with that in your field, certainly.

I'll ask Ms. Vega the same question.

**Ms. Adriana Vega:** Unfortunately, I don't have the stats with me. We haven't gone to that level of depth in our analysis, but it's really about providing the conditions for those jobs to preserve or grow them. I'd be happy to look into that and consult our members and get back to the committee.

● (1025)

**Ms. Tracey Ramsey:** I want to go back to non-tariff barriers because I really do think that this is more significant than the tariffs and even the quotas to you, potentially. Maybe I'm making an assumption, but since we've had FTAs with these countries, I'm sure that we've been resolving these issues ongoing. However, seeing that Colombia and Peru are really the markets where you see a potential, what are the non-tariff barriers that exist there and how do you see this agreement addressing those?

**Mr. Martin Lavoie:** In the case of Peru, you are shipping so little that you don't run into major problems. There are limited volumes. We rarely hear back. Part of our job is also to work with the Canadian Food Inspection Agency with our members, if there is an issue at the border. This is what we're doing to support market access. There is not a whole lot. This is more of a systemic access issue with Colombia with the trichina recognition. They recognize it from the U.S., but not for us. We think that there is no reason for that, since the herd status is not different in Canada. We're working with Agriculture Canada and with the CFIA to resolve those issues. It's been a long time. We're increasing it on the priorities, but the context of an FTA only gives you so much leverage to get things done. For the deals at the highest level, we've sometimes seen it, like the chilled pork access from the U.S. to China. For all of these, there is a leverage when you come with an FTA to resolve those issues very quickly.

**Ms. Tracey Ramsey:** When we studied the TPP, there was a lot of conversation about the committees that were going to be created there and really where they could potentially go in the future to be more enforceable to be able to bring particular cases. Is there something like that in existence in the Pacific Alliance agreement?

**The Chair:** Sorry, Ms. Ramsey, we're going to have to cut you off. Maybe you'll have a chance on another round.

We're going to move over to Mr. Peterson for five minutes. Go ahead, sir.

**Mr. Kyle Peterson (Newmarket—Aurora, Lib.):** Thank you, everyone, for being with us this morning.

I have a few questions here that I want to get out. I want to first, Ms. Vega, talk to you about whether any of your members see opportunities for less traditional markets for Canadians, with the Pacific Alliance. Maybe some services agreements, some communications, some technology? Scotiabank, of course, is an example of a Canadian company that is doing well in some of these markets already. Are any of your members looking at this as an opportunity to expand on those?

**Ms. Adriana Vega:** Well, I believe so. I understand that Scotiabank actually made a submission to the government outlining the specifics of the benefits for them that would be in this agreement. Definitely in the services space, it's all about rules of trade, and this is uncharted territory. The trade in services agreement, for instance, at the WTO, stalled CPTPP. Of course, it's still in the running. Like I mentioned earlier, this is a race, almost, to achieving the highest gold standard.

I can tell you, in the Pacific Alliance, we are hearing from other countries, competitors that are observing this very closely because they care. They care about what standard you achieve when it comes to regulating moving data, moving people, storing data, what kinds of regulations will attach to that agreement. In a way, you set the standard and you enshrine that in an agreement. Being part of this group, I can tell you, has implications way beyond just that region.

**Mr. Kyle Peterson:** Right, and that's a good segue to the next part of my question, to which I hope everybody has a chance to add their input.

We have free trade agreements with the countries already, but if we move forward with this Pacific Alliance, we'll be part of this

important trading bloc that some say will be a good launching pad to a bigger market, the Asian market. Have you analyzed that? Do you have any thoughts on the potentially favourable role that being part of the bloc might play for Canada?

**Ms. Adriana Vega:** Certain Asian countries are observing the Pacific Alliance, including China, Japan. There's huge interest in bringing Australia and New Zealand into the mix. I think it tells you something that all this vibrant activity is happening on the Pacific side. I see it as an opportunity, but perhaps I'll give my colleagues a chance.

• (1030)

**Mr. Gary Stordy:** Absolutely. Canada has great negotiators out there. Also, Canada brings a lot to the table when we enter into negotiations. We were successful in completing the TPP and CPTPP now.

At the end of the day, it's one of those things where there are always spinoffs. As Adriana mentioned earlier, the modernization of regulations on how trade functions is extremely important. Tariffs and non-tariff barriers are part of it, but encompassing in writing the rule of law regarding trade, which is really what trade agreements are, helps set the standards globally. Canada is a trading nation. We look at the opportunities that trade agreements do provide individually, but we also look at the bigger picture, as you're outlining. Absolutely, with the growth that we see within the Asian regions and whatnot—developing economies, the population—they will be needing, from our point of view, agricultural products that we're more than pleased to provide.

**Mr. Martin Lavoie:** I think those free trade agreements are so important for the stability they bring to trade. This is the most important thing, to have stable trade, in any given market. This leads to better presence, having an office in the country, having some investments. We have companies investing in plants in Mexico. This is the kind of environment that that kind of FTA is creating.

Russia was one of our largest markets a few years ago, and it disappeared overnight. I was trading at that time, and I had to deal with all the messy situations that this created. Obviously, there's not a lot of Canadian investment in our industry there because the environment is still unstable. If we can bring this to markets, if we can use it as a platform, then we will have better access to key markets that are not covered under the TPP, like the Philippines, China, and all Asian markets that are growing.

We're doing our strategic plan right now. Really, where we have to look at the growth for our product is Asia. This is really where the growth is happening. If this can be used as a platform for better access to other Asian countries, I think this is a great gain.

Stability is key. I know that the science in food trade, sometimes, is really political. This is a very easy way around it. We're dealing with that on a regular basis.

**The Chair:** Thank you, sir.

We're going to move to the Liberals for the second round.

Madam Lapointe, you have the floor.

[Translation]

**Ms. Linda Lapointe:** Thank you, Mr. Chair.

Hello and welcome to this meeting. Everything I have heard thus far is very interesting. You all talked about the timeline and said that timing is very important. As I understand it, certain competitors would very much like to take our place at the table.

Ms. Vega, Mr. Lavoie, you talked about the timeline. In your opinion, what could or should we do with respect to the timeline?

[English]

**Ms. Adriana Vega:** It depends on how these negotiations unfold.

As I said, being part of the trailblazers is a good thing, because you get to have a voice on how the rules are made. Also, we don't exactly know what the process is going to look like. I would say, as my colleagues have already mentioned, timing will be important. It's not just in terms of beating the competitors to it but also in the sense that, as you mentioned, the conditions are right and accessibility is right at this time. It's very difficult to actually put a hard deadline on these types of negotiations. You're seeing it with NAFTA, for example. We set a deadline for December and now there's a new one for March. These things are very complex. It depends on how deep you want to go in the negotiations, the political willingness, and what other dynamics are in the mix. I think it's very difficult to predict. Ideally, it's something that can be done fairly quickly considering much of the legwork has been done with these countries individually. I can foresee this as a fairly short negotiation, hopefully.

[Translation]

**Ms. Linda Lapointe:** Mr. Roy, you said that there are 31,000 jobs related to pork production in Canada and 65,000 jobs related to pork processing. You did not mention direct and indirect jobs, however. The indirect jobs are related to grain, transportation and so forth.

Do you have any figures in that regard?

• (1035)

**Mr. René Roy:** I do not have the figures for indirect jobs. I would, however, like to talk about value added. It is important to us as producers that our products have value added. This type of trade would allow for that. In export markets such as Japan, we are able to sell pork at a much higher price. That can be beneficial for us and enable us to create jobs. I am talking about value added jobs, not only in production but also in processing.

**Ms. Linda Lapointe:** I fully understand the issue of value added and the price you charge depending on the part of the pig.

What is the proportion of processed, ready-to-eat products as compared to refrigerated products? You seem to be saying that, as regards the Pacific Alliance, exporting refrigerated products would be more attractive.

**Mr. René Roy:** We do export processed products right now, such as bacon and ham, but Canada mostly exports frozen hams that are processed according to local tastes. Frozen products represent a portion of trade. On the other hand, the fresh, vacuum-sealed products that leave Canada have a shelf life of 55 days. When they reach Japan, they are sold immediately. Right now, all Costco stores in Japan sell Canadian pork. Our products account for a full 50% of

the fresh product import market. If not sold fresh, the same product is worth one or two dollars less per kilo in Japan. When you add it all up, there is a huge difference.

**Ms. Linda Lapointe:** You seemed to be suggesting earlier that there are opportunities in Colombia and Peru.

**Mr. René Roy:** Yes.

**Ms. Linda Lapointe:** You said that opening markets would probably give you the opportunity to sell carcasses.

**Mr. Martin Lavoie:** That is correct. The United States can now sell fresh products that go right onto supermarket shelves in Colombia. For our part, for a certain period we will have to be satisfied with selling frozen products, with the additional costs entailed.

**Ms. Linda Lapointe:** Is transportation an issue as regards export capacity and infrastructure?

**Mr. Martin Lavoie:** Yes, there are certain issues. The disputes that arise at ports have a very significant impact on us. Right now, the rate at which containers can be loaded at ports is what is a problem for us.

**Ms. Linda Lapointe:** And that is not a play on words.

**Mr. Martin Lavoie:** No.

Managing CN and CP is very time-consuming. Truckers do not want to go to ports any more. Service improvements are definitely needed to correct this.

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

[English]

We have time for one more, so Mr. Hoback, you have the final hit there. Go ahead, sir.

**Mr. Randy Hoback:** I don't know if Earl had a few questions, but I'll go through mine first and see if there's time.

I was shocked: 50,000 containers a year. That's 140 containers a day. We could say you are bringing home the bacon by doing that, couldn't we?

I'm just thinking about the economic activity that you've generated by getting that market access. I was in Tokyo a few weeks ago and I sat down with three of our trade commissioners. They complimented pork and how well you've done in gaining market access and gaining brand loyalty for Canadian pork. I think the beef sector and a few other agrifood sectors could look at your example and learn from what you've done there with the trading houses and do the same thing in their sectors.

The other thing that I thought was really interesting was that they talked about these trading houses that are 100, 200, 300, or 400 years old and they're excited because they're going to get Canadian pork and Canadian beef at preferential access and they can put that as ingredients in the stuff that they manufacture in Japan and ship to other Asian countries also. We have such a great springboard.

**Mr. Martin Lavoie:** Yes.

•(1040)

**Mr. Randy Hoback:** I look at the same scenario in the Pacific Alliance countries. We were involved. I remember being down in Cali with Prime Minister Harper when the Pacific Alliance was having a set of negotiations and how Canada, even though we weren't directly involved, was sitting on the fringe at that point in time and actually having a fair bit of input in what an agreement looked like that Canada could participate in. As you said, I think we've done a lot of that work before.

What it does is set the rules, just as TPP does for Asia. It sets the rules for Central and South America. What does that mean? You talk about just the three or four countries getting market access, but what about Guatemala, El Salvador, Uruguay, Paraguay, and places such as that? Have you even looked at the possibility of that flooding into those markets?

**Mr. Martin Lavoie:** Yes, we have. This is very easy. You look at what free-market conditions are doing. In terms of Guatemala, U.S. exports there are 20 times ours.

It's very easy to see. On a daily basis, you know the customers; you know the opportunities. We're really hands down on those opportunities. Central America is an area where I think the U.S., for many reasons, is doing better than we are. If one direction is to look closely at that region, we'd definitely be supportive of that.

Thank you very much for your comments on Japan. We're working really hard and it's based on the commitment of our members. We've changed the strategy.

I just want to explain something. Some of the programs that were supported by the government at the farm level we've branded as "Verified Canadian Pork", which is now the brand we're promoting in Japan. We're making an application for growing forward 3. This is a big part. We have growth in access, but we're going to need growth in promotion. We're going to need funds to promote in Japan.

**Mr. Randy Hoback:** Look at those guys.

**Mr. Martin Lavoie:** You were talking earlier about competitive advantage. This is one where the budget to promote meat in the U.S. is some 20 times ours. This is something that we're going to come to, and I'm doing a more ambitious plan to support Canada branding.

**Mr. Randy Hoback:** I'm going to cut you off there. I think you need to have that conversation with them for sure.

**Mr. Martin Lavoie:** Yes.

**Mr. Randy Hoback:** I get only five minutes and the chair is really tight with time.

**Mr. Martin Lavoie:** Okay.

**Mr. Randy Hoback:** Ms. Vega, you and the Chamber of Commerce, of course, must be excited, but when you look at the concerns, Colin talked about the tax changes in the U.S., how it's going to impact our competitiveness in Canada and how we have to

be sensitive to that. I guess one of the ways to offset that is to get market access into regions that the U.S. doesn't have market access into. In fact, talking to the U.S. Chamber of Commerce and groups such as that, that's actually their biggest concern. They're going to have almost economic boom in the U.S. and no place to ship it.

I think that would be something that you'd look at in a positive light here in Canada. By having CETA, by having TPP, by having a strengthened agreement with the Pacific Alliance countries, do you not see that at least providing some stability for the Canadian business sector?

**Ms. Adriana Vega:** Absolutely. It can't hurt. In these dynamics, it's almost a bit of a tension horizontally and vertically. If you look at CETA, for example, we know for sure that the U.S. business community was observing very closely, because they got pretty close on their TTIP agreement. Now CPTPP, of course, is one more where the American business community is concerned. They're saying, "Well, there goes our leading and our leadership role and first-mover advantage."

Absolutely, having that added advantage on our side helps.

**Mr. Randy Hoback:** Would it be fair to say, though, that if we didn't have that advantage, we would have a draining of Canadian businesses to south of the border? If we didn't have market access and those types of advantages over the U.S., what would we have the advantage on? How would we compete?

**Ms. Adriana Vega:** I would agree with you to some degree, but I can tell you the biggest concern that foreign investors have when we talk to them is NAFTA. You can't detach our relationship with the U.S. from how we operate in the world. You can't suddenly just detach how our supply chains work north and south of the border. Yes, I agree with you. It's definitely something that we can perhaps set aside on the list of great things that we can compete with, but at the same time, we have to be very mindful that our relationship with the United States is always going to be there and that NAFTA is a huge piece of that.

**The Chair:** Thank you.

Thank you, Mr. Hoback, and thank you to the witnesses for coming today. It's amazing how well we're doing as a country with some of the industries. We're big players on the world scene. Keep up the good work. We'll have a report in the upcoming months, and you'll be able to get a copy of it.

That wraps it up this morning. We're on time here, and there's another committee that wants to come in.

The next meeting is Tuesday, the same time. We're going to be very busy Tuesday. We'll have two panels, so MPs, try to be on time, and I'll get it going.

Everybody have a good weekend. Thank you.







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