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—
Chair

Mr. Fabian Manning

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• (0905)

[English]

The Chair (Mr. Fabian Manning (Avalon, CPC)): I call the meeting to order.

We're waiting on a couple of colleagues. We have to start, because the minister has an hour with us and I don't want to waste any time waiting.

I'd like to welcome Minister Emerson here, and his staff. Certainly we've been waiting for the opportunity for him to appear before us. So I'm going to ask Mr. Emerson for opening remarks, and then we'll go through the process of having some questions and hopefully some answers.

Minister Emerson, the floor is yours.

Hon. David Emerson (Minister of International Trade): Thank you very much, Mr. Chairman and colleagues. It's good to be here.

I'm going to just read a statement that will give you a bit of update on where the Doha Round is and where the fisheries issues are at this time.

Let me begin by reminding members that these Doha WTO negotiations began in 2001, so they've been going on for seven years now, which is actually not that unusual. The Uruguay Round took seven years to come to an agreement.

The Doha Round, as you know, is a development-focused round, intended to provide maximum opportunities to developing countries. It includes a very substantial emphasis on agriculture, but also non-agricultural market access, trade in services, rules, and trade facilitation.

Canada, as we have always been, is an active and committed participant in all of the negotiating groups. When you look at our objectives at the Doha Round, the first is to achieve an ambitious outcome that creates a level playing field for our agrifood sector, which, as you know, is an economic engine in countless communities across Canada; second, to increase market access for goods and services more generally; third, to provide improved and clarified rules on trade remedies and strong binding rules on trade facilitation; and finally, to provide real benefits, of course, to developing countries, which is what the round is primarily about.

In terms of the process that is going on, over the past year the chairs of various negotiating groups have issued draft texts to advance discussions. Proposals with sufficient levels of support will eventually become part of the final package to put to trade ministers for a final decision. It's important to note that the decisions at the

WTO are consensus based among the members of the WTO, which means that the ministerial conference will ultimately decide on the final outcome of the Doha Round. As you know, the WTO has what's called a single undertaking, which means that nothing is agreed to until everything is agreed to.

At the present time, the focus is on agriculture and non-agricultural market access, otherwise known as NAMA, with discussions taking place at the senior officials' level, with a view to bridging gaps in these two key negotiating areas. If sufficient progress is made on agriculture and NAMA, this would lead to a meeting of ministers, but at the present time there are no indications from the secretary-general of the WTO as to when indeed, or if, he will call a ministerial meeting.

At this stage, ministers wouldn't be meeting to agree on a final package, but rather, to agree or attempt to agree on what are called "modalities" in agriculture and non-agricultural market access, the purpose being to give further guidance to officials to move the negotiations forward to the final stage. No decision is envisaged in areas of the agenda other than agriculture and NAMA, and that would include the issue of rules and fishery subsidies. So there's no imminent decision to be made there, but there is a process that we are actively involved in, and I'll tell you a bit about that in my remarks.

There is still some hope that the Doha Round can be concluded this year. My own personal judgment is that it's no better than 50% likely at the moment, but that's just my judgment. But a successful conclusion of the Doha Round is a priority of the government.

With respect to the rules negotiations, Canada's overall objectives are to improve the disciplines on anti-dumping and countervailing measures in order to achieve greater international convergence and predictability in their application, and as a means of preventing unnecessary disruptions to trade such as we've seen in the past—for example, around issues like softwood lumber.

Canada has also supported improved disciplines on fisheries subsidies for trade and environmental reasons. As you know, the chair of the rules negotiations issued his draft text on November 30, 2007. That text reflects the chair's proposals on how WTO members might wish to address issues in areas of anti-dumping, general subsidies, and—of particular interest to us today—fisheries subsidies.

While Canada supported a number of the chair's proposals in a number of areas, we have major concerns regarding certain proposals by the chair, including the area of fisheries subsidies. We are not alone in those concerns; there are a significant number of strong players that are as concerned as Canada is.

On the specific issue of subsidies to the fisheries sector, trade ministers called for special attention to address subsidies that lead to overcapacity and overfishing when they launched the Doha negotiations in 2001, the view generally being that there are too many boats chasing too few fish. During the negotiations since that time, extensive consultations were held with provinces, territories, and the fisheries industry, all of which have been supportive of the concept of disciplining subsidies in the fisheries sector. These consultations have allowed Canada to develop its position on the issue, which, as I have already said, can be summed up as there being too many boats chasing too few fish.

We do believe that increased disciplines for fisheries subsidies are beneficial to Canada, as they support our efforts to improve the global governance of the fishery resource. So right from the beginning Canada has been saying that the focus has to be on the most damaging practices. This means that the proposed disciplines have to address those subsidies that contribute to overcapacity and overfishing—for example, subsidies for vessel construction.

We also maintain that any disciplines need to be enforceable, workable, and transparent. As I noted earlier, the draft text proposal circulated on November 30 proposes certain restrictions that are unacceptable to Canada.

As the committee has discussed before, the key concerns for Canada are the inclusion of the prohibition on income support and port infrastructure. We are also concerned with the fact that the chair has not provided an exclusion for small programs. In discussions in Geneva on these issues with the chair and other WTO members since November, Canada has expressed its concerns regarding these proposals by the chair.

With respect to income support, we believe there is no link between employment insurance benefits and overcapacity and overfishing. These programs do not contribute to overcapacity and should not be disciplined. We also made clear to the chair and other WTO members that social safety nets fall outside the scope of these negotiations—i.e., they shouldn't be on the table at all.

Turning to infrastructure, we also believe that governments must be free to provide essential infrastructure and services to their citizens. This principle is well recognized in the WTO agreements.

We've also made the point that it would be difficult to distinguish between general infrastructure and fisheries infrastructure, particularly in smaller fishing communities. Since the chair's draft text does not include a carve-out for programs in support of small-scale fisheries in developed countries, in April Canada proposed a *de minimis* provision that would allow all members, including developed countries like Canada, to provide a limited amount of support for small-scale fisheries. While there is opposition from many developing countries to this type of exemption, Canada will continue to actively pursue this provision as well as strongly pursue changes in the chair's draft text to address our concerns on income support and port infrastructure.

● (0910)

So we are well aware of the issues of concern regarding income support, infrastructure, and small programs, and we are pushing back strongly to have these concerns addressed.

On May 28, the chair issued a 282-page working document that includes three annexes relating to anti-dumping, general or horizontal subsidy issues, and fisheries subsidies. The document is a compendium of text proposals put forward during the negotiation, including the chair's November 2007 consolidated text proposals, as well as the positions and reactions expressed by members.

These annexes are not new draft texts, as the chair currently feels that he does not yet have a sufficient basis to issue revised consolidated text proposals. The chair refers to the three annexes as an interim step forward that seeks to convey in detail the full spectrum and intensity of the reactions to the first draft text and to identify, to the extent possible, the many suggested changes put forward by members.

The annex concerning fisheries subsidies reflects the interventions that Canada and other members have made regarding their strong concerns over the proposed disciplines on income support and port infrastructure programs. It also contains the *de minimis* proposal made by Canada in April of this year. This document clearly shows that there is no convergence of views on these proposals, and all of these issues are still very much the subject of ongoing negotiations. Indeed, the chairman indicated that there are very serious concerns on the part of many, if not all, delegations about the first drafts and that revision of those will be necessary.

While Canada appreciates the chair's efforts to reflect the concerns and positions of WTO members, including those of Canada, we would have preferred a new revised text. It is clear that further discussions will be necessary to address our concerns, and we will continue to pursue our objectives.

I will conclude by reiterating that we have made our concerns with the chair's draft text known to the chair and to the negotiating group in the area of fisheries subsidies, and we have pushed for a revised text. In the meantime, we are continuing to work with like-minded members to address our concerns; and as I just mentioned, we proposed some new text on small programs.

These negotiations are one way that Canada is working to ensure prosperity in this sector, by disciplining the most damaging subsidies. The negotiations are a long way from over, and we will continue working to ensure that any eventual agreement does indeed reflect the interests of Canada's fisheries sector. I am extremely optimistic that we will be successful in that regard.

I look forward to your comments and questions on this issue.

Thank you very much.

● (0915)

The Chair: Thank you, Minister.

We'll open up the floor for questions. I believe Mr. MacAulay is going to begin.

Hon. Lawrence MacAulay (Cardigan, Lib.): Thank you very much, Mr. Chair; and welcome, Mr. Minister.

What does this proposed *de minimis* provision that you've spoken about include? You say that was proposed in April. Was that April of this year?

Hon. David Emerson: Yes.

Hon. Lawrence MacAulay: What I would like to know is, with all these negotiations going on, which are so desperately important for the inshore fishery—in fact, it's the death of the inshore fishery if what is proposed happens—why did the government wait until April to put this proposal forward? These proposed WTO rules will destroy the inshore fishery in this country. If the government does not oppose this and make sure it doesn't happen, it means the rural areas of Prince Edward Island are not in difficulty, they're gone.

So it's a very serious situation, Mr. Minister.

Hon. David Emerson: Thank you for that editorial comment.

I can assure you that the Government of Canada has been actively involved in the rules negotiations. We have been making our views known. We will continue to make our views known. We will ensure that the inshore fishery, and indeed the Canadian fishing industry, is not harmed but actually benefits strongly from any WTO outcome.

The *de minimis* proposal came because we had to wait for a chair's text. We had to work our way through the various issues, identify the problem areas, which we have done, and develop a strategy for responding to deficiencies in the text. That was the timeframe in which the process was operating.

Hon. Lawrence MacAulay: We have had experts come before and tell us that representatives from certain countries have indicated that Canada has not been very opposed to these measures, which would be so destructive to the inshore fishery. How would you respond to that?

Hon. David Emerson: I don't know who your anonymous commentators are, but I can tell you we have been very actively opposed to the critical elements I've already alluded to—the income support issues, the port infrastructure issues, and the need to have some provision for small-fishery-related programs. I guess people with particular interests will say certain things, but I can assure you that at these negotiations, which are going on largely behind closed doors, our people have been extremely active and extremely effective.

• (0920)

Hon. Lawrence MacAulay: Will you sign an agreement if these provisions are in there? If any of these provisions are in there, will this text be ratified by this country?

Hon. David Emerson: I think the reality of this or the probability that something of concern to us will be in a final text is remote in the extreme. Even if there were something in the text that we had concerns about, that's not the end of the game; there are always opportunities to look at the fine print and the detail of programs.

We will not be signing any agreement that brings harm to the Canadian fishing industry.

The Chair: Mr. Byrne.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Thank you very much, Minister.

I want to jump right into the process that's been established post the issuance of the draft text by the chairman.

All WTO members received the draft text on fishery subsidies back in late November 2007, yet Canada did not put forward a position until late April, and it was not actually circulated to WTO members until the very beginning of May. That's almost five months later. Then, 26 calendar days later, the chairman put forward the 282-page working document based on all of the information he had received. So 26 days later, the chairman put out a working document. The changes that Canada had put forward were really not very well highlighted in that document. In fact, based on your statement, there's really not too much in the chairman's statement or working document indicating we're having much success in changing the way that draft text is going to read at the end of the day.

My concern is that somebody is dropping the ball here. Why did it take five months for a request for a *de minimis* exemption to be put forward by Canada? Why did it take that long? Is part of the reason that there's an issue of accountability here?

The Minister of Fisheries and Oceans of Canada is not directly involved in these negotiations; he's consulted, but he's not directly involved. You as the international trade minister are the lead minister, yet it's the Department of Finance that is actually the lead of the negotiations team. There seems to be a disconnect between the views and the priorities here in Ottawa versus what's happening over at the WTO.

Why wouldn't the Minister of Fisheries and Oceans and an official of the Department of Fisheries and Oceans head up the fishery subsidies negotiations, as they do in agriculture? I understand that for the agricultural committee, it is a senior official from the Department of Agriculture and Agri-Food who's in charge of those discussions, and they answer directly to the Minister of Agriculture, who works with you. On the fisheries file, it's completely different.

That, it seems to me—if you want an editorial comment—is one of the chief reasons why we are not succeeding when it comes to fisheries in the WTO file.

Hon. David Emerson: Yes, I accept your somewhat partisan editorial comment, for what it's worth.

The reality is that the—

Hon. Gerry Byrne: So do my constituents.

Hon. David Emerson: These negotiations have been going on for seven years. This particular negotiating group and this particular text have only recently reached the intense developmental stage. It is not the primary focus of the WTO negotiations at this time anyway. The primary focus right now is on agriculture and NAMA, non-agricultural market access.

When we handle the negotiations, International Trade has overall responsibility, as you have noted, but we bring other departments in to provide special advice and to ensure, as we've done in agriculture, that where there is a very substantial negotiating group dealing with issues of concern to Canada, we have agriculture essentially driving that negotiation. We do little more than facilitate what agriculture is doing there.

The fisheries issue is not under a separate negotiating group; it's part of the rules negotiating group. There are issues well beyond those of the fisheries. There are a host of issues relating to trade rules, dumping, and zeroing, which, as you know, has been one of the issues we've been fighting hard against. So it's a broader process in which the Department of Finance has significant capability. They have responsibility for trade remedies in Canada. The Canadian International Trade Tribunal is under the jurisdiction of the Minister of Finance.

Remember that there are, I think, 153 WTO members here. When you talk glibly, as you do, about how long it takes and about people dropping the ball, remember there are 153 countries, all with their different issues and concerns, and we work very hard and aggressively. Our negotiators are on the road all the time, putting together coalitions to ensure that Canada's issues and concerns are in fact supported by other countries, because at the end of the day, as I said, this is going to be a consensus process.

We now have garnered a substantial number of significant WTO members and players in support of our position relating to fishery subsidies, infrastructure, and small programs. I think our negotiators have done a hell of a job, and I think you should tell them that.

• (0925)

Hon. Gerry Byrne: What I'm hearing is that fisheries seem to be relatively low on the priorities list. You've articulated that agriculture seems to loom large, that you're very concerned about that, and that's probably the message that I'll be giving our negotiators, if you don't mind.

Thank you very much for the advice, though.

Hon. David Emerson: I think you should look at the WTO round. If you think that Canada alone is going to determine that fisheries will not be part of rules but will be part of a separate negotiating group, good luck to you. I think you're being pretty unrealistic, frankly. It's part of a large negotiation with over 100 countries involved, and to say Canada can just grab fisheries and separate it out and put it in a separate negotiating group is a little naive.

The Chair: Thank you, Mr. Byrne and Minister.

Mr. Blais.

[Translation]

Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ): Thank you, Mr. Chair.

Good morning, Mr. Emerson.

I am going to move in the same direction as you, but I am dealing with the background.

Is it possible to send us the text of 280 pages or so that the chair tabled? Could you also send us what you call the de minimis proposal?

[English]

Hon. David Emerson: *Oui, oui.* The answer is yes to both.

[Translation]

Mr. Raynald Blais: Correct me if I am wrong, but this is like we were in a funnel. When we entered the funnel, both agriculture and fisheries were part of the negotiations, but the more the process moves forward, the more the gap between them narrows. You know this very well because you have already been part of international negotiations. My feeling is that that fisheries will not be in the picture. As my colleagues have already mentioned, it looks like fisheries are going to be overwhelmed by agriculture.

If that is the case, subsidies for infrastructure, for boat construction and for job support will be deemed prohibited in the text; it looks more and more like they will be tossed overboard. Those of us who represent communities that make their living from the fishery—I represent la Gaspésie et les Îles-de-la-Madeleine—we are very worried.

Other issues are considered more important internationally and are given more consideration. What are you going to do to prevent the fishery from being ignored?

What efforts have you made to convince New Zealand or Australia to change their minds? Have you got the support of the United States? Are there other countries helping you? Are we forming a united front for these current negotiations?

• (0930)

[English]

Hon. David Emerson: Thank you, colleague, for your question.

The reason it appears that the rules and the fisheries issues are a secondary issue right now is that the Doha Round of discussions is still not assured of success in the bigger sense of the word. If there is not an agreement on what we call the modalities in agriculture and non-agricultural market access, then this round of negotiations will fail.

So the emphasis at the WTO, under the direction of the director general, has been to drive very hard to see if that fundamental logjam around agriculture and non-agricultural market access can be broken in order for the balance of the negotiations then to proceed to completion. We have been very strong in insisting that we want to see the rules issues and the fisheries issues dealt with simultaneously for agriculture and NAMA. But the reality is that if there is not a breakthrough on NAMA and agriculture, the rest is academic, because there simply will not be an agreement or a negotiation.

So if there is a breakthrough on the modalities for agriculture and NAMA, then we will get into a number of other areas, not just rules and fisheries subsidies, but services and sectoral agreements, which Canada is pushing very hard for certain sectors. So there will be a whole second wave of high-intensity negotiation, but it will occur only if it's a non-academic exercise, and it will be a non-academic exercise only once we know if there's a deal on agriculture and NAMA.

On your questions about what we are doing and how we are doing it, we've been working very closely with like-minded countries, and they're non-trivial countries. We have the European Union, Japan, and Korea. We'll be talking with the Americans on this very issue in the next few days. So we have a significant number of allies on the fisheries issues, and we think we will prevail.

[Translation]

Mr. Raynald Blais: Do you feel that it is too late to protect the fishery and that, if Doha fails, it could actually be to our advantage? After all, that would give us two or three more years to become better prepared and to secure more broad-based support.

As I understand it, the fact is that the fishery is going to be sacrificed and negotiations will chiefly be about agriculture, agri-food and the environment. At best, the fishery will be a bargaining chip.

[English]

Hon. David Emerson: No, that's not correct, colleague. Fisheries is not going to be sacrificed. We will prevail. We will ensure that there's a positive outcome for the fishing industry.

Remember, there's an awful lot of export interest as well in the fishery sector. We're pursuing aggressively the export opportunities. We are effectively dealing with the areas of concern that have been alluded to, and we're doing it in the timeframe we have to do it in.

To suggest that we should walk away from the negotiations or hope that they fail, just so that we can have three more years to fiddle around with a problem that actually isn't going to occur, is to me a little bit not strategically optimum.

● (0935)

The Chair: Thank you, Minister. Thank you, Mr. Blais.

Mr. Stoffer.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Thank you, Mr. Chairman.

Minister, I'd like to thank you and your staff for coming today.

Mr. O'Neill, you said earlier that you have over 300 names of associations, etc., that were consulted on this negotiation on fisheries. I'm wondering if you could supply that list to this committee at your convenience, when you get a chance.

Mr. John O'Neill (Chief, Trade Rules, International Trade Policy Division, Department of Finance): We can supply the names, but the consultation letter didn't deal specifically with fisheries; it dealt with all of the rules issues. But we can give you the mailing list of the associations that it went out to. On review, there were only a handful of fisheries-related organizations, but we can certainly provide the list, yes.

Mr. Peter Stoffer: The reason I say that, Mr. O'Neill, is that members of Parliament won't be affected by this, our constituents will be. If Canada is going to negotiate agreements, in the WTO Doha discussions, on fisheries issues as well as a myriad of other issues, such as agriculture, we would like to know who you consulted with. I personally contacted a whole whack of people myself, and not one of them had been called on this issue; in fact, they're quite surprised by it.

So if you have 300 names and associations where discussions were ongoing, I'd sure love to know who they were. That's the first thing.

Mr. Emerson, on the chair of the WTO who drafted this, you have to go back and ask why he did this. If the rationale is that there are too many boats chasing too few fish—which really means too many fishermen chasing too few fish—then how do you rationalize the industry to protect the ecosystems of our oceans around the world? If you're starting on that premise, that's not a bad argument, but the question is this: who gets hurt when you do this?

In our own country, as you know, we have many people suffering, from the west coast to the east coast, in terms of price for their products and availability of the resource itself. Salmon on the west coast has been in trouble, as have the lobster prices on the east coast. We continuously hear that there are too many fishermen and not enough fish. Yet when we ask for particular programs to exit fishermen out of the industry with dignity—buyout packages for their enterprises or whatever—we always get a bit of a reluctance. But when I look at this, I think, “Hmmm, WTO can do that for you.”

I know that agriculture is a very important issue in this country and around the world, as are other issues. But my feeling—and I get the sentiment from my colleagues here as well—is that fisheries is a sidebar, not the main issue at the forefront of all of this.

I remember when John Solomon, a former MP, met the French agriculture minister in 1988 over a glass of wine in Vienna. He was told that if he thought, for one second, that the French were going to ignore their farmers, he was out of his fricking mind. So I know you're in a tough battle when it comes to agriculture and these other discussions.

Can you tell us for sure that fisheries will not be a sidebar issue and that, if you get an agreement on agriculture and other areas, fisheries won't just get lumped into that vacuum? My fear is that this may happen, and I want your assurances that it won't.

Hon. David Emerson: Well, you have my assurances that it won't, but remember that the whole Doha Round was set up in order to provide maximum opportunity for developing countries, and agriculture got drawn into that as a central feature of the negotiations or a central component of the negotiations because agriculture is so central to improving economic well-being in developing countries.

Agriculture is not a centrepiece of the negotiation because somebody doesn't want to deal with fisheries; it's there because agriculture is the fundamental sector that will drive wealth creation in the developing world. So then it becomes a centrepiece, along with the unfinished business on non-agricultural market access. So that's a bigger geopolitical reason for the focus on those elements.

As I said to the question that came up earlier, the reason the rules issue and the fisheries subsidies issue are not proceeding on the same timeframe as the agriculture and NAMA discussion is that the whole exercise is pointless if we don't come to a closure on agriculture and NAMA. We're not there yet. I don't know if we're going to get there, but I can tell you that in the work we're doing on rules and on the fisheries issue, we're going to drive it very hard, and I am very confident that we will prevail.

At the end of the day, if there is a successful Doha Round, it is going to be very good for our fishing industry. I can assure you that we are pulling out all stops to deal with the issues that you and other members have raised.

• (0940)

The Chair: Thank you.

Mr. Kamp.

Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC): Thank you, Mr. Chair.

Thank you, Minister and officials, for coming.

Clearly, none of us has experience in international negotiations, so we appreciate your coming and helping us understand a little bit better how things are going there and the process.

Let me begin, and then if there's time left, my colleagues might have some questions as well.

You kind of referred to it in your most recent comments, but let me make some general comment and question. What's surprising to me is that the WTO is talking about fisheries subsidies at all. One could argue that it's primarily an environmental issue rather than a trade issue. Although all of us have some serious concerns about elements in the chairman's draft text and we rightly raise those as major concerns, I think it's possible that we can lose sight of the fact that fisheries subsidies are part of the problem leading toward overfishing and eventually perhaps to some very serious problems with fisheries resources around the world.

Do you have any comments on either of those?

Hon. David Emerson: Those are good observations, colleague.

On the issue of fishery as an environmental issue, we all know that a fishery is a common property resource that does not respect national boundaries, and if you do not have a multilateral approach to fisheries management, you will fail. You can do a certain amount locally to the degree that you're not exposed to international fishing fleets and that the fish are not migrating across international boundaries, etc., but fundamentally, if you're going to deal with the common property resource in the fishery, it has to be a multilateral agreement.

You and your minister are doing a lot of work, as you already know, on other multilateral mechanisms for improved fishery

management regimes in the world, but there are also trade-related issues that can reinforce the environmental and fishery objectives that you, your minister, and fisheries ministers in other countries are attempting to pursue.

On the broad issue of environment not being part of trade negotiations, I can tell this committee that the days when we can cleanly separate environmental issues from trade issues are gone. There is an increasing momentum and impetus—albeit not very prominent in the Doha Round—beginning to creep into trade discussions. Countries are having to face up to the fact that you cannot have a level playing field in terms of international trade when some countries have very rigorous and possibly costly environmental protection regimes and others do not.

For example, we've had lots of discussions about China and the degree to which they are or are not managing their environmental issues in the same way as Canada is. Yet Chinese companies are competing with Canadian companies, so the environmental issues begin to creep in, and they will creep in increasingly in the future.

• (0945)

Mr. Randy Kamp: Yes, and obviously these things are important to us given that we export 85% of our fisheries catch.

On a more technical element, I understand that the Government of Canada is opposed to the proposal from the chair of the practice of zeroing. Can you tell us a bit more about that and whether it affects our fishery trade practices?

Hon. David Emerson: I'm not sure if the members know very much about zeroing.

Zeroing is a practice that received egregious prominence during the softwood lumber dispute. It's a practice whereby countries—in Canada's case, it's usually code for the United States—calculate alleged dumping margins by looking at a company's exports. It calculates whether you're losing money selling, let's say, lumber or fish products into the United States. If you're losing money, they will add that in as part of the dumping margin, and if you get enough of these negative dumping margins, you'll get a very high anti-dumping duty trying to sell your product into the United States market.

The nasty piece in zeroing is that if you're making money on exporting some of your other product lines into the United States, what they will do is apply a zero to the cases where you're actually making money in the U.S. market and they will apply positive numbers where you're losing money, so the effect is to greatly increase the dumping duties.

Canada has gone to the WTO and we've won cases at the WTO that have ruled that zeroing is not an appropriate practice. What they ought to be doing is taking the negative and positive margins and balancing them off against each other. The U.S. has been successful in bringing the zeroing concept back into the rules text, even though we have won under dispute resolution proceedings at the WTO.

I think there are only two countries in all of the World Trade Organization that are supporting the United States' bringing zeroing back, so that's another fight we have on our hands. It's not specific to fisheries, but it could come up in a fisheries context.

Mr. Randy Kamp: Thank you, Minister.

If there's time, I think Mr. Calkins—

The Chair: You have three minutes.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you very much for being here today.

I'd like to congratulate you on the fine work you've done. I believe we've concluded trade agreements with seven countries now. While I certainly love being on the fisheries committee, I represent an agricultural rural riding in Alberta. I know that some really positive things are going to come out of the fine work you're doing. I wish you continued success throughout the multilateral negotiations at the WTO, and certainly with any bilateral, trilateral, or nation-to-nation agreements you're pursuing at this time.

In some of your comments today, you've basically given us assurances that with some of the positions the original chairman's draft has taken, we have several strong allies that will stand with us to get more clarity or improve Canada's position with that text. Given that you were very optimistic in your statement that Canada's positions will likely be reflected in a final text if one is approved, could you elaborate on some of the positives that would have for the Canadian fishing industry sector overall?

Hon. David Emerson: As we have discussed this morning, on the fishery subsidies issues it is extremely important that we pull out all stops across the different parts of government and government activities that are leading to what I think is an emerging crisis in the fishery internationally. We've certainly seen it manifest itself on the east coast of Canada, and we've seen issues arising on the west coast of Canada.

All of the work we're doing around rules will be one more arrow in the quiver of fisheries ministers who are trying to bring an international solution to the overharvesting problem in the international fishery. That will be extremely important for the protection of people who earn their livelihoods from the fishery. But as Randy Kamp has said, 85% of the fishery product in Canada is exported. The opportunities to open some very major markets in Europe, Japan, Korea, and China if we can get an agreement on non-agricultural market access will be extremely important.

We all like to look at the WTO and any trade agreement, because we see some little sector there where we're concerned that there's going to be a negative impact. But the World Trade Organization and the impact of a new trade agreement will be very positive across many sectors, and many of them are going to be related to agriculture and agrifood.

Historically in Canada we've acted as though the agriculture and resource industries are somehow not sophisticated, and we should be going up the value chain into high-tech everything. But the reality is that the fishery, agrifood, agriculture, mining sectors, and resource sectors have become high-tech sectors. They're going to be an extremely important part of Canada's economic future.

If we had a successful Doha round it would be, on balance, extremely beneficial. I think our negotiators have been doing God's work in performing miracles in the negotiating backrooms to ensure that potential negative effects are eliminated or strongly mitigated.

● (0950)

Mr. Blaine Calkins: Thank you, Mr. Minister.

The Chair: Thank you, Minister Emerson.

I have a quick question, because we're almost out of time. I don't do this very often.

You mentioned earlier that decisions are made by consensus. I thought you said there would be a ministers meeting that would reach that consensus. Can you briefly explain the process there so we're all clear on how the final decisions are made?

Hon. David Emerson: What essentially would happen, hypothetically speaking, is that a ministerial meeting would be called. It hasn't yet been called, and it may never be called. But if you play out a hypothetical critical path, there would be a ministerial meeting called in late June or early July, and that meeting would focus largely, but not entirely, on trying to achieve an agreement on modalities in agriculture and non-agricultural market access.

"Modalities" refers to identifying the fundamental formulae that will be applied to tariff cuts, giving definition to special and differential treatment for certain countries for certain types of products, and that sort of thing. So you're creating a fairly well-defined framework, which then negotiators will take away for some months and go through line by line to identify how that framework would actually apply to specific products and product classifications and that sort of thing. At the same time, in that meeting, there would probably be sidebar meetings on rules and services and some of the other issues that are in play so that we could make sure those issues were brought along in a timeframe that was compatible with agriculture and NAMA. And then, over the balance of the year, these other issues, like the rules and fisheries subsidies, would be subject to intense negotiation.

At the end of it all, there would then have to be further ministerial meetings to agree on a complete final package. It's what's called a single undertaking. As you know, a single undertaking means nothing is agreed to until everything is agreed to. So the agreement on agriculture and NAMA wouldn't stand up if there's were not an agreement at the end of the day on rules, and it would be similar for other elements of the negotiations.

Any one country, any one member, can essentially torpedo the WTO agreement. The practical reality is that a country that acted somewhat intransigently in doing that would become an international pariah, and the more practical option for a country that wanted to dissent would be withdrawal from the World Trade Organization, which would be probably one of the world's stupidest decisions, but it's available to you.

• (0955)

The Chair: Thank you, Minister Emerson.

We have a couple of minutes if you want to make a closing remark.

Thank you for your presence here. Certainly somewhere down the road, as these negotiations keep on moving, we may reserve the right to invite you and your officials back again for an opportunity to clue up there.

Hon. David Emerson: Thank you very much.

The Chair: Thank you.

We're suspending for five minutes to get ready for the next session.

[Proceedings continue in camera]

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