



**HOUSE OF COMMONS
CANADA**

THE CANADIAN TRADE COMMISSIONER SERVICE

Report of the Standing Committee on International Trade

**Hon. Rob Merrifield, P.C., M.P.
Chair**

MARCH 2012

41st PARLIAMENT, 1st SESSION



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

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THE STANDING COMMITTEE ON ON INTERNATIONAL TRADE

has the honour to present its

THIRD REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied the Trade Commissioner Service and has agreed to report the following:

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THE CANADIAN TRADE COMMISSIONER SERVICE

INTRODUCTION

On September 27, 2011, the House of Commons Standing Committee on International Trade (hereinafter, the Committee) decided to conduct a study on the Canadian Trade Commissioner Service (TCS). The Committee's primary objective was to evaluate the effectiveness and efficiency of the TCS in enhancing commercial opportunities for Canadian businesses abroad. To that end, the Committee held four hearings in Ottawa between October 2011 and March 2012 to gather information about the TCS' current structure and activities, and to hear from some of the TCS' clients regarding their experiences with the service.

The TCS is a network of professionals from the Department of Foreign Affairs and International Trade (DFAIT) working internationally in embassies, high commissions and consulates in more than 150 cities worldwide as well as in 18 regional offices across Canada to provide information, advice and support to Canadian businesses as they seek to advance their international commerce strategy.

As part of the federal Global Commerce Strategy, implemented in 2008, the TCS has recently increased its presence in certain priority and emerging markets. For example, new offices have been opened in China, India and Brazil to take advantage of opportunities for Canadian exporters and investors in sectors such as manufacturing, information technology, and agriculture and agri-food. The TCS has also strengthened and expanded its resources in its regional offices in Canada.

RATIONALE FOR THE EXISTENCE OF THE TRADE COMMISSIONER SERVICE

From the perspective that exports contribute to Canada's prosperity, the Committee's witnesses agreed that the federal government has a role to play in supporting Canadian firms as they advance their international commercial strategies. The Committee was told that, because of globalization and the changing nature of manufacturing, it is more critical today than at any other time in history for businesses to be globally competitive and to connect with global supply chains. In that context, Jean-Michel Laurin (Vice-President, Global Business Policy, Canadian Manufacturers & Exporters) noted that the business case for trade commissioners around the world is stronger than ever.

According to DFAIT officials, firms that export have higher annual productivity growth than those that do not export. Hence, they claimed that the TCS stimulates productivity gains through supporting exports. In that regard, Peter McGovern (Assistant Deputy Minister, Asia and Chief Trade Commissioner, DFAIT) said:

Research demonstrates that every dollar spent on the trade commissioner service generates \$27 in increased exports and that firms that access our services export 18% more than comparable firms that don't. In short, higher productivity strengthens firms, international business stimulates productivity gains, and the trade commissioner service supports international business.¹

Most of the Committee's witnesses mentioned the crucial role that the TCS plays in supporting the efforts of small and medium-sized enterprises (SMEs) to compete globally. Because the costs of acquiring market intelligence and building relationships with clients in foreign markets are relatively higher for SMEs, the assistance given by trade commissioners and the access to TCS networks in other countries provide those SMEs that wish to compete internationally with an advantage and with the ability to invest in technology and production rather than in marketing their products abroad. This assistance is particularly valuable for companies that are at an early stage of development or that have no experience in exporting.

While some witnesses argued that large companies are able to compete internationally without TCS support, others noted the value-added assistance provided by the TCS in resolving market access issues. Murad Al-Katib (Chair, Small and Medium Enterprise Advisory Board) pointed out that, as companies get bigger, problems can become more complex. Citing a personal experience, he said:

We export a large amount of product to Algeria. It's a very big consumption market for Canadian green lentils. We recently — let's say two years ago — had a problem. A very small shipment of lentils ended up in a customs problem on the import side when an importer actually went bankrupt. As a result of customs rules, we couldn't free that cargo from the grasp of the Algerian customs. We worked for over 13 months to resolve a small problem. Finally, with some advice from our colleagues at Foreign Affairs, we contacted our embassy in Algiers, and within 13 days — not 13 months — our containers were released, our problem was solved, and we were able to continue on with our business.²

The Committee was told that the TCS' value can take different forms, depending on the economic relationship between Canada and a specific trading partner, as well as the business and cultural environments that characterize the targeted market. For example, the TCS has helped to maintain the trading relationship between Canada and the United States in the context of the Buy American provisions included in the *American Recovery and Reinvestment Act of 2009* by helping companies to obtain waivers and by working with local governments to ensure that Canadian companies continue to have access to local procurement markets in the United States. In Europe, the TCS helps Canadian businesses to understand and comply with complex European regulations, and would be instrumental in supporting Canadian companies in their efforts to capitalize on market opportunities

1 Evidence, Meeting No. 4, October 4, 2011.

2 Evidence, Meeting No. 23, February 28, 2012.

following ratification of a comprehensive economic and trade agreement by Canada and the European Union. In Asia, the TCS assists Canadian businesses in understanding the business culture and in building the relationships that can lead to fruitful business partnerships.

Some witnesses noted that the TCS has an important role to play in the context of the free trade agreements that Canada is presently negotiating or that have recently entered into force. It was suggested that the TCS should focus on the countries that are the subject of these agreements in order to help Canadian exporters and investors take advantage of the preferential treatment obtained as a result of the agreements.

ORGANIZATIONAL STRUCTURE AND SERVICES OF THE TRADE COMMISSIONER SERVICE

The TCS offers a range of services, all of which are designed to support the growth of Canadian companies internationally:

- preparing for international markets, for example by helping Canadian businesses to determine if they are internationally competitive, to identify a target market, to collect market and industry information, and to improve their international business strategy;
- assessing market potential, for example by providing market intelligence and advice on how to improve businesses' market strategy;
- finding qualified contacts, such as potential buyers and partners, financial and legal professionals, technology sources, and foreign regulatory authorities and investment promotion agencies; and
- resolving problems, including in respect of customs clearance and shipping, unfair business treatment, contract bidding, storage and warehousing, insurance coverage and claims, and overdue accounts receivable.³

Export Development Canada (EDC) also has a mandate to support and develop Canada's exports. Unlike the TCS, however, EDC operates as a commercial institution that collects interest on its loans and premiums on its insurance products. It does not receive

3 Department of Foreign Affairs and International Trade, *Overview of Services*, 2012, <http://www.tradecommissioner.gc.ca/eng/services.jsp>.

annual parliamentary appropriations and does not provide subsidies to Canadian companies.

According to DFAIT and EDC officials, their organizations work closely together and meet regularly to examine global strategies. Even though DFAIT trade commissioners and EDC employees share the same clientele, the officials told the Committee that most services provided by them are complementary and do not overlap. According to Stephen Poloz (President and Chief Executive Officer, Export Development Canada), trade commissioners and EDC employees often refer clients to each other based on needs and activities. Some of the witnesses representing private-sector companies agreed that the services provided by TCS and EDC do not overlap.

In addition to the collaborative relationship between the TCS and EDC, the Committee learned that DFAIT trade commissioners are supported directly or indirectly by other federal departments and agencies that provide sectoral and/or technical expertise. For example, Agriculture and Agri-Food Canada has the Agri-Food Trade Service, which supports Canadian food exporters and has employees working in Canadian embassies, high commissions and consulates abroad.

Witnesses informed the Committee that some private companies and consulting firms offer services that are similar to those provided by the TCS. The biggest difference, however, is that the TCS' services are provided to Canadian businesses at no direct cost to them. According to Peter McGovern, because of the number of trade commissioners and their presence in so many countries, the private sector cannot replicate what is provided by the TCS. He said:

We are something of a government KPMG. Our headquarters is here in Ottawa, and our national network consists of 18 service points across Canada. We also have an international network with 150 service points. So, we are a very large organization. Our network cannot be compared to anything in the private sector, and we provide Canadian exporters with free services.⁴

The Committee's witnesses provided varied comments about the current and future geographical presence of the TCS. A number of witnesses mentioned that ongoing changes in production and trade patterns require the TCS to be in the right place at the right time. According to Glen Hodgson (Senior Vice-President and Chief Economist, Conference Board of Canada), analysis by the Conference Board of Canada, which was based on variables such as value-added trade, demonstrates the need to have more trade commissioners located in emerging markets where there is high potential for growth in Canadian trade. He said:

4 *Evidence*, Meeting No. 4, October 4, 2011.

As we develop the positioning of trade commissioners around the world, whether it's just moving people around or increasing their numbers, I would like to see a bias in favour of emerging markets. I would like to see more and more people who actually develop deep knowledge of how to do business in the Middle East, in South Asia, in Africa, and in Southeast Asia, because that's where the high growth potential is. China is a market of 1.4 billion people; imagine how many offices we could have in cities of more than five million people in China, because here's a plethora of those.⁵

Peter Clark (President, Grey, Clark, Shih and Associates Limited) agreed with the need to increase the TCS' presence in China, but acknowledged that the TCS has done that recently through opening new offices in that country. According to him, the TCS should also give special attention to Russia, which has now joined the World Trade Organization. According to Mr. Clark, the focus of the TCS should be on markets that are expanding rather than on those that are shrinking.

Some witnesses raised the issue of the constant rotation of Canadian trade commissioners abroad, and suggested that this practice is detrimental to the quality of the service provided by the TCS. While there was a consensus among the Committee's witnesses that trade commissioners are qualified and are devoted to the TCS' mandate, some highlighted the lack of corporate memory resulting from the relatively short assignment of trade commissioners to a particular location; in general, each assignment is three to four years. A lack of corporate memory may be particularly detrimental in countries such as China or Japan, where cultural barriers are relatively more pronounced and personal relationships are a key component of doing business. In speaking about the length of assignment of trade commissioners in those key emerging markets, Brent Howatt (Director of Sales, Koss Aerospace) said:

It usually takes two years of being in a position before they understand the individuals and the companies that they're getting into, because it's not just a matter of the companies, it's the personalities that they're dealing with as well. We'd like to see longer reigns with people in those regions.⁶

The Committee was told that locally engaged trade commissioners provide some continuity in services, and some witnesses expressed satisfaction with the services provided by them, noting that they are well qualified and have an advantage in terms of knowledge of local customs and practices. While locally engaged trade commissioners cannot be expected to have the same loyalty to Canada as trade commissioners hired in Canada, the cost of employing them is relatively lower.

In that context, the Committee noted that there are advantages associated with employing locally engaged trade commissioners. That said, there are also disadvantages;

5 *Evidence*, Meeting No. 23, February 28, 2012.

6 *Evidence*, Meeting No. 25, March 6, 2012.

for example, locally engaged personnel generally do not have the same direct ties to the Canadian government. For that reason, foreign officials and stakeholders may prefer to collaborate with Canadian trade commissioners.

SUCCESS OF THE TRADE COMMISSIONER SERVICE IN ASSISTING BUSINESSES

Satisfaction with the services of the TCS

Witnesses made favourable comments about their experiences with the TCS. The Committee was told that trade commissioners have good knowledge of foreign markets and have established networks in those markets that allow Canadian companies to save time and money in making the connections needed to reach their export and investment goals. To illustrate this point, Chris Clarke (President, Mobile Detect Inc.) said:

What if the trade commissioner service had not provided the local San Diego market intelligence, market knowledge, and networking to us? We at Mobile Detect are well aware of what the answer would be. The cost and time to make similar contacts would have been high, if not prohibitive. The senior executives of large corporations would not have been accessible to a small Canadian innovator.⁷

Murad Al-Katib shared his opinion that the TCS is “head and shoulders” above its market competition in the world in terms of the services offered. That said, the one area that the TCS needs to address, according to Mr. Al-Katib, is ensuring greater consistency of service across offices, a goal that can be achieved if TCS trade commissioners have the proper mix of local knowledge and knowledge about the Canadian economy.

DFAIT officials agreed with Mr. Al-Katib’s analysis, and told the Committee that consistency in the quality of TCS services was identified in client surveys as an area that should be a focus in order to increase the chance of success for Canadian businesses that use the services of the TCS.

As well, DFAIT officials told the Committee that the TCS attracts new Canadian businesses in two ways: through specific requests to its offices abroad or in Canada, or through its Web and telephone portals. In 2010, the TCS served more than 13,000 Canadian firms, a 10% increase over 2009; most of these firms were SMEs.

Some witnesses mentioned that advertising should be the highest priority of the TCS. In that regard, it was suggested that the TCS should be proactive, and should meet directly with trade associations and businesses in key areas in order to explain what is

7 *Evidence*, Meeting No. 7, October 20, 2011.

available to them from the TCS. On that point, Yuen Pau Woo (President and Chief Executive Officer, Asia-Pacific Foundation of Canada) said:

I think it would be of good value for the trade commissioner service to expand on interchanges with industry to, from time to time, embed trade commissioners into industry associations, maybe into companies for short stints, and then have them go back into the public service, so that they get a better understanding of the real challenges at the industry level. This kind of cross-fertilization could be very good both for the trade commissioners and for the private sector.⁸

DFAIT officials also expressed the desire to increase the number of Canadian firms assisted by the TCS. They highlighted a particular interest in increasing the number of very small firms that export, believing that, through their growth, they will in turn generate more prosperity and will bring in other firms as well.

In speaking about new technologies, Yuen Pau Woo said that he was impressed by the TCS' attempt to broaden its range of outreach mechanisms, particularly its use of the Internet. He found that the virtual trade commissioner is a good initiative, with up-to-date information, and that the TCS provides high-quality market and industry reports.

Trade promotion versus trade assistance

On the issue of the allocation of human and financial resources between the two activities of trade promotion and trade assistance, witnesses told the Committee that the TCS has achieved the right balance.

The notion of marketing a "Canada" brand that builds on Canada's assets and worldwide reputation as a producer of high-quality products was noted by a number of witnesses; they felt that this activity should be at the core of the TCS' mandate. Similarly, the Committee was told that having an organization such as the TCS acting on behalf of the Canadian government can open many doors for Canadian exporters.

Edmond Chiasson (Vice-President, Public Affairs, Plasco Energy Group Inc.) added the caveat that Canadian companies need to be realistic about what the TCS can achieve. According to him, companies can benefit from the strategic advice and the local knowledge provided by trade commissioners but, at the end of the day, companies themselves have to sell their own value added.

Regarding trade promotion, the Committee was told that the TCS, and the federal government more generally, should consider the revival of "Team Canada" trade missions

8 *Evidence*, Meeting No. 25, March 6, 2012.

as a way to involve businesses more directly in federal efforts to advocate Canadian commercial interests abroad. DFAIT officials acknowledged that the trade mission format is successful in certain markets and that the minister of International Trade is receptive to such initiatives.

While most of the work of trade commissioners consists of proactively promoting trade, another activity—troubleshooting or solving problems faced by Canadian exporters—is critically important, particularly for perishable goods and for SMEs with limited resources. In that regard, the TCS is collaborating with others, as required, to resolve market access issues. For example, the Canadian Food Inspection Agency has established positions in key markets for agricultural products, such as Japan and China, to address sanitary and phytosanitary issues.

Canada's Trade Commissioner Service and similar services in other countries

According to the Committee's witnesses, the services provided to Canadian exporters by the TCS compare favourably with similar services offered in other countries. Although Canada cannot compete with countries such as the United States in terms of the level of resources devoted to assisting domestic businesses in their activities abroad, Canada appears to compensate for a relatively lower level of financial and human resources by providing high-quality services. According to Jacques Bonaventure (Director Business Development, Centra Industries Inc.), the TCS provides a first-class service that is recognized worldwide. Brent Howatt went further, suggesting that the overall quality of the TCS' services is superior to similar services offered by other countries to their businesses that export.

In terms of international best practices from which the TCS could learn, Jean-Michel Laurin mentioned that Australia uses a test to assess the export-readiness of companies; the objectives are to ensure a true readiness to export and the existence of sufficient financing to be competitive on the world stage. According to Mr. Laurin, the export-readiness of a company should be the first criterion used by the TCS in assessing the eventual success of a company in its activities abroad; in that regard, the TCS can learn from the experience in Australia.

CONCLUSION

Over the course of its study on the TCS, the Committee heard a range of testimony. Witnesses were consistent in their view that, in the context of globalization and the changing nature of manufacturing, the business case for trade commissioners, who support Canadian exporters and investors as they develop and execute their international commerce strategies, is stronger than at any other point in history. The TCS also appears to have achieved the right balance between trade promotion and trade assistance.

The Committee noted that the support provided by the TCS is particularly vital for SMEs, as the costs of acquiring market intelligence and building relationships in foreign markets are relatively higher for them. This support is particularly valuable for companies that are at an early stage of development or that have no experience in international trade.

A central theme emerged during the Committee's hearings: the TCS offers services that are of high quality and that are tailored to the needs of Canadian businesses. Moreover, the services provided to Canadian exporters by the TCS compare favourably with the services offered in other countries to their export-oriented businesses.

The Committee noted three areas in which the TCS could improve its services. From that perspective, the Committee recommends that:

Recommendation 1

The Trade Commissioner Service ensure greater consistency of service across offices.

Recommendation 2

The Trade Commissioner Service continue to build capacity in emerging markets where the potential for growth in Canadian trade is high.

Recommendation 3

The Trade Commissioner Service address the lack of corporate memory and local knowledge resulting from the constant rotation of Canadian trade commissioners abroad.

Recommendation 4

The Trade Commissioner Service focus on the countries with which Canada has signed a free trade agreement in order to help Canadian exporters and investors take advantage of the preferential treatment obtained as a result of these agreements.

APPENDIX: LIST OF WITNESSES

| Organizations and Individuals | Date | Meeting |
|---|------------|---------|
| <p>Department of Foreign Affairs and International Trade Peter MacArthur, Acting Assistant Deputy Minister, International Business Development, Investment and Innovation Peter McGovern, Assistant Deputy Minister, Asia and Chief Trade Commissioner</p> | 2011/10/04 | 4 |
| <p>Canadian Manufacturers and Exporters Jean-Michel Laurin, Vice-President, Global Business Policy</p> | 2011/10/20 | 7 |
| <p>Clearford Industries Inc. Bruce Linton, President and Chief Executive Officer</p> | | |
| <p>Cubex Limited Hemant M. Shah, Director, Western Asia, Megamatic Drilling Division</p> | | |
| <p>Mobile Detect Inc. Chris Clarke, President</p> | | |
| <p>Plasco Energy Group Inc. Edmond Chiasson, Vice-President, Public Affairs</p> | | |
| <p>Conference Board of Canada Glen Hodgson, Senior Vice-President and Chief Economist</p> | 2012/02/28 | 23 |
| <p>Export Development Canada Stephen Poloz, President and Chief Executive Officer</p> | | |
| <p>Grey, Clark, Shih and Associates Limited Peter Clark, President</p> | | |
| <p>Small and Medium-Sized Enterprises Advisory Board Murad Al-Katib, Chair</p> | | |
| <p>Asia-Pacific Foundation of Canada Yuen Pau Woo, President and Chief Executive Officer</p> | 2012/03/06 | 25 |
| <p>Centra Industries Inc. Jacques Bonaventure, Director Business Development</p> | | |
| <p>Koss Aerospace Brent Howatt, Director of Sales</p> | | |

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings (Meetings Nos. [4, 7, 23, 25, 28 and 29](#)) is tabled.

Respectfully submitted,

Hon. Rob Merrifield, P.C., M.P.

Chair

NDP Supplementary Report:

The Standing Committee on International Trade Study of Canada's Trade Commission Service

The NDP thanks the Committee and witnesses for devoting their time to studying the work of our Trade Commission Service (TCS). The NDP supports Canada's Trade Commissions and views their contributions to promoting trade interests around the globe as valuable. As Canada is a leading trading nation the Government of Canada has an important role in promoting and sustaining economic growth by facilitating international trade opportunities for Canadian businesses.

The Committee's study of the TCS was generally thorough and balanced and the NDP supports much of its content. The NDP disagrees with one important majority recommendation and has additional elements to contribute. In particular, there are important aspects of witness testimony heard by the Committee that are not reflected in the report that should be included.

The Committee heard direct testimony that the TCS is a successful advocate for Canadian firms on matters of public policy. Specific reference was made with respect to its interventions on behalf of Canadian firms unable to access the US market due to the Buy American Act. The NDP recognizes these efforts and sees an invaluable role for the TCS in helping to maintain market access for Canadian firms in a context of rapidly shifting policy environments in our trading partners. This critical role can be expanded to address trade and non-tariff trade barriers such as the rules of origin provisions that limit market access for manufactured goods produced in Canada.

The Committee also heard testimony specifically outlining that Canadian Small and Medium Sized Enterprises are underserved by the TCS but potentially stand to gain substantially from the services it is capable of providing. The TCS should take specific measures to focus on addressing this issue.

Additionally, the Committee heard testimony outlining that one of the problems associated with the effective deployment of services from the TCS to staffing turnover in field offices abroad. Although the issue was discussed in the context of deficiencies within the TCS and an uneven level of service offered by individual offices, the Committee failed to clearly determine the cause of the inability of certain offices to retain employees, despite a March 15, 2012 NDP motion specifically seeking to address this question: 'That, as part of its study on the Trade Commissioner Service, the Committee invite officials from the Department of Foreign Affairs and International Trade who are responsible for hiring trade commissioners in order to discuss general trends in staff turnover and the challenges involved in staff retention at the Trade Commissioner Service.'

There is one recommendation that the NDP disagrees with. In particular, we do not believe that the Trade Commissioner Service should prioritize nations with which we have

free trade agreements. Implementation of this recommendation would compromise Canada's capacity to facilitate trade with important partners with whom we maintain a robust trade relationship despite the absence of a free trade agreement. Rather, the NDP believes that the Trade Commissioner Service should prioritize regions with the greatest level or potential level of trade. In many cases this will include nations with which we have free trade agreements, but not in all cases.

Finally, the NDP believes that Canada should be a leader in corporate social responsibility and that Canadian companies should abide by international human rights law and environmental standards when operating overseas. The government should ensure it supports responsible corporate behaviour in its work with Canadian companies, including through the important work of the TCS.

To conclude, the NDP supports much of the Committee's report, but is submitting this supplemental report to clarify the ways in which the TCS can better promote Canadian values and business in an increasingly complex and dynamic global marketplace.

NDP Recommendations for Trade Commissioner Service Report

After a thorough review of the services offered by the Trade Commissioner Service (TCS) by the Standing Committee on International Trade, the New Democratic Party of Canada recommends the following improvements:

- 1. Given the fact that the Trade Commissioner Service is the primary gateway for Canadian companies into the international market and that small and medium enterprises (SMEs) account for most businesses in Canada, the Government of Canada should provide improved support for SMEs, increasing the visibility, consistency and effectiveness of the services offered to them by the Trade Commissioner Service.**
- 2. The Trade Commissioner Service should work to clarify the realities of the Canadian marketplace for potential and current trade partners particularly with respect to the North American integration of value added sectors with an emphasis on manufacturing.**
- 3. In keeping with Canada's interest to support the growth of responsible Canadian business internationally, the Trade Commissioner Service should develop systems to support and monitor how companies and their partners in global markets abide by international human rights law and environmental standards when operating overseas. In the event of a serious failure and when steps to bring the company into compliance have also failed, government support for the company should be withdrawn.**

LIBERAL PARTY
DISSENTING OPINION
TRADE COMMISSIONER SERVICE

The study by the committee on the Canadian trade commissioner service has acknowledged and given support to the work and achievements of the service in the work performed in support of Canadian exporters.

What the committee report has failed to provide is a clear and unequivocal recommendation that the federal government maintain the existing operations of the service specifically in the United States, and in all international markets.

It has become evident that the Conservative government has demonstrated a priority with respect to the international trade file that has seen a diminution of focus on our largest trading partner, the United States. Canadians have witnessed a failure to resolve the outstanding Country of Origin (COOL) dispute with the United States, in fact the U.S. administration has announced its intention to appeal rather than abide by a recent finding that found COOL represented an unfair trade barrier; that the Canadian government failed to both initially and more recently detect and respond in a timely fashion to the Buy American and later the Made in America initiative by the U.S. administration which could see a serious negative impact on Canadian exporters.

What remains in place however, is the fact that the federal government itself has affirmed in its most recent publication Canada's State of Trade, trade and investment update — 2011, that it projects that by 2040 75.5% of our merchandise exports will be to the U.S., which are currently standing at 74.9%. Any diminution of our positive presence in the U.S. marketplace will have only a negative impact for our exports and our economy.

At the same time the Canada — European Trade Agreement, CETA has not as yet been concluded. This, in spite of the fact that during the course of the committee's hearings our chief trade negotiator gave a very clear indication that the conclusion of the agreement was anticipated no later than the first couple of months of 2012. Now the Minister of International trade is speculating that it is his hope the CETA could be concluded by the end of 2012.

At the same time we have a government that while it is promoting so called new free trade agreements it has as yet to conclude any arrangement with the substantial economies it has targeted, the EU, India, Japan or Korea. As indicated above our major existing trading relationship is allowed to languish under this government.

One indicator of this has been the concern raised in news reports speculating on the possible decision by the federal government to close six consulate offices in the United States. The speculation regarding the possible closure of the Canadian consulates

in Anchorage, Philadelphia, Houston, Raleigh, Phoenix and San Diego would eliminate the Trade Commissioner Service offices housed in each of those consulates.

During the course of the hearings of this committee, this issue was raised on more than one occasion.

When the prospect of the closure of consulate services which would impact upon the presence in the U.S. of our front line trade commissioner service representation was raised before the committee on March 6, 2012, the witnesses with whom the matter was raised reinforced the message conveyed throughout the meetings on the issue that they supported the service and indicted that it has been a significant asset to our export sector.

The Minister of International Trade appeared before the committee on March 13, 2012 at which he praised the service pointing out that a “recent study showed that exporters receiving assistance from the Trade Commissioner Service enjoy an average export value 18% higher than that of comparable exporters who didn’t use the service.”(Committee Evidence, March 13, 2012, p. 2)

What should be noted is that during the Minister’s testimony he did not refute the media story which indicated that six consulates were being considered for closure. What the Minister did state reflects the government’s focus on trading relationships beyond the U.S. “The Trade Commissioner Service is also constantly adjusting to an ever-changing environment. Since 2006 we’ve opened 15 new trade offices in key markets, such as Brazil, India, and China, in recognition of the growing importance of emerging markets and also to ensure that Canadian companies can take advantage of these exciting business opportunities. (Committee Evidence, March 13, 2012, p. 2)

Again, the emphasis is on as yet potential markets rather than the enhancement of established markets such as in this case the United States.

Regardless as to whether the specific media story concerning the possible closures of a number of consulates in the United States has veracity or not, it remains important that this committee in its report should have taken note of the issue and signaled its opposition to such an initiative.

Recommendation:

- a) That the Standing Committee on International Trade strongly supports the maintenance of the current level of consular and Trade Commissioner Service representation in the United States and elsewhere.**
- b) That the federal government provide to the committee a comprehensive plan with respect to the future of the Trade Commissioner Service in terms of staffing, operations and mandate.**

On a final point the Trade Commissioner Service must remain equally distributed and accessible to Canadian businesses regardless of whether the country in question has a free trade agreement with Canada or not.

Recommendation:

That the Department of International Trade ensures that the services of the Trade Commissioner Service are provided and accessible on an equal basis regardless of any free trade agreement having been signed between any individual country and Canada.

