



**HOUSE OF COMMONS
CANADA**

**TEN STEPS TO A BETTER TRADE POLICY:
RECOMMENDATIONS**

**Report by the Standing Committee on
International Trade**

**Leon Benoit, MP
Chair**

MARCH 2007

39th PARLIAMENT, 1st SESSION

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**TEN STEPS TO A BETTER TRADE POLICY:
RECOMMENDATIONS**

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THE STANDING COMMITTEE ON INTERNATIONAL TRADE

has the honour to present its

SEVENTH REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee studied Canada's trade policy and has agreed to report the following.

RECOMMENDATIONS

The Committee wishes to note that the complete report on Canada's Trade Policy with the background text which supports the recommendations will be presented to the House of Commons in the near future.

Recommendation 1:

The Government of Canada should increase its current expenditures on trade negotiation and promotion by a full 50%.

This increased spending should be allocated to:

- Canadian trade negotiators;**
- trade commissioners;**
- new diplomatic offices in countries and regions with significant commercial potential for Canada (China, India, the Gulf States and the Association of Southeast Asian Nations, to name a few);**
- international business development programs, including a revamped Program for Export Market Development (PEMD);**

- **aggressive marketing and promotion of Canada and Canadian products abroad; and**
- **bilateral business associations.**

Recommendation 2:

The federal government should immediately undertake a review of the existing legislative restrictions that restrain Export Development Canada from having greater commercial presence in emerging markets, and remove these restrictions where feasible.

Recommendation 3:

Because many countries view close government-to-government relationships as fundamental to building closer economic ties, the Government of Canada and Canadian Parliamentarians should ensure that there are frequent focused and well-planned visits to and from priority markets. The House of Commons Standing Committee on International Trade should be actively involved in these visits.

Recommendation 4:

With the goal of securing agreements that are in Canada's best interests, the Government of Canada should complete free trade negotiations with the European Free Trade Association, the Central America Four, Singapore, and South Korea as quickly as is practical.

Recommendation 5:

Recognizing that Canadian businesses have been shut out of some markets because competing countries have preferential trade agreements in place and Canada does not, the Government of Canada should determine in which countries Canadian businesses are operating at a disadvantage with respect to their major competitors, and then negotiate "defensive" free trade agreements that prevent Canada from being shut out of those markets.

Recommendation 6:

The Government of Canada should continue to consult with Canadian businesses, unions and civil society organizations active overseas to determine where Canada's "proactive" trade interests lie, that is, where Canada would most benefit

from improving two-way market access. The Government of Canada should then aggressively pursue trade deals with countries considering those assessments. At the same time, since the reputation of Canada as a whole is affected by the activities of Canadian companies abroad, the Government of Canada should also ensure that the businesses and unions with which it consults (i.e., those active overseas) are acting in a socially responsible manner.

Recommendation 7:

The federal government should develop and start to implement comprehensive strategies on Canada's commercial relations with China and India, including the conclusion of Foreign Investment Protection and Promotion Agreements prior to the negotiation of a bilateral free trade agreement with each country. These strategies should also include consideration for human rights; more aggressive promotion of Canada and Canadian products; and greater involvement of the Chinese and Indian diasporas in Canada.

Recommendation 8:

In future free trade negotiations, the Government of Canada should consider studying and possibly adopting the Mexican negotiating model in which agreements are signed without necessarily resolving all sensitive issues and where Canadian interests are protected through the exclusion of certain sectors from negotiations. If Canada were to use such a negotiating model, then as the relationship grows, these concerns could be addressed in subsequent contact between the two parties. The Mexican model should not be employed in cases where Canadian businesses would be put at a disadvantage relative to their major competitors by a free trade deal.

Recommendation 9:

The Government of Canada should immediately open negotiations on Foreign Investment Protection and Promotion Agreements (FIPAs) with Indonesia, Vietnam and Colombia. It should also negotiate FIPAs with other countries, after consulting with businesses to determine where investment protection and promotion agreements would be beneficial.

Recommendation 10:

The Government of Canada should expand its network of air services agreements around the world, including with Singapore.

Recommendation 11:

Building on the progress made during its Trade and Investment Enhancement Agreement (TIEA) negotiations with the European Union (EU), the Government of Canada should negotiate a regulatory cooperation agreement with the EU that will remove non-tariff barriers facing Canadian businesses in that market.

Recommendation 12:

Recognizing the benefit from the expanded access to global markets that a successful Doha Round could secure, the Government of Canada should take a leadership role in ensuring the completion of a broad and ambitious outcome to the current World Trade Organisation negotiations.

Recommendation 13:

Canada should continuously push forward the agenda of the Security and Prosperity Partnership, thereby aggressively working towards the removal of as many obstacles to a seamless movement of goods and services across North America as possible, with greater public oversight and transparency.

Recommendation 14:

The federal government should undertake effective intellectual property enforcement to keep counterfeit and pirated products from entering Canada and from being transhipped through Canada to our trading partners.

Recommendation 15:

The Government of Canada should modernize and strengthen its infrastructure, tax, regulatory, human resources, innovation, and other domestic policies to ensure that Canadian companies are as well positioned as they possibly can be to compete in the global economy.

Recommendation 16:

The Government of Canada should take steps to ensure that federal tax rates on Canadian businesses are competitive with those of other leading industrialized nations. The setting of these tax rates should take into account the substantial competitive advantages of the Canadian health care system and other social programs.

Recommendation 17:

The federal government should take a leadership role and work in collaboration with provincial and territorial governments to establish a barrier-free internal market by the end of 2008.

Recommendation 18:

Given the increasing importance of lower-cost imports in the Canadian production of goods that are subsequently exported, the Government of Canada should study the feasibility and the consequences of unilaterally eliminating its remaining industrial tariffs.

Recommendation 19:

The federal government, as part of its next legislative review of Export Development Canada, should consider providing that agency with the authority to also finance imports that are critical to Canadian exports.

Recommendation 20:

The Government of Canada should immediately review its trade remedy system to ensure that critically valued imports, needed as inputs by companies who subsequently export products out of the country, are not unnecessarily blocked

Recommendation 21:

The federal government should immediately develop and implement clear and comprehensive strategies to (a) generate more foreign direct investment inflows and outflows and (b) strengthen international trade and investment in services.

Recommendation 22:

All of the above recommendations should be implemented taking into consideration the importance of democratic debate on issues contained in the report; the quality of life of all

Canadian families and closing the prosperity gap; and the importance of working to raise social, labour and environmental standards, both in Canada and internationally with our trading partners.

MINUTES OF PROCEEDINGS

A copy of the relevant *Minutes of Proceedings* of the Standing Committee on International Trade ([Meetings Nos.30, 31, 37, 38, 39, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54 and 55](#)) is tabled.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'LB' followed by a long horizontal stroke.

Leon Benoit, MP

Chair

APPENDIX A WITNESSES

Organizations and Individuals	Date	Meeting
<p>Department of Foreign Affairs and International Trade</p> <p>David Plunkett, Director General, Bilateral and Regional Trade Policy</p> <p>Paul Robertson, Director General, North America Trade Policy</p> <p>Terry Collins-Williams, Director General, Multilateral Trade Policy</p>	2006/10/17	30
<p>C.D. Howe Institute</p> <p>Ben Tomlin, Fellow</p> <p>Canadian Chamber of Commerce</p> <p>Michael Murphy, Executive Vice-President, Policy</p> <p>Canadian Manufacturers & Exporters</p> <p>Jayson Myers, Senior Vice-President and Chief Economist</p> <p>Conference Board of Canada</p> <p>Glen Hodgson, Vice-President and Chief Economist</p>	2006/10/19	31
<p>Australian High Commission</p> <p>William Fisher, High Commissioner</p> <p>Tony Huber, Deputy High Commissioner</p> <p>Embassy of Switzerland</p> <p>Claude Wild, Minister-Counsellor & Deputy Head of Mission</p> <p>New Zealand High Commission</p> <p>Kate Lackey, High Commissioner</p> <p>Elizabeth Dixon, Second Secretary</p>	2006/11/21	37
<p>Canadian Association of Importers and Exporters</p> <p>Carol Osmond, Senior Policy Advisor</p>	2006/11/28	38
<p>Canadian Agri-Food Trade Alliance</p> <p>Liam McCreery, Past-President</p> <p>Canadian Canola Growers Association</p> <p>Rick White, Policy Director</p> <p>Canadian Federation of Agriculture</p> <p>Marvin Shauf, Second Vice-President</p> <p>Clinton Monchuk, Policy Analyst</p>	2006/12/05	39

Dairy Farmers of Canada

Jacques Laforge, President

Yves Leduc, Director,
International Trade

Embassy of Chile

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Eugenio Ortega, Ambassador

Paola Ansieta, Translator

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Glen Hodgson, Senior Vice-President and Chief Economist

Gilles Rhéaume, Vice-President,
Policy, Business and Society

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Gudlaugur Thordarson, Member of Parliament, Parliament of
Iceland

Eugen David, Member of Parliament, Parliament of Switzerland

Hans Ulrich Mathys, Member of Parliament, Parliament of
Switzerland

Mario Fehr, Member of Parliament, Parliament of Switzerland

René Vaudroz, Member of Parliament, Parliament of
Switzerland

Svein Hansen, Member of Parliament, Parliament of Norway

Laila Davoy, Member of Parliament, Parliament of Norway

Franz Heeb, Member of Parliament, Parliament of Liechtenstein

Henrik Caduff, Member of Parliament, Parliament of
Liechtenstein

Jón Gunnarsson, Member of Parliament,
Althingi, Icelandic Parliament

Stigur Stefansson, Secretary to the Icelandic Delegation,
Parliament of Iceland

Andri Luthersson, Secretary to the Parliamentary delegation,
European Economic Area Coordination Division

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Eduardo Klurfan, Vice-Chairman

Kenneth Frankel, Board Member, International Trade Advisor

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Eric Siegel, President & Chief Executive Officer,
International Trade

Stephen Poloz, Senior Vice-President and Chief Economist,
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Export Development Canada		
Luc Dupont, Director, Strategy and Operations International Business Development Group		
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Grey, Clark, Shih and Associates Limited		
Peter Clark, President		
Southeast Asia Canada Business Council		
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Paul Mariamo, Senior Vice President, Middle East, SNC-Lavalin Group Inc.		
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Department of Foreign Affairs and International Trade		
Anthony Burger, Chief Economist, Office of the Chief Economist		
Dan Ciuriak, Acting Director and Deputy Chief Economist, Policy Research and Modelling Division		
Statistics Canada		
Art Ridgeway, Director, Balance of Payments Branch		
Craig Kuntz, Director, International Trade		

APPENDIX B BRIEFS

Organizations and individuals

Scotiabank

Trade Policy: A realignment is required Dissenting report from the Bloc Québécois

A very ill advised report that would provoke a serious industrial crisis in Quebec

The Bloc Québécois disagrees with the Trade Committee's current report. This report, based on an ideology that was popular in the 1980s and 1990s and according to which market openness has no harmful secondary effects and no need for safeguards, is now completely outmoded and unsuited to Quebec's economic reality.

Paying no heed to the pressures and problems our manufacturing sector is experiencing due to the rising dollar and the fierce competition from emerging economies, the Committee is:

- calling for further trade liberalisation with no safeguards,
- advocating that we downplay the emphasis we have always put on the multilateral system by increasing the number of bilateral agreements,
- giving these bilateral agreements unconditional support, even though no study to assess their impact has been carried out,
- calling for an increase in investment protection agreements modeled on Chapter 11 of NAFTA, even though this chapter has been universally criticized,
- asking for the removal of all obstacles to trade liberalization with China, even though Quebec imports 10 times more from that country than it exports to it,
- opening the door to the elimination of supply management in agriculture, even though this system, with no subsidy and no cost to the consumer, guarantees farmers a decent living,
- asking for more flexible trade legislation to make life easier for importers, despite the fact that it is producers who are currently suffering from fierce, and often unfair, competition.

In short, the Trade Committee chose to adopt a doctrinaire position ill suited to today's trade reality and particularly adverse to Quebec's interests. The Bloc Québécois cannot support it and, as long as we have a minority government, will use its balance of power to prevent its implementation and the destruction of Quebec's economy.

The trade environment has deteriorated considerably

Between 2003 and 2006, Quebec went from a trade surplus of \$7 billion to a trade deficit of almost \$10 billion. In 2006, each Quebecer thus consumed \$1300 more than he or she produced. And that is only the international trade deficit, to which must be added a further \$5-billion interprovincial trade deficit. We grew considerably poorer last year.

In Alberta, the manufacturing sector represents only 6.7% of jobs, but Quebec is not Alberta. Our wealth does not bubble up from the ground. Manufacturing shipments represent 60% of Quebec's GDP and more than 85% of its exports.

Our manufacturing sector is dangerously weakened. Between 2003 and 2006, it lost 100,000 jobs, the majority of the jobs lost in Canada, including 35,000 during 2006 alone. And 2007 is shaping up to be worse still, with 29,000 jobs, 96% of the Canadian total, lost in the first two months of the year.

Don't weaken trade legislation; make it more effective

The Committee report recommends weakening trade legislation to make life easier for importers. This legislation is designed to protect our producers against unfair competitive practices. When a foreign competitor causes serious harm to our producers by practicing dumping (selling a product below its normal price) or by receiving export subsidies, the government is obliged to impose antidumping or countervailing duties.

Trade legislation has already been weakened. Unlike the European Union and United States, Canada decided in 2003 that China had a market economy, making it very difficult to impose countervailing duties. Result: between 2003 and 2006, the number of products to which countervailing duties apply dropped by half. From 2001 to 2006, Chinese imports to Canada almost tripled, increasing from \$12 to \$32 billion, with the resultant damage to our industry. The Bloc has tabled a bill to resolve this problem.

In a complete denial of reality, the Committee is proposing to weaken trade legislation even further by making it more difficult to impose provisional duties. Note that the Standing Committee on Industry, in its unanimous report on the manufacturing sector, takes exactly the opposite tack. We find it difficult to understand how the Liberal and Conservative MPs can be asking for stronger trade legislation in the Industry Committee and weaker legislation in the Trade Committee.

Open to trade, but not any old way

Quebec is a trading nation. Our companies, particularly our cutting-edge companies, could not survive on the domestic market. International exports represent a third of Quebec's GDP. If interprovincial trade is added, Quebec's exports represented 52% of its GDP in 2005. A protectionist stance would be contrary to our interests and that is why Quebec, and Quebec sovereigntists in particular, were overwhelmingly in favour of the Free Trade Agreement with the United States and then NAFTA.

On the other hand, it would be naive and wrong to claim that everything is for the best in this best of all possible worlds. While trade liberalization has, overall, led to greater wealth, it has also produced its share of losers. The total lack of social, human, cultural and environmental considerations in trade agreements is an impediment to fair globalization from which everyone benefits. It is time to re-examine the very structure of trade agreements.

Along with commercial dumping, there is social dumping. Trade in a product manufactured in contravention of the main international labour, environmental or human rights agreements is a form of unfair competition. It exerts enormous pressure on our industry, gives offenders an advantage over those countries that respect their international obligations and encourages the exploitation of foreign workers and environmental degradation. This development model is unsustainable in the long term.

In order for trade to enrich everyone, it is not enough to simply liberalize it. It must be civilized in order to re-establish healthy international competition and clean up the terms of trade. If they are to have access to foreign markets, countries should have to respect certain rules.

The Bloc Québécois feels that this undertaking must become the major trading priority for Quebec and Canada and deeply deplores the fact that the Committee on Trade is sidestepping this issue, which is likely to become one of the major international issues in the next few years.

Don't abandon multilateralism

The fact that the plan for a Free Trade Area of the Americas is on ice and the DOHA Round at the WTO is moribund does not mean that the multilateral system is ineffective. It is the basis for negotiations that needs to be fixed. Many countries seem to feel that the concessions they are asked to make are greater than any benefits they hope to derive from a potential agreement. If everyone thinks they are losing on the deal, then there is a problem.

As a whole, the multilateral system has been incredibly effective. The agreements designed to liberalize trade completely changed the face of the world. Today, the majority of products, representing over 80% of world trade, circulate freely. With 1947's GATT and its successors, it is no longer necessary to invade a county to gain access to its resources or its market. The GATT, and then the WTO, sounded the death-knell for empires and prevented many wars. It's an enormous gain.

Now the time has come to correct the perverse effects of trade liberalization and ensure that trade is a source of progress for all. And this magnificent undertaking can only be accomplished in a multilateral context. Only by going ahead with this realignment of our trade policy will it be possible to relaunch the discussions.

Unfortunately, instead of completely reviewing the negotiating position at the WTO, the Committee recommends circumventing the problem by embarking on wide open bilateral negotiations. The WTO's recent analysis of Canadian trade policy rightfully notes that *"Canada's participation in preferential trade agreements and negotiations raises concerns about resources being distracted away from the multilateral trading system."*

The Committee's position is not only of doubtful efficacy, it is also very imprudent. Canada is currently negotiating four free trade agreements. Officials in the departments of Trade and Industry have admitted that no studies were done to allow them to assess whether these agreements would be beneficial for our economy. The Committee is asking the government to conclude these agreements, whether or not they are good. That is completely irresponsible!

What is worse, the Committee recommends embarking on wide open bilateral negotiations, once again with no studies to determine whether they would be beneficial. It even envisages a free trade agreement with China. In 2005, Canada imported \$32 billion in Chinese products and generated a trade deficit of \$26 billion, \$1000 per Canadian.

When trade with a country generates five times more imports than exports, the major priority should be to balance the terms of trade, not to liberalize further. The Bloc Québécois is astonished at the offhand way in which the Trade Committee is recommending going forward with no consideration of the consequences.

Don't touch supply management

The supply management system, which regulates commerce in milk products, poultry and eggs, is the backbone of Quebec agriculture. This system is effective, requires no subsidy, ensures a decent and stable income for farmers and generates no cost to consumers.

Traditionally, the position of Canadian parliamentarians has been to insist on the importance of protecting this jewel of our agricultural economy. The Trade Committee is breaking with that tradition. In order to relaunch the WTO discussions, the Committee is recommending that Canada make painful concessions. The Bloc Québécois is very concerned and reiterates that its position remains unchanged: don't touch supply management.

Yes to investment protection agreements; no to bad agreements

Direct foreign investments are growing exponentially. In order to create a predictable environment and ensure that foreign investors will not be dispossessed of their assets or nationalized without compensation, countries sign investment protection agreements. It is quite normal, and the Bloc is in favour of such treaties. The Canada-US Free Trade Agreement, which included a chapter on investment protection (Chapter 16), was the first agreement in the world to include a dispute settlement mechanism.

Chapter 11 of NAFTA on investments deviated from this approach. Under Chapter 11, foreign investors can apply directly to international courts, bypassing the filter of the public good that governments use. The concept of expropriation is so vast that any law that would reduce an investor's profits could represent an expropriation and lead to a law suit. Finally, the amount of the law suit is not limited to the value of the investment but includes all potential future profits. It is completely excessive.

And yet, the Committee is recommending that the government increase the number of these agreements. The Bloc Québécois will oppose any investment agreements modeled on Chapter 11 of NAFTA. It calls for a return to the previous formula for treaties, which did not constitute a charter for multinationals at the expense of the common good.

For a trade policy that suits Quebec's interests

In the past, Quebecers felt that their trade interests and those of Canada were sufficiently alike. This Committee report marks a break. If it reflects Canada's interests and prefigures Canadian trade policy, it seems that Quebec and Canada now have diametrically opposed interests. If the government adopts the trade policy recommended by the Committee, it will lead to the deindustrialization of Quebec. Being subject to Canadian trade policy is a veritable Sword of Damocles for Quebec.

The Bloc Québécois wishes to state its opposition and express its deep concern. We feel it is imperative that Quebec be able to develop its own trade policy in accordance with its interests. To do that, it must become sovereign.

DISSENTING OPINION
PETER JULIAN MP– NDP CRITIC ON TRADE - March 28, 2007

“It is never too late to become what you might have been.”

George Elliot

The report of the Standing Committee on Trade lacks balance because it fails to represent the views of many of the progressive groups and associations that came and presented to the Committee on issues of fair trade. The perspective and hard work of groups such as trade unions, associations for fair trade, experts and economists, who in total represent millions of Canadians and hundreds of thousands of workers is ignored.

Although the NDP supports some of the recommendations in the report (1,2,3), many are one sided, lack focus, or reach a conclusion for the wrong reasons.

The Committee endorsed recommendation 13 to push forward the Security and Prosperity Partnership (SPP) without any preliminary hearings or research on this central issue to Canadian sovereignty. Also, concerns about the automotive and shipbuilding sectors that were raised in a variety of ways at this Committee are not reflected in its report or its recommendations (i.e. recommendation 4). Recommendation 9 does not specify that the government’s best practices should include an impact assessment, and the consequences on human rights before a Foreign Investment Protection and Promotion Agreement (FIPA) is concluded.

The NDP is pleased that the committee agreed to substantive changes to recommendations 5, 6, 7 to include a better protection against trading away Canadian advantages in strategic areas, to provide better ground support for communities in Canada that try to develop trade relations with their countries of origin, and also to increase marketing support so that Canadian products are recognized and appreciated abroad. The framework included in recommendation 22 is an important move towards re-setting our trade priorities.

Generally, the report is based on the assumption that fast tracking deregulation and blind faith in bilateral free trade will create sustainable and positive prosperity and employment, despite the facts pointing to greater disparity and the existence of many trade models that differ in both assumptions and solutions.

For instance, the facts show that the Canadian manufacturing base has been steadily eroding since the FTA was brought in, and that it eroded further with NAFTA.

The facts also show that since the FTA was signed, a smaller proportion of Canadian households have been getting a greater share of income, but the report recommends more of the same bilateral trade policies that have created such growing disparity in the sharing of prosperity and have dramatically reduced the policy space available to Canada’s governments, a policy space critical to ensure that Canada remains a sovereign nation.

Under the NAFTA for instance, inequality in Canada has grown dramatically; 60% of Canadian families have seen their income decline, another 20% have seen their income stagnate, while the very wealthiest of Canadians have seen massive increases in their incomes.

Bilateral deals of the FTA-NAFTA type have led to an increase in fiscal, social and environmental dumping, causing downward pressure on taxes, social programs and environmental standards, as investor's demands persistently trump social development, worker's rights and environmental priorities.

Under NAFTA the Government of Canada conceded privileged US access to Canada's strategic oil and gas, water and forests resources, in return for a binding dispute settlement mechanism that failed to work, as evidenced throughout the softwood lumber crisis. NAFTA's energy sharing provisions force Canada to increase its non renewable crude oil & gas production to supply the US economy and to import half of the oil required for domestic Canadian consumption from unsecured sources. This has not only compromised the economic welfare of future generations but is also leading to irreversible harm to the environment.

The Canadian Association of Labour Lawyers in a June, 2006 report on extending free trade with Central America (CA4FTA) has pointed out that Canada's existing free trade arrangements are essentially faulty and have not delivered. The Association has reported, "While it is true that trade between the three North American partners has increased, the perceived economic benefits have been hard to discern for workers. Economic growth in Mexico over the last ten years has been sustained at (...) 1 percent on a per capita basis. As a result, the Mexican economy has not been able to generate enough employment for its growing labour force. Hence, real wages in Mexico have been declining over the last ten years at a rate of 0.2 percent per year. As a result, income disparity between the U.S. and Mexico has actually increased over the last ten years, by 10.6 percent.¹"

The issue is not one of more trade or less trade, but what system and rules of trade are best for economic development and poverty reduction. With some notable exceptions, the majority report has failed to define and provide the available options.

NEW DEMOCRATS BELIEVE A Canadian Trade Strategy should be inclusive and not surrender control over key elements of Canada's industrial development and energy policy which ensure that the goals of the market are consistent with the broader public good. A Canadian trade policy must balance the needs of business with those of Canadian citizens and civil society and must be accompanied by flanking policies that ensure public investment in health, education and infrastructure.

¹Submissions Concerning the Proposed Free Trade Agreement between Canada, El Salvador, Guatemala, Honduras, and Nicaragua, The Canadian Association of Labour Lawyers, June 6, 2006.

A NEW DEMOCRATIC fair trade policy is rooted in the following principles:

- **Sustainability and Commitment to a cleaner global environment.** Trade policies should not support endangering eco-systems e.g. trading fresh water, producing or exporting harmful technologies and products.
- **Justice and commitment to fair trade and the respect of human rights.** A policy in support of fair trade policy promotes labour rights, decent working conditions, and the respect of children and the environment by our trading partners. Trade has to often been automatically correlated to growth while in fact, unjust trade degrades competition and promotes the wealth of the very few and the exclusion of the many.
- **Diversification of Exports.** Canada's trade policy should move away from excessive dependence on the US market, and from bilateral trade deals that have accelerated the erosion of our manufacturing base, the loss of quality jobs and of our ability to maneuver. The federal government is only paying lip service to diversification, and is continuously implementing policies that are dramatically increasing our dependence and integration to the US.
- **Support of higher domestic value added production and manufacturing, including and a made in Canada and a 'Canada First' procurement strategy.** The crises in the softwood lumber, the textile and the automotive industries have shown that Canada does not have a strategy to retain the domestic valued added. A "Made in Canada" trade policy aimed at retaining a higher added value in a chain of production would protect valued Canadian institutions, public services, and preserve our ability to make the important decisions on our nation, our communities, our social programs and our environment.
- **Defence and promotion of supply management systems and marketing boards** Supply Management creates certainty and predictability in highly cyclical agricultural markets without skewing world prices. Marketing boards provide the opportunity for smaller farmers to connect with the market and generate economies of scales. They are not just essential for the Canadian family farm, whose prosperity is at the heart of the rural economy and of a national food policy, but is also a blueprint for developing nations who seek to develop counterweights to the domination of transnational agri-businesses. Canada should be leading in promoting supply management to other nations.
- **Support a reform of the WTO:** The WTO rules need to be reformed to include the recognition that participatory countries that do not recognize the right to strike and to free collective bargaining, and who abuse the environment violate the rules of fair competition. Global labour standards make perfect business sense since they can help capture or retain a minimum level of value and wealth in every country and stimulate domestic trade.

- **Protection of the sovereignty of Canada:** The support of deep integration in the report of the Standing Committee on Trade blatantly ignores the need to maintain Canada's identity and sovereignty.

New Democrats support the consensus reached in Ottawa at the second annual North American Forum on a People-Centered Approach to Trade in June of 2006. The consensus seeks the development of a people-centered approach to trade in support of democratically negotiated and ratified transparent agreements and the presentation of common legislation in the three national parliaments. The purpose is to ensure that the process of trade and investment is a net creator of good jobs that provides solid income and does not put employment, the environment or sovereignty at risk in any of the trading partners.

MINUTES OF PROCEEDINGS

Meeting No. 55

Thursday, March 29, 2007

The Standing Committee on International Trade met at 11:04 a.m. this day, in Room 371, West Block, the Chair, Leon Benoit, presiding.

Members of the Committee present: Dean Allison, Guy André, Hon. Navdeep Bains, Leon Benoit, Ron Cannan, Serge Cardin, Peter Julian, John Maloney, Ted Menzies and Lui Temelkovski.

Associate Members present: Sylvie Boucher.

In attendance: Library of Parliament: Peter Berg, Analyst; Michael Holden, Analyst.

Appearing: Hon. David Emerson, Minister of International Trade.

Witnesses: Department of Foreign Affairs and International Trade (International Trade): Stewart Beck, Assistant Deputy Minister, Investment, Innovation and Sectors; John Gero, Assistant Deputy Minister, Trade Policy and Negotiations Branch; Marie-Lucie Morin, Deputy Minister, International Trade.

Pursuant to Standing Order 108(2), the Committee commenced its study of the mandate, Management and Operation of the Department of Foreign Affairs and International Trade (International Trade).

The Minister made a statement and, with the other witnesses, answered questions.

It was agreed,— By unanimous consent, that the Committee approve Votes 15 and 55 of the Main Estimates of the Department of Foreign Affairs and International Trade and that The Chair report the same to the House.

At 12:13 p.m., the sitting was suspended.

At 12:16 p.m., the committee proceeded to sit in camera.

Pursuant to Standing Order 108(2), the Committee resumed its study of the Canada's Trade Policy.

It was agreed on division, — That the Report consist of: membership page, recommendations, witness list and dissenting opinions.

It was agreed, — That recommendation one be adopted.

It was agreed, — That recommendation two be adopted.

It was agreed, — That recommendation three be adopted.

It was agreed on division, — That recommendation four be adopted.

It was agreed on division, — That recommendation five be adopted.

It was agreed on division, — That recommendation six be adopted.

It was agreed on division, — That recommendation seven be adopted.

It was agreed on division, — That recommendation eight be adopted.

It was agreed on division, — That recommendation nine be adopted.

It was agreed, — That recommendation ten be adopted.

It was agreed, — That recommendation eleven be adopted.

It was agreed on division, — That recommendation twelve be adopted.

It was agreed on division, — That recommendation thirteen be adopted.

It was agreed, — That recommendation fourteen be adopted.

It was agreed, — That recommendation fifteen be adopted.

It was agreed, — That recommendation sixteen be adopted.

It was agreed on division, — That recommendation seventeen be adopted.

It was agreed on division, — That recommendation eighteen be adopted.

It was agreed, — That recommendation nineteen be adopted.

It was agreed on division, — That recommendation twenty be adopted.

It was agreed on division, — That recommendation twenty-one be adopted.

It was agreed on division, — That recommendation twenty-two be adopted.

A point of order was raised regarding the right of the Government Party to append a dissenting opinion to the Report, the Chair ruled that a dissenting opinion could be appended provided it did not delay the presentation of the Report.

Whereupon the decision of the Chair was appealed.

The Chair's decision was overruled.

It was agreed, That the Report, as amended, be adopted and that the Chair present the Report to the House.

It was agreed, That the Chair, Clerk, and Analysts be authorized to make such grammatical and editorial changes as may be necessary without changing the substance of the report.

It was agreed, That pursuant to standing Order 109, the Committee request that the Government table a comprehensive response to the Report.

At 1:04 p.m., the Committee adjourned to the call of the Chair.

Normand Radford
Clerk of the Committee

2007/03/29 5:52 p.m.

