



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on International Trade**

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CIIT • NUMBER 057 • 1st SESSION • 42nd PARLIAMENT

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**EVIDENCE**

**Thursday, February 16, 2017**

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**Chair**

**The Honourable Mark Eyking**



## Standing Committee on International Trade

Thursday, February 16, 2017

• (1525)

[English]

**The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):**  
Good afternoon, everyone.

Welcome, Minister. Thank you for taking this opportunity to come to us so soon after our request. Welcome to your new portfolio. You have a lot on your plate and thank you for coming here right after being sworn in. As you may know, our committee is one of the most active, vibrant committees on the Hill. We've been very busy over the the last year dealing with three agreements: the European, the Ukrainian, and the TPP. We did a nationwide consultation on that. We are also dealing with softwood lumber and the steel industry, so we have our hands full but we have a committee that works very well and we get the job done.

I can speak on behalf of the members here when I say that many times when we have been consulting with stakeholders or the community at large, something that has come up usually every day is the question of how small and medium-sized businesses can take advantage of some of these new trade agreements.

It's very good that you are here. I think our session with you today will involve having information going back and forth so that our committee can also enlighten you and tell you what we've been hearing out there so you can go forward and help these small and medium-sized businesses take advantage of these trade agreements that we're embarking on.

Without further ado, Minister, you have the floor.

**Hon. Bardish Chagger (Minister of Small Business and Tourism):** Thank you, Mr. Chair, for the opportunity to address this committee.

[Translation]

Thank you, Mr. Chair and distinguished members of the committee, for inviting me to speak today.

[English]

I have to tell you that it is both an honour and a privilege to be here with you. I know the request came in not too long ago, but for me it was really important to be here. It really demonstrates the importance and it's nice to see that the committee recognizes that as well. It is a pleasure to address the committee on the measures we are taking to educate and support Canadian SMEs seeking to scale up through innovation and trade.

I'd like to take this opportunity to acknowledge my colleagues who have accompanied me here this afternoon. Kelly Gillis is the

associate deputy minister at Innovation, Science and Economic Development Canada. David Lisk is the vice-president of the industrial research assistance program of the National Research Council. Michel Bergeron is the senior vice-president of marketing and public affairs at BDC.

As we all know, SMEs represent 99% of all businesses in Canada and employ almost 90% of the private sector workforce. We are a nation of entrepreneurs who want to succeed, and small businesses are the backbone of the Canadian economy.

[Translation]

They create jobs, support communities and enable our best and brightest to make their mark.

As the first Minister of Small Business and Tourism, my goal is to help these small businesses prosper through innovation and exports.

[English]

First, allow me to talk about innovation. In June, I joined my colleagues Minister Bains and Minister Duncan in launching the government's innovation agenda. Our goal is for Canada to be a world leader in turning ideas into solutions, in growing start-up companies into global successes, and in attracting and retaining the best talent. We listened to Canadians closely, and we are now acting on a plan to make this vision a reality.

Canadian entrepreneurs told us, for instance, that government support for innovative, high-growth firms must be simplified. In that regard, I was thrilled to launch the accelerated growth service last June. Under this initiative, we are piloting a different approach to delivering federal support to growth-oriented companies with export ambitions. The AGS brings together federal partners like Export Development Canada, the trade commissioner service, the National Research Council, the Business Development Bank of Canada, and the regional development agencies. The goal is to help high-growth SMEs to become more productive, innovative, and export-oriented. This is why EDC, with its relationship with foreign buyers, and the trade commissioners, with their on-the-ground expertise around the world, are critical partner organizations.

The AGS offers high-growth firms one point of contact and tailored services like strategy development, finance, and export support. This is all offered in a client-centric, coordinated manner. This is about delivering the right services at the right speed and scale.

Let's take a look at LED Roadway Lighting Ltd. based in Halifax. They are a world leader in the design and manufacture of street lighting and LED control systems. Their products help municipalities and utilities around the world save on energy costs as compared to those for conventional lighting technologies. Through the AGS, they were introduced to services available to them in a more cohesive and coordinated way, saving them valuable time and allowing them to focus on business development. Today, the company continues to grow, with operations in the United States, Mexico, Brazil, and China.

By March, we expect to have supported 150 firms, with another 300 to come on board in 2017. Entrepreneurs also told us during the innovation agenda consultations that they could benefit greatly from having the Government of Canada as a client before they export their products abroad. We're now working to expand the scope for Canadian firms to bid on government procurement projects from coast to coast to coast. The benefits here are twofold: increasing business opportunities, especially for smaller businesses, and lowering government costs. Our aim is to ensure that firms across the country get broader access to billions of dollars in new procurement opportunities, whether we're talking about a Calgary contractor or a Thunder Bay supplier or a Saskatoon entrepreneur with a solution. One thing is clear: having the federal government as a customer would give Canadian companies a leg up as they seek clients across the globe.

Allow me now to turn to trade. As committee members know very well, only 12% of small and medium-sized enterprises export. Many Canadian SMEs hope to expand beyond the United States, with whom nearly nine out of 10 of our exporting SMEs do business. Indeed, only 31% of SMEs export to Europe, and even fewer export to China and other Asian countries. Of the 12% of SMEs that export, nine out of 10, or about 89% of them, export to the United States. About 13% of them export to China, and 16% export to other Asian countries.

We want to broaden their horizons. We want them to consider more export markets, as there is a real opportunity for growth here. Small firms, however, cite a number of challenges in expanding to global markets. When it comes to addressing these issues, SMEs, which have fewer resources than do large corporations, can really have a tough time. We understand that, so to support Canadian exporters, I was thrilled to launch a program called CanExport with the Minister of International Trade.

• (1530)

[Translation]

CanExport helps Canadian small businesses explore global markets, while creating jobs and supporting economic growth in Canada.

[English]

I understand that Global Affairs officials provided an in-depth briefing on the program last Thursday, so I won't belabour that point.

CanExport is a key element of the government's overall trade and investment strategy. I have been working closely with Minister Freeland and now with Minister Champagne on a new international trade and investment strategy.

This strategy will include a progressive trade policy agenda that recognizes and addresses SMEs' concerns over trade agreements and negotiations. It will also include enhanced support to SMEs that are looking to grow through exporting. The new strategy will also feature trade agreement implementation plans in order to help SMEs take advantage of the opportunities that flow from trade agreements. The strategy will also aim to deepen trade and investment relations with emerging markets, particularly China. More details will be announced later this year.

One detail I can share now, however, is that in the strategy we will add a focus on SMEs owned by under-represented groups such as women and indigenous Canadians.

On the topic of women entrepreneurs, last June I signed a memorandum of understanding with the United States and Mexico to promote women's entrepreneurship and the growth of women-owned enterprises in North America. Also, as you know, earlier this week, Prime Minister Trudeau announced the creation of the Canada-United States council for the advancement of women entrepreneurs and business leaders. Not only do these initiatives help to promote and support the growth of women-owned enterprises, but they promote these companies to think and go global.

Our Canadian companies trade not only in goods, but in services.

As the minister responsible for tourism, I would be remiss if I did not mention that tourism is Canada's largest service export, accounting for 2% of our GDP. The tourism sector is critical for SMEs, generating \$18.4 billion in export revenue in 2015. Of the 192,000 businesses in the tourism sector, 98% are small and medium-sized enterprises. Not only is tourism an important economic driver for SMEs, but tourism marketing also supports international trade opportunities by raising awareness of the qualities that make Canada a favourable place in which to invest and do business. The Canadian brand is strong, and we will keep it that way.

Finally, allow me to touch briefly on the importance of interprovincial/territorial trade.

As you know, our current rules prevent us from truly having one national economy. I am pleased to tell you that our government is working collaboratively with our provincial and territorial counterparts on modernizing Canada's internal trade framework to help SMEs compete and thrive. A more modern agreement will help to further open up our market and expand trade within Canada—a stabilizing force for our economy during periods of global instability. When completed, it will be instrumental in helping SMEs scale up at home in order to help grow the next generation of globally competitive Canadian companies. This will create opportunities for good middle-class jobs, attract innovative companies, and grow our economy.

In closing, you can count on me to continue to ensure that SMEs' interests are reflected in trade agreements and programs designed to support our exporters.

I sincerely want to thank all members of this committee for recognizing the vital role SMEs play in our economy and for recognizing the importance of ensuring that SMEs have the export markets they need to successfully compete.

[Translation]

Mr. Chair, I want to thank the committee members.

I'm now ready to answer your questions.

[English]

**The Chair:** Thank you, Minister, for the concise and very detailed report.

We're going to start our dialogue with the members, and we'll start with the Conservatives.

Mr. Hoback, you're up first.

• (1535)

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Chair.

Thanks to all of you for being here this afternoon.

I find it very interesting that the speech you've given sounds almost identical to a speech Ed Fast gave when he was minister of trade and we had a program called “going global”. In fact, as I go through your speech here, I see LED light systems.... I know them very well, because I met them on a trade delegation trip to South America. They were selling lights into Rio and I think also into Colombia. At the time, Prime Minister Harper was the one who took them with us. I also believe that he was one of the presenters at one of the going global workshops that were held in Atlantic Canada.

My first question is—and I'm not sure if you can answer this, Minister, but maybe your staff can—how are you preventing the people who did the going global workshop, which is identical to what you're presenting here, from doing the workshop twice? A lot of people have already taken it. Now that you have a new name and new title for it, they might be confused and think that there's something new to offer here, when the reality is that it has nothing new to offer.

I don't know, Ms. Gillis, if you could answer that or...?

**Hon. Bardish Chagger:** Is it okay if I give it a try first?

**Mr. Randy Hoback:** You can give it a try first. Sure.

**Hon. Bardish Chagger:** We'll always make sure...and I want you to know that this is not my staff, it's our team. At the end of the day, members of Parliament are elected to not only represent their constituents but to ensure the success, in this case, of our small and medium-sized enterprises.

We know that SMEs are part of every single community and we know that we need to do more. As the minister responsible for small business and tourism, it's not about who did what; it's about how we improve and continue to grow and create those opportunities. The difference between—

**Mr. Randy Hoback:** I hear you 100% on that.

**Hon. Bardish Chagger:** To answer your question, there are differences, and—

**Mr. Randy Hoback:** Okay, hurry, because I only have so much time.

**Hon. Bardish Chagger:** Sorry, I forgot. Yes, I will make sure I'm faster.

There are actually differences between the programs. We will continue to consult with the people who have been part of those workshops as well.

CanExport is different because it has a higher maximum contribution of almost \$100,000; whereas before it was only \$75,000. That's something we heard, that we needed to increase those opportunities. We've also changed the parameters to be successful and to be able to be eligible. We're talking about companies with 250 employees or less. We're talking about working in a more collaborative way with the other services available to them. The CanExport program has allowed more SMEs to see success.

Kelly, if you want to add.

**Ms. Kelly Gillis (Associate Deputy Minister, Department of Industry):** Certainly.

The LED company was involved in the accelerated growth service, which Minister Chagger spoke about in her speech. That is something new within government. We're taking 10 departments and they're working together to understand the potential of that company. Instead of them having to go program to program, department to department, trying to figure out what access to services they could get to realize their potential, we're coming together and providing a high-touch service—

**Mr. Randy Hoback:** That's basically called a single window, which was done in the previous government.

**Ms. Kelly Gillis:** —to be able to develop a plan for them to realize their potential much faster than they were before. It's something that hasn't been done with the government departments actually working together in that consolidated—

**Mr. Randy Hoback:** I just find it interesting then that you'd use LED—

**The Chair:** I'll stop the clock.

I will remind members that you have your time, but give the panellist here time to—

**Mr. Randy Hoback:** Chair, I'll remind you that I'm trying to get my time and get my questions.

**The Chair:** I know. There are other rounds.

**Mr. Randy Hoback:** I only have five minutes.

When I see an answer that's not distinct or specific—

**The Chair:** You know. You've been around.

Let's be polite and let them finish, and—

**Mr. Randy Hoback:** I will always be polite.

**The Chair:** If at the front they can be quick with their answers, then maybe we can get more questions in.

Maybe both sides can...without having that interference.

**Mr. Randy Hoback:** Okay.

**The Chair:** We'll continue again, Mr. Hoback.

**Mr. Randy Hoback:** I definitely want to look at LED Roadway because they're a great company—a good choice. They have really good people. They're doing a great job around the world, and they have been for a while. For them to be telling other companies how to do it, I'd listen to them any day of the week. I give you credit for highlighting them in your speech because they are a good company.

I also want to highlight that by reinventing or putting new names on a lot of things, there are a lot of companies that are going to come back to this type of program, sit there and spend the day with you, and say there's nothing new here. The single window was doing the same thing; it was just called a different program.

If you're talking about bringing in different companies and new people, and bringing that to the forefront so that these new people who are thinking about exporting are first-time attendees, that's great. But what are you doing to the ones who have already attended workshops like this in the past, to tell them, hey, maybe it's not for you because you've already been there?

How are you getting around that angle?

**Hon. Bardish Chagger:** I would say, first of all, they're not really workshops. Second of all, the whole-of-government approach that we're taking, and why it has taken us a year to put this into place, is that departments are actually communicating and speaking with each other. It's not just about Innovation, Science and Economic Development. We're working closely with Global Affairs Canada and so forth. This is not a situation of the same program, new name. We've learned that has not worked well in the past. This is about listening to what SMEs are saying, listening to entrepreneurs and business leaders, and saying, what can we change to make it more available?

I'll tell you one other point. When it comes to the program of CanExport, if there is a nuance or something that's stopping you from being successful, there are people you can speak to to help you be successful in applying for that program. It's having the outcome that not only they want but that this government and Canadians need them to want, so that they can create the growth successfully.

We're not here to put roadblocks in front of them. We're saying, how do we help ease and have your success? At the end of the day, when our small businesses succeed, Canadians and the Government of Canada succeed. That's what it's about.

• (1540)

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

We're going to move over to the Liberals.

Mr. Dhaliwal, go ahead.

**Mr. Sukh Dhaliwal (Surrey—Newton, Lib.):** Minister, I would like to first thank you for being here on very short notice.

You mentioned that 90% of the businesses are SMEs. It's the same too in British Columbia and my riding of Surrey—Newton.

You mentioned your mandate is to educate and support. My question to you is this. What is being done in terms of promotion to ensure that all small and medium-sized businesses across Canada are fully aware of the new opportunities in front of them?

**Hon. Bardish Chagger:** That's an excellent question and I want to take a moment to let all members know that this conversation today might be the first time I am in front of you, but I am here, just as you are, to serve Canadians in the best interests of success, and our conversations can continue. Whether by email or through a conversation, my team and I are here to work with you, because when we work together, we will achieve success.

Something we've heard time and time again is that when it comes to the government programs and services available to them, the people who need those programs don't know how to find out about them. Something I have taken on is to ensure that members of Parliament are better informed so that they can inform their constituents.

We also want to ensure that members of Parliament can work with enterprise centres within their communities, work with the RDAs, and work with whoever needs or is that service point of contact. We know the Canada Business Network, which has been around for a while, is a single portal and we know it works well. We are helping to champion and advance and encourage more SMEs, more entrepreneurs, to go to that website to get the information they need, whether it's about starting a business or growing a business or considering export markets. We are trying to touch more Canadians and have more of those conversations as well as using members of Parliament on all sides of the House to help us in that initiative.

When it comes to the trade commissioner service, we want our small businesses to consider export markets. The trade commissioner service is something that small businesses and tourism use, working closely with Global Affairs Canada, to ensure that SMEs are able to succeed when they are in those international markets. That's why CanExport increased the eligible dollar amount, so that they could actually make it to those markets to see if they would find success there.

**Mr. Sukh Dhaliwal:** You mentioned that only 12% of companies export, so that means 88% of companies have not taken advantage of this. Is it still on your radar to help those businesses that have not ventured into exporting before? How will your department be able to make sure those numbers go beyond 50%?

**Hon. Bardish Chagger:** Thank you. That's a great question.

We are working with the people who are in the system and who know how government operates, and we will continue to work collaboratively with them, because, once again, their success is our success.

At any round table I have had and every single time the team or I travel, we ensure that at least half of the people at that table have not been invited by government before so that we can open up those opportunities for Canadians.

Even when it comes to the international trade and investment strategy, which aims to increase the number of exporters, there's a robust communications strategy, but most importantly, we are at that table and we are part of that conversation. Before they can make a decision, our voice and the voice of our stakeholders is being represented every single step of the way. We will not be an afterthought. We'll be part of the plan to help them succeed.

**Mr. Sukh Dhaliwal:** Madam Minister, you mentioned your stakeholders—

**Hon. Bardish Chagger:** Our stakeholders.

**Mr. Sukh Dhaliwal:** What are the mechanisms that are in place if those stakeholders want to provide their feedback to the government so that any wrinkles or obstacles in the way can be tackled by you and your officials.

• (1545)

**Hon. Bardish Chagger:** When it comes to the trade commissioner service, we know that it can do more. Just as the Right Hon. Justin Trudeau has said time and time again, we can do better. We will continue to strive to raise the bar and to provide those opportunities.

The trade commissioner service has offices across the country, in Vancouver, Calgary, Toronto, Montreal, and Halifax. There are 161 offices in total, so when we are communicating with them, we're making sure that SMEs are a priority. We're providing them with constructive feedback as to how they can better serve the people we want to see succeed, which at the end of the day are all Canadians.

When small businesses represent 90% of the private sector workforce, they represent the views of the customers and of the entrepreneurs. They are the people who create the jobs and growth. We will continue to collaborate through a two-way dialogue with clients as well as with the services to ensure that they can get the response they need. Basically, we are collecting feedback. This was

part of the one year. We realize there are gaps in communications, and that's part of why, for the high-growth, high-impact firms, the AGS has seen so much success.

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

I'd like to welcome the member for Courtenay—Alberni. Mr. Johns, welcome to our committee.

Right now, we're going to turn to the NDP.

You're splitting your time, Ms. Ramsey. Go ahead.

**Ms. Tracey Ramsey (Essex, NDP):** Thank you, Minister, for being here today with your team.

My riding is Essex, in southwestern Ontario, on the border with the U.S. I am hearing from business owners about the high cost of doing business. The hydro costs are out of control, and businesses are looking at leaving to go to the U.S. Greenhouses are heading over the border because they can't afford the hydro costs, and they're saying they are going to lose out to competition.

A reduction in the small business tax rate would be the best thing right now to help them with their overall costs, so I have to ask about that broken promise. That was something we all committed to, on all sides, during the campaign. I think it's incredibly vital, especially in Ontario, to deal with the hydro costs.

Will the 2017 federal budget include a reduction in the small business tax rate?

**Hon. Bardish Chagger:** I have to take just a minute, because I've been working closely with Minister Freeland, and I'm sure, MP Ramsey, we'll be working closely with Minister Champagne as well. I'd said this to you earlier, but let me state for the record that it's really nice to see that people are fighting for the people who we need to fight for. I appreciate your constructive feedback and I appreciate your being a part of the solution.

When it comes to the consultations and communications we've had with SMEs, and I'm talking about the people who are in the pipeline, and approaching new people, they want conditions for success. They want programs and services not to be shelved, and for government to say these exist. They want to be successful in their applications so they can have the outcomes we need them to have.

The small business tax rate does not give the return we believe it does. It's a great sound bite, it's a great headline, but at the end of the day, when you talk about dollars and cents, it does not achieve it.

**Ms. Tracey Ramsey:** That's not what they're telling me, though. In my riding, when I'm out there and speaking to them, it's not what they're calling and asking for. They're asking for the rate to be cut.

**Hon. Bardish Chagger:** I would welcome the opportunity for us to continue to communicate together, as well as to have them communicate with my office and our team, so that we can see that success. We want that feedback. We work closely to ensure that we are creating those conditions for success. We know that government does not create the growth, but we can create the conditions for growth. We can create those opportunities.

That's partly why, and I know this is going to seem like a point... When it comes to lowering the middle-class tax rate, it actually impacts every Canadian of the middle class. Those are our business owners, those are our customers, and so forth—

**Mr. Gord Johns (Courtenay—Alberni, NDP):** Okay, but you made two promises....

I'm just going to jump in here.

**Hon. Bardish Chagger:** You're welcome.

**Mr. Gord Johns:** You talked about consulting businesses. The Canadian Federation of Independent Business has over 109,000 members. They rank it number one, lowering small business taxes. It was a promise made by this government. The government hasn't honoured the promise.

I knocked on the doors of over 300 businesses in my riding, with over 70 volunteers, and it was number one in my riding too. I just want you to take note of that.

Another significant cost of doing business is, of course, credit card merchant fees. It's an issue that the NDP has been raising for years. There are some clear, concrete actions the government can take to help lower these costs and make them more predictable. Of course, our colleague Madame Lapointe has Bill C-236 on this issue. I think it's been moved 10 times. Hopefully the House will eventually debate this. With CETA coming on board, we know that some of our counterparts in Europe have rates as low as a fifth of what we have here in Canada.

I'm wondering what action the government is prepared to take on credit card merchant fees.

**Hon. Bardish Chagger:** This is a conversation we've been having. What's refreshing about this government is that we are taking the whole-of-government approach. When it comes to the Minister of Finance and the Department of Finance, we are communicating with them and engaging with them on a regular basis. When the 22 departments that are directly related, I would say, to SMEs come together on a regular basis, and we're talking about a weekly meeting, they are able to raise these issues.

We consult with many groups. I've met with the CFIB. I've met with chambers of commerce. I've met with these groups to ensure that their stakeholder voices are being represented. We also continue to engage with them.

As you yourself know, instead of calling you a critic I call you an ambassador, because at the end of the day, we want the same outcomes and we want to see that success. When it comes to CETA, the opportunities that SMEs will see in export markets with this deal will be immeasurable, I would say. We know that CETA will open up markets unlike any other.

I will tell you that when we know that only 12% of SMEs are considering exporting right now, we need to encourage more SMEs, if they want to, to consider export markets.

• (1550)

**Mr. Gord Johns:** If that's the case, we need to make sure that everybody is on an even playing field. If they are getting lower merchant fees, we're not on the same playing field.

I also want to make sure you understand that when we talk about small business taxes, and you talked about the middle-class tax break, there is no better way to have community economic development than by putting dollars into the hands of small business owners. Some of the rhetoric we've heard from government—

**The Chair:** Sorry, Mr. Johns, I don't want to cut you off, but your time is up.

**Mr. Gord Johns:** It's all right. She got the message.

**The Chair:** We'll now move over to Madame Lapointe, a business person.

Go ahead, please. You have the floor.

[*Translation*]

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

I want to thank Minister Chagger and her team for being here today.

I also want to thank my colleague for paying special attention to the bill I'm presenting.

That said, I'll speak instead about exports, given that we're the Standing Committee on International Trade and we deal with small and medium-sized businesses. You said earlier that your goal was to help high-growth SMEs become more productive, innovative and export oriented. You have trade commissioners and you talk to foreign buyers.

How do you pass on this information to SMEs, so that they're aware of all the export opportunities related to the new free trade agreements we've signed, such as CETA?

**Hon. Bardish Chagger:** Thank you for your question, Ms. Lapointe. I speak some French, but to save time, I'll switch to English.

[*English*]

When it comes to our negotiations for international trade, SMEs are being represented in that portfolio. You'll recognize that when we are talking about our small and medium-sized enterprises, it is not just the minister or one team that is responding. Every single minister recognizes this.



When the agriculture minister stands up and is talking about farmers, he knows that those are small business owners. When we have the environment minister stand up and talk about the importance of having a price on pollution, she knows that we're talking directly about small business owners. When we're talking about the importance of clean tech and being more innovative and export oriented, we know who is going to create those opportunities. It's going to be small business owners. They are at the forefront.

When it comes to the negotiations, whether that's with the United States or it's CETA and so forth, we will always have a voice. That's partly why the Prime Minister recognized the importance of having this women's entrepreneurship council. We want to also encourage under-represented groups to be part of those conversations.

[Translation]

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

You spoke earlier about green companies. A number of very fine companies operate in my constituency. We have exporters, including agri-food exporters. We have Volvo buses. We also have maple producers. I'm talking about people who manufacture a whole range of maple products.

How can I enable these companies to benefit from the free trade agreement with Europe?

[English]

**Hon. Bardish Chagger:** I will agree with you that we need to do a better job to communicate with them.

There are programs and services at work. When we are looking at the success rate of these SMEs that are applying, a good number of SMEs are successful, but we want to see that number go up.

When it comes to the Canada Business Network, we need to ensure that every entrepreneur or anybody who wants to consider business is going to the Canada Business Network and looking at those opportunities. It's a single window, as our colleague has spoken about. You can mention where you're from and what you're looking for, and then all of a sudden it will provide you the information.

BizPaL is another opportunity for businesses that want to start up. Regardless of the community, province, or territory, you're able to say where you're from, and then you're able to see what regulations, licensing, and so forth you need to ensure that you're doing it in the right way.

By bringing regional development agencies under one umbrella, you're also able to go to the RDAs to retrieve that information, but most important, I would say, is the IRAP concierge service. Most people don't know about it, and that's unfortunate. If we can consult and engage with people earlier, then they will be able to go to this concierge service, which will be able to help them manoeuvre and get to the spot they're going to.

I will challenge all members in the House and will be working closely with them to ask them to consider sharing information, as part of their householders, on how SMEs can succeed and grow.

•(1555)

[Translation]

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

The concierge service you spoke about is very good. We should give this information to all our business community networks, including the chambers of commerce and small and medium-sized business associations. I imagine that you'll be able to provide the information, unless it's easy to find.

[English]

**Hon. Bardish Chagger:** Yes. We can definitely provide that information. We are working with them. We know where the offices exist currently, and we also know where we need to reach out. Rural and remote areas are also on our radar. We are going to make sure that this communication and that information are more available, now that I've been invited.... It's when we make linkages like these and create those opportunities that we recognize how many more people are part of the team and can provide this information.

I will be ensuring that all members of this committee have the information so that you can continue to work with your colleagues to have that information. I am going to have a list provided when it comes to contact information and also for access directly to the office, as well as the department, for providing constructive feedback so that we can continue to improve these opportunities. We want every single business to know what they need to know so that they can succeed, and we want the programs, which we are improving all the time, to work for Canadians and for the business owners.

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

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

[Translation]

**Hon. Bardish Chagger:** Thank you.

[English]

**The Chair:** That ends our first round. We're probably going to have enough time for questions from about five more MPs.

Madam Ludwig, you have the floor.

**Ms. Karen Ludwig (New Brunswick Southwest, Lib.):** Thank you.

Thanks to you, Madam Minister, and to all of you, for being here this afternoon.

I initially had two questions, but because there was such a great answer regarding women and services, I've rewritten my question.

I'm very honoured to represent the most beautiful riding in Canada, New Brunswick Southwest, where one of the areas of particular interest, certainly with one of my constituents in the back corner, is marine tourism. The island of Campobello is the gateway to Atlantic Canada.

Can you share with us any services or supports that you have to encourage and promote marine tourism, especially if there's any work being done on the pre-clearance side of getting our Americans more easily through customs to Canada?

**Hon. Bardish Chagger:** That's an excellent question. You do have a beautiful riding.

I would have to say that I have a beautiful riding as well, and I'm sure every member would agree that is the case. We need to create opportunities to be able to flow through that border better. We know what that border does. We know the relationship between Canada and the United States is a critical relationship, and that's what the Prime Minister did a great job of representing.

It was really good to see Minister Freeland also south of the border, speaking to her counterpart to ensure that SMEs were being represented.

When it comes to this government and our approach, it's not that I need to go down to be the voice of SMEs. When any minister, including the Prime Minister, travels to any community in any country, he or she is also voicing what we are talking about right here.

We will continue to work closely with the Minister of Public Safety and Emergency Preparedness to ensure that those opportunities exist, because we know how important pre-clearance is. That's why, for me, regardless of where people talk about it, this conversation comes down to the people we are serving and the responsibility I take very seriously.

I also want to take a moment to talk about the trade opportunity and the fact that the United States is our number one export market. It is our number one source for tourists. With Canada's 150th birthday this year, with the Charter of Rights and Freedoms celebrating its 35th anniversary this year, and—just because it's my riding—with the University of Waterloo celebrating 60 years, and Conestoga College, 50, we really want people to come and see what our country has to offer. Something we have in common in every single community that I've been to is that we all have tourism operators. They are SMEs. They have the potential to grow and succeed, but we need someone to showcase...and allow people to know to come here.

People individually will feel that they bring tourists to their communities, but the reality is that they come to our country, and that's why the government invested \$50 million over two years in Destination Canada. We continued with the connecting America program to ensure that the United States considers Canada as a travel destination.

We know that with the dollar right now we have opportunities. We will continue to thrive and grow from those opportunities. We also know that Canadians need to be challenged to visit the 10 provinces and three territories, and that's why the millennial travel program is so important. It's so that Canadians also travel.

•(1600)

**Ms. Karen Ludwig:** In our education and support of small and medium-sized businesses, they can take advantage of trade agreements. What particular characteristics are you or your department looking for when aiding our micro-businesses?

In Atlantic Canada, roughly 50% of businesses have fewer than five employees, but there are certainly huge opportunities for them to take advantage of the trade opportunities with CETA and others.

**Hon. Bardish Chagger:** That's a voice we know needs to be represented. When we talk about SMEs, as much as we think we are talking about all of them, there are so many of them. We're talking about the backbone of the Canadian economy. We're looking at numbers that are quite vast. This is something we will continue to do more for.

When it comes to the microcompanies, there's a lot of talk about financing and creating opportunities. The Canada small business financing program really is important, because it helps businesses obtain term loans of up to \$350,000 to finance equipment and leasehold improvements, and up to \$1 million for real property. People don't know about that program. It has existed for quite a while. We need more people to know about it. We need to start engaging with people as they become entrepreneurs, and to provide that solution so that we can support them in the early stages.

What's unfortunate is that when you're later in life—meaning in the experience of a business—you then all of a sudden see so clearly, because hindsight is 20/20.

Mentorship is so important. That's why we are using programs and services to ensure that mentorship is key. There are people who have faced those challenges and overcome those obstacles who are saying that the next generation of businesses will not have to do that, and we will mentor and create those partnerships.

Futurpreneur is a very important program for people under the age of 39. It helps to support entrepreneurs to start a business. It provides them with \$15,000, and then leverages that with the Business Development Bank of Canada. Sometimes people find the BDC a little overwhelming, which is understandable, but it allows them to work more closely together.

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

We're going to move to the Conservatives, with Mr. Van Kesteren, another successful business person on our committee.

Go ahead, sir, you have the floor.

**Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC):** Thank you, Mr. Chair. That's very kind of you to say.

Minister, welcome to our committee. You must be a busy lady. I hope the government gives you enough time to devote the necessary energy and attention to your portfolio, because this is a very important portfolio.

As the chair said, I had the privilege of starting a number of businesses. I am a businessman. I can remember as a young man working for a car dealer and watching him for seven years. I would just watch everything he did. I planned and I got that opportunity. Every year the spring would roll around and I wanted to go, but I just wasn't ready.

I have a real passion for businesses, as I think most members in this place do, but especially for small businesses.

You touched on a number of areas. You talked about small and medium-sized businesses. I don't know what they call the large businesses, maybe just large businesses.

I believe small and medium-sized businesses have 0 to 99 employees. Medium size is 100 to 400. I think that's how we classify them. Maybe some input—

**Hon. Bardish Chagger:** It's 500 and less.

**Mr. Dave Van Kesteren:** Five hundred.... We had an exercise in Chatham. We have a business development organization that analyzes how we're doing with the hiring and that. I was part of that and was very pleased to see the work they are doing. They offered those statistics to us. Now, I want you to understand; I want you to just kind of visualize what I'm saying here. They presented how many businesses we had that had over 500, and there were very few. I think there were two. Then for the 100 to 500, there weren't that many either. The vast majority had less than 100.

Now, this is kind of a trick question. I don't know if it's going to be much different in my riding, Chatham–Kent–Leamington, which is a small rural riding. Our main city has a population of 40,000. If I were to ask you the question, the number of hirees, what would be the largest group? In other words, from zero to 100, 10 employees, 20 employees. What do you think would be the highest? I know this is kind of an unfair thing to offer you, but I do suggest that your department should get a handle on this and find out. I'm going to tell you because it's really not fair. It was zero, zero employees by a landslide.

At first I was shocked. What I'm telling you is, in Chatham–Kent—Leamington, the vast majority of all those small businesses that we're so proud of had zero employees. I can tell you why. I got thinking about this. As a businessman, I remember that, if government taxed us 50%—if that's all there was—you'd probably go out there to beat the bushes and try to make a living. You know what kills you? EI, because when you hire an employee, there are EI premiums, CPP, workmen's comp—and I know that's not part of the federal—licences, and energy costs, all those things. By the end of the day, after you've worked and you've tried to make a profit, you find out that you're behind the eight ball. There are more and more young people, more and more entrepreneurs saying, “This isn't worth it.”

I'm going to suggest this. I'm going to suggest that, first of all, the government give us those statistics. I really want to know them, nationwide. Then I think I'm going to suggest, because we're talking about working together, and I'd really like to do that, that we figure out a way to tackle this and get people excited about starting businesses again, because we could do all the other fancy stuff we want. We can have all the programs, but if those things are stopping our entrepreneurs, and I believe those are precisely the things that are stopping our growth, then we're just going to be spinning our wheels.

I know I'm almost out of time, but not yet. I've got—

• (1605)

**The Chair:** I'd like the minister to have a quick response to your question.

**Mr. Dave Van Kesteren:** Would you commit to, first of all, letting this committee know statistically throughout the country what those figures are and what kind of plan we can put in place so that entrepreneurs will have that vigour and that energy to go out and set out on their own?

**Hon. Bardish Chagger:** How much time do I have, Mr. Chair?

**The Chair:** You only have half a minute, if that.

**Some hon. members:** Oh, oh!

**Hon. Bardish Chagger:** Exactly. This is kind of like when you go to somebody's house as a dinner guest and they don't even feed you dinner. It's kind of like, why did you invite me over?

**The Chair:** You don't have to respond.

**Hon. Bardish Chagger:** I actually respectfully appreciate the comments and the insight you've shared, and it's true that, when it comes to the members of this committee, you have a lot of insight to offer. That's partly why I'm here, to say that I don't need to be at the committee to have this conversation. I welcome the opportunity for these conversations and discussions to continue.

This is a challenge that all of us take seriously, and we need to advance. I can assure you....

Do I get the last half a minute, or does he go again? I can't take my time now.

**The Chair:** No, you can't take your time, but—

**Hon. Bardish Chagger:** I'll be fast.

What's important is that we need our SMEs to consider export markets. We need our small and medium-sized businesses, regardless of the number of employees—and I actually do have stats for you, so I'll share them—to go global, to go export, and to share their programs and solutions with the world because the reality is that there are cities in the world that have more people in their cities than we have in our country. We are huge land mass-wise, but we are not big numbers-wise. I have worked for a small business as well in my life, and I've observed many people around me—

**The Chair:** Minister, I'm sorry. This was all about dialogue and Mr. Van Kesteren comes up with these good ideas, but you never have enough time.

**Hon. Bardish Chagger:** We'll take it.

**The Chair:** Maybe you can get some interjections.

We'll move over to the Liberals and Mr. Fonseca.

Go ahead.

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

I love that you're here presenting to us. I love that you're an amazing role model for small businesses, and the reason for that is.... I want to thank you for the energy and the can-do attitude that you bring to this portfolio. It is so important, and I know Mr. Van Kesteren knows that.

Small businesses, with zero, one, or two employees, they wear every hat and they need to have that energy. More than the energy, they need to have the belief, the faith that they are going to succeed, every single day they have to get up. To know that you're in this job supporting them and bringing that knowledge.... They feel that when government and departments are with them and on their side, they can tackle those big obstacles. They're huge: an export strategy, export pricing, risk management, getting paid, legal issues, etc., things that they may not have any expertise in. For us to be able to support them in that way....

I want to talk about one particular company here. It's a Canadian story.

A gentleman came from Germany, as an international student, and landed here in Ottawa. He is now a Canadian citizen. He was going to sell snowboards online. He couldn't do it, couldn't figure it out. E-commerce just wasn't there, so he started a company called Shopify, here in Ottawa. The headquarters is still here. That was in 2004. They started to sell their own snowboards. Now they do e-commerce for over 300,000 businesses globally. I got a chance to visit them at their Toronto office, and they showed me people selling everything from tea to tractors on this e-commerce platform.

The levelling of the playing field now is the Internet and being able to support these small businesses so that they can put their products and services out there and sell them around the world.

Can you tell us a little about what you think is coming up? I think we are on the precipice of big things with small and medium-sized businesses, especially because of the Internet levelling the playing field.

•(1610)

**Hon. Bardish Chagger:** That's an excellent question.

My team just met with Shopify yesterday. It was interesting, because they are part of the solution. The more we engage and consult, and have these conversations, the more we find that every single person is part of the solution, just as every person on this committee is going to help us create those opportunities.

The innovation agenda will be quite the solution for e-commerce. We know that it is a challenge for some businesses to get online. We know that some rural and remote areas don't have full access, and that's why we need to ensure that there is a way of investing in connectivity. The connect to innovate program is an example of that. It will invest up to \$500 million by 2021 to bring broadband Internet access to 300 rural and remote communities across Canada so that our SMEs, as well as communities, can grow and have those opportunities that we need them to have. That's how you create those opportunities and those jobs that were referenced earlier.

The BDC offers targeted initiatives for digital, websites, and using technologies. That's another partner we are leveraging and working closely with so that there is a solution for e-commerce, and more businesses are part of that world. We need people to be online. That's really how you can go global and consider export markets, because you don't have to be there physically but you are connected through the web.

NRC's IRAP helps businesses find other service providers, like the digital accelerators for innovation and research, and leverages Canada's investment in CANARIE and its research and education networks to provide Canada's high-tech entrepreneurs access to a free cloud. Those are programs and services that we are learning about and we know, but the right people don't know. That's why we are going to make sure that they know about those programs. We are going to communicate better and ensure that the voice of the people who know....

The office of consumer affairs offers guidance, such as the Canadian Code of Practice for Consumer Protection in Electronic Commerce—I can share that link with you as well and make sure all members have access to that information—so that you're actually thinking about the challenges, instead of having to face them once you're online. We want our businesses to be proactive instead of reactive, because when you are proactive you can achieve the growth and opportunities that we need you to achieve.

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

That was a good question.

We're going to move over to the Conservatives. Mr. Ritz, you have the floor. Another successful business person....

**Hon. Gerry Ritz (Battlefords—Lloydminster, CPC):** Thank you, Mr. Chair. If I were that successful, I wouldn't be here.

**Voices:** Oh, oh!

**Hon. Gerry Ritz:** Thank you, Minister and colleagues, for being here.

I have two quick points to make and I'm looking for yes-or-no answers. My first role in cabinet was small business and tourism, so I know that it's a very exciting file. There's a lot going on. We have a very dynamic small-business group and a very exciting tourism industry in this country.

First, with regard to budget 2017, we're already seeing small campgrounds being taxed. Will that carry on through budget 2017 or will you let those family-run campgrounds breathe and move forward, especially in year 150, which we're celebrating?

Second, your Prime Minister is on record as saying that a lot of home-based businesses are just crooks, that they use that as a crutch to hide from taxation. I just want assurances that simply because they are home-based—we talked about owners doing everything, trying to get a start, and so on—they won't face an uphill climb out of budget 2017.

Will you lighten up on the tax levers on those two enterprises moving forward through budget 2017, or will they get hit?

**Hon. Bardish Chagger:** It's a pleasure to be with you.

When it comes to the campgrounds file, the ministers for Canada Revenue Agency, Small Business and Tourism, and Finance are working very closely together to ensure that information—

•(1615)

**Hon. Gerry Ritz:** All together?

**Hon. Bardish Chagger:** Yes, all together, which actually helps when you communicate with each other—

**Hon. Gerry Ritz:** Yes, we did that too. We called it “cabinet”.

**Hon. Bardish Chagger:** I will say, though, that we are making sure that SMEs are able to communicate with the people they need to in CRA, to get the information, and we are committed to tax fairness.

**Hon. Gerry Ritz:** Sure—

**Hon. Bardish Chagger:** We will ensure that our SMEs have the opportunities. We know that SMEs cannot compete with big business, and that's why we are a full voice for them. For the first time in the history of the nation—you would know this very well, because you've held the portfolio—you have a full minister with a team to do the work to represent this full time. That's what's important.

This is taking these stakeholders and these voices seriously. We're talking about 99% of all business and about 90% of the private sector workforce—

**Hon. Gerry Ritz:** Yes, I know the stats.

**Hon. Bardish Chagger:** —and ensuring that they have the resources to have an equal voice.

**Hon. Gerry Ritz:** Sure, but the question was about budget 2017.

**Hon. Bardish Chagger:** Respectfully, when it comes to your comments in regard to the Prime Minister, he is a great advocate for SMEs. He does not only say it; we are going to talk about actions. Words are great, but actions mean just as much. That's why this government's actions will allow our SMEs to have the success they need to have.

You know where jobs are created. You know it very well.

**Hon. Gerry Ritz:** Absolutely, so I'm looking forward to budget 2017.

**Hon. Bardish Chagger:** I'm glad you're looking forward to it.

**Hon. Gerry Ritz:** We'll have you back then.

Thank you.

**The Chair:** We'll move over to Mr. Johns.

You have three minutes.

**Mr. Gord Johns:** Thank you, Mr. Chair.

First, I want to commend you on one thing you said in your speech that really struck home with me—namely, that you'll add a focus in the strategy on SMEs owned by underrepresented groups like women and indigenous Canadians. That was supported today by the Canadian Chamber of Commerce. In their “Ten Ways to Build a Canada that Wins”, they identified that there's great untapped potential among aboriginal entrepreneurs, many of whom face unique challenges in attracting capital for their businesses. The chamber is calling on Ottawa for special help for indigenous entrepreneurs.

You talked about partnering and critical partner organizations. I appreciate your identifying them, but I talked to some of those organizations. The Aboriginal Women's Business Entrepreneurship

Network of Canada, for example, gets about \$400,000 a year for funding to serve the most marginalized entrepreneurs in the country. There's also the Aboriginal Tourism Association of Canada. You and I were there, Minister, at the tourism meeting of all the tourism ministers across Canada. We heard their call for long-term stable funding and new investment in that area. They've received \$4 million so far and their ask is \$13 million. We've seen tourism grow. When people are looking for tourism, for cultural tourism in particular, it's gone from one in seven people seeking a cultural experience to one in three. We know that every dollar spent in tourism will have a high return with aboriginal entrepreneurs.

We also read in *Maclean's* magazine that Canada is missing out on \$27.7 billion annually because of its underutilized indigenous workforce. A lot of indigenous people are entrepreneurs. I think this is a very important place for investment. Aboriginal Tourism B.C. applied for \$4 million over four years in 2016 and they were declined. They're looking for long-term stable funding. They're a very successful organization. They had a program where they were an incubator for over 20 businesses a year. Really, they're a landmark in B.C. of how you can do it. When we take away funding from organizations that have been great partners, it's really disappointing.

Minister, maybe you can break down—

**The Chair:** It will have to be quick.

**Mr. Gord Johns:** —your commitment. Where are you going to spend this money? What does the strategy look like, and are you going to engage the all-party entrepreneur caucus in those discussions?

**Hon. Bardish Chagger:** I'll consider that an invitation to have the all-party caucus as part of those conversations.

You know me well enough to know that I welcome any constructive feedback, and I will definitely take it into consideration. When we are making decisions, we are making them together. You know that is my way; it's nothing new. We've worked together. You travelled with me when we met with ministers of tourism across the country. You were part of those conversations, because it mattered.

**Mr. Gord Johns:** Agreed.

**Hon. Bardish Chagger:** There was an action and there was a means to it, because I wanted you to hear it. We're not putting up roadblocks. We're saying let's work together so we can achieve success.

**Mr. Gord Johns:** I just want to know that there is going to be long-term, stable funding and new funding and increased funding for this commitment that you've made to aboriginal entrepreneurs.

**Hon. Bardish Chagger:** We were just in Yukon, and do you know what we did? We invested in that community because we know that there is not only success but also more potential there.

When we're talking about indigenous tourism, we're talking about authentic experiences to ensure that there are sustainable opportunities for those communities to create the opportunities and those jobs. When we did the women entrepreneurs conference, we worked with the BDC to have a fund devoted to women. That is not something we spoke about; that is a commitment and there is action and we are—

• (1620)

**Mr. Gord Johns:** The \$400,000 a year is not a commitment, so we need more.

**The Chair:** Okay, time is up and we'll go to the final—

**Hon. Bardish Chagger:** There's \$50 million in there.

Did we use up all our time? Sorry.

**The Chair:** We're moving over to the Liberals, and it looks as though we're going to have time for every member to have a say here.

We're moving over to Mr. Peterson to finish it up today.

**Mr. Kyle Peterson (Newmarket—Aurora, Lib.):** Thanks, Minister, for being here. We do appreciate your time and your enlightening us on the CanExport program, of course, as well as some other questions that were above and beyond the CanExport program. We're happy to hear that information as well.

We're the trade committee, and I think we can't talk about international trade in Canada without talking about small and medium-sized enterprises and about exports, because they do go hand in hand. As some of our witnesses have alluded a number of times, when we're examining certain trade agreements, the agreement merely opens the door. It's up to the businesses to go through that open door. I see the role of your department as perhaps being to encourage businesses and to make sure they have the tools to go through the doors that are being opened by these trade agreements. Do you see it the same way?

**Hon. Bardish Chagger:** I do. I believe we have the opportunity to communicate and share that information.

I just need to take 30 seconds—excuse me, Mr. Peterson—if I can, on an earlier point. When it comes to the commitment we've made with the BDC, we're talking about a \$50-million fund. Never in the history of this country has there been a commitment like that, and we are going to see under-represented groups, such as women, succeed in business and have access to capital that they have spoken about but have never seen action on. We're talking about concrete action.

When it comes to export markets, we not only want them to succeed but also need to help them succeed. The federal government has a role to play, and that's why when we are on the international stage we are creating those opportunities. We're leveraging those opportunities with people who come to the country through tourism to allow them to see what kinds of conditions we have in this country and to confirm to them that their country wants to do business with our country, and that allows our SMEs to succeed.

**Mr. Kyle Peterson:** Excellent, and that's a great point. We're a trading nation, without doubt. I think most of our exports—close to 90%—go to the U.S. Almost one-third go to Europe. I suspect and I hope that we'll see that number grow once we're able to capitalize on

the CETA agreement and help our small and medium-sized enterprises tap into that.

That's why I think the CanExport program and the unprecedented \$50-million commitment will play such significant roles in that.

It's about informing, advising, and communicating with regard to the programs that are available to our entrepreneurs and to our small and medium-sized enterprises, but I think it's also about making sure that the administrative burden is as small as it can be.

Would you agree with that and could you expand on that program?

**Hon. Bardish Chagger:** That's something we hear time and time again. We know that the entrepreneur is the accountant, the general manager, and the marketer, and they do every single job when it comes to being the entrepreneur or the small business owner. That's why we need to make sure that when they are accessing programs and services, it's easier for them. That's why we're saying that they need not only online access but also people to speak to. That means that if they make a phone call, somebody is getting back to them with the answer and not deferring it. That's why we need the government working better together.

Twelve per cent of SMEs export. That number has to go up, and for us to actually create the conditions for growth and to grow our economy, we have to consider export markets. That's why a government that recognizes the importance of the tourism industry—and the backbone of the tourism industry is SMEs—is so crucial, because we're talking about export dollars. Those are dollars from outside of Canada coming into the Canadian economy and actually creating the growth instead of having the same dollars shuffled from one to the other.

That's why we're taking this very seriously. We're talking about 2017 being Canada's 150th. We're talking about 2018 being Canada-China, because we know that market has huge potential that will allow our businesses to grow. Instead of having a one-year plan, the Prime Minister of this government is talking about 5, 10, 15 years down the road so that we can actually provide the support Canadians want us to create. We're not talking about the next election. We're talking about programs and services that work for Canadians and a federal government that works for Canadians, because we take this very seriously.

**Mr. Kyle Peterson:** I think the program is a testament to that attitude. I appreciate the program, and I look forward to seeing it fully implemented. Keep up the good work.

To you and your ministry officials, thank you for being here. We appreciated your time.

• (1625)

**The Chair:** Thank you, Mr. Peterson.

That wraps up our session, and a very good session it was, Minister. There was good dialogue back and forth.

I appreciate your coming. Maybe you could come back again.

Thank you very much.

**Hon. Bardish Chagger:** Thank you.

**The Chair:** We're going to suspend for a minute. We're going to have the high commissioner step up to the table.

• (1625) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1630)

**The Chair:** Welcome, High Commissioner. It's good to see you here. Thank you for coming.

You may know that our committee, over the last year, has travelled all across Canada talking to Canadians and to many ambassadors and high commissioners about the TPP agreement. We know there's some uncertainty right now about it, but we still see that it's very valued information that we collected. It could bode well for other agreements that may fall into place.

We will be wrapping up our report over the next few days. We're very glad you're here to give us the perspective of TPP and also the perspective of the relationship between our country and your country. I had the pleasure of being in your country a few years ago. It's a very beautiful country. It's a nice place.

Without further ado, I'm going to give you the floor. Then we'll have some dialogue with the members of Parliament.

Go ahead.

**Her Excellency Ainahtun Binti Hj. A. Karim (High Commissioner for Malaysia to Canada, High Commission for Malaysia):** Thank you, Mr. Chair.

Honourable members of the House of Commons Standing Committee on International Trade, at the outset I wish to congratulate Canada on the approval of the CETA and the SPA by the European Parliament today. I am sure this is an important milestone for Canada and the EU in your continuing efforts for progressive free trade.

I'm honoured to be invited to make a statement to the committee on behalf of the Malaysian government regarding the TPP agreement. First and foremost, let me take this opportunity to highlight that Malaysia and Canada have long enjoyed warm and cordial relations. This year is particularly significant as we commemorate the 60th anniversary of Malaysia-Canada diplomatic relations.

I wish to reiterate that we share important historical linkages through our common membership in the Commonwealth. Canada is also a dialogue partner of ASEAN, and this year we commemorate 40 years of that relationship. We also are partners in APEC, and of course, we closely interact in other multilateral platforms.

Key focus areas in our bilateral ties are trade, investment, defence, and security co-operation, to name a few. In this regard, we value Canada as an important trade and investment partner. Total bilateral trade between Malaysia and Canada for the period January to November 2016 was \$1.52 billion Canadian. In 2015, Canada was Malaysia's 27th largest trading partner.

Our investment in the Canadian market is mainly in the oil and gas sector. The \$36-billion potential investment by Petronas, our national oil corporation, in British Columbia is touted as the largest foreign direct investment in Canada. Certainly this investment will be a catalyst for enhanced trade and commercial relations between

our two countries. We were delighted with the approval, with conditions, by the Canadian government on September 27, 2016, for Petronas to proceed with the project. Petronas is presently undertaking a review on whether to proceed.

As any open economy highly dependent on international trade and FDI, Malaysia embraces free trade, much like Canada. Therefore, the TPP offers an excellent platform to realize the creation of a huge market, as it encompasses some of the biggest economies in the Asia-Pacific region.

TPP is different from other FTAs in that it is more comprehensive and encompasses a wider scope, such as government procurement, environment, government-owned companies, and intellectual rights. Consultations by our MITI with various stakeholders have also revealed an increasing need by Malaysia's companies for more open markets and trade facilitation. The TPP agreement motion was tabled in the Malaysian Parliament in January 2016, which enabled our lawmakers to deliberate on the pros and cons of the TPP to our country. The TPP agreement motion was passed with a majority support of 127 against 84, resulting in Malaysia signing the agreement with Canada and other TPP members last February in Auckland.

Many Malaysian products are of world standard and are able to compete at a global level. Malaysian companies are also increasingly becoming international investors and require a level of transparency and predictability that can only be guaranteed effectively through binding agreements like FTAs.

• (1635)

There is also interest from foreign companies in non-TPP countries that are increasingly exploring Malaysia as a base for their operations to enjoy the benefits of the TPP agreement. In addition, there are Malaysian companies that export to the U.S. and Canada that are increasingly interested in seeing the implementation of the agreement.

The TPP agreement will allow Malaysia to continue to be an integral part of the deepening economic integration taking place within the Asia-Pacific region. It will also enable us to engage in a more concrete way with major trading partners such as Canada, the U.S., Mexico, and Peru, with which we currently do not have FTAs.

As a member of the TPP, Malaysia will also be able to participate as an important link in the whole regional supply chain. Almost 4,000 tariffs within this market will be abolished. This includes our main exports, namely, electrical and electronics, chemical and petrochemical, wood-based products, food, rubber-based products, and textiles.

In the long run, Malaysia believes the TPP will bring benefits of the lower cost of goods and more efficient production by taking advantage of the competition and economies of scale. The successful conclusion of the TPP will form an unprecedented market of 793 million people with a combined GDP of \$27.5 trillion U.S. This far surpasses the limited domestic market of 29.5 million people and a GDP of \$300 billion U.S. in Malaysia.

With the TPP, we aim to open up new market opportunities and horizons for Malaysians to take advantage of the international marketplace. In short, the TPP will provide an opportunity for Malaysia to be a seamless market with preferential access far beyond our population. It will provide investment opportunities regionally and globally.

With regard to Malaysia and Canada, it will certainly enhance trade and economic relations between our two countries, as we currently do not have any bilateral FTA. The TPP agreement would also introduce a new dimension to regional trade and investment between countries.

In addition to extensive trade liberalization in goods and services, TPP was further intended to promote fair competition, develop the digital economy, govern the role of state-owned enterprises in the global economy, promote free investment movement, enhance enforcement of intellectual property, and harmonize legal and regulatory issues.

At the same time, TPP is also the first FTA that has a dedicated chapter on SMEs. This provides numerous opportunities for Malaysian SMEs, especially when it comes to knowledge sharing and collaboration with SMEs from other TPP countries. This will allow deeper integration of SMEs in the regional and global supply chains.

We also recognize that TPP is not just about trade. It will also help improve Malaysia's competitiveness and governance through the adoption of international standards, for example, in halal requirements, as well as best practices in areas such as labour and environment.

Malaysia sees the TPP as a balanced agreement beneficial to all its members. However, we acknowledge that the future of the TPP after the U.S. withdrawal would very much depend on further consultation and collective decision-making by the remaining TPP agreement members, including Malaysia. The entry into force of the TPP agreement under the present conditions cannot take place without U.S. participation.

● (1640)

Going ahead without the U.S. is an option, but this would require an amendment to the clause on entry into force in the text of the signed agreement. In this regard, TPP agreement chief negotiators from the other 11 countries, including Malaysia, would need to be in

constant communication with each other to consider all available options before deciding the best way forward.

During the meeting of the 12 leaders of the TPP agreement countries in Lima, Peru, on November 19, 2016, all leaders reaffirmed their commitment towards the realization of the agreement because of the benefits it will bring to their respective economies and the region, particularly in boosting trade and investment, as well as further enhancing the internationalization of small and medium-sized enterprises.

Going forward, Malaysia remains hopeful that the agreement will be implemented as agreed to in Auckland on February 4, 2016, as it is an important undertaking in an open economy that will deepen co-operation in the Asia-Pacific region. Should the TPP agreement fail to enter into force, Malaysia would see it as a missed opportunity.

As expressed by our Minister of International Trade and Industry at the World Economic Forum in Davos recently, should the TPP agreement fail to materialize, Malaysia's focus would be to enhance the economic integration of ASEAN in the context of the ASEAN economic community's "Blueprint 2025". We would also be pushing for the timely conclusion of the regional comprehensive economic partnership, or RCEP, as well as pursuing bilateral FTAs with TPP members with whom we don't have any preferential trading arrangement.

As regards Canada, we welcome the statement by Minister Freeland, who was then Minister of International Trade, that Canada will conduct a feasibility study on an ASEAN-Canada FTA. We hope that the study will find that such an agreement would be beneficial to both Canada and ASEAN. As of now, ASEAN has existing FTAs with China, South Korea, New Zealand, India, and Japan.

In the meantime, Malaysia will continue to monitor closely developments in U.S. trade policies. With or without the TPP agreement, Malaysia will continue to amend various laws and regulations that have been identified, to make them relevant in current times. We hope to table them in parliament this year. The changes to these laws are not merely to comply with the TPP agreement but also are part of Malaysia's internal domestic review in order to strengthen and update legislation, as well as to meet international obligations.

Thank you.

**The Chair:** Thank you, Your Excellency, for a very detailed report on your country's perspective on the TPP.

Due to the time constraints, we're going to give each party four minutes.

We're going to start with Mr. Ritz.

**Hon. Gerry Ritz:** Thank you, Mr. Chair.

Thank you, Excellency, for a very comprehensive overview. You've answered a lot of my questions, but I have a few more.



Certainly, I agree with you that multilateral trade agreements are by far the best. There's always a better ambition for the outcome. I also take solace in the fact that you say moving forward without the U.S. is an option. I've agreed with that since we saw the electoral challenges, I'll say, in the United States, with both the Democrats and Republicans saying they would tear it up, that they wouldn't go there. That's unfortunate. It's a missed opportunity on their part.

I think that with the geopolitical situation in the area—we had the ambassador from Vietnam here the other day talking about the stabilizing effect of the TPP against some of the other countries in the area—it needs to be done. There is a meeting coming up in Chile in the middle of March for countries of the TPP to get together and talk about what the options are post-U.S. election. You will be attending that, I imagine, or someone will be.

•(1645)

**Ms. Aminah Tun Binti Hj A Karim:** Thank you.

Yes. I understand that we do have someone from the negotiating team of the minister of international trade who will be there, plus our ambassador to Chile, of course.

**Hon. Gerry Ritz:** Yes, I understand that other countries.... China has talked about being there. Other countries are looking at it, such as South Korea and Colombia, and also others that aren't in it but are looking at it. I welcome that opportunity. I hope everybody takes it seriously, as we need to move forward. As you rightly point out, it will be a huge opportunity missed if we don't.

You also made some comments about the ASEAN group of countries. We trade with them as well, but not through a free trade agreement. I think it's very important that we move to that, ratify the TPP with or without the U.S., and then move to Canada as a component of an ASEAN group agreement as well. That's probably the fastest way that we'd get involved with India. We've had several tables with India, but that's never really gone anywhere. Moving into agreements that are already set is always better.

I know that Minister Freeland has made comments about ASEAN. I was wondering if you know of anything that's starting to happen in that regard, such as a complementarities study and that type of thing.

**Ms. Aminah Tun Binti Hj A Karim:** In a recent meeting with Global Affairs, I was given an indication. I actually posed that same question. I understand that it's going to begin soon—

**Hon. Gerry Ritz:** Good.

**Ms. Aminah Tun Binti Hj A Karim:** —and I was assured that it would be with not just policy-makers. It would initially be with policy-makers, of course, but subsequently with industry players as well.

**Hon. Gerry Ritz:** Good. Excellent. That's good news.

Regarding the 60th anniversary, you're absolutely right; there are a number of different things that have joined us together over the years. I haven't had the opportunity to be on the ground in Malaysia, but I've met with your ministers over the past decade at a number of conferences like those of APEC, G20, and different things like that, which we've attended. There are a lot of similarities. Tourism, Canadians visiting Malaysia, is growing exponentially. You have a lot nicer weather than we do in January, and it's always nice to make those inroads.

Thank you for your presentation today.

I'm certain I'm out of time.

**The Chair:** No, you're all right.

**Hon. Gerry Ritz:** Thank you.

**The Chair:** Thank you, Mr. Ritz.

We're going to move over to Mr. Dhaliwal.

Go ahead for four minutes.

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

Welcome, Your Excellency and the first secretary.

I had the opportunity to visit your country. It's a wonderful, beautiful place to visit.

You mentioned British Columbia. You have the biggest investment in British Columbia. I would like to know if you faced any difficulties or things that could have been done differently to move that faster in a cordial way.

**Ms. Aminah Tun Binti Hj A Karim:** I'm not actually an expert on this subject, but I did meet up with our team, the Petronas team that's based in British Columbia. I think they knew when they came to Canada, to British Columbia, that they were in for the long run. I think they have invested quite a substantial sum of money in the last three years to get the project off the ground.

I can confirm that they have had a lot of engagement with the first nation communities, which had some objection initially, but I think most of it has been overcome. For the moment, though, it has to be because there were something like 180 conditions placed on them, I believe, that they have had to take a business decision to step back and to review. That's where it sits right now.

**Mr. Sukh Dhaliwal:** You mentioned about TPP and even if we do not go ahead with the U.S. and the recent government.... I was in Japan recently, and at every meeting, every political party was concerned about TPP. Even though there was 50% opposition to the free trade TPP agreement, they still wanted to go through with it because they have a similar view to yours, that it will be positive for Japan.

You said you are looking for an alternative solution. Is your government already thinking about pursuing something in the coming months, coming days, and coming year?

•(1650)

**Ms. Aminah Tun Binti Hj A Karim:** If you're talking about the TPP proper, then certainly we are on board. We are going in for all the negotiations and all the talks, as I mentioned, and we will be participating.

**Mr. Sukh Dhaliwal:** But if the TPP doesn't go through, then are you thinking of bilateral agreements with Canada?

**Ms. Aminah Tun Binti Hj A Karim:** A bilateral agreement with Canada...?

**Mr. Sukh Dhaliwal:** Yes.

**Ms. Aminah Tun Binti Hj A Karim:** I think that, for the time being, I can say that it's not in consideration yet because I think we are still—

**Mr. Sukh Dhaliwal:** Hopeful...?

**Ms. Aminah Tun Binti Hj A Karim:**—hoping that there will be some outcome from these talks. Again, as I mentioned, we are also giving a lot of attention to the RCEP because in terms of membership, in terms of population, it will be for a larger group of people, with India and China coming on board with RCEP. This, as I said, is with countries that already have existing FTAs with us.

**Mr. Sukh Dhaliwal:** You mentioned about child labour and environment. Is there quite a problem when it comes to child labour in Malaysia? On environmental issues, how do you see that, if we proceed with the TPP, you would be able to overcome those issues?

**Ms. Aminah Tun Binti Hj A Karim:** Child labour, I don't think that's been a big issue. It's never really been brought up internationally. It's never been sort of associated with Malaysia. In fact, I think most of us around the table would know that Malaysia is a major importer of foreign labour. We have a lot of industries that need foreign manpower. It's normally in the plantation sector, in the household sector, and in the services sector, so we've not really had a problem with child labour.

**The Chair:** Thank you.

We're going to move over to the NDP and Ms. Ramsey for four minutes.

**Ms. Tracey Ramsey:** Thank you, Your Excellency and First Secretary.

It was a very thorough presentation and it answered a lot of my questions as well, as you heard from Mr. Ritz.

You mentioned the RCEP and the agreement you're seeking there. My question is, how would it affect trade relations between Canada and Malaysia if you enter into the RCEP but the TPP does not happen?

**Ms. Aminah Tun Binti Hj A Karim:** I think, for Malaysia, how we look at it is because.... We are really focused on TPP at the

moment, but at the same time it does not exclude us from having other regional FTAs or bilateral FTAs. We have been continuously doing that.

As a country that strongly believes in free trade access for other countries, I don't think it would affect us anyway, just like you are having CETA, and at the same time you would be with us in TPP, or maybe even an ASEAN-Canada FTA.

**Ms. Tracey Ramsey:** We've had an interesting day here at the trade committee. We had our Minister of Small Business and Tourism here earlier, as I'm sure you saw.

I noted that you spoke about SMEs and exporting to Canada, so I wondered what percentage of Malaysian SMEs are exporting to Canada. Perhaps you could share with us some of the initiatives you have to encourage that.

**Ms. Aminah Tun Binti Hj A Karim:** I don't have the figures on the number of SMEs participating or exporting to Canada as of now, but certainly on my part, I've been outreaching with various organizations here in Canada, most lately with the TFO. We had a very good conversation. They were informing me that they can avail their websites and they themselves for our SMEs to come.

I'm working on establishing contacts between them. We have our SME Corporation, which oversees all SMEs in Malaysia, so this is one avenue I see going forward for Canada and Malaysia.

• (1655)

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

**The Chair:** Thank you for coming today.

What a very informative dialogue with the MPs, and very good information. We will put this in our report. We appreciate it. Sixty years is a long relationship, and we're looking to many more years to come.

Thank you for the gifts. They are beautiful.

We're going to suspend now. High Commissioner, if you can have a little picture with us, we would appreciate it.

We're going to suspend for a few minutes, and then we have a bit of unfinished business.

[*Proceedings continue in camera*]







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