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CONTENTS

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ORAL QUESTIONS

[Oral Questions]

Foreign Affairs

Mr. Paul Dewar (Ottawa Centre, NDP):

Mr. Speaker, yesterday Ukrainians bravely went to the polls throughout most of the country despite continued intimidation and aggression. The election is an important step forward for Ukrainian democracy. Elections next week in the eastern regions must also be free and fair. How will Canada help ensure that all Ukrainians can have their say in the formation of a new government? What support will the Canadian government give to strengthen democratic governance in Ukraine following the election?

Hon. Deepak Obhrai (Parliamentary Secretary to the Minister of Foreign Affairs and for International Human Rights, CPC):

Mr. Speaker, Canada commends the people of Ukraine for their show of resiliency and determination for a better future as they voted yesterday. Intimidation tactics and violence have not prevented the people of Ukraine from exercising their democratic right to work for a sovereign and united country.

Canada will continue to proudly stand shoulder to shoulder with the Ukrainian people as they chart a new course in history, one that is peaceful and one where Ukraine is recognized by all nations as free, democratic and sovereign.

GOVERNMENT ORDERS

[Government Orders]

Ms. Chrystia Freeland (Toronto Centre, Lib.):

Mr. Speaker, I would like to begin by reiterating that the Liberal Party supports free trade, and we are pleased to support this deal.

This is just the third day the House has been sitting since the terrible events of last Wednesday. It is very appropriate and fitting that on this day we are debating a measure that has the support of the three main parties in the House and that in the discussion we have heard about the tremendously powerful impact Canada's diverse population brings to the country.

We have heard a lot of members speaking eloquently about Korean Canadians and how the connections they have with Korea have been so important in building this deal and in building

connections with that country. This is a week when all members of the House should be talking in the most forceful possible terms about Canada's strength in our diversity and Canada's strength in our pluralism. I am pleased that this Korean free trade deal has given us an opportunity to do that.

Coming to the deal itself, I am going to speak about our position on free trade and why we believe that free trade is so important, particularly for Canada. I am going to talk about why we support this specific deal with Korea. I am also going to talk about our concerns and about what we feel has gone wrong and could have been done better. Then I am going to speak about what our trade agenda going forward should be.

I would like to start by talking about free trade and why it is so important for Canada and is such a centrepiece of the Liberal economic program.

We are living in a time when the middle class is hollowed out, when the middle-class is getting hammered. That is something the Liberals have recognized and have been talking about. There is a lot of resonance among Canadians when we raise those issues. One of the ironies of an age like our own, when the middle class is suffering, is that national support for free trade can weaken and we can have the rise of protectionist sentiment. I am therefore absolutely delighted to represent a party that is strongly in favour of free trade.

I am also really delighted to be standing in the House and talking about a free trade deal that has such cross-party support. To have national unity around free trade will be an essential strength of Canada going forward. If we can maintain that, it will provide a competitive advantage for the Canadian economy.

Why is trade so important? Why is it central to Canada's economic success in the 21st century? Canada is geographically vast. It goes from coast to coast to coast. The reality is that by GDP, Canada has only the 11th largest economy in the world. We are just not big enough to exist, grow, and prosper without being maximally open to the world economy.

Exports to date account for 30% of our GDP, and one in five jobs are linked to exports. The only way the Canadian middle class can grow is for the Canadian economy to become ever more global, for more Canadian businesses to be more competitive and doing more business in the world economy.

That is particularly true when it comes to the emerging markets of Asia, Africa, and Latin America. These are places where the middle class is rising up out of poverty, where there is growing consumer demand, and where there are attractive demographics. As a country, Canada has to be poised to sell into those markets. If we fail to do that, our own middle class will be squeezed and will falter. For Canada, there can really be no economic policy more important than a strong, aggressive, forward-moving, forward-looking trade policy. I am sad to report that the reality is that when it comes to trade in the world economy, if we look past the government's rhetoric, Canada is falling behind.

I would like to draw the House's attention to an important and thorough report produced this year by the Canadian Chamber of Commerce, a business group to which we pay a lot of attention.

(1625)

This is a group that has a network of over 450 chambers of commerce and boards of trade, and it represents 200,000 business of all sizes and sectors in the economy, in all regions of the country. These people are important. We need to listen to what they are saying about what is happening to the Canadian economy.

I am afraid that when it comes to trade, the Canadian Chamber of Commerce is very worried. The title of its report says it all. It is called "Turning it Around: How to Restore Canada's Trade Success". Here is what the Chamber of Commerce has to say about how we are doing. It agrees with the Liberals. It says:

International trade is one of the fastest and most effective ways for Canadian businesses to grow.... However, the increase in exports and outward investment has been slow in recent years, and diversification to emerging economies has been limited.

As we have just been discussing, emerging economies are the essential places for us to be going. Looking deeper into the report, the chamber did a very important calculation in talking about what is actually happening to Canadian trade. I would like to quote it. It said:

Despite more firms looking abroad, Canada is lagging its peers according to several measures.

Yes. That is right. We are, as the report says, falling behind when it comes to our international trading position. The report goes on to say:

Over the past decade, the value of exports has increased at only a modest pace.

What is really interesting about this report is that the authors backed out increased commodity prices when they took a look at Canada's trading position. When we do that calculation, we see a picture of how we are doing on trade that is not at all pretty. Here is what the chamber said about backing out the price premiums we had been experiencing in energy, mineral, and agricultural commodities:

If these price increases are excluded, the volume of merchandise exports shipped in 2012 was actually five per cent lower than in 2000 despite a 57 per cent increase in trade worldwide.

What has actually been happening is that the world gets that trade is important. Globalization is not just a trendy word; it is the world's economic reality, and the reality is that Canada is falling behind. This trend is reflected in the trade numbers. In August, economists were predicting a \$1.6-billion trade surplus. Instead, Canada recorded a \$610-million trade deficit. These are worrying numbers, and there needs to be a lot more urgency on this file.

I would also point to an issue we heard addressed in question period today, which is falling commodity prices. Warren Buffett, the renowned investor, likes to say that when the tide goes out, we see who is swimming without their trunks on. I am worried that high commodity prices for the Canadian economy have been like a high tide that has obscured a lot of problems, nowhere more so than in trade. As those commodity prices fall, we need to be really worried about what they are going to show is happening in trade.

Turning now to Korea, we agree with our colleagues from the government and the official opposition that this is an important deal, and we share their urgency about getting this finalized by or before January 1. It is important to Canadian businesses, it is important to Canadian exporters, it is important to the people who work in those industries, and it is therefore very important to the Liberal Party.

Korea is Canada's seventh-largest trade partner. In 2013, we did \$10.8 billion of trade between us.

Korea is an attractive partner to us, because it is a democracy. This is a country that is a real technology leader, including, as we have heard, in green energy. It is a country that is very culturally innovative. I think we can learn a lot of lessons from Korea about being a global cultural leader, even if we are not one of the big powers. It is an economy that is very attractive to Canada's agri-food industry, to our aerospace industry, and to our spirits industry, so we are very much in favour of this deal.

Having said that, I would be remiss in my responsibilities if I did not point out some of the problems we have with it. The biggest concern we have with this Korea free trade deal is that it is late.

(1630)

The United States economy, with which we are most closely connected, ratified its trade agreement with Korea in 2011, and the agreement went into effect in 2012. Korea's trade deal with the EU has been provisionally in force since July 2011.

This delay is not just about some kind of theoretical competition over whose date is first. The delay in getting the Korea deal done has had direct and meaningful impacts on Canadian exporters. The global economy is extremely competitive. Businesses know it. Canadian businesses are suffering, and they have been let down, when it comes to Korea trade, by the government. We have lost 30% market share in Korea, more than \$1 billion, because we have been slower to come to a deal.

We heard the parliamentary secretary to the minister waxing lyrical about the Korean affection for Canadian lobster, and Koreans should indeed be enthusiastic about eating Canadian lobster. I know that everyone in the House is. However, the government should be apologizing to Canada's lobster industry for putting it at a disadvantage.

I want to read a quote, from *The Globe and Mail*, from Stewart Lamont, managing director of Nova Scotia's Tangier Lobster Co. Ltd. He said, "The Americans are 2-1/2 years ahead of us, but better late than never".

That is really the story of this agreement. We are supporting the deal. We are glad it is happening, but this is a story not of triumph but of better late than never.

I would like to point out that our negotiations with Korea began in 2005. The Americans started talking to the Koreans in 2006 and to the EU in 2007. Despite starting negotiations sooner, we have concluded the deal later, and that is something that has had a measurable impact on the bottom line of Canadian exporters.

We need to get this deal done by January 1, but everyone in the House should be aware that the slowness of getting a deal done means that Canadian companies have to run extra fast. They have to claw back that lost export position in the Korean market, and that is going to be very hard work for them.

What we hear when it comes to the reasons for Canada falling behind and this deal having been done behind the U.S. and behind the EU, despite the fact that negotiations began sooner, is that it had a lot to do with the top-down, hyper-controlled approach to issues we see from the government when it comes to the domestic agenda. The Korean deal is more evidence that this approach, which is rejected by so many Canadians now at home, also slows down our relationship with our international partners.

There is support from us. There is support from the official opposition for this deal. I am very pleased that there is that support. It is urgent that we lose no more time getting this deal finalized by or before January 1.

We would be derelict in our duty if we were not aware that this deal has come late. It is better late than never, but it would have been much better had it not been late to begin with.

This deal is particularly significant, because it is our first deal in Asia. It is really important, going forward, that we not allow the mistake of falling behind to happen in our future deals. I am going to talk in a moment about those other deals and the approach Canada needs to take.

However, before doing that, I would like to also urge the government to release a study the department did on the economic impact of the Canada-Korea free trade deal. This study has been requested by many stakeholders, and their access to information requests for this study were very keen, particularly given the fact that the deal is due, we hope, to be finally confirmed by the end of the year.

We call on the government to release this study of its economic impact. Now is the time for us to have that information and to talk about it. It should be made public. Given that the agreement is

being supported by both the Liberals and the official opposition, I can really see no reason why the government is not coming out publicly with that more detailed information.

(1635)

When it comes to the trade agenda going forward, the really big issue on the agenda and what we really need to focus on is TPP. This is an agreement which will touch on 40% of the world economy. In current economic conditions, when a lot of economists are concerned that we are suffering from secular stagnation, that the whole world economy has moved into a new low-growth paradigm, TPP could not be more essential. This could be one of the few levers that we have to get the global economy going. It is essential for Canada and it is essential for the world. These comprehensive TPP talks started in 2008. Canada, I am sad to say, did not join until 2012. I am afraid we see the pattern with Korea being repeated here. We are slow to come to the table. We really have to focus. We are seeing something wonderful, a tremendous competitive advantage in our country, which is real support across the political spectrum for the Korea deal, for trade with Asia, for trade with the world. It is absolutely incumbent on the government to use that strong political support for free trade, to be an active and energetic partner in the TPP talks to get them going.

Negotiations actually are going on right now. They happened over the weekend in Australia on TPP. I urge the government to be a more active participant in those talks. I am sad to say that when we speak to our trading partners, our international partners, they say that something which we have seen in Canada's relationship in multilateral institutions around the world is, I am afraid, being repeated in TPP.

Canada used to have a reputation as one of the world's most effective multilateralists, as a country that was good at working in a group, at working with others, at getting deals done, at leading deals. However, when it comes to TPP, I am afraid that the reports we are hearing is that Canada is missing in action, Canada is not playing a leadership role and in fact that Canada is frustrating our trading partners.

That really cannot continue. This is an essential deal and we need Canada to be a leading voice. We cannot have a repeat of what we have seen with Korea, which is a policy that is widely supported across the House by so many people, yet actual delivery for the Canadian economy, for Canadian business has been delayed at a cost.

Again, I want to return to this number because it is not just about rhetoric. It has been at a cost of more than \$1 billion. Let us think of how valuable those billion dollars could be if they were in the Canadian economy right now.

TPP is the big one. Even as we support the Korea deal and opening up of the Asian markets in this way, I want us to focus on that. I want us to be absolutely energetic, be leaders in those negotiations.

More general, it is absolutely essential that Canada be energetic, that Canada be in the lead when it comes to opening up those emerging markets about which the chamber of commerce spoke. I would like to pay particular attention to Africa.

Finally, yesterday was parliamentary elections in the Ukraine. The results look very promising for Ukrainian democracy and for Ukraine's move toward a pro-reform, pro-European attitude. We heard recently Ukrainian President Petro Poroshenko address the House and call for a free trade deal. Let us not be behind on that. Europe has already opened up its markets to Ukrainian goods. Let us do that, too.