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Chair

The Honourable Geoff Regan

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• (0935)

[English]

The Chair (Hon. Geoff Regan (Halifax West, Lib.)): Colleagues, this meeting of the Special Committee on Canada-China Relations will come to order.

[Translation]

Mr. Bergeron, you have something to say, I think.

Mr. Stéphane Bergeron (Montarville, BQ): Yes, Mr. Chair. I wanted to know the status of the translation of the document that I am still waiting for after our last meeting.

The Chair: It is done, and the document will be delivered to your office today.

Mr. Stéphane Bergeron: And none too soon. Thank you.

[English]

The Chair: Actually, that's very good timing.

[Translation]

Thank you, Mr. Bergeron, because your comments gave us time to receive the cards with our names on them. So today's witnesses will be able to see who we are.

[English]

Colleagues, the first hour of this meeting will be with the officials on the bilateral relationship and the second hour with the officials on trade. There will be 10-minute opening remarks for each panel and, of course, each will be followed by a round of questions by members.

This morning we have, from the Department of Foreign Affairs, Trade and Development, Marta Morgan, deputy minister, foreign affairs; Paul Thoppil, assistant deputy minister, Asia Pacific; and Cindy Termorshuizen, director general, international security policy bureau.

Please proceed, Ms. Morgan.

Ms. Marta Morgan (Deputy Minister, Foreign Affairs, Department of Foreign Affairs, Trade and Development): Thank you, Mr. Chair and members of the committee. My colleagues and I are very grateful today to have the opportunity to give you some background on China and Canada's relationship with it.

Let me start by acknowledging the preoccupation that I know we all have with the coronavirus outbreak in China and the impact this is having on Canadians. The safety and well-being of Canadians at home and abroad is of paramount importance to the Government of

Canada. Canada is deeply concerned by the current outbreak of the novel coronavirus, particularly regarding its potential impacts on Canadians in the Wuhan area.

Global Affairs Canada is working closely with the Public Health Agency of Canada and supporting their engagement with Chinese health officials to provide a timely and coordinated response to the outbreak. Some 156 Canadian citizens have contacted Global Affairs Canada for departure assistance. The government has secured a chartered aircraft and is now working on the diplomatic front with officials in China to obtain the authorizations to proceed with an assisted departure.

This latest crisis is occurring after a long period of instability in Hong Kong and, as you are well aware, a difficult year in Canada-China relations. Canada's relations with China are complex, with both opportunities and challenges. Now more than ever, Canadians are asking questions about what China's economic growth and governance model means for their future prosperity, their security and Canada's place in the world.

The committee is taking on important work at a crucial time. A common understanding of where the People's Republic of China is going and how it touches Canada's national interests will make our policy better. The committee will decide what issues to examine in closer detail and will have the opportunity to hear a wide variety of views from experts and stakeholders. Ambassador Dominic Barton, whom you will meet next week, will provide an excellent view from the ground in Beijing.

[Translation]

The governments of Canada and China have, or at least had until the end of 2018, close ties in a number of areas. Few government departments or agencies do not have a partnership with their counterparts in China, in one form or another, and do not have a mandate in which China occupies a major place. Global Affairs Canada is taking a lead role in coordinating the Government of Canada's approach to China, in order to ensure that our relationships are consistent.

I am here to present a general background, which I invite you to consider when you are establishing your program.

[English]

For many years, citizens of Canada and the People's Republic of China have built bridges between our countries. While October 2020 will mark 50 years since we established diplomatic ties, many years before that Canadian missionaries helped found leading medical schools in China, and Canada traded wheat to stave off famine across China in the early days of the People's Republic.

It is remarkable that Canada and Canadians, despite our ideological differences, reached out across the Pacific to support the people of China even without an embassy to support them. With the founding of diplomatic relations, Canada launched a broad official relationship, including a bilateral aid program that wound down in 2013.

Through our aid and engagement, Canada supported China's modernization and opening up. Canadians made substantial contributions to reform in the non-profit, legal, educational and agricultural systems over the decades. For example, Canadian programming helped Chinese farmers adapt to the WTO as China completed a accession process.

Reform was critical to China's success in alleviating poverty. According to the World Bank, China has lifted 850 million people out of poverty. China's poverty rate fell from 88% in 1981 to 0.7% in 2015. In 2018 China's GDP was 174 times the size it was in 1952, and per capita annual income had surpassed \$10,000 U.S.

As China's economy opened and grew, Canadian trade and investment in China did as well. China is now Canada's third-largest trading partner after the U.S. and the EU.

While still only accounting for roughly 5% of Canadian exports, Canada's trade with China has grown rapidly in recent years. In 2018 two-way merchandise trade between Canada and China reached \$103.2 billion, including \$27.6 billion in Canadian exports and \$75.6 billion in imports.

[Translation]

As my colleague Steve Verheul will explain in the next session, Canadian exports to China fell in 2019. Canada exports mostly raw materials to China under the direct oversight of the Chinese government. As we have been able to see, Canadian exports of canola can be vulnerable to interventions from the Chinese government, interventions that contravene international rules and standards.

● (0940)

[English]

Our commercial relations with China have grown not only in exchange of goods, but more broadly. In 2018 service exports to China were valued at \$7.4 billion, while imports from China were valued at \$2.8 billion, a 6.1% year-on-year increase in two-way services trade.

China is Canada's third-largest source of tourists and its second-largest source of international students to Canada.

But as China's market grew, so did competition for access to it, and China itself has become more competitive. China's economy now accounts for nearly one third of global growth each year. Even

at modest rates for China of 6% annual growth, China adds the equivalent of an Australia to its economy every year.

China has enormous potential to contribute to resolving common global challenges. Indeed, when it comes to global problems such as climate change and health, China, by virtue of its population and economic weight, will continue to play a significant role in tackling our collective problems.

As a permanent member of the UN Security Council and an increasingly important economic and military power, China's influence on Canada's international security priorities cannot be ignored.

On December 10, 2019, Parliament passed the motion establishing this special committee to examine all aspects of the Canada-China relationship. December 10 is also International Human Rights Day, and December 10 is also the day in 2018 when Michael Kovrig and Michael Spavor were detained arbitrarily by authorities of the People's Republic of China.

December 10, 2018, is a day that changed Canada's outlook on its relations with China. Canada and many of our partners were shocked and saddened by the detention of Michael Kovrig and Michael Spavor.

We condemn arbitrary detentions and sentencing. Coercive practices, especially those that target innocent individuals for political ends, undermine the norms and principles that are the foundation of international relations. International partners have also condemned the detention and the practice of residential surveillance at a designated location that falls outside of any recognized judicial process for many detained in China.

We have also raised concern about the failure to recognize the residual immunities of Michael Kovrig, who is a colleague and friend for many in Global Affairs Canada.

These detentions reflect broader features of China's governance that pose challenges to human rights and the rule of law: the Communist Party's increasingly authoritarian grip on power; restrictions on civic freedoms in Hong Kong and abuses of human rights in Xinjiang; coercive diplomacy against individuals and countries that threaten the Chinese government's interests; and threats to democracy and democratic institutions.

The Government of Canada has not shied away from disagreements with the Government of the People's Republic. We have called at every opportunity for the immediate release of Michael Kovrig and Michael Spavor, as well as clemency for Robert Schellenberg and all death penalty cases.

As an absolute priority for the Government of Canada, Canadian officials have worked tirelessly to advocate for these cases bilaterally and multilaterally, while remaining consistent in our policy approach to bilateral relations with China.

[*Translation*]

We have always indicated our deep concern with the restrictions on the rights and freedoms of the Uighurs and other Muslim minorities. We do so both in our bilateral relations and in multilateral forums such as the Human Rights Council. We have asked the Chinese authorities to respect the freedom of religion of all Chinese citizens in Xinjiang and in Tibet, whatever their faith—Muslim, Christian, Buddhist or practitioners of Falung Gong. We have also asked them to put an end to the efforts to silence those standing up for human rights.

We have argued in favour of Taiwan's genuine participation in international forums where international action is needed, such as the World Health Organization.

[*English*]

On these issues, Canada is not alone. Like-minded partners have added their voices to call for the release of Michael Kovrig and Michael Spavor and an end to arbitrary detention. Canada enjoys the good company of many democratic nations in our call for an end to human rights abuses in China.

In the face of these challenges, however, we must also recognize our deep people-to-people ties, including the nearly two million Canadians of Chinese descent. Exchanges take place not just between governments, but between companies, students, tourists, artists and athletes. Governments play a facilitating role in these people-to-people exchanges, which are an important foundation for progress.

Looking forward, the relations with China will continue to be complex, and Canada will need to chart a path that allows us to protect Canada's interests, to work with China on issues of mutual benefit and to continue to press for justice and human rights.

● (0945)

[*Translation*]

Canadian businesses will benefit from the growth of the Chinese economy, which will become the biggest in the world, and from an increasing role in the value chain for goods and services.

Whether we are involved in global solutions to climate change, financial systems, or pandemics, we have to rely on participation from China. Multilateral cooperation begins with the creation of solid bilateral relationships.

[*English*]

Canada needs to enhance our understanding of China, not only to adapt to the opportunities it presents, but also to better defend the core values of democracy, human rights and freedoms that Canadians enjoy at home and abroad. This can only happen, I believe, with enhanced people-to-people ties and ongoing engagement, all of which starts with the return of Michael Kovrig and Michael Spavor and clemency for Robert Schellenberg.

The work of this committee presents an important opportunity to review all aspects of the Canada-China relationship and to chart a path forward that takes into account both risks and opportunities.

[*Translation*]

I wish you much success in this important work.

I will be pleased to answer your questions.

The Chair: Thank you very much, Ms. Morgan.

We will start the round with Ms. Alleslev.

[*English*]

Ms. Leona Alleslev (Aurora—Oak Ridges—Richmond Hill, CPC): Thank you very much.

Thank you for being here and for recognizing just how critical at this point in the global world—as well as our own—the Canada-China relationship is. You gave a great overview, but I'm wondering if we could specifically target this to an understanding of exactly what actions have occurred in the last 14 months, namely, what direction you've been given by the government and what actions you have taken over the last 14 months to prevent the further decline of Canada's relationship with the People's Republic of China.

Ms. Marta Morgan: Thank you, Mr. Chair.

Let me say that over the past 14 months our priority has been to resolve a number of the challenging issues that have arisen in our relationship with the People's Republic of China, starting with the detention of Michael Kovrig and Michael Spavor. The Government of Canada is deeply concerned by the arbitrary detention and arrest by Chinese authorities of Michael Kovrig and Michael Spavor and we continue to call for their immediate release.

We have worked very closely at all levels to convey these messages to the Government of China, most recently in a meeting in Japan between Minister Champagne and his counterpart, Foreign Minister Wang Yi, shortly after Minister Champagne became foreign minister. We have engaged many other countries to assist us in making these representations. Fourteen other countries have supported us publicly, and even more privately.

Ms. Leona Alleslev: Can I ask you about this on that front? Fourteen countries have agreed to support us publicly. That's fantastic, and we want their support—no question—but what specific action have you taken to translate that support into quantifiable action? Specifically, what are they doing in terms of actions to make that support...and have the arbitrary detention withdrawn?

Ms. Marta Morgan: Mr. Chair, the countries that have engaged in support with us have made both public and private representations at many levels to the Government of China on these issues.

In addition to this, I would also like to discuss the trade side a little bit, because that has been one issue that has emerged in the last 14 months, if the chair would permit.

• (0950)

Ms. Leona Alleslev: That would be great, because in actual fact we understand that our largest ally and partner, the United States, is currently signing an agreement with China, yet we haven't seen any action by way of support for Canada on the arbitrary detention issue. Can you speak to that, please?

Ms. Marta Morgan: Absolutely. The Government of the United States has spoken out against the arbitrary detention of Mr. Spavor and Mr. Kovrig, Mr. Chair. There have been resolutions in the House of Representatives, for example, decrying the detention of these two individuals. All of our allies—

Ms. Leona Alleslev: But actions speak louder than words, so what specific actions...? Certainly, not signing a trade agreement when that would have been a prime opportunity... Are we concerned with our relationship with the U.S., who is perhaps not advocating the way we need them to on this issue?

Ms. Marta Morgan: Mr. Chair, the United States is as concerned as we are with the arbitrary detention and arrest by Chinese authorities of Mr. Kovrig and Mr. Spavor. It has supported us both publicly and privately through diplomatic channels in making representations to the Government of China about this arbitrary detention and arbitrary conditions—

Ms. Leona Alleslev: Would you say that progress has been made as a result?

Ms. Marta Morgan: Mr. Chair, this is a complicated issue, clearly. It involves delicate diplomatic relationships. It is not entirely within the control, as you would know, of the Government of Canada. We have made best efforts across a variety of diplomatic channels and working with our allies, including the United States, to put pressure on the Government of China around the arbitrary detention and arrest of these individuals, as well as to seek clemency for Mr. Schellenberg.

The Chair: You have one minute.

Ms. Leona Alleslev: You were going to mention the trade aspects and how we are utilizing the trade aspects to also improve our relationship with China. Can you speak to that?

Ms. Marta Morgan: Let me just say that in the trade aspects of the relationship, as you're aware, the current canola seeds market issue with the Government of China has had a big impact on Canadian farmers. The Government of Canada is taking action through the rule of law and the processes that exist to resolve these problems.

Ms. Leona Alleslev: You've already outlined how they're not necessarily abiding by the rule of law, so what recourse do we have when they're not playing by the rules as specified?

The Chair: You have about six seconds for the answer.

Ms. Marta Morgan: Canada will continue to pursue this through the WTO, which is the established mechanism to resolve trade disputes. That reinforces our commitment to the rule of law and to using established processes to resolve these disputes.

Ms. Leona Alleslev: Thank you very much.

The Chair: Colleagues, there are two sides to this. On the one hand, I'd like to ask members to allow the witnesses to answer the questions. At the same time, I'd like to ask the witnesses to try to be concise and focus their answers on the questions asked.

Next we have Mr. Fragiskatos.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Mr. Chair.

Thank you, witnesses, for being here and for all the work you are doing on this issue, which is beyond complicated, to be frank.

Deputy Minister, although she didn't elaborate on it, I believe my colleague was criticizing the government for not going ahead and signing a free trade agreement with China, which in her view would have made getting over the current impasse that Canada finds itself in—the current challenges—easier. How long do free trade agreements take to negotiate, especially when thinking about a country like China?

Ms. Marta Morgan: Mr. Chair, my colleague Steve Verheul will be very well placed to give more detail on trade agreements, but I would just say that they generally take quite a while to negotiate, and particularly where the partner is a complicated and a large partner, such as China is for Canada.

Mr. Peter Fragiskatos: I will certainly be putting that question to Mr. Verheul as well. However, I think it's fair to say that it would take longer than three or four years. Is that...?

Ms. Marta Morgan: Depending on the country involved and the complexity of issues, it could easily take that long.

Mr. Peter Fragiskatos: Okay.

There is also a context here, I think, that you alluded to in your remarks, but I wonder if you could go into that. We're dealing with a superpower. Canada is a middle power. There's also another superpower—obviously, the United States—which has ongoing disagreements on a range of issues vis-à-vis the Chinese. Canada, it seems, is caught in the middle. Our position as a middle power conditions or dictates our foreign policy choices on a good day, but especially when we're caught in-between these two great powers, I think this obviously has a lot to play. It really is important to pay attention to that.

Can you go into, Deputy Minister, the challenges of Canada's navigating what is, really, a difficult time in the relations between the U.S. and China as well?

• (0955)

Ms. Marta Morgan: There's been a lot written about the strategic rivalry between a status quo power and an emerging power. This might make a great future study for the committee. There are many views to take into account.

As a middle power, Canada has relied strongly on international rules and norms in institutions, and to protect businesses and our economic interests, as well as to promote peace and stability. We believe that is the strongest framework within which we can operate as a middle power.

Mr. Peter Fragiskatos: Canada is not unique among liberal democracies in facing challenges with the Chinese government. Is that correct?

Ms. Marta Morgan: Yes, that is absolutely correct.

You will see during your investigation by the committee, I'm sure, Mr. Chair, that a number of countries have had challenges in their relationship with China. In many cases, these challenges can take quite a while to resolve.

Mr. Peter Fragiskatos: Although we did hear about it in the questioning by Ms. Alleslev, can you go into the building of a coalition by the Canadian government to engage like-minded countries—liberal democracies in particular—when it comes to this issue? Can you speak to how important that is and how that was cultivated? Putting together that kind of effort, that sort of partnership, doesn't happen overnight. That happens over time, and I think that over time it can yield very good results. Can you speak to that?

Ms. Marta Morgan: Yes, Mr. Chair. We have really benefited from the support and strength of many like-minded countries on this issue.

This has required a significant effort at all levels of the Government of Canada, starting with the Prime Minister, the Minister of Foreign Affairs and all of our officials, both here in Ottawa and in Beijing.

Paul has just informed me that over the last year and a bit we made over 1,000 *démarches* to other countries in order to secure support for us and Mr. Spavor and Mr. Kovrig. You can see that our efforts have been very intense and at all levels and that countries really came forward of their own volition as well, because this is recognized as a particularly challenging situation and very inappropriate.

Mr. Peter Fragiskatos: I have about one minute left. With so many Canadians concerned about the coronavirus, I think you've seen the government respond very quickly and in a very organized fashion when it comes to this. You did speak to this in your remarks, but can you elaborate once more on what exactly the Canadian government is doing to bring Canadians home from China and to ensure their safety once they arrive in Canada?

Ms. Marta Morgan: Thank you.

The Public Health Agency of Canada has the lead in coordinating the domestic efforts to manage the outbreak of the coronavirus. Global Affairs Canada is focusing on the well-being of Canadians in China and travel advice and also on the well-being of our consular and diplomatic staff.

As Minister Champagne announced yesterday, the Government of Canada has reserved a plane to repatriate Canadians from Wuhan, which is at the epicentre of China's coronavirus. We will be working with the Public Health Agency of Canada, Health Canada and our American colleagues to ensure that Canadians here are pro-

tected upon the return of those individuals and that things are handled appropriately from a public health perspective.

Mr. Peter Fragiskatos: It's a coordinated response.

Thank you very much.

The Chair: Thank you, Mr. Fragiskatos.

[*Translation*]

The floor now goes to Mr. Bergeron.

Mr. Stéphane Bergeron: Thank you, Mr. Chair.

I would like to welcome our witnesses and thank them for that presentation. I confess in all sincerity—and I do not say this pejoratively—that I was expecting a statement that was a little more syrupy and full of generalities, having heard that Chinese authorities must be following the appearance this morning very attentively. So my thanks to you for your presentation.

Just now, a comparison was made between the difficulties that Canada is currently experiencing with the People's Republic of China and the difficulties that other western democracies could be experiencing with the same country. I am not sure that this is a good basis for comparison.

Traditionally, in fact, Canada has developed excellent relations with the People's Republic of China more quickly than other western democracies. This may be because of the influence of a man like Norman Bethune, because of the food aid that you mentioned in your presentation, or because of the involvement of the father of the current Prime Minister. Canada's relations with the People's Republic of China have always been excellent, until the unfortunate episode involving the arrest of Meng Wanzhou, which made Canada the battlefield for two superpowers in their negotiations with each other.

The American government's involvement seems interesting to me. Whatever the good intentions, the Americans always first and foremost defend their own interests, not ours, in the negotiations that they are currently conducting with China. As a consequence, I believe that they have used Canada for their own interests by demanding that Meng Wanzhou be arrested and extradited to the United States. President Trump confirmed as much a few days ago when he stated that all that would be needed to drop the demand to extradite Meng Wanzhou is an agreement with China. That highlights the difficulty in which we find ourselves at the moment.

I am going to ask my questions all at once, because I know that they keep track of our time.

You emphasize that the Communist Party's control over China as a state is constantly increasing. This despite the fact that Canada has modified its traditional position towards China, a position that always focussed on the question of human rights. During the 1990s, Canada decided to put more emphasis on the development of trade relations. That approach had considerable success, as you mentioned. But we can clearly see that it had very little positive effect on the human rights situation.

Given the hold that the Communist Party has on China as a state, let me first ask you this question. Are Canada's relations limited to China as a state or are we also trying to develop relations with the Communist Party?

My second question is about the arrest of Meng Wanzhou. Given that she is accused of breaking United States sanctions against Iran, sanctions that Canada does not even apply, what justified that arrest? I know that the matter is now before the courts and that unfortunately it is no longer possible to respond politically, which immediately rules out the possibility of a prisoner exchange. Such an exchange would damage Canada's assertion that we are governed by the rule of law, not to mention that it would invite any other country in the world to imprison Canadians in that kind of manoeuvre.

How do you explain the impact of having no Canadian ambassador in Beijing for those months? Does it not prove to the Chinese authorities that, basically, the arrest of the two Michaels is not that important for the Canadian government, which has left the ambassador's residence vacant for several months during this crisis?

• (1000)

The Chair: Ms. Morgan, you have a minute and fifteen seconds for your answer.

Ms. Marta Morgan: Okay, I will try to answer all the questions.

First, I agree that our relations with China have been excellent for a number of years, and we have always had good face-to-face relationships. In the field of trade, we have many very complex relationships that require contacts. We are developing the relationships at all levels of Chinese society and government. China is a major country in the world and the relationships that we have with them are very important for us all.

Now I will answer the question about Meng Wanzhou.

• (1005)

[English]

Canada is abiding by its international legal obligations in this case. We are working in accordance with the Extradition Act and our bilateral extradition treaty with the United States. I believe the committee will be receiving briefings by Department of Justice officials on these matters as early as next week. This proceeding is currently before the Supreme Court of B.C. and it will be up to an independent judge to resolve.

[Translation]

The Chair: Thank you very much.

[English]

Now we have Mr. Harris.

Mr. Jack Harris (St. John's East, NDP): Thank you, Mr. Chair, and I want to thank the witnesses for their very thorough presentation.

The relationship with China is I think a fairly long-lasting one, of course, to the extent that Canada was among the first to help with the recognition of China and to bring it into international relations in a different way. One would assume that we have built a very strong relationship over the many years, with 50 years coming up.

In that context, I'm a little concerned that China's ambassador to Canada back in May spoke of the relationship as being at a "freezing point" and was concerned that Canada ought to respect China's major concerns and "stop the moves that undermine the interests of China". It seems to me to be a rather aggressive statement, given the context of the relations with Michael Kovrig and Michael Spavor and the other issues, such as the tariff put on Canadian goods and the stopping of canola and other goods.

How do you see that kind of statement? Do you know what they're saying when they say "stop the moves that undermine the interests of China"? Is it something that concerns you that they would take that view?

Ms. Marta Morgan: Mr. Chair, I cannot speak, obviously, for the Government of China, but clearly they have taken a very strong public position in the case of Madam Meng, and that public position has been quite firm. I would invite you to invite our ambassador to China to Canada to seek further insight into the views of the Government of China.

What I can tell you is that we are very concerned with the current situation, and particularly with the arbitrary detention and arrest by Chinese authorities of Mr. Kovrig and Mr. Spavor.

Mr. Jack Harris: Yes, of course, we all are, and it's probably one of the motivating forces that got this committee going in the first place.

I want to ask you about the efforts that have been made. You've indicated that over 1,000 *démarches* have been issued by Canada.

I find the number of 14 countries that are supporting Canada to be disappointingly low. You've indicated that they have come forward of their own volition. Does that mean we are not constantly seeking support from other countries? What is the strategy here?

Ms. Marta Morgan: Mr. Chair, we are constantly seeking support from other countries. I'll pass this question on to Mr. Thoppil to provide more context and detail on that.

Mr. Paul Thoppil (Assistant Deputy Minister, Asia Pacific, Department of Foreign Affairs, Trade and Development): Thank you, Mr. Chair.

There are a number of countries that have publicly expressed...and a number that have expressed a desire to do so in a private bilateral way with China. Therefore, in total, we take great comfort with the number of countries in totality that have indicated in their engagement with—

Mr. Jack Harris: How many would that be?

Mr. Paul Thoppil: There is quite a number. We can give you a list afterwards if the committee would prefer, but besides countries, there is the Secretary General of NATO, there is the EU and there are the G7 foreign ministers, who have all, in addition to those 14 countries, publicly committed an expression of disappointment and consternation with the arbitrary detention of Michael Spavor and Michael Kovrig.

• (1010)

Mr. Jack Harris: Is there any additional strategy other than a public or private expression of concern?

Mr. Paul Thoppil: As Deputy Morgan indicated previously, those are sensitive diplomatic relations that are being done, and I think that in the context of these public proceedings and with the desire to ensure the protection of the individuals concerned, I would not like to elaborate further.

Mr. Jack Harris: I don't wish to unfairly contrast one detention versus the other, but is there any additional leverage that applies, given the fact that one of these individuals is in fact a Canadian diplomat on leave? Does that offer any additional ability to put pressure on China to become more sensitive to not just Mr. Kovrig's detention but the entire approach? Is that of any assistance at all?

Ms. Marta Morgan: Mr. Chair, I can assure you that one issue we have raised consistently with the Government of China is the residual diplomatic immunities of Mr. Michael Kovrig, who was one of our colleagues at Global Affairs Canada.

Mr. Jack Harris: I would think that other countries—most other countries, not just 14 or whatever number you have on your side—would be concerned about that, too. That's something that interferes with international relations generally in dealing with a country like China, assuming that China wants to be part of the world community.

Ms. Marta Morgan: Diplomatic immunities are a very important part of being able to engage in the very important bilateral relationships that we have around the world and that all countries have around the world with other countries. It's very important to be protected. It's very important for those relationships to be able to exist and to be safe. I think there's general and widespread agreement on that, Mr. Chair.

The Chair: Thank you, Mr. Harris.

Mr. Warkentin.

Mr. Chris Warkentin (Grande Prairie—Mackenzie, CPC): Thank you, and I appreciate all of the witnesses coming.

Of course, we're trying to better understand the government's view of the relationship between Canada and the United States. We understand that it's complex. I think the vast majority of Canadians understand that it's complex. I think you'd forgive Canadians for wondering whether we're moving into the incoherent point in time. Canadians do want clarity with regard to the government's current position.

Mr. Thoppil, you made national news last summer when it was revealed that you had reached out to two former ambassadors to ask them to run future communications through the department so that they would not speak freely but would run their communications through the department. What prompted you to make those calls?

Mr. Paul Thoppil: In my capacity, and that of all of my colleagues at Global Affairs, we are constantly engaging with former heads of mission and retired foreign service officers in countries because they bring a valuable source of knowledge and expertise—

Mr. Chris Warkentin: It was reported that you had instruction to do that. Who instructed you to make those calls?

Mr. Paul Thoppil: As I said before, we initiate on our own, as part of our stakeholder engagement—

Mr. Chris Warkentin: I ask for you to bear with me. I have only five minutes, and I have several questions. Were you given instruction to make those calls?

Mr. Paul Thoppil: As I said before, I engage and I continue to engage with former heads of mission to get that input.

Mr. Chris Warkentin: Do you do it without instruction?

Mr. Paul Thoppil: It's unfortunate that in that exchange, with the intent to exchange on complex issues to better inform and keep former heads of mission and former diplomats abreast of current circumstances, there was a clear misunderstanding and communication in that regard. There was, at no time, any pressure put on officials to prevent any former Canadian diplomat from speaking freely and publicly. In fact, we welcome their input, and we welcome that input to us directly and in a public manner.

Mr. Chris Warkentin: So you were not instructed by anybody to make those calls? That was regular communication from your office.

Mr. Paul Thoppil: As I said before, I continue of my own volition to engage with former heads of mission to seek their input and feedback because they are a rich source of intelligence for us.

Mr. Chris Warkentin: Your intention was just to hear from them, not to convey any messages.

• (1015)

Mr. Paul Thoppil: As I said, we need their input as long as we engage with academia and business for the development of the advice that we give to ministers of the government.

Mr. Chris Warkentin: Would you be able to provide your notes from that time frame to this committee?

Mr. Paul Thoppil: I'm sorry?

Mr. Chris Warkentin: Would you have taken notes during those phone calls?

Mr. Paul Thoppil: No, there were no notes taken.

Mr. Chris Warkentin: Okay.

In terms of the 14 countries, there have been statements made that, of course, we have been undertaking an effort to build some alliances with other countries. The incoherence comes from this: In October of 2019 Canada sent a delegation of soldiers to engage in military games in China. As a matter of fact, it was during the election campaign. This was at the same time, of course, that Canada was seeking to negotiate the release of the Michaels, but China's embassy saw the delegation coming to China differently maybe from how your department may have. As a matter of fact, Beijing's embassy said that Canada's military having sent a big delegation to China was more evidence that the Asian power was not losing friends. As a matter of fact, they viewed that as a demonstration that Canada was developing a stronger relationship with it.

Were there any concerns with regard to sending that delegation? What was the intended message of sending that delegation?

Ms. Marta Morgan: Mr. Chair, as the most populous country in the world and the second-largest economy, China plays a role in almost all issues of interest to Canada. The relationship is complicated. It is multi-variable. We have strong person-to-person ties; we have strong trade relationships, and we will continue to engage with China on multiple fronts while we work very hard to resolve the bilateral challenges that we have in front of us.

The Chair: You have only 10 seconds.

Mr. Chris Warkentin: I don't think that answers my question.

Why did Canada send that delegation at a time when things were so sensitive, when it was clearly a demonstration of friendship at a time that you have already described as being one when things had worsened, when the relationship had changed? Why was that decision made?

The Chair: Be very brief.

Ms. Marta Morgan: Mr. Chair, there have been many visits and many relations that have been pursued with China over the course of this time period. We continue to build relationships in the areas where we can work together with China and where we can work to our mutual benefit while continuing to put a focus on resolving both the personal and the trade issues in front of us, which are serious.

The Chair: Thank you very much, Mr. Warkentin.

Ms. Zann.

Ms. Lenore Zann (Cumberland—Colchester, Lib.): Thank you very much.

Thank you, Deputy Minister, for your testimony today.

In your remarks, you paint a really complex picture of China and Canada's relationship with China. As my colleague from the Bloc Québécois also noted, all of the help that Canada has been to China is very important in our relationship, in relationship-building and in helping to work across the waves with folks on the other side of the ocean when they were struggling. Now it's nice to see that they are doing well.

My question for you is regarding the human rights issue. We know that Islamophobia has been rising around the world and it's very concerning for many of us. The Uighurs in particular are on the minds of many of us.

I'm just wondering what, in particular, our government is doing to try to help them by talking with our partners in China about the detention of Uighurs as well as the detention of our Canadians.

Ms. Marta Morgan: Canada raises human rights concerns at every opportunity and at every level. Our advocacy for human rights in China includes bilateral dialogue, joint or unilateral public statements, interventions in multilateral forums such as the Human Rights Council of the United Nations, monitoring and reporting, outreach, and participation in events that raise awareness and support communities whose rights are at stake.

For example, our mission reporting from Beijing and our outreach with Uighur communities inform our approach and our understanding of the issues and abuses that are happening in Xinjiang. Those efforts include making joint statements with other countries.

I would like to reinforce that we have had a very consistent approach to these issues. We raise our concerns on a wide range of human rights violations and we encourage others to join us at every opportunity we have.

• (1020)

Ms. Lenore Zann: The cultural past of China is very rich and very deep, so is the current impasse in our negotiations regarding the two Michaels and Robert Schellenberg affecting our relationship with cultural exchanges?

Also, how do you see culture and sports as a way of bringing us together and trying to continue to create a strong alliance?

Ms. Marta Morgan: I think this goes to a broader question, which is that there are many promising areas for us to engage in constructively with China. Culture and sports are clearly two of those, but we also share many other common interests. A growing middle class of consumers in China, for example, seeks high-quality health products from Canada. There is an opportunity there for some of our cultural industries as well to exchange with China and to build understanding and build bridges between us.

Whether it's sports or students or exchanges, we have many opportunities to build mutual understanding between Canada and China and also to work together on tackling challenging issues that will require the active participation of China in order to make headway.

Ms. Lenore Zann: You mentioned that climate change is something that China is also working very carefully to try to help us halt. Can you elaborate a little more on that?

Are the two countries working together on any specific projects to deal with climate change?

Ms. Marta Morgan: Yes, I would put climate change in that category of issues where China, obviously, being the world's second-largest economy with 1.4 billion people, needs to play a very constructive role. Canada has engaged China on environmental issues and climate change for many years. We co-hosted a meeting with China and the EU on climate change recently. We continue to engage with them at all levels on that issue, which is so important to all of us.

Ms. Lenore Zann: Thank you very much. I appreciate that.

The Chair: That's all your time, Ms. Zann.

Mr. Williamson.

Mr. John Williamson (New Brunswick Southwest, CPC): I want to thank you, Mr. Chairman, and thanks to our witnesses for being here today.

Ms. Morgan, I have just one quick question. How many Uighurs does your department estimate are currently being detained in the People's Republic of China?

Ms. Marta Morgan: I would have to get back to you on that question.

Mr. John Williamson: Could you provide that number to the committee, please?

Ms. Marta Morgan: Yes.

Mr. John Williamson: Thank you.

Does the department have a country strategy on the People's Republic of China? If so, could that be tabled with this committee?

Ms. Marta Morgan: As the most populous country in the world and the second-largest economy, China plays a role in almost all issues that are of interest to us. It's a complicated relationship. It has opportunities and challenges. We manage it in a multi-faceted way with domestic, bilateral and international considerations.

Mr. John Williamson: Is there a country strategy on the People's Republic of China, and could you table it with this committee by February 3?

Ms. Marta Morgan: I'd be happy to provide more information to the committee about our approach to addressing the many challenges and opportunities with China.

Mr. John Williamson: How do you propose doing that?

Ms. Marta Morgan: I'm happy to provide more information on our approach. It's just—

Mr. John Williamson: Could we have the China strategy?

Ms. Marta Morgan: —that on issue of a “country strategy”, I'm not sure we would use that terminology, but we're happy to provide more information on our overall approach to China and the various aspects of it.

Mr. John Williamson: Could you table that document?

Ms. Marta Morgan: We will be happy to provide more information on that, yes.

Mr. John Williamson: By February 3...?

Ms. Marta Morgan: When is February 3? Next week?

Mr. John Williamson: Yes.

Ms. Marta Morgan: We'll provide that as soon as possible. Let me get back to you on the timing.

Mr. John Williamson: All right. The ambassador's in next week, so before that.

Ms. Marta Morgan: Yes, that's understood.

Mr. John Williamson: Do you have a global power strategy that you could table with this committee, a strategy that would look at China, Russia, the United States...?

• (1025)

Ms. Marta Morgan: We do not have a pre-written global power strategy.

Mr. John Williamson: Could you table, by the end of the day on February 3, a record of all ministerial travel to China since 2015?

Ms. Marta Morgan: I'm happy to look into that. We'll also look into how quickly we can provide it. That could be a little complicated to pull together.

Mr. John Williamson: You mentioned in your remarks—I'm not sure if it was the government, Canada or you—that you were

shocked and saddened by the detention of the two Canadian citizens. “Saddened” surprises me. What about “outraged”?

Ms. Marta Morgan: We have been very clear on this matter that the arbitrary detention of Mr. Kovrig and Mr. Spavor is unacceptable, and it is our top priority to resolve this issue.

Mr. John Williamson: Would you call them hostages?

Ms. Marta Morgan: Mr. Spavor and Mr. Kovrig have been arbitrarily detained by the Government of China.

Mr. John Williamson: They've been.... Pardon me?

Ms. Marta Morgan: They've been arbitrarily detained.

Mr. John Williamson: Arbitrarily, but not illegally...?

Ms. Marta Morgan: They've been arbitrarily detained.

Mr. John Williamson: So it was an accident. It kind of just happened.

Ms. Marta Morgan: No.

Mr. John Williamson: What do you mean by “arbitrarily”?

Ms. Marta Morgan: I think I've been very clear on this issue that the Government of Canada is very deeply concerned by the arbitrary detention and arrest by Chinese authorities of Michael Kovrig and Michael Spavor. We have been working tirelessly to address this issue.

Mr. John Williamson: All right.

Do you really believe the United States government is equally concerned about the detention of two Canadians and that it would be taking the same posture if it were two Americans? Are they as equally concerned about this as we are?

Ms. Marta Morgan: Mr. Chair, the United States government is very concerned about the arbitrary detention of Michael Spavor and Michael Kovrig and has been consistently supportive of our position on this issue.

Mr. John Williamson: Okay.

Mr. Thoppil, yes or no, were you instructed to make that outreach my colleague referred to?

Mr. Paul Thoppil: I initiate and I engage with former heads of missions every day.

Mr. John Williamson: Okay. Thank you.

I'm going to give my last 15 seconds to my colleague.

The Chair: Yes, you can.

Ms. Leona Alleslev: I'd like to state for the record that at no time did I suggest that Canada should have a free trade deal with China to resolve the consular cases. That was not what I said, so I want to make sure the record says that.

The Chair: Thank you.

I make it 10:28 in 10 seconds, so I'll give you a minute and a half, Mr. Oliphant.

Mr. Robert Oliphant (Don Valley West, Lib.): Thank you, Chair, and thank you to the officials.

Thank you for your work on this complex thing. When I look at these trouble spots in the world, there is a tool kit of interventions that can be done, from “extreme” to “nothing”. It would seem to me that Canada has chosen a middle road in our interventions, which are strong but are keeping the door open for diplomatic engagement. We have not done certain extreme activities that some in the opposition have called for, nor have we simply laid down and said that nothing is going on.

Is that a correct understanding of the approach that we're having at this time?

Ms. Marta Morgan: Mr. Chair, I think that is a reasonable interpretation of our approach.

We need to act firmly. We have condemned the actions of the Government of China, both in terms of arbitrary detention and in terms of trade actions.

That being said, we have diplomatic relations with the Government of China and we need to use those relationships to advance our interests and to seek resolution to the problems we have.

Mr. Robert Oliphant: Thank you.

The Chair: Thank you for your appearance today. You are now excused.

While we're waiting for the next set of witnesses, and before I let you go ahead, Mr. Harris, if you don't mind, I just want to inform the committee that members have been calling the clerk to try to find out what the committee's regular time slot would be. That has been difficult, because there hasn't been a time when everyone can be available. We may have to come to the point when we choose a time despite the fact that not everyone is available for that time. Perhaps at the end of this meeting, if we have time, we can take a moment to discuss this.

Second, in terms of upcoming meetings, as members may know, on Tuesday, February 4 from 10 to noon we'll have a briefing with consular affairs and Justice. On Wednesday, February 5, from 5:30 to 7:30 p.m., we'll have a briefing with Ambassador Barton.

Mr. Harris.

Mr. Jack Harris: On a point of order, I just wanted to—

● (1030)

Mr. Robert Oliphant: Could I ask that we suspend the meeting for a moment so the witnesses may leave and we can allow the table—

The Chair: I've already indicated that the witnesses are excused.

Mr. Robert Oliphant: It would be the normal custom for us to suspend for a moment so we could thank the witnesses—

Mr. Jack Harris: Mr. Chairman, I have a point of order.

The Chair: I would like to hear from Mr. Harris on his point of order.

Mr. Jack Harris: This is relevant to the witnesses. I just wanted to confirm that Mr. Thoppil will provide the list of countries to the committee.

I think you said you would. That is something we would like you to do, or that I would certainly like you to do.

Mr. Paul Thoppil: Agreed.

The Chair: Ms. Morgan, I understand that you want to correct something you said.

Ms. Marta Morgan: I was incorrect in my speaking remarks about the number of Canadians seeking assisted departure from Wuhan, which is now at 196. Could we put that on the record?

The Chair: Thank you.

The witnesses are excused. I will suspend for a few moments.

● (1030)

(Pause)

● (1030)

The Chair: We are ready to get started if members want to take their seats.

We now have a set of witnesses from the Department of Foreign Affairs, Trade and Development: Mr. Steve Verheul, assistant deputy minister, trade policy and negotiations; Mr. Doug Forsyth, director general, market access; Mr. Duane McMullen, director general, trade commissioner service, operations; and, Monsieur François Rivest, executive director, Greater China. From the Department of Agriculture and Agri-Food, we have Mr. Fred Gorrell, assistant deputy minister, international affairs branch.

Mr. Verheul, would you like to begin your presentation? I believe we're going to have 10 minutes for opening remarks by the panel.

● (1035)

Mr. Steve Verheul (Assistant Deputy Minister, Trade Policy and Negotiations, Department of Foreign Affairs, Trade and Development): Thank you and good morning, Mr. Chair and members of the committee. We are pleased to have this opportunity to update the committee on recent challenges facing the Canada-China trade relationship and ways in which the government is seeking to improve conditions for Canadian exporters. Following my remarks, we would be happy to provide further details and answer any questions you may have.

As you heard earlier, Canada's trade and investment relationship with China has grown substantially as the Chinese economy has developed. China is our third-largest trading partner, accounting for nearly 9% of Canada's trade with the world and about 5% of our total exports in 2018. China is also now the third-largest source of foreign direct investment from Asia into Canada, with the stock of Chinese investment in Canada valued at \$16.9 billion in 2018. This growth in bilateral trade and investment led Canada to explore ways to improve the environment for Canadians to do business in the Chinese market over the past decade. However, as you are well aware, the deterioration of Canada-China bilateral relations has affected the policy environment.

From January to November 2019 our exports to China fell by some 14.7% compared with those in 2018, driven by a drop in the canola seed, wood pulp, and nickel shipments. However, I should point out that part of that was clearly due to the economic slowdown in China as well as to the deteriorating relationship.

It has also changed the way some Canadians do business with China. Some Canadian businesses have reported increased scrutiny of their exports at the border. Others have seen a slowdown in sales as Chinese importers have become reluctant to bear the risk of political uncertainty.

In March of 2019, China suspended shipments from two major Canadian canola seed exporters and increased inspection of all Canadian canola seed exports to China, citing an alleged discovery of pests. This move effectively blocked a large portion of Canada's largest agricultural export to China. Canadian canola seed exports to China have since fallen by around 70%.

Our priority since has been to seek a science-based solution to fully restore market access. We are working closely with the governments of Alberta, Saskatchewan and Manitoba, as well as with industry partners.

On September 9, 2019, Canada requested formal consultations with China at the World Trade Organization after trying to resolve the issue through bilateral engagement. Those consultations took place on October 28 and provided us with an important opportunity to request further information and clearly voice our concerns with China's restrictive import measures.

At Canada's request, Canadian technical experts met with Chinese plant specialists in Beijing from December 18 to 20 to discuss China's canola seed quarantine and inspection methodology. We are assessing the information provided by China in order to determine next steps. We expect further technical discussions to take place in the coming months.

The government remains engaged with Alberta, Saskatchewan and Manitoba and with our industry partners through our working group on canola, chaired by Agriculture and Agri-Food Canada and the Canola Council of Canada. This collaboration will continue to be important as we collectively work to fully restore market access.

It is important to consider, however, that the challenges faced by some Canadian businesses in China are not necessarily new or exclusive to Canada. Since China's accession to the WTO in 2001, many international partners have expressed concerns over certain elements of China's economic and trade policies. These include a variety of issues that affect Canadian exporters. These include a lack of transparency, an inconsistent application of rules and regulations, extensive subsidies for domestic industries, and the large role of state-owned enterprises in the Chinese economy. Nonetheless, China's increasing importance as a consumer market and trading partner continues to present unrivalled new opportunities for business and growth.

This means that we cannot turn our backs and walk away from the trade challenges we face with China. If we do, our competitors will gladly take up Canada's current market share. Indeed, even though political tensions may have affected how some Canadians do business, we will continue to trade, exchange investments, and

engage with China. This creates a need for Canada to consider how we engage constructively with China. How do we address barriers to doing business and other concerns while thinking strategically about our trade and investment relationship with China and the rest of the Asia-Pacific region?

● (1040)

In this regard, one notable consideration for Canada is the ongoing trade dispute between China and the United States.

Since 2018, China and the United States have engaged in a series of escalating trade actions against one another, including levying tariffs on \$455 U.S. billion worth of exports and launching a number of new WTO dispute settlement cases. This fight between the world's two largest economies has fostered uncertainty and put a damper on global economic growth. It has also shifted how countries do business with China, the United States and the rest of the world.

As China and the United States have raised tariffs on each other's goods, they have shifted their exports and imports to other trading partners. Over the past year we have seen China divert its exports away from the United States to Europe, as well as to Vietnam, Korea, Mexico, Australia and Canada. It has also increased its imports from other countries in areas affected by this trade dispute, which has led to new opportunities and increased exports for certain Canadian sectors such as lobster and wheat.

As you are aware, on January 15 China and the United States signed a phase one trade deal intended to address some of the concerns that have led to their trade dispute. The deal includes commitments in areas like agriculture, intellectual property and technology transfer. China pledged, under an unprecedented expanding trade chapter, to restore imports to levels before the trade dispute. It also committed to purchasing an additional 200 billion U.S. dollars' worth of American goods and services over the next two years, a 90% increase over 2017 levels by the end of 2021.

However, the agreement does not address a number of key concerns for both sides, such as the complete removal of U.S. tariffs on Chinese goods and structural changes to the Chinese economy, like industrial subsidies and support for state-owned enterprises.

For Canada and the rest of the world, the phase one deal presents new considerations for our future trade and investment with China and the United States. It presents a challenge to the free and open rules-based trading system by prescribing a managed trade outcome that would likely cause global market distortion and trade diversion effects. This could potentially have negative implications for certain Canadian agricultural sectors that compete with the United States in the Chinese market. On the other hand, the diversion of U.S. exports to China could create opportunities for Canadian businesses to diversify their exports and replace losses in China with the increased market share elsewhere. Similarly, any systemic changes to the Chinese regulatory environment spurred by the deal could benefit Canadians as well.

We are reviewing the agreement and considering the complex web of implications for Canadians. Throughout this process we will continue to work with Canadian stakeholders and our provincial and territorial partners to fully understand the impact of the U.S.-China deal.

In conclusion, Canada's trade with China will evolve as the Chinese economy grows and reforms over time. Our interests and priorities will also shift with major developments in how the world trades and engages with China. That is to say, even as Canada focuses on finding solutions to our own tensions with China, it will be important for us to keep in mind the impacts of changes in other countries' relationships with China on Canadian interests as well.

To echo a point I said earlier, it will be important for Canada to find ways to enhance and leverage our business and people-to-people ties in order to better understand China and advance our bilateral interests. This includes tapping into China's vast economic opportunities while at the same time defending our core values of democracy, human rights and freedoms.

This concludes my opening remarks. We are happy now to answer your questions about Canada-China trade. Thank you very much for your attention.

The Chair: Thank you very much.

Mr. Warkentin.

Mr. Chris Warkentin: Thank you, Mr. Chair.

Thank you, Mr. Verheul. I appreciate that you and your team are here. I know this is a difficult time for you, as it is for every exporter in the country that exports to China.

Could you quantify the current trade deficit between Canada and China? Do you have those numbers?

• (1045)

Mr. Steve Verheul: We have the current trade deficit. At this point in time, if we look at 2018, our exports to China were worth about \$27.6 billion. Our imports from China were \$75.6 billion. Obviously, the difference between the two is the deficit.

Mr. Chris Warkentin: Right. Those are the 2018 numbers.

Mr. Steve Verheul: That is 2018.

Mr. Chris Warkentin: Maybe you don't have the current numbers, but I'm wondering, with the current strain in the relationships,

specifically with regard to canola, if those have significantly impacted that global number.

Mr. Steve Verheul: Yes, we have seen some drops. We do have data for January to November 2019. We have seen a drop in our merchandise exports by 14.7%. Imports from China have decreased by 0.4%. Our overall bilateral trade has seen a decrease of 4.4%.

Mr. Chris Warkentin: Obviously, the issue with regard to canola is of major concern to the people I represent. The issue with regard to pork was also a concern to pork producers. The pork issue seemed to be resolved almost magically. It all of a sudden was no longer an issue. I'm sure we didn't see what happened behind closed doors, but it's a lot of people's sense that to fill the consumer market in China, it was necessary for the Chinese to reopen that pork market. It was necessary to meet the demand of the Chinese people. Is that the view of the department?

Mr. Steve Verheul: I think the issue on pork and beef was more of a legitimate issue surrounding export certificates. We did not see any kind of political interference in that particular issue.

I will ask my colleague Fred Gorrell if he has anything to add to that.

Mr. Fred Gorrell (Assistant Deputy Minister, International Affairs Branch, Department of Agriculture and Agri-Food): Thank you, Mr. Chair.

I think it's important to note, as Mr. Verheul said, that there were illegal, illegitimate certificates being used that were not from the Canadian Food Inspection Agency and were not relative to Canadian product. Over a period of four months, we provided an exhaustive amount of information to the Chinese to make sure they had complete confidence again in the Canadian system. On November 5 they removed all of the barriers.

Just for context, I think it is important to recognize, as I think people are aware, that China is also working with the African swine fever that has devastated their pork industry there. So there is a huge demand. Clearly, Canadian product is of very good quality and has a very good reputation. They normalized the trade as of November. I can say that since that time, the exports of pork have gone up significantly. It's a very healthy trade.

Mr. Chris Warkentin: That's very good. That is good news.

In regard to canola, obviously canola seed has been identified by the Chinese as being a concern because of an alleged pest. Obviously, that pest wouldn't have an impact on processed canola products. Is there any current limitation on the export of processed products—oil, etc.—from Canada to China?

Mr. Steve Verheul: I will let Fred respond to that as well.

Mr. Fred Gorrell: Thank you.

It's a good question. I'll give a little bit of the context. As Mr. Verheul said, two of our major exporters have been suspended from exporting canola to China, but other companies are allowed to export. When we talk about canola, the key thing is that we're looking at oil, seed, and meal, the three constituents of it. All of them are down, for a number of the reasons that we talked about. They're looking at various pests. We've had a number of visits. I was with the delegation in December. As Mr. Verheul said, we went through what they're looking at from a pest point of view. Our position is as you've identified. Through the processing of canola seed at a processing plant, it would significantly, if not completely, reduce any of the risks they're discussing.

Mr. Chris Warkentin: The government has tried to assure Canadians that the quarter-billion dollars they sent to China for the Asian infrastructure fund would open new export opportunities and investment opportunities for Canadians into China. Does your department have any evidence that there has been an increase in investment or openness to Canadian investment or exports because of the gift that the Government of Canada gave to China in the form of the quarter-billion dollar investment or gift to the Asian infrastructure bank?

• (1050)

Mr. Steve Verheul: I'll ask my colleague François to respond to that.

Mr. François Rivest (Executive Director, Greater China, Department of Foreign Affairs, Trade and Development): We don't have any specific examples, but we know that Canadian companies are actively looking at opportunities that might be available through the AIB, as well as, obviously, the other international financial institutions and the belt and road initiative. Canadian companies are looking for areas where they can benefit from what China is doing to build infrastructure in the region.

Mr. Chris Warkentin: But there's no evidence of any expansion of investment?

Mr. François Rivest: Well, we're speaking to companies that are pursuing opportunities, but I don't have any specific examples.

The Chair: Thank you, Mr. Warkentin.

Monsieur Dubourg.

[*Translation*]

Mr. Emmanuel Dubourg (Bourassa, Lib.): Thank you, Mr. Chair.

I would like to welcome our guests and thank them for their presentation.

Mr. Verheul, you talked about the difficulties Canada faces in its relations with China. You also said that, in trade, the number of food inspections is much greater. You added that those inspections are not only of Canadian products but also of products from other countries.

In the wake of the agreement signed with United States, is China keeping up those same inspections with American products?

[*English*]

Mr. Steve Verheul: Fred, can I ask you to respond to that?

[*Translation*]

Mr. Fred Gorrell: Thank you for that question.

My feeling is that inspections are increasing for all products from all countries, mostly because of the African swine fever. The same may not go for every country.

Mr. Emmanuel Dubourg: Okay, thank you.

We have just been talking about canola, and we know the difficulties we are having there. Is there an increase in the trade with China with other products?

Could you talk a little about wood? There is also lobster. Are our wood exports increasing steadily?

[*English*]

Mr. Steve Verheul: We have not seen any real impact on our exports of wood and most other products. In fact, we've seen some gains in some products in modest ways. However, out of the ones that have been mentioned, we have not seen a significant drop.

[*Translation*]

Mr. Emmanuel Dubourg: Okay.

We are talking about trade here, and, as we know, the coronavirus problem is very recent.

Does that have any repercussions on our trade and our dealings with China? Can you give us a few words about that?

Mr. François Rivest: It has only been a few weeks since the coronavirus began to become a very significant problem for China. Measures to prevent the spread of the coronavirus are increasing each day. Neighbouring countries are closing their borders and flights are being cancelled. The markets are closed in China and movement there is restricted.

Clearly, that will have an impact on international travel, on the ability of Canadians specifically to go to China on business, and on the normal functioning of the Chinese economy. There will indeed be repercussions.

Mr. Emmanuel Dubourg: Okay, thank you.

I have one last question. I have just talked about the agreement signed between the Americans and the Chinese. Could you tell me whether Canada can derive any benefit from that agreement?

[*English*]

Mr. Steve Verheul: Well, at this point, Mr. Chair, it's still fairly early days. The agreement has not yet come into effect. I think it comes into effect on February 14. We will have to see how the trade actually starts to take place. Much of what China has undertaken to do, in terms of accepting commodity purchases from the U.S., will tend to open up markets in other countries. We do anticipate that there will be some opportunities created by the U.S.-China agreement, but I think perhaps we'll also see some negative impact on some of our own interests in China.

• (1055)

[*Translation*]

Mr. Emmanuel Dubourg: Thank you.

The Chair: You have a minute left.

Mr. Emmanuel Dubourg: Okay.

If you follow the news, you know that we have had no ambassador in China for some time and that Ambassador McCallum was recalled. Could you tell me whether you have seen any improvement in our trade with China since steps have been taken to find his successor?

[*English*]

Mr. Steve Verheul: I would think it would be difficult to see a direct relationship between the appointment of the ambassador and an increase or an improvement in the trade situation. I think it's safe to say that we have seen somewhat of an improvement in the relationship, in the sense that we have a dialogue now that we have an ambassador on the ground there. We're hoping that will start to pay dividends in the future as time goes on.

[*Translation*]

Mr. Emmanuel Dubourg: Thank you.

The Chair: Thank you, Mr. Dubourg.

The floor is yours, Mr. Bergeron.

Mr. Stéphane Bergeron: To add to Mr. Dubourg's question, I would say that one thing is certain. We may see some positive effects, but we would have seen them more quickly if we had moved more quickly ourselves. Just a comment.

Mr. Rivest, I am just curious: what is Greater China?

Mr. François Rivest: Greater China includes Hong Kong and Taiwan.

Mr. Stéphane Bergeron: Okay.

Mr. François Rivest: Mainland China means China without the neighbouring islands. Greater China includes those islands.

Mr. Stéphane Bergeron: Okay.

Does it include the islands that China claims, or is building?

Mr. François Rivest: Unfortunately, I cannot answer that question.

Mr. Stéphane Bergeron: Excuse me?

Mr. François Rivest: I am an expert in trade relations with China, not an expert in China's territorial affairs.

Mr. Stéphane Bergeron: Fine, but you are the executive director for Greater China. Are those islands part of Greater China?

Mr. François Rivest: No, it does not include those territories.

Mr. Stéphane Bergeron: Thank you.

I know that, at least since the 1970s, we have been involved in an accelerated push to try and increase trade relations with China in the hope that this will bring social and political changes to the country. I know that the second point does not concern us directly, but let's say that it is our overall objective.

In this mad dash towards more liberal trade with the People's Republic of China, the Prime Minister threw out a clearly premature idea on his last trip to China, the idea of a free-trade agreement, which got a cold reception from President Xi Jinping.

Was the Prime Minister's statement a prepared one? Had the ground been prepared with Chinese authorities?

What was the stumbling block for the Prime Minister's initiative?

[*English*]

Mr. Steve Verheul: Mr. Chairman, as was mentioned, we have been engaged in exploring improving commercial relations with China for many, many years. We successfully negotiated a foreign investment protection agreement with them a number of years ago.

We explored in depth the possibility of a potential free trade agreement negotiation with China. A number of meetings were held in 2017. We went through a scoping exercise to determine what such an agreement could look like, what each side's interests would be, and we did a significant amount of analysis in that direction. As it turns out, we were not able to come to an agreement, to initiate free trade agreement negotiations.

Given current circumstances, obviously the timing is not right now, but we continue to have an interest in further exploring our capacity for further growth in the Chinese market.

• (1100)

[*Translation*]

Mr. Stéphane Bergeron: I do not doubt that for a minute, but I was actually wanting to know about our approach to the Chinese authorities when the Prime Minister made his statement, and why it did not work.

[*English*]

Mr. Steve Verheul: I think the main challenge we had in moving forward with the free trade agreement at that time—and this was, as you'll recall, back in 2017—was that we had different perspectives on what we were looking for in a free trade agreement. China was looking for an agreement that would favour the kinds of interests they had, primarily to expand their exports to Canada. We had interests in getting further information and some constraints on their use of state-owned enterprises, which are very difficult to track in terms of the competitive advantages they offer.

We saw very little interest on the Chinese side on issues like government procurement, which were of interest to us. China showed little interest in having any kind of meaningful discussions on issues like labour and environment, which were also priorities for us as they are in any free trade agreement. We were not able to converge on the kind of negotiation and the kind of agreement we would be looking to achieve.

[*Translation*]

Mr. Stéphane Bergeron: In a previous life, I represented the constituency of Verchères, with two major steel mills. At the time, our concern was mostly about lower quality steel from China being dumped on North American markets. With the new CUSMA, our concern is now about lower quality aluminum from China being dumped in North America.

That is our concern at the moment. How do you see it?

[English]

Mr. Steve Verheul: Yes, it's quite true that we and many other countries around the world have had concerns about excess production of both steel and aluminum coming out of China and the resulting distortions in the world market.

You will recall that the U.S. initiated the so-called section 232 measures on a national security basis against imports of steel and aluminum from around the world. We similarly took actions. It wasn't that kind of provision, but we have a number of anti-dumping and countervailing duty actions against imports of both steel and aluminum coming from China. There are some 67 different actions that are in place. We have had extensive discussions with the U.S. and Mexico in the context of the agreement we reached about ensuring that the North American market not become distorted by unfair imports of products that have been at artificially low prices from, in particular, China, but some other countries as well.

[Translation]

Mr. Stéphane Bergeron: That's it? How time flies when you are having fun.

[English]

The Chair: Mr. Harris.

Mr. Jack Harris: Thank you to the witnesses for your presentations. I have a question regarding the canola situation. You outlined some of the steps that were taken and the timelines that are involved. Are you confident that the pace of these developments is in keeping with the normal process of trying to resolve questions of this nature? It seems to me that....

Are we going through the motions here or is there a genuine effort to resolve this?

Mr. Fred Gorrell: Thank you for the question.

No, we're not satisfied with the pace. To make it clear, when the suspensions of our two largest trading companies came into effect in March, we asked for face-to-face meetings right away. For a period over the summer, we had been asking for face-to-face meetings to have the technical dialogue and exchange so that we could get the science-based evidence base to refute it. After we had WTO consultations—and I'll defer to my colleagues if you have questions on that—in October they did agree to have a face-to-face meeting, and we did have one with a rather large sizeable group in Beijing in December. We've had progress. They have been, I would say, positive but difficult conversations. We agreed to meet in February or March of this year to further the discussions.

Under normal circumstances we would have preferred a much more proactive approach from the Chinese, but they have been engaging and we do feel there is room for conversations with a scientific, evidence-based approach so that we can understand whether their position can be considered legitimate—or not.

• (1105)

Mr. Jack Harris: It seems to me there's some evidence that this action, even based on the objective pace of the discussion, goes beyond the actual concern for the product itself.

Mr. Fred Gorrell: Deputy Morgan said it very well that the relationship between Canada and China is very complex. There may be

other factors involved when decisions are made, but we're very much sticking in our swim lane relative to the technical aspects and the merits of it. I would leave that for others to decide.

Mr. Jack Harris: It will soon be year since these measures were taken. At what point would you want to go forward with the WTO next step in seeking a resolution?

Mr. Steve Verheul: It is an ongoing analysis that we do as to when is the right time to take that further step. Part of the issue is that there are some ongoing technical discussions happening, and if we feel there is some forward movement in those discussions, then that could be a quicker way to resolve the problem than going through a lengthy WTO dispute settlement panel process.

At some point, we will have to make the judgment as to whether those technical discussions are productive enough that we continue down that track, or whether we feel that it is now time to move on to a WTO panel request. It's an ongoing assessment and we'll continue to assess that as time goes on, but we also want to make sure that through these technical discussions we're collecting all of the evidence we need to put forward a very strong case at the WTO.

Mr. Jack Harris: On another matter, Professor Wendy Dobson, a former senior public servant in Canada, from the Rotman School of Management has suggested that some of our relationship with China could be increased or improved in terms of business interaction by developing multilateral rules of conduct in telecommunications, and also internationally accepted boundaries for cyberwarfare. I know you're not into the cyberwarfare business, but it is part of the relationship between technology and exchange, and of course we do have concerns about the issue of Chinese companies doing business in these fields. Certainly Huawei is the number one consideration on this list.

Is any consideration being given to working on this issue, from your perspective or from Canada's perspective, to try to improve that situation?

Mr. Steve Verheul: There are a number of aspects to that issue. There are negotiations ongoing at the WTO now that involve electronic commerce. We are trying to advance those negotiations and so far we are making some progress on that front. If you're getting into some of the other issues that have more to do with security of information and issues that aren't related to trade, those are outside of our field, of course, and would have to be pursued elsewhere. I don't know if anybody else on the panel has further information on anything outside of the trade sphere.

Mr. François Rivest: I would just add that we are mindful of the issues at stake and of the risks and we are constantly assessing how Canada can mitigate the risks that are inherent to those sectors.

The Chair: You have 25 seconds.

Mr. Jack Harris: I'll pass.

The Chair: Thank you very much, Mr. Harris.

Ms. Kusie.

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): Thank you, Mr. Chair.

Thank you very much to all of our guests for being here today. Of course, in the chamber right now we are debating the ratification of the new NAFTA. I'm interested in having your perspective on the U.S.-China relationship and whether it harmed or hampered the United States as it negotiated the new NAFTA with Canada and Mexico. Could we have your thoughts on that, please? Did the trade relationship between China and the U.S. help or harm the U.S. as it came to Canada and Mexico to negotiate this new NAFTA?

• (1110)

Mr. Steve Verheul: I don't think we could say that it harmed U.S. efforts to negotiate the new NAFTA other than through the fact that they were occupied with a number of different negotiations taking place at the same time. In terms of their level of attention and focus on different negotiations, there may have been some issues regarding working capacity. Beyond that, I don't think so, but I would point out that in certain chapters that we negotiated with the U.S. and Mexico—and I'll mention state-owned enterprises as one of those—much of the discussion within the negotiations of that chapter related to how we could best set an example for the world on how we have discipline on state-owned enterprises, which could perhaps be taken as a precedent for other free trade agreements. I think the U.S. was thinking of countries like China when we were negotiating some of those elements.

Mrs. Stephanie Kusie: You've spoken about the value of trade between China and Canada in tangible commodities. That's really what we've focused on here today, things like canola and pork, as well as services. Can you quantify the value of the new intangible commodities like IP, R and D, data, and others? How are we beginning to regulate and protect those valuable assets with respect to China?

Mr. Duane McMullen (Director General, Trade Commissioner Service - Operations, Department of Foreign Affairs, Trade and Development): Thank you, Mr. Chair.

Outside of the tangible trade between Canada and China, as the honourable member has observed, there is considerable intangible trade. For example, in the education sector there are over 140,000 Chinese students studying in Canada in communities all across our country. Not only are those students bringing economic benefits to Canada, but they're also learning about Canada and how our democracy and society operate. There is intangible trade and tourism by Chinese tourists. We have a science and technology collaboration agreement with China that supports science and technology collaboration in areas we think meet the interests of both Canada and China.

Mrs. Stephanie Kusie: Perhaps you could expand upon it. How are we protecting ourselves in the new digital economy, please?

Mr. Duane McMullen: Mr. Chair, as the previous question indicated, work is under way in the WTO multilaterally with all countries to figure out the ways to operate in this new environment and, specifically with Canada, we have a number of mechanisms.

In particular, with Canadian companies looking to do business in China, we give them extensive advice, not only about the benefits of that business in China should it work, but also about some of the risks they need to be taking into account—for example, with respect to their intellectual property and other competitive aspects—

and ways they can deal with those risks to protect their business, to be successful in China and not have that trade work out badly for them.

Mrs. Stephanie Kusie: Mr. Rivest, do you think that export decreases are retaliation for Kovrig and Spavor?

Mr. François Rivest: We've talked about canola and pork, and there has been talk about other sectors that have weakened a little bit. There is no clear link between those downtrends and the arrest of Meng Wanzhou, Mr. Chairman. There have been other sectors, as Mr. Verheul has mentioned, where exports have gone up. Not all sectors have experienced a downturn; there are only a few of them.

Mrs. Stephanie Kusie: Then how do you account for these decreases?

The Chair: Thank you, Ms. Kusie.

Mrs. Stephanie Kusie: Thank you, Mr. Chair.

The Chair: Mr. Oliphant.

Mr. Robert Oliphant: Thank you for this and your work.

I want to ask about the concept of trade diversification, both trade diversification toward the People's Republic of China, and trade diversification away from the People's Republic of China, and whether or not there is a move in the government—this is not part of the work I do—on how we help Canadian industries buffer various geopolitical issues that are going on.

It would seem to me that we've looked towards China for increased trade and investment because of certain factors in the world, and that we've looked at other parts of the world because of the complicated relationship with China right now. Is there a shift in government direction? Is there a move? This relates obviously to the United States. It relates to Canada-Europe and it relates to TPP and to how that is shaping your work and what it is you may be looking for this committee to offer advice on.

• (1115)

Mr. Duane McMullen: Mr. Chair, in terms of trade diversification, the government has no policy of trade diversification away from China. We would like to grow our trade with China.

As we've heard from many of the questions, there members have concerns about how we increase our canola trade, how we increase our trade in forest products and how we increase our trade in all ranges of commodities and products and services. Our policy is to try to increase that trade. By so doing, our trade will be diversified.

As for individual companies, when we talk to them from a trade commissioner service perspective and we look at their global strategy, we encourage diversification as a general principle for them, because the data is very clear that companies that are more diversified in their trade are more successful. They pay better wages. They grow faster. They are less like to fail in a downturn.

A company with very diversified sets of markets does much better. One goal of our policy and our efforts is to help companies reap those benefits of diversification by helping them to do that in whichever market they are interested.

Mr. Robert Oliphant: Last year, I met with the president of the B.C. cherry growers, in looking at the growing market for B.C. cherries in Asia and the comparative advantage we have because of the different growing season we have compared to other markets. They did say they had a concern about whether or not they were having all their cherries in one basket and whether they should be looking around.

Is this something your department does? Does it help a specific industry like that look at advantages? Also, are you exercising any cautionary advice for them with respect to China?

Mr. Fred Gorrell: Thank you. It's a really good question. I would say that having cherries, eggs or whatever in one basket is never good. Our industry is aware of that, and we're aware of it too.

Just to complement or supplement my colleague's comments, we obviously want to grow our industry and market in China, but we are also looking at other markets in the region, with diversification in emerging markets. We could look at expanding still in Japan, Vietnam, Indonesia, Malaysia, etc. We very much are doing that as well. Part of that is to manage the risk. If we do have all of the cherries in one basket, that is a problem. We do that at Agriculture and Agri-Food Canada, working with Global Affairs and all of our embassies abroad.

We do look at where we can maximize the opportunities for cherries and other products, but at the end of the day, it's the industry's choice of where they want to go. They will give us what they think are their priorities. We work with the other governments to do that, but at the end of the day, they will decide where to put their products.

Mr. Robert Oliphant: In the last four and a half years, have we expanded our trade footprint in China in terms of our investment, and in human resources or engagement? Is that something we have done? Is it bearing fruit, to use that theme?

Mr. François Rivest: Yes, we have added resources on the trade commissioner service side. We've added some 25 resources in the past two years. We have three consulates on the mainland in addition to the embassy, and 10 trade offices were expanded over the years. It has certainly helped increase the number of Canadian businesses going to China and helped to open doors for them. Our trade, if you look the past 10 years, has gone up significantly with China for both large companies and SMEs.

The Chair: Thank you very much, Mr. Oliphant.

Mr. Williamson.

Mr. John Williamson: Thank you, Mr. Chairman.

Thanks to everyone for appearing this morning.

Just as a point of clarification, could you give us the number for the actual trade deficit? I know you provided the numbers for imports and exports, but what number do you have for our trade deficit with the PRC?

• (1120)

Mr. François Rivest: Looking at 2018 numbers, our exports were \$27.6 billion. Our imports were \$75.6 billion. The total trade is \$103 billion.

Mr. John Williamson: So what is the trade deficit?

Mr. François Rivest: The deficit will be the difference between \$75 billion and \$27 billion.

Mr. John Williamson: I get \$48 billion. Is that...?

A voice: Yes, it's \$48 billion.

Mr. John Williamson: I know it's simple math, but they were questions—

Mr. François Rivest: I apologize, Mr. Chairman. I don't have a calculator.

Mr. John Williamson: Long math: thank heavens we don't always need a machine for that.

Mr. McMullen, you were saying that it's the policy of the Government of Canada to increase our trade with China. Do I understand that correctly?

Mr. Duane McMullen: We have no policy to decrease our trade with China.

Mr. John Williamson: Okay.

Mr. Duane McMullen: We are trying to grow our trade with every market.

Mr. John Williamson: On the trade side, is it business as usual with China, even with everything that's happening right now with the detention and the WTO and...? You know the picture.

Mr. François Rivest: Yes. As we've talked about, there has been a chilling, with increased scrutiny at border points. It's not across the board; it's anecdotal. Some Canadian businesses are still doing well. Even within sectors the experiences are different. Business people are looking at what's happening in China and reassessing their risk appetite for China.

Mr. John Williamson: But what about the Government of Canada?

Mr. François Rivest: We have resources. China is our second-largest and third-largest market. It will continue to grow and continue to be a huge and very important market for Canada. We cannot decouple from the growth of China.

Mr. John Williamson: Yes. You said it's the second and the third. What's the—

Mr. François Rivest: It's the second country, and it's the third if you count the EU as one market.

Mr. John Williamson: Okay. Fair enough.

This is an odd question, but how does the department refer to Taiwan? Is it the Republic of China, is it Beijing, is it Taipei? What's the official line on Taiwan? Is it Free China?

Mr. François Rivest: Canada has a one China policy.

Mr. John Williamson: How do you refer to Taiwan?

Mr. François Rivest: Taiwan is an economy.

Mr. John Williamson: The Americans refer to it as their unsinkable battleship, and we refer to Taiwan as the economy.

Mr. François Rivest: Taiwan is an economy for us. It's a trade partner.

Mr. John Williamson: No, no. In a document, you don't refer to "an economy". What do you call Taiwan? I'm just curious to know how to refer to this piece of real estate.

Mr. François Rivest: We refer to Taiwan as Taiwan.

Mr. John Williamson: Thank you.

Mr. Verheul, I'm just curious. As we talked about trade with nations around the world, you described a number of obstacles to what we would see as the path forward towards free trade. There was the use of state-owned enterprises. There was a list of challenges. Is it fair to say that if those disappeared, it would perhaps smooth the way to a trade agreement, but would also mean a very different China, and not the China we know today?

Mr. Steve Verheul: When we're saying there's potential for a free trade agreement with China, we're looking at the China of today. We've been involved in a number of free trade negotiations in recent years, some quite large ones, and it's always a matter of trying to match up how your partner's economy matches up to your economy. In the case of China, it's much more complex than it was with the European Union or with the Trans-Pacific Partnership members, or within North America, because China does have a different type of economy. They have their state-owned enterprises, and it's very hard to find examples of how they operate. It's difficult to figure out what kind of disciplines we could put on those and what kind of transparency obligations so we would know what's going on. They also provide a high volume of subsidies to certain industries. We would want to address those.

Mr. John Williamson: Let me just ask you...

The Chair: Sorry about that. You've had a little over five minutes now.

Mr. John Williamson: I had five minutes.

• (1125)

The Chair: Thank you.

I understand Ms. Zann and Mr. Fragiskatos are going to split their time.

Ms. Lenore Zann: Yes, thank you.

Thank you very much, gentlemen. I come from Nova Scotia, representing Cumberland—Colchester, the northern region there. Nova Scotia remains Canada's leader in seafood exports, with over \$2 billion in exports, as you probably know. That's 29% of Canada's total seafood exports. While the U.S. remains our largest market, China is our second-largest. In fact our seafood exports have increased by 36% in the last few years. However, the outbreak of the coronavirus with over 4,500 confirmed cases in China has now put the brakes on Nova Scotia's lobster sales and shipments. Just within the last few days there's been a sharp drop, which means that the price at the wharf has also dropped from around \$10 a pound to around \$8. Has there been any discussion yet about what if anything Canada can do, what the government can do, to deal with this problem if it continues? Is it happening to other Canadian exports to China?

Mr. François Rivest: Mr. Chair, I was in Halifax the day before yesterday. I met with some of the companies there and with the Government of Nova Scotia. Nova Scotia has been very successful in developing a relationship with China, as you've said. We have heard that certain lobster shipments have been impacted. We have people at our embassy in Beijing, notably a representative from CFIA, looking into what is happening. It's difficult to reach officials responsible for customs during the Chinese New Year, but he's doing his best. We're not entirely sure if this is a new regulation yet, or whether it has to do with markets for seafood and live food products being closed, restaurants being closed, transportation and coal supply chains being disrupted and people just staying at home and not going to markets and, with the Chinese New Year celebration, those having been shut down and so on. Logically this has an impact on imports of certain food products from Canada, especially those like live lobster that are associated with the Chinese New Year.

Ms. Lenore Zann: Thank you.

I have one last question. Is it affecting other exports or is it just the lobsters?

Mr. François Rivest: To our knowledge, no other exports have been affected yet. However, given the difficulties China is going through right now, it's not unlikely that there will be some disruptions.

Ms. Lenore Zann: Thank you.

Mr. Fred Gorrell: If I could just add a clarification, there are some other commodities that we are picking up—notional things on the meat side. Again, because restaurants are closed, the streets are as you've seen on TV, so the demand on some of the imports is softening. We are talking to the meat industry and it does look like there may be a slowdown as people assess the situation.

Mr. Peter Fragiskatos: Thank you to all of you for being here today.

If one accepts that the tensions between the U.S. and China are having a deep impact on the Canada-China relationship, as I think we should accept, then one could be forced to look in other directions. It's been suggested, for example, by former ambassador David Mulroney that, in his own words, "Getting China right requires us to get Asia right." From there the implication is that we ought to look at east Asia and southeast Asia, and expand relations with Japan, South Korea, Vietnam, Australia, the countries of the ASEAN block, for example, the Association of Southeast Asian Nations.

I know that we have CPTPP in place. We are moving in that direction, but I'll ask Mr. Verheul to what extent we are doing that. Can we do that even more as a way to sort of hedge and protect Canadian interests when we end up caught between two superpowers and their disputes?

Mr. Steve Verheul: Yes, we are actively engaged in trying to ensure that we have good access and good relationships to those other markets.

Because of CPTPP we do have free trade relations with Japan. We have the same with Vietnam. We have a separate agreement with South Korea. We are exploring a potential agreement with the ASEAN countries, so we're deeply involved in trying to expand our footprint in Southeast Asia.

• (1130)

The Chair: Thank you very much, Mr. Fragiskatos.

Thank you very much to the witnesses. I know we all appreciate your testimony here today, and thank you for coming.

Before we close, we're going to have a discussion, but would colleagues like to go in camera for a discussion on future business?

No. We'll carry on publicly. Fine.

We'll suspend for a moment while we excuse our guests.

• (1130)

_____ (Pause) _____

• (1130)

The Chair: The meeting will come back to order. Thank you very much.

There are a couple of issues for us to talk about. One is, of course, what the regular meeting time of the committee is to be, which has been a bit of a challenge to work out. The second thing is when the subcommittee wants to meet to consider the work plan. Those are the two questions I have in mind for what I hope will be a brief discussion.

I've been asked to reiterate that Tuesday, from 10 until noon, we'll have the briefing with consular affairs and justice, and then on Wednesday of next week from 5:30 to 7:30 p.m. is the briefing with Ambassador Barton.

Is there anything else in terms of...?

Mr. Jack Harris: Chair, is that still 5:30 until 7:30?

The Chair: Yes.

As colleagues will recall, the slots that were available for special committees were on Mondays, 11:00 until 1:00 or 5:30 to 7:30; Tuesday, Wednesday and Thursday, 5:30 to 7:30; and Friday mornings, 8:45 to 10:45.

Mr. Robert Oliphant: I'm just going to suggest that once these initial briefings are done and the ambassador has spoken, there should be a good subcommittee meeting to then assess and review witnesses and all that. I just don't think we can do it before then.

The other issue is that we have a preference on this side—it's a preference, not a demand—to meet once a week for three hours as opposed to twice a week for two hours each, with the option of having occasional meetings added to that. We would like our default to be one meeting, three hours a week, because of committee responsibilities. Almost all of our members have a second committee that they are on, so we are trying to balance that.

We feel we need to keep it within the times allotted by the House for special committees. We think that, on occasion, we could do an extra evening meeting, but our preference is to meet on Monday and our preference is to have a three-hour meeting.

• (1135)

The Chair: Members will recall, of course, that if we are outside the times I indicated a moment ago, we might have a problem with its being televised. Of course, we also talked about the fact that we can always be webcast.

Mr. Warkentin.

Mr. Chris Warkentin: I understand the joy of being a Chair and trying to figure out what works for everybody.

I think we probably have to stick to the two-hour increments, for a couple of reasons. One is the technical aspects of scheduling, but also, two-hour increments are what other committees have, so if we start overlapping into other committees, it would make it that much more difficult for our members to schedule and to be able to attend.

Our preference is probably for two two-hour meetings, if there is a way. We're not adamantly opposed to the one three-hour meeting, but I think it's that much more difficult to plan.

The Chair: It's one thing that members would want to discuss at the subcommittee next week. Either way, I need to know when that should happen, when we have that meeting.

Mr. Chris Warkentin: Let's plan. I'm available starting Monday, but if we'd like to have an initial subcommittee meeting on Monday just to simply nail that down, then we'll have another subcommittee meeting to talk about the work plan.

The Chair: What time on Monday do you have in mind?

Mr. Chris Warkentin: Monday morning or afternoon work fine for me.

[*Translation*]

The Chair: Mr. Bergeron, the afternoon does not suit you? Okay. You have the floor.

Mr. Stéphane Bergeron: Thank you.

I just want to say that I agree with the first part of what Mr. Oliphant said and I disagree with the second part. I agree that it is perhaps appropriate to first hold the committee meeting with the second series of briefings, to have the meeting with the ambassador, and then to have the subcommittee meeting. As I see it, that could perhaps happen on Thursday morning or Thursday afternoon.

I repeat my preference for two meetings of two hours rather than one meeting of three hours. I also remind you that Mondays are much more difficult for me.

[*English*]

The Chair: We could discuss that, of course, at the subcommittee. I guess the question is that Mr. Bergeron has suggested Thursday morning or afternoon for the subcommittee, as opposed to perhaps Monday or Tuesday.

Mr. Harris.

Mr. Jack Harris: I prefer the two meetings instead of one. I'm looking at Tuesday, Wednesday and Thursday and the committee meetings—as was mentioned, some people are on two committees, including me—on both Tuesday and Thursday. The exact slots, I don't know.

It seems to be that, with all consideration to Mr. Bergeron's position, Monday, for me at least, is wide open. I'm willing to come here and to be here for that, whatever time of day it is. I can do it in the afternoon or whenever else we can potentially accommodate Mr. Bergeron's situation. I'd be happy to do that. That's really all I have to add to this, but I agree with waiting until after Mr. Barton speaks to have a subcommittee meeting.

The Chair: I'm hearing Thursday morning, at least from one member. Is Thursday morning a good time for the subcommittee to meet and try to work out an ongoing time or times for regular meetings?

Mr. Robert Oliphant: That would be fine. What I would ask also is that there be a meeting of the whips to look at the convention that we have around special meetings and special committee times. Our whips have worked that out over many years and we think it needs the respect of members.

We work here Monday to Friday. That is our reality. We would like to respect the fact that other committees have times that are required. We have members in all the time slots of all the other committees, so we would like that respected. We think that probably is a whips' discussion to make sure that we are in agreement on that and then also have our subcommittee meeting.

• (1140)

The Chair: That's a request for the whips to deal with.

Mr. Robert Oliphant: That's a request.

[*Translation*]

The Chair: I also want to ask Mr. Bergeron, given that it involves him.

Could you tell me what time on Thursday morning would suit you for the meeting? As for the length, would you prefer one hour or two hours?

Mr. Bergeron, you have the floor.

Mr. Stéphane Bergeron: The time does not matter at all. I will be there when and where you would like us to meet. I am fine if the meeting has to go for two hours.

I would just like to react to what Mr. Oliphant has just said. Unless I am mistaken, I do not think we need to refer this to the whip. Time slots for special committees have already been reserved and they do not conflict with the time slots for the standing committees. Like most of my colleagues, I also sit on another standing committee. But I do not believe that there is the slightest possibility of conflict between the time slots for standing committees and those scheduled for special committees. We just have to reserve two time slots for the special committees. Normally, everything should work perfectly.

[*English*]

The Chair: Mr. Fragiskatos.

Mr. Peter Fragiskatos: I was just going to say, on the point about consulting the whips, that I think it makes sense, because this is a special committee, and they have the institutional knowledge. I certainly know that on our side, the official who we worked with from the whip's office has been here since the 1990s. There's plenty of experience on all sides for us to tap into that institutional knowledge to figure out how we can plan these meetings from a logistical perspective. We would be very wise to go back and consult them. I think that's a very reasonable suggestion.

Mr. Robert Oliphant: Mr. Chairman, I might not have been clear. My comment about consulting the whips had to do with whether we were encroaching upon any other committee's time. That's all.

Mr. Peter Fragiskatos: Yes, and that's how I took it.

Mr. Robert Oliphant: If we're staying within the times that have been agreed to over the years by parties for special committees, I have no trouble, but if somehow someone is suggesting that we should not be meeting on days that are allotted for that, then that's my concern.

The Chair: I have an immigration committee at 8:45 next Thursday. Could we meet in subcommittee from 11 until 12?

I'm getting some nods and thumbs up. Mr. Harris is hoping to be able to join us for that time.

Mr. Jack Harris: I'm hoping to be able to come.

The Chair: Very good.

I want to remind members to send your preliminary prioritized list of witnesses for the first wave, as some have said, to the clerk before 5 p.m. tomorrow. I look forward to the subcommittee meeting at 11 a.m. on Thursday and, of course, to the other meetings I already mentioned.

With that, thank you very much. This meeting is adjourned.

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