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Chair: The Honourable Judy A. Sgro





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• (1540)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I call to order this meeting of the Standing Committee on International Trade. We are studying Bill C-4, an act to implement the agreement between Canada, the United States of America and the United Mexican States.

To the witnesses, I very much appreciate your appearing on short notice with us today. Welcome.

From Global Affairs Canada, we have Steve Verheul, chief negotiator and assistant deputy minister, trade policy and negotiations; Martin Thornell, senior adviser, tariffs and goods market access; and Stephanie Chandler, senior policy adviser, trade policy and negotiations. From Agriculture and Agri-Food Canada, we have Aaron Fowler, chief agriculture negotiator and director general. From Environment and Climate Change Canada, we have Rina Young, manager, trade and environment, international affairs branch.

Mr. Verheul, I'll turn the floor over to you for your opening comments—

**Mr. Colin Carrie (Oshawa, CPC):** Madam Chair.

**The Chair:** Yes, Mr. Carrie.

**Mr. Colin Carrie:** I just have a request. We're getting started about 15 minutes late. I'm just wondering if we could ask the witnesses if they could stay an extra 15 minutes if required, and if that's appropriate, with the committee.

**The Chair:** If the witnesses would be able to stay 15 minutes later today, we would very much appreciate it.

**Mr. Steve Verheul (Chief Negotiator and Assistant Deputy Minister, Trade Policy and Negotiations, Department of Foreign Affairs, Trade and Development):** I'd be happy to do so.

**The Chair:** The floor is yours.

**Mr. Steve Verheul:** Thank you, Madam Chair.

Thank you for the invitation to appear before the committee today. We look forward to answering questions regarding the outcomes of the Canada-U.S.-Mexico agreement, or CUSMA, following my opening remarks.

The signature of the CUSMA on November 30, 2018, followed 13 months of intensive negotiations that brought together a broad range of officials and stakeholders, with a strong partnership between federal and provincial officials. That agreement achieved several key outcomes that served to reinforce the integrity of the

North American market, preserve Canada's market access into the U.S. and Mexico, and modernize the agreement's provisions to reflect our modern economy and the evolution of the North American partnership.

On December 10, 2019, following several months of intensive engagement with our U.S. and Mexican counterparts, the three NAFTA parties signed a protocol of amendment to modify certain outcomes in the original agreement related to specific issues of state-to-state dispute settlement, labour, environment, intellectual property, and automotive rules of origin. These modifications were largely the result of domestic discussions in the United States. However, Canada was closely involved and engaged in substantive negotiations to ensure that any modifications aligned with Canadian interests. Throughout the negotiations, Canadian businesses, business associations, labour unions, civil society and indigenous groups were also closely consulted and contributed heavily to the final result.

To help better inform Canadians of the outcomes, documents have been made available on the Global Affairs website, including the text of the agreement itself, the amending protocol reached on December 10, a summary of the overall outcomes and summaries of all chapters in the agreement.

I want to start by recalling that the NAFTA modernization discussions were unique. This was the first large-scale renegotiation of any of Canada's free trade agreements. Normally, free trade agreement parties are looking to liberalize trade. In this process, the stated goal of the U.S. at the outset was to rebalance the agreement. The President of the U.S. had also repeatedly threatened to withdraw from NAFTA if a satisfactory outcome could not be reached.

The opening U.S. negotiating positions were, to put it mildly, unconventional. These included a proposed 50% U.S. domestic content requirement on autos; the complete dismantlement of supply management; elimination of the NAFTA chapter 19 binational panel dispute settlement mechanism for anti-dumping and countervailing duties; removal of the cultural exception; a state-to-state dispute settlement mechanism that would have rendered the agreement completely unenforceable; a government procurement chapter that would have taken away NAFTA market access, leaving Canada worse off than all of the U.S.' other FTA partners; and a five-year automatic termination of the agreement, known as the "sunset clause".

The U.S. administration took the unprecedented step of imposing tariffs on imports of Canadian steel and aluminum on purported national security grounds, but with no legitimate justification provided. The U.S. administration had also launched an investigation that could lead to the same for autos and auto parts.

In the face of this situation, Canada undertook broad and extensive consultations with Canadians on objectives for the NAFTA modernization process. Based on the views we heard and our internal trade policy expertise, Canada set out a number of key objectives, that can broadly be categorized into the following overarching areas. First, we wanted to preserve the important NAFTA provisions and market access that we have into the U.S. and Mexico. We wanted to modernize and improve the agreement where possible, and we wanted to reinforce the security and stability of market access into the U.S. and Mexico for Canadian businesses.

In her August 14, 2017 speech launching the NAFTA talks, Minister Freeand set out six objectives. The first was to modernize NAFTA. The second was to make the agreement more progressive in the areas of labour, the environment, gender and indigenous peoples, as well as removing the investor-state dispute settlement. It also set out to cut red tape and harmonize regulations, provide a freer market for government procurement, and to establish freer movement of professionals. Finally, it was to maintain items of special national interest, such as supply management, the cultural exception and dispute settlement for anti-dumping and countervailing duties.

- (1545)

In terms of the outcomes, with respect to preserving NAFTA, Canada maintained the CUSMA outcome preserving important elements of the NAFTA, including NAFTA tariff outcomes. In other words, we ensured continued duty-free access into the U.S. and Mexican markets for originating goods.

We preserved the binational panel dispute settlement mechanism for anti-dumping and countervailing duty matters, which is a key component of the overall goods market access package of the NAFTA and of the original Canada-U.S. free trade agreement. We preserved Canada's preferential access to the U.S. under the temporary entry for business persons chapter. We preserved the predictability and security of access for services suppliers and investors. We preserved the cultural exception.

Also, we preserved state-to-state dispute settlement and in fact improved upon that mechanism, including through the protocol of amendment, to ensure that Canada can rely on an efficient and effective mechanism to resolve disputes with the U.S. and with Mexico.

In the area of autos, changes were made to the rules of origin regime to encourage the use of more inputs from Canada, in particular by increasing the regional value content requirements for autos and auto parts and removing incentives to produce in low-cost jurisdictions.

Together with the quota exemption from potential U.S. section 232 tariffs on autos and auto parts, secured as part of the final outcome, these new automotive rules of origin will incentivize produc-

tion and sourcing in North America and represent important outcomes for both our steel and aluminum sectors.

With respect to modernizing the NAFTA outcome, we have included modernized disciplines for trade in goods and agriculture, including with respect to customs administration and procedures, technical barriers to trade and sanitary and phytosanitary measures, as well as a new chapter on good regulatory practices that encourages co-operation and protects the government's right to regulate in the public interest, including for health and safety.

A commitment on trade facilitation and customs procedures has been modernized for the 21st century to better facilitate cross-border trade, including through the use of electronic processes, which will reduce red tape for exporters and save them money. We have new and modernized disciplines on technical barriers to trade in key sectors, designed to minimize obstacles for Canadians doing business in the U.S. and Mexico while preserving Canada's ability to regulate in the public interest. The agreement also includes modernized obligations for cross-border trade in services and investment, including financial services, telecommunications and a new digital trade chapter.

On labour and environment, we have made important steps forward by concluding ambitious chapters that are fully incorporated into the agreement and are subject to dispute settlement. These obligations will help ensure that parties maintain high standards for labour and the environment and that domestic laws will not be deviated from as a means to gain an unfair trading advantage. The outcome also includes a special enforcement mechanism that will provide Canada with an enhanced process to ensure the effective implementation of labour reforms in Mexico—specifically related to freedom of association and collective bargaining.

Finally, the outcomes advance Canada's interests toward inclusive trade, including through greater integration of the gender perspective and better reflecting the interests of indigenous peoples.

With respect to some other outcomes, in the context of the overall outcome Canada did make some incremental moves in relation to the U.S. objectives, specifically in the areas of supply management and intellectual property.

On supply-management sectors, we should recall that the U.S. made an explicit and public demand for the complete dismantlement of the supply-management system, but in the end we preserved the three key pillars of supply management, including production controls, import controls and price controls, and granted only minimal access to the U.S. The government has also been clear in its commitment to provide full and fair compensation to farmers in this regard.

• (1550)

On intellectual property, obligations cover a broad set of areas including copyright and related rights, trademarks, geographical indications, industrial designs, patents, pharmaceutical intellectual property provisions, data protection for agricultural chemical products, trade secrets, and intellectual property rights enforcement.

Certain outcomes will require changes to Canada's current intellectual property legal and policy framework in certain areas such as intellectual property rights enforcement to provide ex officio border authority for suspected counterfeit or pirated goods in transit, as well as criminal offences for the unauthorized and wilful misappropriation of trade secrets.

In other areas, Canada has transition periods to implement its commitments. For instance, on the obligation to provide a copyright term of life of the author plus 70 years, Canada currently provides a term of life plus 50 years, and has a two-and-a-half-year transition period to implement this obligation following the entry into force of the agreement.

Under the amending protocol, the parties agreed to remove the obligation to provide 10 years of data protection for biologic drugs, meaning that Canada does not need to change its existing regime in this area, which provides a term of eight years of data protection.

I'll just mention a couple of other notable outcomes. Faced with the U.S. demand for automatic termination every five years, Canada instead proposed a process that would lead to the regular review and modernization of the agreement. We settled on a 16-year term with a formal review every six years, after any of which the agreement can be extended for another 16 years.

We also addressed issues of concern to civil society, including those with respect to the removal of the energy proportionality clause and those introducing new obligations on privacy and access to information, and an exception for indigenous rights.

We no longer have trilateral investor-state dispute settlement for Canada. The U.S. and Mexico maintained only a very narrow set of investor-state dispute settlement obligations. Investor-state dispute settlement under the original or existing NAFTA will have a three-year transition period for investments made under that original NAFTA.

There is no government procurement chapter between Canada and the other parties. Canada maintains its access to the U.S. under the World Trade Organization's Agreement on Government Procurement, which was significantly more ambitious than was the original NAFTA chapter. We retain our access to Mexico via the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. We were unwilling to accept a "NAFTA minus" outcome on government procurement, which was all that was offered by the U.S.

In closing, I would like to underline that our objectives for these negotiations were informed by Canadian priorities and interests, close engagement and consultations with provinces and territories, as well as a wide range of stakeholders and the collective knowledge and experience of trade policy and sector experts across the government.

The views and information provided by stakeholders, including industry, labour, civil society and indigenous peoples and others, informed all of Canada's negotiating positions. The strong support for the new agreement expressed by industry and key business associations is clear evidence that we listened carefully to their views and advocated strongly for their interests.

That concludes my opening remarks. We would be pleased to answer any questions you may have regarding the agreement.

Thank you very much, Madam Chair.

• (1555)

**The Chair:** Thank you very much, Mr. Verheul, and congratulations to you and the team on some excellent negotiating on behalf of all Canadians.

We have Mr. Carrie for six minutes.

**Mr. Colin Carrie:** Thank you very much, Madame Chair.

I want to start off today by thanking the officials for being here, particularly Mr. Verheul. I think your experience and knowledge are very much respected around the table, so thank you for being here today.

Off the top, I want to address some things that have happened recently on this. On December 12 we met and asked the government to provide important documents so that the members of Parliament on this committee could fulfill our democratic obligations, basically to review this very important agreement. These include economic impact studies. We've watched the process in the United States—I think, everybody around the table has—and there is some concern about having something unexpected happen and our reviewing it and having an issue that needs to be addressed. I therefore have a process question for you.

If Canada decides to amend the agreement, would it have to be sent to the United States and Mexico to be ratified?

**Mr. Steve Verheul:** Yes. If we are proposing to make some change to the agreement that has already been agreed upon trilaterally amongst the three parties, we would certainly have to ensure that the U.S. and Mexico were on board and agreeable to those changes.

**Mr. Colin Carrie:** All right. You see, the government is asking us to move forward quickly with this, as soon as possible. I think everybody would like to see this done as well as we can.

Will the minister table the economic impact studies used to analyze the agreement and determine its effects on Canada? Will we be able to have those studies sooner rather than later? What's the timeline for that?

**Mr. Steve Verheul:** Yes, it is certainly our hope that we will have the concluded economic assessment in the very near future. I'm expecting that I will see a revised draft sometime today, but I will caution that the economic assessment of the outcome of a negotiation such as this is a bit of a challenge to analyze, because we have an existing agreement, which is the NAFTA. We have this new agreement, which in many ways replicates outcomes of the NAFTA, so we have essentially free trade as it stands now. We're not looking at a lot of increased liberalization beyond what was in NAFTA. We were aiming to preserve it. Most of the changes we made that we would characterize as improvements are going to be the facilitation measures we took to streamline products going back and forth across the borders.

What we've done on regulatory co-operation and technical barriers to trade is all very difficult to quantify economically. Therefore, we do have a challenge in trying to develop an economic assessment that is going to provide a lot of that, because a quantitative economic assessment just doesn't have that much to work with, given that most of the trade is already free, and these other elements are very hard to quantify because there are no real numbers attached to them. It depends on the amount of co-operation and how far we can go in harmonizing the different regulations, and those kinds of issues.

We are working on it as quickly as we can. We anticipate having it within the coming days and we'll make it available to the committee and others, but I just want to highlight that this is not the same type of economic assessment we would do with a brand new agreement.

• (1600)

**Mr. Colin Carrie:** I understand that. I think members around the table were hearing not only about improvements with the deal, but sectors that may not feel that it's an improvement for their sectors, and I was just curious. When did the minister task you to produce this economic impact study?

**Mr. Steve Verheul:** The economic impact study is something that is not done by my group—

**Mr. Colin Carrie:** Okay.

**Mr. Steve Verheul:** —which is essentially the negotiators. It's done by the chief economist's group.

**Mr. Colin Carrie:** Do you know the date she asked that this be done?

**Mr. Steve Verheul:** I'm afraid I don't know offhand. This is something that has been worked on while we were in regular contact with the chief economist's office as we went through the negotiations. Obviously, they can't go too far with their analysis until we have a final agreement, which they can then assess. We didn't really get that until December 10 with the modifications that were made. They have been working diligently since then to go through their economic analysis, and we're now at the point where we're very close to having a final outcome and we will be providing it to the committee in the very near future.

**Mr. Colin Carrie:** Out of curiosity, has the minister made available to you any documents that you would be able to table for us?

We know we're starting this as quickly as we can. I know we're very anxious to look at any data that you have. Are you guys able to produce anything for us that we could take away today and start looking at?

**Mr. Steve Verheul:** I think we've put quite a bit of information on the web. There's a detailed description of the outcomes, chapter by chapter, and an overall assessment of the agreement. We've included some analysis, sector by sector, and I think that's available. Certainly there's a lot of analysis that's available and has been published with respect to the implications of the agreement for sectors, for regions, for various areas, and an overall picture.

What we don't have, as of this point, is that economic assessment, which has not yet been quite finalized.

**The Chair:** Thank you very much, Mr. Carrie. Your six minutes is up.

Mr. Arya.

**Mr. Chandra Arya (Nepean, Lib.):** Thank you, Madam Chair.

First of all, on my own behalf and that of the people of Nepean, and indeed all Canadians, I would like to recognize and appreciate the hard work done by the negotiating team over a long period of time. I'm sure there were a lot of lessons learned that can be applied in future negotiations with other countries or other trading blocks.

We are all elected officials wearing our different political colours. However, even though we may differ in our ideological thoughts, our end objective is the same, namely, what is good for Canadians. You have achieved that, and I'm thankful for it.

We all know that Canada is a trading nation—60% of our GDP comes from trade—and we are rich today because of natural resources: oil and gas, minerals and forestry products. However, the world is going towards a knowledge-based economy. I would like to know where this agreement stands with respect to where our economy is going in the next five to 10 years in the new digital age.

• (1605)

**Mr. Steve Verheul:** One of the core elements that we spent a lot of time focusing on during this negotiation was not to simply look at what's in the existing NAFTA and extrapolate some of that when it came to traditional areas like goods, services and investment. We wanted to modernize it by introducing elements that do not exist in the current NAFTA, including digital trade and much more of an emphasis on the economy of the future, rather than the economy of the past, which NAFTA, being 25 years old, is necessarily focused on.

We spent a lot of time on that modernization, and digital trade was a key part of that. We have a new digital trade chapter in this agreement that we did not have before. I think there are a few chapters of this nature in any free trade agreement around the world. We have agreed not to discriminate against or impose any kind of customs duties on online digital products. That has been an aspect of the international discussions for some time, but we've locked that in. We have ensured cross-border flows of information, minimizing data localization, and have been ensuring that we permit the necessary data protections that we feel need to be enshrined in an agreement in order for us to pursue these kinds of obligations.

**Mr. Chandra Arya:** In your remarks on the new chapter on good regulatory practices, you mentioned that it encourages co-operation and protects the government's rights to regulate in the public's interest.

At first look it appears good for us, that we still have the right to regulate. However, I think it's a double-edged sword. Will it not give the U.S. the same rights to regulate trade agreements based on the public interest?

**Mr. Steve Verheul:** Yes, and I think that's essentially the way it should be. Each country should have the right to regulate according to what its own population is looking for and demanding in terms of the kind of regulatory framework they want within their country. The regulatory considerations reflect, to some extent, the culture and the way of thinking in each of these countries.

One of the issues we've encountered in recent years in negotiating free trade agreements is that there's a bit of a backlash against any kind of regulatory harmonization. Where it's possible and where it makes sense—and we have this in our agreements—then certainly we would advocate that we should harmonize where we can to reduce any kinds of barriers to our getting into one of the other markets that we're involved in. At the same time, you don't want to have your regulatory regime completely tied to that of another country. You may have different interests and different values and different pursuits, and you want to have the freedom to have your own ability to establish a regulation.

It's a bit of a challenge to ensure that where we have common views, we can eliminate barriers to trade because of regulatory matters, but where we have different views, that we still have the freedom to impose regulatory requirements where those are necessary.

**Mr. Chandra Arya:** I have a question on intellectual property rights. We have made certain commitments, but these provisions go beyond the current multilateral agreements. I'm wondering how much time we have to make sure that our multilateral agreements come into line with what has been agreed to.

• (1610)

**Mr. Steve Verheul:** I think what we've discovered in recent years is that we've seen the difficulty of the multilateral effort to try to move forward on these types of issues. There has not been a sufficient amount of agreement to converge on elements on a multilateral basis that we could include in the agreement. Bilateral efforts have moved more quickly and are now more advanced than the multilateral efforts in trying to achieve those kinds of regulatory understandings.

Now, we're working in both directions. We're trying to advance what we can on regulatory issues at the WTO, but also in various other multilateral fora. It's really a matter of the regulatory issues advancing more quickly in bilateral agreements. We see this not only in the agreement we have with the U.S. and Mexico, but also in the agreement we have with the Europeans on regulatory issues. It's a matter of making the right kinds of judgments about where we can move toward some kind of harmonization and where we need to ensure that we have sufficient freedom to develop our own regulatory requirements.

**The Chair:** Thank you very much.

Mr. Savard-Tremblay, you have six minutes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** Thank you, Madam Chair.

Good afternoon. We already met in my office. Thank you for being available to explain the various ins and outs of the agreement.

As you know, the Bloc Québécois has talked a great deal about the aluminum issue. I believe that it's your issue, Mr. Thornell.

Is it true that, after seven years, steel will need to be cast and melted in North America, whereas aluminum won't have the same protection? As we know, Mexico doesn't have anti-dumping legislation, but it's not the same protection. We're talking about aluminum parts, not cast and melted aluminum.

[*English*]

**Mr. Steve Verheul:** Well yes, there is a difference in the most recent obligations taken on, as of December 10. There will be a requirement on steel that, after seven years, auto manufacturers that are purchasing steel will have to ensure that it's smelted and poured within North America.

With respect to aluminum, that condition at this point does not yet exist, although we do have an obligation that after 10 years we will revisit that. That 10 years is not a hard line. In fact, we will be looking very closely at what kinds of volumes of aluminum are coming into the North American market, particularly into Mexico, and if we start to see there are significantly increased amounts of aluminum coming into Mexico, then we will have an increasingly strong case to say that aluminum needs to be treated the same way as steel is treated.

Part of this has been misunderstood. The requirement that exists in the agreement when it comes into effect is that 70% of any purchases of steel and aluminum by manufacturers have to be of North American origin. But couple that with the 75% requirement for any vehicle to have regional value content; and on top of that, 75% of the core parts—including engines, transmissions, bodies, various other elements—have to be of North American market; and 40% of the value of the vehicle has to be produced in jurisdictions that have wage rates greater than \$16 U.S. an hour. When you take the combination of all those elements, you don't have that much scope to bring in a lot of foreign product.

This is something that has been a bit misunderstood because there are certain elements—and Martin can add to this—or products that aren't produced within North America. For the most part, the screens that we have in cars are not produced in North America, so when auto manufacturers—even auto parts manufacturers—are considering how much North American content they can make, they're pretty constrained. If they're looking at 75% having to be North American, they're obligated automatically for some products that aren't produced in North America to use up a good portion of that 25%. Out view is that they will have little choice but to buy aluminum from North American sources for the most part.

There's a large amount of pressure to do that, plus again, if we find that Mexico is importing aluminum slabs from China or other places and putting it into further processing and putting it into cars, that's all just building a case for us to say aluminum needs to be treated in the same way as steel.

Martin, do you want to add something?

• (1615)

**Mr. Martin Thornell (Senior Advisor, Tariff and Goods Market Access, Department of Foreign Affairs, Trade and Development):** I have a couple of things.

I've said this on a few occasions. NAFTA had the most stringent rules of origin for automobiles of any FTA in the world. In this agreement we have made them significantly more stringent. I think it's important to remember that on aluminum, for example, Canadian automakers are using North American aluminum. American automakers, by and large, are using North American aluminum. Admittedly, some Mexican automakers are using some non-originating aluminum, but their ability to do that is now going to be constrained. I think that's important. We've now got these very restrictive rules of origin.

I want to dig in a little to explain why the point about the higher regional value content thresholds is relevant here. For example, if it's a cast aluminum part or a stamped part, a significant portion of these parts is the metal content. If you're casting a part from non-originating aluminum, you will not wind up with an originating part. You won't be able to satisfy these 75% regional value content thresholds in the case of, say, an engine part, or 70% in the case of, say, a significant portion of the value of a radiator, which is an aluminum pour; you just won't meet that rule. As Steve mentioned, a 75% threshold is tough when certain electronics in a vehicle are, certainly in the near term, going to continue to be sourced offshore. Display screens are the best example of that.

I think this strengthening of the requirements across the board is pretty important. It means that for our aluminum sector, our steel-makers, our auto parts companies that have been very successful selling to Canadian and North American producers, there is an opportunity for them to do even more.

**The Chair:** You are over your six minutes.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Oh, really? My goodness, that went by fast.

[English]

**The Chair:** It's 6:57.

Mr. Blaikie.

**Mr. Daniel Blaikie (Elmwood—Transcona, NDP):** Regarding those same steel and aluminum content requirements, for cars produced in North America right now, what percentage of the steel and aluminum used in those cars is North American?

**Mr. Martin Thornell:** I can't tell you that.

**Mr. Daniel Blaikie:** So we can't say whether the 70% requirement is less than, equal to, or more than what is currently the case?

**Mr. Martin Thornell:** I'll tell you what I do know—

**Mr. Daniel Blaikie:** Because I have a number of questions to ask, would you mind tabling or sending to the committee in writing what you do know about that and what numbers the department has?

**Mr. Martin Thornell:** We consulted with the companies throughout the process. We asked them, if faced with this sort of requirement, what it would mean for them. Would it mean that their vehicles would no longer qualify? They told us, no, they could satisfy that requirement. They're using North American steel and aluminum today. It's the nature of using—

**Mr. Daniel Blaikie:** In fact, they might be using more than the guarantee.

**Mr. Martin Thornell:** Indeed.

It's the nature of the industry.

• (1620)

**Mr. Daniel Blaikie:** I want to jump to dairy. One of the things that we've heard concern about is the fact that there's an extreme limit on the export of milk protein concentrate and skim milk powder, infant formula. The penalties for exceeding that are harsh and meant to keep Canadian producers out of the international market in a preventive way. It's not that they're necessarily a big force on the international market right now, but the export quotas would prevent them from expanding their business, not just into the U.S. and Mexico, but into other international markets as well. The cap this year is 55,000 megatonnes, and it will be 35,000 megatonnes in the second year. The dairy fiscal year is from August 1 to July 31, and there is a serious concern that if the deal is ratified before August 1, year two will begin on August 1, which doesn't align with their production forecast for the coming year.

I know that in CETA, for instance, a large percentage of the agreement has been ratified and implemented, but the provisions on ISDS are being held back, which hasn't prevented the rest of the deal from going forward.

Has the government made any provision for enacting the lion's share of this agreement but holding back on dairy until August 1 to protect dairy producers, at least this year?

**Mr. Aaron Fowler (Chief Agriculture Negotiator and Director General, Trade Agreements and Negotiations, Department of Agriculture and Agri-Food):** It is a situation that we are well aware of. The volumes that are provided within the export thresholds for the three products that you're talking about are to be administered on a dairy-year basis. There is no provision in the agreement to pro-rate those in light of the entry-into-force date of the agreement, so there is the possibility that if the agreement enters into force late in the dairy year, Canadian exporters may not fully utilize the export volume that is provided within the threshold.

**Mr. Daniel Blaikie:** Passage of the ratification legislation in Parliament doesn't mean that the government has to implement the agreement immediately. It could, anytime after the legislation passes, but the Governor in Council could choose to delay implementation of the agreement at least on paper.

Is that accurate, yes or no?

**Mr. Steve Verheul:** Yes, the government can decide when the implementation of the agreement will take place. I think the provisions in the agreement are actually fairly clear though. I think you're familiar with this. It would be the first day of the third month after the last party ratifies the agreement. So that definitive point would be when we actually ratify the agreement. Then it would be the first day of the third month after that.

**Mr. Daniel Blaikie:** So if the agreement were ratified after May 1, then that would push us into the next dairy fiscal year.

**Mr. Steve Verheul:** It would be at the beginning of August, yes.

**Mr. Daniel Blaikie:** Okay.

Thank you.

I know there were media reports early on in the negotiation process for the new NAFTA that the government was committed to preserving the ISDS provisions in NAFTA. I'm wondering at what point in the negotiation the government decided to respond to American pressure to remove the ISDS provisions and no longer hold those as an objective in its negotiations.

**Mr. Steve Verheul:** I think that this wasn't simply a matter of the U.S. wishing to eliminate investor-state dispute settlement across the board in NAFTA. What the U.S. was mainly concerned about was eliminating investor-state dispute settlement in relation to Mexico. Their view was that it actually provided an incentive for investors to invest in Mexico rather than in the U.S. because it—

**Mr. Daniel Blaikie:** But Canada did publicly state at one point that it was a goal of theirs to preserve chapter 11 in the NAFTA negotiations. Is that true?

**Mr. Steve Verheul:** I'm not sure that we ever explicitly stated that. We did have an interest in looking at investor-state dispute settlement in the context of this agreement, because, as you probably know, there have been far more cases taken by U.S. investors against Canadian policies than cases taken by any Canadian investors against the U.S.

In an environment where we have fairly sophisticated court systems on both sides, we didn't feel that we needed investor-state dispute settlement in relation to governing these issues between Canada and the U.S.

• (1625)

**Mr. Daniel Blaikie:** If I may, I just want to pursue—

**The Chair:** I'm sorry, Mr. Blaikie, your time is up.

I was just allowing the witness to finish the testimony. Sorry.

Okay.

On for five minutes, we have Mr. Fast.

**Hon. Ed Fast (Abbotsford, CPC):** Thank you very much, Madam Chair.

Welcome, everyone, to the panel, especially Steve. The last time you and I were at this committee together, I think I was sitting over there right next to you. We were defending CETA, or trying to defend CETA, right?

**Mr. Steve Verheul:** You were.

**Hon. Ed Fast:** Let me just start by asking a follow-up question on Mr. Carrie's concerns, and that is about the economic impact statement. We have asked Minister Freeland for that for months now. Obviously, we as a committee, and certainly we on the opposition side, are not prepared to buy a pig in a poke. We want to know exactly what Canada is signing onto and the impact that this agreement will have on our economy.

I note that the United States, back in April of last year, completed its own economic impact assessment, some 400 pages, telling Americans and their decision-makers exactly what was in the agreement and the impact it would have on their economy. It just baffles me why our government—and, by the way, I'm not pinning this to your shoulder. I'm saying it's the government's failure to deliver on something essential when we're dealing with the largest trade agreement Canada will ever, ever be party to.

I'm going to ask you, first of all, to pass on our profound disappointment to the minister about her failure to deliver on this right now.

Can you, Steve, provide us with assurances that before final ratification takes place, before this committee process is finished, we will have an economic impact assessment available to all of us MPs around the table?

**Mr. Steve Verheul:** I'm fairly confident that I can provide you with that assurance, because we—not our group, but the chief economist's group—are very close to finishing that economic assessment.

You mentioned the U.S. assessment that was done. We examined that closely when it came out, and it did come out some time ago, as you pointed out, but they assigned a particularly large amount of value to what they termed “reduced policy uncertainty”. That's not really something that can be measured quantitatively through an economic assessment, but it made a huge difference in the conclusion of their assessment. If you remove this notion of reduced policy uncertainty, which is fairly nebulous, the U.S. analysis actually projects a loss in relation to the new NAFTA outcome.

What we've been trying to do in our own analysis—and we've been talking to our economists as they've been conducting this—is to come up with something that we can defend credibly. As I mentioned earlier, too, given that this is a revisiting of an existing agreement, we already essentially have free trade, so significant new gains are not something that's likely to appear.

**Hon. Ed Fast:** Okay. Maybe I can follow up on that, because my time is short.

**Mr. Steve Verheul:** Sure.

**Hon. Ed Fast:** You said in your comments that this is all about preserving Canada's market access to the partner states, to the U.S. and Mexico. I don't think Donald Trump saw it that way.

**Mr. Steve Verheul:** Absolutely not.

**Hon. Ed Fast:** He saw it as gaining new market access.

I've looked at the agreement. On issues of market access, it looks like it was Canada that conceded without any corresponding gains on market access.

I know there are some improvements on how we deal with non-tariff barriers such as sanitary and phytosanitary standards, but I don't see any real substantive new market access in Canada's favour. Yet Americans certainly have new market access, especially in the areas of chicken, dairy and eggs.

I'm just wondering how we square that, because the government said that this was going to be a "win-win-win" and promised us it was going to be a better deal than we had before. Quite frankly, by any standard that I've applied, this agreement is lesser. Yes, it preserves market access to the United States, our largest trading partner, but it's not a better agreement.

**Mr. Steve Verheul:** I think that when you look at the issue of market access, what was negotiated is fairly limited. There were no real market access gains in the industrial sector. There were no real market access gains in the fisheries sector. The only area where there were any significant market access improvements—and "significant" might even be a strong word in this respect—was with respect to protected products: supply management for Canada and sugar and sugar-containing products, peanuts and margarine in the U.S.

While we did offer the U.S. increased access to our dairy, poultry and egg markets to some degree, under certain conditions, we also gained access to the U.S. dairy market. We gained access to the U.S. sugar and sugar-containing products market, the peanut butter market and other various markets.

I might ask Aaron if he wants to elaborate on some of that.

● (1630)

**Mr. Aaron Fowler:** Thank you very much.

**The Chair:** Very briefly, please, Mr. Fowler.

**Mr. Aaron Fowler:** Yes, I'll keep it very brief.

I would say that the access may not look significant when taken in the context of the overall agreement, but I can assure you that it's quite significant to the sectors that stand to benefit. If you look at sugar in particular, you see that the United States will provide a new country-specific TRQ for Canada for 9,600 tonnes of refined sugar and 9,600 tonnes of sugar-containing products upon the entering into force. That's in addition to the market access that we already enjoyed under the NAFTA for those products.

The U.S. has agreed to eliminate its tariff on margarine over five years and to adjust the rule of origin so that it's easier for Canadian margarine manufacturers to access that market. They've also agreed

to eliminate their tariff on peanut butter over five years and to eliminate their tariff on peanuts over five years.

It's not a wide range of products, but there wasn't very much that wasn't already subject to tariff disciplines under the NAFTA.

**The Chair:** Thank you very much.

We'll go on to Mr. Sheehan for five minutes.

**Mr. Terry Sheehan (Sault Ste. Marie, Lib.):** Thank you very much, Madam Chair.

As this is our first committee meeting, I just want to say that it's an honour having you before us at our first committee meeting of this 43rd session. You have presented before at the former trade committee meetings and some of us who were part of the past trade committee have heard about your great work, and some new folks are just hearing of it. I'm sure they are aware of your great work as well.

I'm from Sault Ste. Marie, a steel town, and 60% of Algoma steel is exported to the United States. When Donald Trump put the section 232 tariffs on steel and aluminum—well, 25% on steel and 10% on aluminum—there was great concern in my community and across this country. A lot of people didn't think he was going to do it, but he did it and he used it on the grounds of national security.

I have always said that from my window there, I literally look across at the United States and I don't see any gunboats in the St. Marys River or any turrets. We have the longest undefended border. We have NORAD in North Bay, a shared defence.

It was insulting for Canadians, I think, for them to use that tool at that time. It was not only insulting, but also of great concern to people in Sault Ste. Marie. I'd walk into a Tim Hortons for donuts and the nervousness, not just on the faces of the steelworkers, but their spouses, their children, their parents was of really deep concern and it hurt badly.

I was proud of this Parliament's coming together, and of this trade committee that went down to Washington—united, all parties—and looked square in the face of the American legislators and said that we would not pass this until they lifted those section 232 tariffs on steel and aluminum.

I know there were many other committees that went down. I went down with the industry committee. I co-chair the all-party steel committee, and we did the same thing. That, I think, coupled with the dollar-for-dollar counterpunching we did above our weight, not only on steel and aluminum, but also on gherkins and sleeping bags and Jack Daniel's, I think, caught their attention and hurt them back a bit.

As well, we made a lot of changes to strengthen our steel remedy system: anti-circumvention, scoping, and hired 40 new Canada Border Service Agency workers specialized in forensics to do that.

In your opinion, Steve, could you please explain to us how important it was and how maybe other areas of this great country came together to work against those section 232 tariffs that were really hurting the steel and aluminum industry?

• (1635)

**Mr. Steve Verheul:** Yes, from my perspective, you've described that feeling very clearly. When the U.S. put on those tariffs against Canada on steel and aluminum on national security grounds, when we have such a close alliance with the U.S. on defence issues and anything to do with national security, I think it's fair to say that we did feel it was a bit of an insult. We do not, in any measure, pose a security threat to the U.S. and, in particular, we don't pose a security threat to them with our steel and aluminum exports to their market.

We've had a fairly balanced trade with the U.S., particularly in steel. We happen to produce more aluminum than they do, but we've exported that without any kind of difficulty for many years. We are not a back door for subsidized steel coming from other countries like China and others. We've been a loyal trading partner and have worked closely with the U.S. on protecting the North American market.

From our perspective, there was no way we could accept an outcome in the context of a free trade negotiation where we would have national security tariffs applied against our steel and aluminum, so we made it very clear early on in those discussions that we could not have a conclusion to this negotiation with those tariffs remaining in place. It was simply entirely inconsistent with a free trade agreement to have those tariffs in place.

We insisted that those had to be removed. To this point, though, we continue, along with Mexico, to be the only countries that really have any kind of exemption from those steel and aluminum tariffs. They are applied across the world to most other suppliers. Some have negotiated exemptions, but they've paid for them in various ways. We have not.

The steel and aluminum sector has been a North American market, particularly between us and the U.S., for many years.

We've found it to be fundamentally unjust and insisted that they be removed before we completed this negotiation.

**The Chair:** Thank you very much.

**Mr. Terry Sheehan:** Okay.

**The Chair:** We'll go on to Mr. Lewis.

**Mr. Chris Lewis (Essex, CPC):** Thank you very much, Mr. Verheul and your team. It's going to be very interesting times, no

doubt. I just have a couple of questions for you, and I'm going to stay on the topic of steel and aluminum at this time.

In the deal to remove steel tariffs, the U.S. can reimpose steel and aluminum tariffs if there's a meaningful surge of imports above historic levels. What defines "meaningful", and was that discussed during the negotiations?

**Mr. Steve Verheul:** Well, we did have discussions. There was no definition of what a meaningful surge would be. We have had a number of discussions at a technical level with U.S. authorities since the lifting of the tariffs on steel and aluminum. We've talked about the trade that has been occurring. We've talked about our pattern of exports to the U.S. and what that pattern looks like. I think it's safe to say that we have not been hearing expressions of concern from the U.S.

In many ways there was an artificial distortion introduced into the North American market. There was a bit of a rebound after that, which would be expected, but we have not heard any threats from the U.S. to reimpose those tariffs. Of course, we would react very strongly if they were to consider that path.

**Mr. Chris Lewis:** Supplementary to that, the deal also limits how Canada can use retaliatory tariffs, because we can only retaliate on steel and aluminum products. Traditionally, we would have retaliated with a broad range of tariffs that would strategically target specific sectors and legislators.

In your opinion, would we no longer be able to do that?

**Mr. Steve Verheul:** I think it would all depend on if the U.S. were to consider taking some kind of action against our steel and aluminum tariffs, and if they were going to justify it on national security considerations, as they did in the past. If we felt that those justifications were unjust, then I think clearly all bets are off.

But we did agree, to get removal of the tariffs, that we would monitor the trade going back and forth. The biggest concern of the U.S. was about any product coming in from outside of North America through Canada into the U.S. We've been ensuring that we can demonstrate that we're not importing product from China, or other countries around the world, and transshipping that into the U.S. That was their fundamental concern.

I think as long as we can demonstrate that we're operating within a North American market, we don't have to get into those considerations.

• (1640)

**Mr. Chris Lewis:** I have a final question, Madam Chair. I believe I have two minutes left.

The new NAFTA has a complex series of rules for the auto rules of origin. These rules layer on top of each another and are complicated, and most industry analysts say that these will raise the price of a North American car by thousands of dollars, particularly compared with a Honda or a Toyota.

What economic impact analysis has the government conducted regarding the auto chapter, and can that analysis be provided to the committee?

**Mr. Steve Verheul:** We haven't done any kind of quantitative economic analysis, any kind of modelling of what that would mean. I think it's going to be something we won't really start to see the impact of until the rules come into effect.

I think without a doubt the rules of origin on autos are going to encourage further production within North America of both inputs to the auto sector and the autos themselves. I think it's reasonable to assume that it might make North American-built cars a little bit less competitive in other markets, but the whole thrust of these changes was to create more of a North American market where those products would be used within North America to the benefit of auto workers in Canada and the U.S. in particular and our various manufacturers that are producing these models.

**Mr. Chris Lewis:** Thank you very much. Thank you, Madam Chair.

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

Go ahead, Ms. Bendayan.

[Translation]

**Ms. Rachel Bendayan (Outremont, Lib.):** I want to thank Mr. Verheul for joining us.

The new agreement, the CUSMA, is clearly a victory for Canada and Canadian workers. However, I can't help but notice that some of my colleagues on the other side of the House and across the table, as far as this committee is concerned, seem worried about the impact of this agreement on the aluminum sector and on workers in Quebec.

I want you to explain the difference between the past situation and the future situation under the new agreement. In particular, I want to know the impact of the new protections that we discussed. You mentioned that 70% of the protections didn't exist before. I want to know the impact of the protections, but also which negotiations led to this situation.

Thank you.

[English]

**Mr. Steve Verheul:** There was a lot of focus, in those negotiations on the rules of origin, on trying to encourage and incentivize further production within North America. When you take into account elements like the labour value content...in particular bringing production back to the U.S., and because we're in the same kind of category, back to Canada as well. Under the existing NAFTA, as you point out, there are no requirements whatsoever for the use of aluminum, or steel for that matter. There was the very simple requirement that 62.5% of that auto had to be produced from products of North American origin. We now have a much more complex system. It does have aluminum and steel specific obligations contained

in it, but I think at least as important as that is the fact that we've gone from this 62.5%, which exists in NAFTA, to 75% not just on the vehicle but also on the core parts and the labour value content.

As we discussed a bit earlier, that leaves a pretty small margin for what you can bring in from offshore and have it as part of your originating content to meet those obligations. As Martin pointed out too, certain elements or products in the production of a vehicle are simply not produced within North America, so that automatically takes up part of that room. Couple that with the fact that evolution in the auto sector is geared toward trying to produce lighter products, lighter cars. That encourages the greater use of aluminum in things like engine blocks and other products, because it's lighter than steel and therefore more energy efficient. We do feel there are significant incentives to using more aluminum than in the past. Again, if we do we start to see aluminum coming in through the back door, in some cases—through Mexico, for example—we will be watching that very closely. We have avenues to pursue that, if necessary.

Martin might have something to add.

• (1645)

**Mr. Martin Thornell:** With regard to the latter part of your question, about the negotiating dynamic, Steve mentioned in his opening remarks that some of the U.S. initial proposals were unorthodox. That's very fair in the case of the rules of origin package they initially presented. In addition to the 50% U.S. content requirement, they had some ideas whereby you would need to know the origin of the petroleum, for example, that was used to make plastics found in the vehicle. There were similar things with respect to other metals and materials.

To go back to the question raised earlier about keeping the industry competitive, when we spoke to the industry, they simply said that these ideas were untenable. That amount of tracing or tracking of materials was something they just wouldn't undertake, especially when, in some instances, we're talking about getting a fairly small amount of preference. With a car entering the United States, it's only a 2.5% tariff. There's only so much compliance work on rules of origin that a company is prepared to do to save that 2.5%.

Some of these ideas, such as the 70% steel and aluminum requirements and some of the other things in there, I wouldn't say were all Canadian ideas, but we tried to move the negotiations in the direction of finding ways to incentivize the use of North American materials while not completely undermining the competitiveness of the auto industry. Of course we want automakers to use Canadian materials and Canadian parts, but we have to be mindful that they have to stay competitive and recognize that producers from outside North America are not facing those same sorts of requirements. This is within the NAFTA regime.

That's sort of how some of these ideas evolved.

**The Chair:** Thank you very much.

Mr. Savard-Tremblay, you have two and a half minutes.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Madam Chair.

We'll talk about another issue, if you don't mind.

Since we were discussing aluminum, we also spoke a bit about supply management.

I'll talk about an entirely different issue, namely, the environment. I know that there's now a separate chapter on the environment.

Does this chapter set climate standards and water and air quality standards? Does it require the agreement to comply with international environmental agreements? Does it establish a system to stop potential environmental violations?

[English]

**Mr. Steve Verheul:** Certainly with this agreement we made significant advancements when it came to environment. Under the existing NAFTA, there is no chapter on environment; it was in a side agreement. We now have a full chapter in the agreement. It is subject to dispute settlement, so we can take cases against it under the dispute settlement process that applies to the entire agreement.

We have a variety of new commitments that have been included on environment. We have new commitments to address various global environmental challenges: illegal wildlife trade, illegal fishing and depletion of fish stocks, species at risk, conservation of biological diversity, ozone-depleting substances, marine pollution, and for the first time in an environment chapter, commitments to improve air quality and combat marine litter.

We've been—

• (1650)

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** If I may, that's precisely the question that I wanted to ask.

Are these commitments binding or are they only intentions?

[English]

**Mr. Steve Verheul:** Absolutely, these are binding requirements. If one of the other parties does not comply with the obligations—a number of which I've just set out, but there are various others as well—we can pursue a dispute settlement case against them.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Those are dispute settlements.

[English]

**The Chair:** Mr. Tremblay, you have less than 30 seconds left.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** I have 30 seconds left. It won't do me much good to try to use the remaining 30 seconds.

[English]

**The Chair:** I'm sorry, but your time is up at this point.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** So many aspects of this agreement could have been discussed.

[English]

**The Chair:** Absolutely.

Mr. Blaikie.

**Mr. Daniel Blaikie:** In chapter 32 of the agreement, it says that at least three months prior to commencing negotiations, Canada will notify the other parties—meaning the U.S. and Mexico—of its intention to commence free trade agreement negotiations with a non-market country, and also that no later than 30 days before a date of signature, we would forward the text of that agreement to our CUSMA partners.

Given those provisions, is it not the case that, as a matter of law, the U.S. and Mexican governments would have more right to information about a trade deal with China than the Parliament of Canada?

**Mr. Steve Verheul:** No. My view would be absolutely not.

**Mr. Daniel Blaikie:** Does the government have a legal requirement to share the text with Parliament 30 days prior to signing the agreement?

**Mr. Steve Verheul:** No, but we do that as a matter of course.

**Mr. Daniel Blaikie:** Does the government have a requirement to consult Parliament at least three months before beginning negotiations?

**Mr. Steve Verheul:** I can assure you that if we were to engage in any negotiations with a non-market economy under the obligations of this agreement such as they are, we would certainly be providing Canadians and Canadian parliamentarians with all of that information long before we'd provide it to the U.S.

**Mr. Daniel Blaikie:** There's no legal requirement to do that.

**Mr. Steve Verheul:** There would be no question that it would be provided to Canadians first.

**Mr. Daniel Blaikie:** However, there is no legal requirement to do that. Is that correct?

**Mr. Steve Verheul:** It's not set out in the same terms, because the terms of this provision are very specific, but I can assure you that we would be—

**Mr. Daniel Blaikie:** These terms are legally binding. Is that correct?

**Mr. Steve Verheul:** These terms are legally binding in international—

**Mr. Daniel Blaikie:** However, there are no legally binding terms requiring similar disclosure to Parliament.

Am I wrong? What would be the name of the act that imposes that obligation on the government?

**Mr. Steve Verheul:** I'm not aware of any specific act—

**Mr. Daniel Blaikie:** Me neither.

**Mr. Steve Verheul:** —but there would not be any scenario that I could imagine where we would give any foreign country our obligations in an agreement, or the results from an agreement to a foreign country, in advance of giving them to Canadians, including to Canadian parliamentarians.

**Mr. Daniel Blaikie:** Would it make sense to have similar legal provisions ensuring that the information is delivered to Parliament and to Canadians at the same time or prior to delivering it to a foreign government?

**Mr. Steve Verheul:** Well, it's certainly not for us to say whether there needs to be a legal obligation or not. The only assurance I can give is that we would not be providing anything to a foreign entity prior to providing it to Canadians.

**The Chair:** Thank you very much.

We'll move to Mr. Kram for five minutes.

**Mr. Michael Kram (Regina—Wascana, CPC):** Thank you to all of the witnesses for being here today and for all of your good work in the negotiation process.

My question is about supply management. I had a meeting this morning with representatives from SaskMilk, and there seemed to be some confusion about the tariffs that will be imposed if Canadian milk exports exceed a certain threshold.

I wonder if you could clarify this. Are the export tariffs that Canadian dairy producers have to pay only for exports to the United States and Mexico, or for exports to the rest of the world?

**Mr. Aaron Fowler:** The provision that you're talking about, which applies to three specific dairy products that are set out in the agreement, covers Canada's exports of those products to all countries.

**Mr. Michael Kram:** Is there a similar requirement under the old NAFTA?

**Mr. Aaron Fowler:** There is not.

• (1655)

**Mr. Michael Kram:** Are there similar requirements in the trans-Pacific partnership, the trade deal with the European Union, or any other free trade agreement Canada has ever entered?

**Mr. Aaron Fowler:** I am aware of no similar provision in any of our other trade agreements.

**Mr. Michael Kram:** I am wondering whether the negotiating team could give us some insight into how that particular requirement made it into the new NAFTA.

**Mr. Aaron Fowler:** Certainly.

The provisions affecting the dairy sector in Canada are designed to respond to specific interests and concerns expressed by the United States during the course of the negotiations. In particular, the

United States expressed to us repeatedly throughout the negotiations concerns with respect to the market impact of dairy pricing changes. These changes had been introduced in Canada in February 2017 as part of the proposed national dairy ingredients strategy whereby we established in Canada a new class of dairy products called class 7 that had a competitive pricing link to international reference prices to, among other things, encourage investment in the dairy processing sector in Canada and to allow the sector to produce more innovative products. The United States expressed concerns with respect to the impact that this change had, in the first instance, on the access into the Canadian market of certain types of dairy products, and then with respect to the possibility that Canadian exports of certain types of products that benefited from that new pricing class were displacing exports of American products from markets that the U.S. had traditionally exported to.

We examined a number of ways of addressing those U.S. concerns through the course of the negotiations and ultimately determined that this was the least objectionable way forward.

**Mr. Michael Kram:** I also have some questions about the environmental standards that came up a little bit earlier in these meetings. Indeed, earlier this week and last week in the House of Commons, some Liberal members made the statement that we do not want to have a race to the bottom when it comes to environmental standards.

Have the United States and Mexico ratified the Paris Agreement?

**Mr. Steve Verheul:** Well, I'm sure you are aware that the U.S. has not ratified the Paris Agreement. Offhand... Mexico has ratified the Paris Agreement.

**Mr. Michael Kram:** They have.

In my province of Saskatchewan, in the southern part of the province, there's what's known as the Bakken oil field. Half of this oil field is on the Canadian side of the border, and half is on the American side. As I'm sure you're aware, the federal government recently imposed a carbon tax on the province of Saskatchewan.

I'm wondering if there are any requirements in the new NAFTA for oil drilling operations in North Dakota or Montana to have to pay a carbon tax or a similar fee the same way that this is the case on the Canadian side of the border.

**Mr. Steve Verheul:** There are no specific requirements in that regard, although we do have provisions under the environmental co-operation agreement that we would co-operate on various issues related to climate change, even though we did get a significant amount of resistance from the U.S. on issues related to climate change.

When it comes to many of the elements, including some of those that you're referring to, we do have this environmental co-operation agreement that obliges us to discuss these kinds of issues and try to find ways forward that we can both live with.

However, the issue of specific carbon taxes applying in a cross-border kind of fashion was not addressed.

**Mr. Michael Kram:** All right.

**The Chair:** Mr. Sarai, you have five minutes.

**Mr. Randeep Sarai (Surrey Centre, Lib.):** Thank you, Mr. Verheul and your team. You've done an amazing job and punched well above your weight in dealing with a very powerful American regime that wanted a lot of changes. We're very proud of the work that you and your team did.

I come from the riding of Surrey Centre. I've been told that it has the highest number of softwood lumber employees, I think, in the province. Softwood lumber has been an ongoing issue, with countervailing duties and agreements and then the agreements expiring. When can we expect to reach true free trade in that? Does chapter 19 still protect our interests and monitor and defend our interests in every trade dispute?

**Mr. Steve Verheul:** Yes. Well, certainly softwood lumber has been a difficult issue between us and the U.S. for many, many years, as you're well aware.

With respect to the existing NAFTA and the new NAFTA, the agreement stipulates that there is free trade between Canada and the U.S. on softwood lumber products. The U.S. has a right to pursue anti-dumping and countervailing duty investigations against imports from Canada, and they've done that frequently. That's within their rights. We have the right under chapter 19 to challenge the way they've done those investigations, and we have fairly consistently won those disputes. The U.S. has tended to bend, if not entirely break, the rules fairly significantly from time to time in their calculations and in the way they proceed with those investigations. That is why we have won.

The preservation of chapter 19 exactly as it is from NAFTA into the new agreement is fundamental for us to be able to pursue those issues. We would like to negotiate an agreement whereby we don't have to go through this process all the time, but at this point, the U.S. has shown little interest in pursuing an agreement.

You may be aware that the most recent administrative review on softwood lumber duties has demonstrated that the U.S. Department of Commerce has found much lower rates than are currently in place. We're hoping that after these preliminary rates have been published and we get to the final rates, they will indeed be lower and we'll be in a better position to try to get rid of these tariffs.

It's not a question of softwood lumber being outside of the agreement; it's very much a part of the agreement. It's just that the U.S. has been very exuberant in applying anti-dumping and countervailing duties against Canadian exports.

• (1700)

**Mr. Randeep Sarai:** My next question is with respect to new non-market country free trade agreements.

If a CUSMA signatory other than Canada signs an FTA with a non-market country, what information would the Government of Canada require? What procedures would it use to assess the potential impact of the FTA on CUSMA, and vice versa, if we were to enter into an agreement with another country? What are the mechanisms whereby the other two signatories could impede that? What are their options and what are our options?

**Mr. Steve Verheul:** We do have certain obligations under that provision. If any of the three parties intends to enter into negotiations with a non-market economy, they are to notify the other two

parties of that intention. They're also obliged to provide details of the outcome of that negotiation, if they manage to complete it, and essentially keep the other two parties informed of the progress of the negotiation. If at the end of the day there is an agreement that is concluded, the other two parties could exercise their right to withdraw from NAFTA if they saw fit.

I want to emphasize that this is really no different from what exists right now. We would ordinarily inform trading partners such as the U.S. and Mexico if we were to enter into negotiations with another country, particularly a non-market economy. We would keep them informed. We have regular discussions with our trading partners, including the U.S. and Mexico, on our negotiations.

The right to withdraw from an agreement is a fundamental provision in every free trade agreement. All that the party has to do is to issue a six-month notice that it will withdraw from the agreement.

There's nothing new here. This was more of an issue of attaching further optics to the whole issue of negotiating with a non-market economy. That was a desire of the U.S. They wanted to bring some profile to that. Fundamentally, it does not change our rights; it does not change our ability to negotiate with other negotiating parties. I think this provision has been blown somewhat out of proportion.

**The Chair:** Thank you very much.

I'm sorry, but your time is up.

Mr. Carrie.

**Mr. Colin Carrie:** I wanted to go back a little bit to the cost-benefit analysis, or what we would call an "economic impact study". Through you to the minister, I would like to express how disappointed we are—I think the opposition was unanimous—that the minister didn't even commission a cost-benefit analysis or an economic study until a few weeks ago, particularly when the Americans finished theirs in April 2019.

We have about three inches of reading here, and I think it would have been beneficial if we were given that in advance. The American legislators and decision-makers were given it before they had to debate it in their house and their senate. We're going to be given our cost-benefit analysis and economic impact study with the Canadian perspective after ratification. If we have anything that comes up that needs an amendment, we can't even really go back unless we send it back to the United States and Mexico. That is concerning.

The other thing is that when you mentioned the analysis, you said that the minister is changing the parameters of the Canadian studies so that he can defend the agreement. Frankly, the minister needs to know that we're not necessarily interested in giving the government an opportunity to defend the agreement. We want to know the truth and the impact that it's going to have on Canadian industry.

My NDP colleague was quite eloquent on the aluminum question, as he was in the House as well. What's the status today for auto parts, for example, and what is it going to be in the future?

It's the lack of transparency and disappointment more than anything else. I know she'll be here, and maybe she'll have an answer for us.

You guys know I'm from Oshawa. We had really bad news that our plant wasn't allocated new product. Even if I hear from the auto industry that they can live with the agreement, it's too late for my community. What I'm worried about is that the agreement puts in place rules of origin that can be significant red tape.

My colleague asked about the cost on cars and things like that. My concern is that we're heading down this road for North American integration, and for them to build a car here in North America there is a tipping point. With regard to the costs of making a car here versus the costs of one of these manufacturers making it off-shore and then sending it over here, I think it's very important that we get the analysis of those costs and what they're going to do to the automotive sector. Because we certainly would like to see an agreement if we're going to be having jobs moving north, so to speak, I'd really like to know for my constituents what the advantage is of investing in Canada versus investing in the United States.

Martin, I know that you've done a lot of work on this. What's in this agreement that would incent a General Motors, Chrysler or Ford decision-maker to put a plant in Canada versus the United States, to keep jobs here?

• (1705)

**Mr. Steve Verheul:** If I can just start.

**Mr. Colin Carrie:** There was a lot in that preamble.

**Mr. Steve Verheul:** There was quite a bit there, yes.

First of all, the Deputy Prime Minister has had no influence on this analysis. If I somehow gave that impression, I'd like to dispel it because she has had no input or guidance or views on our economic analysis. That is being conducted by the chief economist at Global Affairs without any kind of interference.

**Mr. Colin Carrie:** You did say, though, that the parameters for the Canadian perspective were being changed. I appreciate your clarifying that, but it is the government's role basically to take a look at those parameters—

**Mr. Steve Verheul:** Yes.

**Mr. Colin Carrie:** —so that we can compare apples with apples, and things like that.

**Mr. Steve Verheul:** That's right, and that's something that I have done.

**Mr. Colin Carrie:** Okay.

**Mr. Steve Verheul:** If we wanted to do the same kind of economic analysis the U.S. did some time ago, we could do that very quickly. I don't think that's the kind of analysis that we really want to submit to parliamentarians, to be able to judge an agreement on that basis, because we think there are fundamental flaws in that analysis.

We are trying to do some analysis that's going to have more rigour, that will be more accurate in terms of the actual impact of the agreement. I can assure you that you will not get the analysis after ratification has been completed; you will get the analysis within a matter of days. That analysis will be the best that we can come up with at this point in time. Again, this is inherently a limited kind of analysis because we already essentially have free trade, and many of the benefits of this agreement are not elements that you can put into a quantitative model and get a result for, so a lot of this has to be qualitative analysis, inherently, but we will be providing that analysis to you in the very near future and would be happy to defend it on any subsequent occasion.

• (1710)

**The Chair:** Thank you very much.

**Mr. Colin Carrie:** Yes, and we would like that as quickly as we can, because we just want to do the best job for Canadians at this table.

**The Chair:** Thank you very much, Mr. Carrie.

We'll go on to Mr. Dhaliwal.

**Mr. Sukh Dhaliwal (Surrey—Newton, Lib.):** Thank you to you, Assistant Deputy Minister Steve Verheul and your team. I want to thank you for the great work that you've done in the previous Parliament and welcome you back to this committee.

When I was going to doorsteps during the recent election campaign, I found that every worker I came across in Surrey—Newton, every small to medium-sized business that I came across, all wanted to get this deal done, and the majority of them were looking for predictability and stability. Could you please elaborate on how this is going to help when it comes to small and medium-sized businesses, not only in Surrey—Newton but across British Columbia? I see that the Business Council is supporting it and the Canadian Labour Congress is supporting it, and the premiers.

So what is in this deal that will help British Columbian SMEs?

**Mr. Steve Verheul:** I think this has been one of the major objectives that we had throughout the negotiations, to try to improve this agreement, modernize it in ways that would make it more relevant and more accessible to small and medium-sized businesses.

I'll give you one example. We have all of these tariff preferences, duty-free trade into the U.S. as it stands now under NAFTA. Only about 50% of those preferential rates are utilized. Part of the reason for that is that, if you want to claim a NAFTA preference, you have to fill out a form, fax it in to customs—and I'm not sure how many small businesses even still have fax machines—and you have to provide extensive amounts of documentation. Under the new agreement, you don't have to do any of that. You can simply send in your product. The actual bill going along with it can justify that it is of North American origin. We've streamlined the border. We've simplified all of the red tape that currently exists, so that small and medium-sized businesses can take advantage of this agreement, whereas before they may have been hesitant to go through the process of filling out a number of forms and that kind of thing.

We also have, for the first time, a chapter on small and medium-sized businesses, which is dedicated to trying to find ways to assist small and medium-sized businesses to access foreign markets, to make it as easy as possible, because many small businesses are going to be content with trying to serve the domestic market and may be hesitant to start looking at foreign markets. We're trying to make that as easy as possible so that they can start to expand into other markets and in particular the U.S., which is a common avenue that many small businesses work toward.

In addition to that, we've tried to address the regulatory barriers that exist, so that they don't have to face those going into other markets and in particular the U.S.

This is a very unrecognized area of the work we did on this agreement. It was very much below the radar because the U.S. wasn't particularly interested in this, but we've managed to streamline the process of putting goods back and forth across the barrier, reducing those barriers that are beyond the border—regulatory and technical barriers—and I think that's where we'll see the greatest gains over time.

**Mr. Sukh Dhaliwal:** When it comes to small businesses, you mentioned it helps small businesses, and I see a trend. More and more women are getting involved in running small businesses. How will this particular agreement help those small businesswomen to pursue this?

• (1715)

**Mr. Steve Verheul:** That has been a particular focus that we've been engaged in as well on the gender side. We do have a chapter related to gender. We've included gender provisions in the chapter on small and medium-sized businesses. We've included gender in other areas as well, including the investment chapter and the labour chapter, and we've kind of inserted that throughout various provisions within the agreement to encourage women to be able to participate and effectively contribute to more economic access to the U.S. market—and the Mexican market, for that matter.

**The Chair:** I'm sorry, Mr. Dhaliwal. Your time is up.

We'll go on to Mr. Savard-Tremblay for two and a half minutes.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** I'll try to stay within my allotted time.

I also want to talk about chapter 28 on good regulatory practices, which states that the policies implemented must facilitate trade, growth and investment.

This mechanism seems quite restrictive. The new rules must be made publicly available each year, namely, the rules that will be in force the following year. The authorities must also make publicly available the studies and data that led to the practices in question, and justify the need for them and explain the issue that they wanted to address. A list of alternatives must also be provided. The chapter is 13 pages. However, it seems that we're making the process more cumbersome and shifting public policy toward greater liberalization, in addition to considerably reducing political sovereignty.

Chapter 11 of NAFTA has been eliminated. I want to congratulate you for this. It's a great success and a good thing. However, it

seems that the chapter has been replaced by another mechanism that threatens sovereignty and the ability to make decisions in this Parliament.

[English]

**Mr. Steve Verheul:** Well, I think that certainly when we look at the good regulatory practices chapter, and when we look at the various annexes to the technical barriers to trade chapter and all of the efforts we have made on the regulatory issues, all of this is about co-operation. They are not obligations. There is nothing in those chapters that says one must adopt this U.S. regulation or that U.S. regulation.

It's about agreeing to good regulatory practices involving transparency so that the other country understands what the requirements are to enter their market—so small businesses can be very aware of what is necessary to sell to the U.S., for example—and all of this is oriented around co-operation to try to ease any kind of difficulties going back and forth across the border, not to put up any further barriers, while respecting our regulatory freedom to establish the regulations that we want within a Canadian perspective.

It doesn't mean that we're looking toward harmonizing regulations. It means that we're looking at making sure that we can recognize each other's requirements and that companies can prepare their products in such a way that they can enter those markets. This is all about trying to streamline movement back and forth across the border, not to impose any additional barriers. In fact, it is the reverse—to remove barriers.

**The Chair:** Thank you very much.

Mr. Blaikie.

**Mr. Daniel Blaikie:** After the first iteration of the deal was concluded, we heard that Canada's work was done and it was the best deal we could get.

Democrats in the States successfully pushed to have the deal reopened. At that time, did Canada propose any changes? In particular, I'm wondering if Canada brought a proposal to the table around the August 1 beginning of the dairy year and whether or not the coming into force of those provisions could be held back until August 1. Was that declined? Was the offer made?

**Mr. Steve Verheul:** First of all, I may ask Aaron to elaborate on some elements of that latter part, but when the U.S. Democrats in the House of Representatives started to engage with the U.S. trade representative, we were very much part of those conversations and had a window into them. We were talking to the Office of the U.S. Trade Representative. We were talking, to some extent, to the Democrats.

If you look closely at the provisions that are in the agreement that was reached to modify the original agreement reached on December 10, you see that when it comes to the provisions in relation to dispute settlement, when it comes to the provisions in relation to environment and in relation to labour, most of these were Canadian proposals that were made—

• (1720)

**Mr. Daniel Blaikie:** Did Canada make any of its own proposals in the second round of negotiations?

**Mr. Steve Verheul:** We didn't really have a need to given that the Democrats were taking many of the proposals we made in the negotiations and picking them up as their own proposals.

**Mr. Daniel Blaikie:** In your opinion, it was not an opportunity to try, for instance, to delay the coming into force of the dairy provisions by several months in order to provide some predictability to dairy farmers in this fiscal year.

**Mr. Steve Verheul:** That specific issue was not something that anybody on the U.S. side had any interest in, so to my knowledge that was not pursued. I don't know if you have anything to add to that, Aaron.

**Mr. Aaron Fowler:** No, just to say that the dairy outcome overall was a very carefully and delicately put together balance of concessions and obligations. Given that no additional U.S. requests fell into the area of Canadian agriculture as part of the protocol, we did not consider that we would seek any changes to the outcome that we achieved at the negotiating table.

**The Chair:** We will move on to Mr. Fast.

**Hon. Ed Fast:** How many free trade agreements does Canada have?

**Mr. Steve Verheul:** It depends on how you count them.

**Hon. Ed Fast:** How many countries does Canada have free trade agreements with? Are there 51?

**Mr. Steve Verheul:** —51 or 53...somewhere in that range. Yes.

**Hon. Ed Fast:** How many foreign investment promotion and protection agreements does Canada have?

**Mr. Steve Verheul:** I'm guessing a bit here, but I think it's in the range of 30 to 35. I don't know if anybody can....

We have 14 free trade agreements with 51 countries.

**Hon. Ed Fast:** All right, we have all those free trade agreements, all those FIPAs as they're known, and virtually all of them have some sort of investor-state dispute settlement in them. Is that correct?

**Mr. Steve Verheul:** That's correct.

**Hon. Ed Fast:** So now we have a renegotiation with Donald Trump after years of Canada being a champion of ISDS because it protects Canadian companies when they have a dispute with respect to a foreign country changing the rules and acting in a discriminatory manner.

**Mr. Steve Verheul:** That's right.

**Hon. Ed Fast:** Now suddenly we get to the new NAFTA, and Canada says we have to get rid of the ISDS and, wow, we have a great win because we got rid of something that we've always championed.

Can you explain that dynamic to me?

**Mr. Steve Verheul:** I can. When we look at investor-state dispute settlements, they are of most value with countries where we have limited faith in their court systems and with their ability to enforce agreements. So we have investor-state dispute settlements with many Latin American countries, some African countries and various Asian countries—we have a lot around the world. We tend to have less emphasis on that when we are dealing with countries

with established court systems and respect for the rule of law and with whom we don't feel that same kind of threat.

But, when it comes to the U.S., we have had the experience through the course of NAFTA of having been challenged by U.S. investors many times, as I mentioned. We have had cases where Canadian investors did try to make moves toward challenging the U.S., but the U.S. has had no cases against us. That simply wasn't working as an instrument between us and the U.S.

**Hon. Ed Fast:** But the reality is that eliminating ISDS, chapter 11, effectively means that Canadian companies now have to find their resort in the American court system. Is that correct?

**Mr. Steve Verheul:** We also have investment obligations that we have agreed to that can be pursued state-to-state.

**Hon. Ed Fast:** That's right. But for a state to engage on that typically requires something more than just a company being aggrieved. I think states are reluctant to take up one company's case. That certainly was my experience when I was in the trade role. I'm just surprised that suddenly we've said, well, you know what, we had ISDS there and we felt it was important back when we negotiated the original Canada-U.S. Free Trade Agreement that morphed into NAFTA. Chapter 11 stayed there and suddenly, Canada is of a different mind, that we suddenly trust Donald Trump and the court system in the United States. Do you understand my difficulty?

Let me follow up with another question. It has already been mentioned that we have an obligation to present any trade agreement with a non-market economy to the United States and Mexico if we want to sign one. Basically we'd be going cap in hand to the United States, to Donald Trump, and saying please may we sign a trade agreement with China.

The United States has an obligation going the other way, except they've already signed a managed trade agreement with China—at least phase one of it. So they no longer have to come to us cap in hand to ask us to review that agreement and ask for permission. I find that disturbing simply because I'm not aware of any other trade agreement that Canada has signed where we've agreed to those kinds of provisions, where we actually cede our sovereignty to two other countries to determine whether we can negotiate a free trade agreement with a country like China.

Doesn't that concern you?

• (1725)

**Mr. Steve Verheul:** It doesn't actually, because, first of all, the new NAFTA is not yet in effect. The agreement, the phase one agreement that the U.S. has reached with China is not something we could pursue even if we wanted to because the agreement is not yet in effect.

**Hon. Ed Fast:** That's my point.

**Mr. Steve Verheul:** Neither, if we started to negotiate an agreement with China right now, would the U.S. have any avenue to pursue us, because the agreement is not in effect.

I think the most important element of all of this is that it comes down to the recourse. The recourse is simply reflecting an element, a provision in the agreement, that already exists. You can withdraw from the agreement with six months' notice. If the U.S. does something that we don't like, we can withdraw with six months' notice. If we do something the U.S. doesn't like, it can withdraw with six months' notice. This is primarily an optical issue that the U.S. insisted on because of its preoccupation with the notion of a non-market economy. The notion of a non-market economy doesn't really exist in Canada or in Mexico. We don't use those terms. But the U.S. was preoccupied with this issue. It changes none of our legal obligations. It constrains us in no way from pursuing an FTA with a so-called non-market economy. I don't think there's a fundamental change in the way things work now with this provision.

**The Chair:** Thank you very much.

We'll go on to Ms. Bendayan, please, for five minutes.

**Ms. Rachel Bendayan:** The first question that my colleague opposite, Mr. Carrie, raised was with respect to amendments.

Should the opposition parties raise proposed amendments to this agreement, would we risk losing some of the hard-fought gains you've described over the course of the last two hours and others?

Can you speak to some of the risks this would entail?

**Mr. Steve Verheul:** If on the Canadian side we were to propose new changes to the agreement, then that would mean that we would have to reopen the negotiations with the U.S. and with Mexico to see if we could re-establish a balance of concessions on the basis of a new proposal put forward by us.

When the U.S. proposed modifying the agreement following its discussions with the Democrats in the House—the agreement that was reached between the USTR and those Democrats—it did have to come to both Canada and Mexico to see whether we would be agreeable to those kinds of changes. We were part of those discussions. We agreed with those changes because they made the agreement better for us. That was a fairly easy calculation. If we were to make changes on this side, that would mean we would have to reopen negotiations.

Part of the difficulty in our current circumstance is that, as we know, Mexico has already approved the agreement and the U.S. has already approved the agreement. We're now in the situation where we are the last of the three parties to move toward ratification. The U.S. in their statement of administrative action has indicated that, if a third party has not ratified the agreement, then they could proceed with the other party that has ratified the agreement. In other words they could proceed with the agreement between the U.S. and Mexico, and Canada would be left out of that picture.

We do think it's strongly advisable that we move toward ratification as quickly as we can, to preserve the gains that we have, to maintain our open access to the U.S. and Mexican markets and to preserve NAFTA in its new form.

• (1730)

**Ms. Rachel Bendayan:** Thank you very much.

**The Chair:** Go ahead, Mr. Kram.

**Mr. Michael Kram:** I would like to finish my questions with the end of NAFTA, if I may, the sunset clause that is now being proposed in the new NAFTA.

I have heard from many stakeholders about the need for certainty in the marketplace. Indeed, my colleague Mr. Dhaliwal has talked about the need for predictability and stability in the marketplace.

I've also heard a few people in the media talk about how this deal will just get us through the Trump administration. This strikes me as a little bit short-sighted. I don't have a crystal ball, but imagine the year 2036, because I believe it is a 16-year sunset clause. If in the year 2036, the White House has an extremely protectionist president and the U.S. does not want to renew any NAFTA agreement with Canada or Mexico, does that mean that NAFTA is done and that we have no more free trade agreement with the United States or Mexico?

**Mr. Steve Verheul:** I think it's important to point out that none of these agreements is ever cast in stone. As I mentioned, there's a common element to almost all free trade agreements that you have the right to withdraw from the agreement with simply a six-month notice. This is not something that we can be assured will last indefinitely. Throughout the course of the 25-year history of the current NAFTA, we've modified NAFTA on many occasions. Going forward, we would expect to continue to make modifications to ensure that the agreement is up to speed.

What the U.S. originally proposed was a six-year sunset after which the agreement would cease. We rejected that out of hand for exactly the same reasons you've identified, that this would provide a high degree of insecurity for businesses that rely on trading back and forth. We now have an outcome where there's a likely 16-year assurance that the agreement is going to remain in effect.

**Mr. Michael Kram:** Okay, but just to be clear, under the old NAFTA, a party had to take the initiative to withdraw from NAFTA on six months' notice, but under the new NAFTA it expires, and the requirement to renew NAFTA is now on the shoulders of all three parties involved. Is that accurate?

**Mr. Steve Verheul:** There is a review at a six-year mark to determine whether or not the three parties feel that the agreement remains something they want to continue with, and at that point they can extend it for a further 16 years. This is more of a review than an opportunity to simply remove a party from the agreement, although that always remains a possibility.

**Mr. Michael Kram:** Okay.

Madam Chair, I would like to give my remaining time to my colleague Colin Carrie.

**The Chair:** You have a minute and 45 seconds or so.

**Mr. Colin Carrie:** I will be quick, Madam Chair.

I'd like to move a motion relevant to today's discussions. Everyone around the table knows how important this study is and how we need to do it efficiently, so in the spirit of giving the agreement full-some study and to provide certainty—

**The Chair:** If it could be distributed, I think that would be much more helpful.

**Mr. Colin Carrie:** Very wise.

• (1735)

**The Chair:** Mr. Blaikie, I'm sorry, we just started with this.

**Mr. Daniel Blaikie:** Yes.

**The Chair:** This is in the middle of witness testimony.

Mr. Carrie wants to read a motion into the record, and then if we're going to have further discussion, do we want to maintain our witnesses here while we go through this? They had agreed to stay the additional 15 minutes that we were late in starting.

**Mr. Colin Carrie:** I guess it would be up to the witnesses.

**The Chair:** Do we have any further questions for the witnesses?

**Mr. Colin Carrie:** We could discharge them if they would like.

**The Chair:** I'll maybe make a suggestion that you read into the record what you want, which will be the end of your five-minute area; and we'll go to Mr. Arya for his five minutes to complete the clock.

**Mr. Colin Carrie:** All right.

It is in both official languages. I'd like to move the motion:

That (a): the Chair of the Committee write, as promptly as possible, to the Chairs of the following standing committees to invite them to study the provisions of Bill C-4, An Act to Implement the Agreement between Canada the United States of America and the United Mexican States and the impacts within their respective mandates:

- (i) the Standing Committee on Agriculture and Agri-Food;
  - (ii) the Standing Committee on Industry, Science and Technology;
  - (iii) the Standing Committee on Natural Resources;
  - (iv) the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities;
  - (v) Standing Committee on Foreign Affairs and International Development;
  - (vi) the Standing Committee on Finance.
- (b) for the standing committees listed in (a),
- (i) recommendations, including any suggested amendments, be submitted in both official languages, in relation to the provisions considered by them, in a letter to the Chair of the Standing Committee on International Trade, in both official languages, no later than 4:00 p.m. on Thursday, April 2, 2020;
  - (ii) any amendments suggested pursuant to paragraph (b)(i) shall be deemed to be proposed during the clause-by-clause consideration of Bill C-4, and further provided that the members of the Standing Committee on International Trade may propose amendments notwithstanding the recommendations received pursuant to paragraph (b)(i);
  - (iii) if a standing committee listed in (a) chooses not to consider the subject matter of the provisions, it advise the Chair of the Standing Committee on International Trade by letter, in both official languages, no later than 4:00 p.m. on Thursday, February 27, 2020.

In the spirit of getting this decided as soon as possible to provide certainty for the study, if we could vote on this today I think that would be great.

**Ms. Rachel Bendayan:** Madam Chair, first, I would note that we've just received this, and in the spirit of collaboration and congeniality that I think we started with on this side, we would like an opportunity to review it.

Second, I thought I heard my colleague mention "the Standing Committee on Finance" as the number (vi), but that doesn't appear in the copy I have before me.

Perhaps we could circulate a copy with the full motion as proposed by you. And perhaps we could also wait for our other colleague, Mr. Hoback, to join us from the trip that he is currently on with the minister in Africa, so that we can have the full committee look at this and vote on it.

**The Chair:** Thank you.

In the the original copy, Mr. Carrie did not have "Finance" on it.

The one that he's given to the clerk now does; hence, that's maybe the confusion between the two.

I have Mr. Blaikie and then Mr. Dhaliwal.

**Mr. Daniel Blaikie:** Thank you, Madam Chair.

I find the motion interesting. We're certainly concerned on this side about having a fulsome study of the agreement, but I haven't really had time to consider the motion.

Madam Chair, if it's in order, I would move that we defer consideration of the motion to our next meeting, during the second hour, immediately upon the conclusion of the minister's appearance.

**The Chair:** I have Mr. Dhaliwal next.

**Mr. Sukh Dhaliwal:** Thank you, Madam Chair. I totally agree with Mr. Blaikie.

Madam Chair, in a previous parliament, Mr. Carrie was on the international trade committee and Mr. Sheehan was as well. This committee worked very well among the NDP, Conservatives and the Liberals. We came up with a consensus on almost everything. We were a very productive committee when it came to doing things, whether here in Canada or when we were travelling abroad.

It's a great idea that we should park this, take some time to go over it, and then vote on it.

• (1740)

**The Chair:** Mr. Savard-Tremblay.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** The issue isn't that the Standing Committee on Finance doesn't appear, but that we aren't talking about the same committee in English and French.

The English version of paragraph (b)(iii) states as follows:

[*English*]

"Chair of the Standing Committee on International Trade".

[*Translation*]

However, the French version states as follows: "...it advise the Chair of the Standing Committee on Finance..."

I just want to know which committee we're talking about and to ask that the same thing be stated in both languages.

[*English*]

**The Chair:** Exactly. Clearly, that adds to the confusion and the difficulty.

There has been a suggestion that we hold off on it at this time until everyone has had an opportunity....

I have to go to Mr. Fast and then to Mr. Blaikie.

**Hon. Ed Fast:** Well, the suggestion has been made, Madam Chair, that we defer this to the next meeting when Mr. Hoback is back. I won't be here. He'll be back in his chair.

I think that's a reasonable request to make, as we want to make sure that this is a collaborative committee.

**The Chair:** Absolutely.

**Hon. Ed Fast:** It's an important study that we're doing, and I think that if we could all get onside with this, it would be helpful.

I'm open to that. I'm sure my colleagues are as well.

**The Chair:** Thank you.

Mr. Blaikie.

**Mr. Daniel Blaikie:** Thank you.

I have a question of clarification.

I had attempted to move a deferral with a particular condition. I'm just wondering if we're discussing that and if we'll vote on that motion.

If the motion is in order, I would prefer to have a vote on it.

**The Chair:** Mr. Dhaliwal.

**Mr. Sukh Dhaliwal:** Mr. Blaikie, it seems that we have consensus on that side and this side, so I don't think there's any need to vote on this motion. We should carry on with the witnesses and—

**The Chair:** If everyone is in agreement, then we will defer the motion by Mr. Carrie until our next meeting.

**Mr. Daniel Blaikie:** Defer it to our next meeting, after the minister.

**The Chair:** After the minister?

**Mr. Daniel Blaikie:** That's what I had moved. I'm just trying to be clear on what we're agreeing to.

**The Chair:** After the minister. You're saying in the second hour.

**Some hon. members:** Agreed.

**The Chair:** Okay, everybody is in agreement. Terrific.

Can I go back to you, Steve, as maybe you have some last comments you would like to make in the two minutes that we have left.

**Mr. Steve Verheul:** I don't think I have a lot to say at this point.

I would emphasize with respect to the Canadian economy that we rely heavily on our access to the U.S. market in particular. Some 70% plus of our exports go to the U.S. If we are going to be in a position where we do not have a functioning trade agreement between the U.S. and Mexico, I think that would be a significant hit to our economy.

In my own view, we have a strengthened agreement compared with what we have now, and we have security of access. That is something to be highly valued. I would hope that we would give that careful consideration moving forward.

**The Chair:** Thanks very much to all of you. I appreciate your time today and all that you've done for all of us till now.

The meeting is adjourned.

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