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# Standing Committee on International Trade

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Chair: The Honourable Judy A. Sgro





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• (1005)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I'm calling the meeting to order, pursuant to the order of reference of Thursday, February 6, 2020, Bill C-4, an act to implement the agreement between Canada, the United States of America and the United Mexican States.

Welcome to everybody. Welcome to our witnesses. Good morning to our committee members and a few friends we have visiting today.

I'll introduce the witnesses. From the Canadian Global Affairs Institute, we have Colin Robertson. From MLTC Resource Development, we have Al Balisky, and from NorSask Forest Products, Tracey Gorski. From the Réseau québécois sur l'intégration continentale, we have Claude Vaillancourt and Normand Pépin, and from Vitalus Nutrition, we have Philip Vanderpol, president and chief executive officer.

Mr. Vanderpol, would you like to lead off, please?

**Mr. Philip Vanderpol (President and Chief Executive Officer, Vitalus Nutrition):** Thank you and good morning, Madam Chair and committee members. I would like to thank you for the invitation to appear today to discuss the implications of CUSMA on Canada's dairy industry and on Vitalus specifically.

My name is Phil Vanderpol. I am the president and CEO of Vitalus Nutrition, a processor of value-added dairy ingredients.

Founded as a family business over 65 years ago, Vitalus is a leading producer of high-value, customized dairy ingredients for the world's food, beverage and nutritional industries. At our advanced facilities and FSSC 22000-certified processing plants located in British Columbia and in Manitoba, we process milk supplied by Canadian farmers into high-quality cream and butter, milk protein concentrates, and milk protein isolates that have superior quality, nutritional value and functionality.

Our products are used in multiple applications, such as nutrition bars, protein drinks, infant formula, baking, confectionary, dairy products, snack foods and much more. Vitalus supplies cream and butter to Canadian markets, and milk protein concentrates and isolates to both domestic markets and over 20 international markets.

In 2018, we expanded our B.C. facility and commissioned a new plant to produce Vitagos, a high-value prebiotic dairy ingredient also known as galacto-oligosaccharides. Vitagos is used extensively in infant formula, as well as digestive health products. As one of

only a few plants in the world producing this product, Vitalus is the first to manufacture this type of product in North America.

Vitalus has a solid reputation and a strong brand recognition in the B2B marketplace. This is based on our unwavering commitment to quality, efficiency, custom capabilities and customer service.

At Vitalus, we've been able to capitalize on the growth in the nutritional value-added global dairy ingredients market. We have achieved double-digit revenue growth over the past three years, with the trend expected to continue this year. Our three-year compound annual growth rate on revenue has increased 49% from 2017 through to 2019, and we are forecasting continued growth into 2020.

We have achieved this growth by successfully expanding sales of our milk protein concentrates and isolates into global markets while also meeting the growth and demand for butterfat in the Canadian marketplace. This is evidenced by our export volume results from 2017 to 2019, which I will share with you. We have increased our export volumes in the last three years by 171% to Europe, thanks, certainly, in part to CETA; 132% to the U.S. market; 135% to the Middle Eastern and North African markets; and 65% to Asia. We have achieved this result by establishing long-term collaborative relationships with multinational food and beverage manufacturers around the world that value Canadian dairy ingredients.

As the second-largest food processing industry in Canada, the dairy sector contributes more than \$20 billion annually to the country's economy. With Vitalus's export growth over the past three years, we are certainly contributing to Canada's achieving its growth targets in the agri-food sector. Between our two processing facilities, we employ over 200 highly skilled people, and we remain a proudly Canadian company.

Dairy processors, including Vitalus, have been motivated to continue the pattern of growth and move the industry—and Canada—forward. However, the pending implementation of CUSMA and the concessions that were made in dairy threaten to curb this growth and diminish the long-term competitiveness of the sector.

The Canadian dairy industry is experiencing a processing capacity shortfall that is expected to increase significantly in the near future due to a lack of sufficient investment in milk-drying plants. With pending plant closures as well, there may also be a decrease in the drying capacity for skim milk powder. Skim milk powder is generally produced to deal with the excess solids-not-fat that is produced as a result of meeting the butterfat demands within the Canadian market.

As you probably are aware, the domestic demand for butterfat continues to increase, and the lack of skim milk powder drying capacity already unbalances the system. It will only get worse going forward. With the implementation of CUSMA, skim milk powder and milk protein concentrates will be subjected to export volume caps, as well as an export tax on volumes over the cap, which will make it financially unfeasible to export.

It is important to note that milk protein concentrates over 85% in protein level and milk protein isolates are exempt from the export caps and tax. Building and operating a milk protein isolate plant, however, is a very costly endeavour with a long-term payback. The changes in the Canadian dairy processing environment, market demand for high-value dairy ingredients and pending CUSMA ratification have prompted the industry to work collaboratively to reach a solution for continued industry growth and long-term sustainability.

Vitalus has been part of the solution dialogue for the past two years. We strove to find the best solution for the projected excess solids-not-fat, specifically in western Canada, not just looking at the short term but looking at a plan that will help for the next 10-plus years.

We took into consideration the need for a staged volume increase in milk production to meet the needs of the Canadian market for butterfat. We also reviewed the geographical and environmental implications, as well as the handling of the by-products. Dairy producers and processors in western Canada are poised to invest in a long-term solution to address all the previously mentioned issues. However, we require tangible commitments from government to proceed.

We are specifically requesting that CUSMA not come into force until August 1, 2020. This will provide the industry additional time to implement the significant changes required to deal with the declining export volume caps placed on dairy. It will also provide the necessary time for Vitalus to develop additional milk protein isolate markets, products that are not subject to the export caps and tax.

We also require prioritization of export allocation volumes within the export volume caps to milk protein concentrates. By prioritizing milk protein concentrates, we will be able to make the additional capital investments required to convert skim milk powder and milk protein concentrate production over a sufficient period of time into milk protein isolates, which as mentioned previously, are not subject to export restrictions.

Our stakeholders will require assurances that the ramifications to the dairy sector have been addressed by this government, that promised compensation dollars to processors for all recent trade

deals have been finalized and that it will defend our industry going forward.

Lastly, I want to emphasize that this made-in-Canada solution benefits the entire dairy industry and will contribute to Canada's prosperity by safeguarding current and future investments, jobs and the growth of Canada's dairy processing sector from the negative impacts of CUSMA.

Thank you for allowing me the time to present to you, and I welcome any questions you may have.

• (1010)

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

We'll go by video conference now to the Canadian Global Affairs Institute and Mr. Robertson.

You're in a much warmer place than Ottawa today.

**Mr. Colin Robertson (Vice-President and Fellow, Canadian Global Affairs Institute):** That's true.

Chair, my remarks draw from my previous experience as a foreign service officer serving on the team that negotiated the Canada-United States Free Trade Agreement and the NAFTA, on my postings in New York, as consul general in Los Angeles, as first head of the advocacy secretariat at our Washington embassy and, more recently, as a member of the trade advisory committee to the deputy minister of international trade.

I encourage members to pass the legislation implementing the Canada-U.S.-Mexico agreement. Trade agreements are like riding a bicycle: Keep cycling and when you hit bumps make adjustments as necessary, but keep cycling. CUSMA is the best possible agreement under the circumstances. It's not perfect, but for Canada it both preserves access to our largest market and preserves the North American platform incorporating Mexico.

The Canada-Mexico story gets scant attention but it's the hidden treasure of the NAFTA story. Mexico is now our third-largest trading partner and, as we witnessed, a valuable partner and ally in recent trade negotiations with the Trump administration with not just the new NAFTA, but in reversing U.S. protectionism through country of origin labelling.

The new agreement is not perfect. It is freer trade not free trade, but consider where we started. President Trump claimed it was the worst deal ever negotiated. Commerce secretary Wilbur Ross said it was for Mexico and Canada to give, and the United States to get. The Trump administration thought they had us over a barrel because we, Mexico and Canada, were much more dependent on the U.S. than they were on us. We each account for close to 18% of U.S. exports, while for us the U.S. takes almost 75% of our exports. For Mexico, it's about 80%.

Trade generates two-thirds of our GDP, making us the 12th-largest export economy in the world. For the U.S., trade represents just 27% of its GDP. Mr. Trump well understood these asymmetries.

Despite these disadvantages, we updated the NAFTA with new chapters on digital trade, intellectual property, labour and the environment while keeping dispute settlement and supply management. At the same time we managed to drown investor-state provisions. The unjust steel and aluminum tariffs are gone. Our auto trade is managed trade. It's a bit like that of softwood lumber, but we should be able to manage this to support jobs and more investment.

Thanks to the Democrats in the House of Representatives, our gives on patent protection for biologic drugs that would have raised health care costs for provinces were rolled back. The Democrats also secured better enforcement on environmental and labour provisions, all of which we had sought in the negotiations.

In short, we have a high-quality North American trade agreement, something we sought to obtain through the trans Pacific partnership. Instead, we now have an up-to-date Canada-U.S.-Mexico agreement with the advantage over the U.S. in trans-Pacific and trans-Atlantic markets through CPTPP and CETA.

This leads me to my recommendations. First, CUSMA is the result of an all-of-Canada effort involving the Prime Minister, ministers, premiers, parliamentarians and legislators, business and labour leaders all working with their American counterparts with complementary messages and purpose. This work must continue and become a permanent campaign. American protectionism is older than the republic, and it will continue no matter who is president. We need trade diversification, yes, but we cannot change geography. That geography gives us access to the biggest and most innovative market in the world.

Working Capitol Hill daily from my embassy, and through my experience at my consulates, I learned that just as all politics is local so is all trade. While we can't make donations to campaigns, we can illustrate the jobs that Canadian trade and investment create by district and by state. We need to keep this data current. Importantly, you as parliamentarians need to keep reminding Americans of these facts, and do this through regular meetings with U.S. legislators—local, state and federal.

There are lots of opportunities, and not just the Canada-U.S. Inter-Parliamentary Group but regional conferences of state and national legislators, important forums like PNWER and NASCO, as well as the sectoral industry and farm group meetings. First, you need to be there to develop relationships and to make the case for Canada. Use your travel points to go to Washington, and I encourage you to adjust the rules for travel throughout the United States. As you will appreciate, nothing is better than a meeting on your home turf.

Second, with the trade agreement in place there is still unfinished business when it comes to regulation and infrastructure. The thicket of national, provincial and local regulations and standards needs to be harmonized or made complementary. CUSMA helps, but we're also working on, through separate initiatives launched by the Harper government and Obama administration, regulatory co-operation

and beyond the border. These have been continued by the Trudeau government and the Trump administration. They continue, but after the initial burst of enthusiasm, I'm afraid they're now buried within our bureaucracies. Progress requires political oversight by this committee, including hearings to identify the roadblocks, raise consciousness and keep government noses to the grindstone. Your constituents will thank you.

• (1015)

People and trade pass through our border points, as well as roads, rail, hydro and pipelines, bridges and tunnels, airports and rail stations. They need improvement. Too often they are choke points that hamper passage and productivity. Canada has an infrastructure program, but is it moving fast enough? This should be an area of close collaboration by all levels of government. Again, parliamentary oversight of the progress is essential. The U.S. administration and Congress are already talking about a trillion-dollar infrastructure program. We need to ensure it is complementary to our efforts, and because procurement is not part of CUSMA, leave it to governors and premiers to work out a procurement agreement as we did in 2010.

Harvard's Belfer Center points out that North America is the next great emerging market, possessing abundant energy, a skilled workforce, technology and a big market. However, we need infrastructure.

Meanwhile, we enjoy first-mover advantage of the U.S. with the European Union and CPTPP nations, but only if we seize these opportunities. Our competitiveness depends on our ability to get goods quickly to market, whether in North America or across our oceans.

Third, we need to know more about North America, especially the United States. Diversification is a laudable goal, but for Canada, when it comes to trade and security, it will always be the United States and then the rest. Anyone in business will tell you market intelligence is essential, whether you are buying or selling. For example, how many of you can tell your constituents how many of their jobs depend on U.S. investment and trade? We can do it for the U.S., and the Business Council of Canada has created an interactive map that can pinpoint jobs by congressional district and state. Why don't we have one for Canadian constituencies, and why not include TPP and CETA? People understand why trade matters to them.

Given our propinquity and innate understanding of the United States, why aren't we turning this to our advantage? How many serious centres for the study of the U.S. are there in Canada? How many Canada research chairs focus on the United States and our trade? You will be disappointed in the answer.

I encourage you as parliamentarians to pass CUSMA. I encourage you to press for investments that serve our national interest.

In conclusion, we always need to keep in mind that Canada's influence in the world is measured to a large extent by our understanding of the United States. By using our knowledge and relationships with Americans, our ability to leverage our influence in Washington and state capitals makes us a more desirable partner with the rest of the world, because they also have to do business with our often-complicated neighbour.

Thank you, Chair.

• (1020)

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

We'll go on to Mr. Balisky and Tracey Gorski.

**Mr. Al Balisky (President and Chief Executive Officer, MLTC Resource Development LP):** Thank you, Madam Chair and committee members.

We are in Meadow Lake, Saskatchewan, this morning. We are going to be representing the softwood lumber lack-of-agreement, as well as indigenous producers of forest products.

We represent the Meadow Lake Tribal Council, located in north-west Saskatchewan. We're the only major 100% indigenous-owned softwood lumber producer in Canada—that is NorSask Forest Products—and we have significant exports to the United States.

We recognize the current agreement. Of course, softwood lumber is not part of that agreement, but today we are making a representation that we cannot be forgotten in this process. We are uniquely important. MLTC's ownership and successful operation of a 150-million board foot sawmill, which is about a medium-sized sawmill in a Canadian context, with annual revenues of approximately \$60 million, for over 22 years has been a wildly heralded benchmark of successful indigenous forestry and forest product manufacturing in Canada and internationally.

NorSask is a survivor. We weathered the multi-year U.S. housing market collapse in the mid-2000s. It is the only sawmill in Saskatchewan and through much of Canada that did not shut down during the period of 2007 to 2012.

We are continuing to be impacted by punitive U.S. tariffs. This successful forestry icon of stable indigenous economic development continues to be threatened by the effects of ongoing trade tariffs imposed by the U.S. on Canadian softwood lumber, which commenced in December 2017 at a rate of 20.23%. We encourage the federal government to continue support of the indigenous forest product manufacturing industry in Canada, and we recognize that the federal government does have a constitutional mandate to protect and enhance the economic well-being of indigenous peoples.

Prime Minister Trudeau has indicated that no relationship is more important to him and to Canada than the one with indigenous

peoples, and that it is time for a renewed, nation-to-nation relationship based on a recognition of rights, respect, co-operation, and partnership. Of course, this should include support of aboriginal or indigenous ownership of businesses such as NorSask.

The federal government is uniquely responsible. It is the agent responsible for resolving lumber wars and negotiating the deals of managed softwood lumber agreement outcomes on behalf of Canada. The Canada-U.S. lumber trade arena is dominated and influenced by the interests of the largest lumber producers in Canada. Of course, in the last few years, most of these large lumber producers have strategically expanded operations into the U.S. south. Independent indigenous lumber producers wholly based in Canada, such as ourselves, end up as collateral damage and are significantly disadvantaged in these trade wars.

On November 25, 2016, the U.S. Lumber Coalition filed a petition asking the U.S. Department of Commerce to investigate Canadian softwood lumber shipments with the intent of levying punitive duties and taxes, and in December 2017, this was implemented.

The parliamentary Standing Committee on International Trade in 2016 recognized in its consultations regarding negotiations around softwood lumber with the United States that they should include stakeholders that may have been overlooked in the past, especially aboriginal stakeholders and small producers.

It is our view that indigenous-owned lumber producers and exporters are disproportionately impacted by any trade action related to softwood lumber. Small indigenous lumber producers require special consideration and protection from this trade action.

Briefly, I will provide a few statistics on NorSask. We're 100% indigenous-owned. We're located in Meadow Lake, Saskatchewan. The shareholder is the Meadow Lake Tribal Council, representing nine first nations with a population of about 13,000 members. It's been 30 years of progressive ownership and economic growth in the forestry sector. We produce 150 million board feet of premium softwood lumber each year. Seventy per cent of this is exported to well-established customers in the midwestern United States. Our fibre source is fully certified to the highest standards in Canada and internationally, including those of the Forest Stewardship Council. We are a globally recognized model of a sustainable, indigenous-owned forestry enterprise.

I would like to say a few words on employment. Indigenous employment in Saskatchewan in the forestry sector is the highest in Canada at 30%, and in northwest Saskatchewan the percentage is 65%. This is a tremendous contribution to the local economy. We may be small in a Canadian context, but we are very significant regionally. In terms of a model of good outcomes, in terms of indigenous forestry, we're the high point in the Canadian landscape.

• (1025)

Here is a quote from Shane Vermette, our executive director of the Ministry of Energy and Resources in Saskatchewan. He said, “Saskatchewan leads Canada, and MLTC leads Saskatchewan, by far when it comes to indigenous forestry business development, indigenous employment in the forestry sector, and percent of annual allowable cut allocated to indigenous businesses.”

Our markets are into the U.S. We are landlocked. We have very limited opportunity to get offshore, so the U.S. market is critical for us. We reiterate the need for a managed outcome to the current trade dispute.

Some of the issues I'd like to highlight are that the current U.S. trade action has been miserable for indigenous lumber producers. Despite weathering prior softwood lumber wars, and in particular the housing crash, the current softwood lumber trade action by the U.S. and imposed tariff regime has produced significant hardship for NorSask Forest Products. NorSask has made deposits related to these countervail and anti-dumping duties of approximately \$11 million in the last three years. It is our desire that these funds be returned in their entirety to the Meadow Lake Tribal Council as soon as possible.

Our mid-continent location limits access to offshore markets. Saskatchewan is far from the Asian markets and we cannot compete with the Alberta and B.C. lumber producers with respect to these markets. NorSask needs ongoing unfettered access to its U.S. lumber customer base to maintain operations.

The other issue is the small volume of lumber exported to the U.S. from indigenous-owned lumber manufacturing facilities in Canada is clearly not a threat to the U.S. lumber producers and is not the cause of the current softwood lumber dispute. Indigenous lumber producers cannot be collateral damage in a dispute aimed at the larger producers in Canada, who incidentally have also managed to mitigate their situation by purchasing sawmills in the U.S. south.

Indigenous lumber producers generally are standalone enterprises that lack geographic diversity, business diversification into pulp, paper and other products, and market options enjoyed by our larger competitors and peers. NorSask, as an example of the sustained successful outcome of indigenous business development in the forestry sector, has required decades of thoughtful nurture and incubation, and this successful investment in economic development cannot be lost due to these trade actions.

For example, NorSask represents one half of 1% of Canada's lumber exports to the U.S. We're clearly no harm or threat, yet we're included in the same bucket that holds the rest of the producers. A solution to this would be that, in future arrangements with the U.S., indigenous lumber producers are exempt from tariffs, duties and quota limitations.

The special measures that we ask for are, first, that the federal government ensure that wholly indigenous lumber producers receive 100% of their tariff deposits back as soon as possible, which in our case is \$11 million. Any profits generated from operations go directly back to the nine first nations and are used for housing and other underfunded aspects of their programs.

Second, we ask that the federal government provide accommodation to wholly indigenous-owned lumber manufacturing facilities in Canada that export to the U.S., such that they be excluded or not subject to duties, tariffs or quotas under any trade action for future softwood lumber agreements.

Last, we ask that the federal government continue to provide mechanisms for financial support to assist indigenous softwood lumber producers, so that they survive these lost revenues caused by these unfair trade actions.

Thank you, Madam Chair.

• (1030)

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

We'll move on to Mr. Vaillancourt.

[*Translation*]

**Mr. Claude Vaillancourt (President, Association québécoise pour la taxation des transactions financières et pour l'action citoyenne, Réseau québécois sur l'intégration continentale):** Good morning.

The Réseau québécois sur l'intégration continentale (RQIC) is pleased to have this opportunity to share its point of view on the Canada—United States—Mexico agreement (CUSMA). My name is Claude Vaillancourt, and I am president of the Association québécoise pour la taxation des transactions financières et pour l'action citoyenne (ATTAC-Québec). Accompanying me is Normand Pépin, union research advisor at the Centrale des syndicats démocratiques (CSD).

The RQIC has been in existence since 1985, but took its current name in 1994. It defines itself as a broad multi-sectoral coalition bringing together Quebec social organizations from labour and community groups as well as those involved in international development. RQIC member organizations represent more than one million people.

RQIC's objectives are: to propose a vision of development that respects social rights, workers' rights and human rights, and to promote democracy, participation, respect for the environment and the elimination of poverty.

In terms of CUSMA, we at RQIC can only be pleased for Canada about the chapter on foreign investment protection, the infamous chapter 11, being removed. It gave companies the right to sue states for government measures that could harm their profits, even if those measures were geared toward protecting people and the environment.

However, we are disappointed with the Canadian government's attitude in the negotiations, because removing chapter 11 was a requirement of the Trump administration, whereas Canada wanted to keep the chapter until the last moment. That chapter was nothing more than a threat to the sovereignty of states.

That is a strange attitude for a country that, of the three NAFTA members, was the one that was the most sued—41 suits out of the 85 identified under NAFTA—and whose governments had to abandon enacting any public policies for fear of being sued. The deleterious effect of this chapter is not just about the millions of dollars to be paid in the event of a conviction. It is also about the regulatory chill when governments dare not take action to protect or improve the lives of their people.

RQIC is also pleased about the removal of the energy proportionality clause, another of its long-standing concerns. This clause forced Canada to basically never decrease oil exports to the United States, which of course limited our energy sovereignty, a situation that is not good for any country.

In addition, RQIC can only celebrate the fact that the general exception for cultural products has been maintained in the new agreement. This exception ensures that cultural products will not be considered like other products in CUSMA, and it will enable Canada to put in place the necessary measures to protect our artists and their productions.

As for the environmental and labour issues, we have significant differences of opinion with Minister Freeland. While we agree that it was essential that those two issues be included in the agreement as a separate chapter rather than as side agreements with no functional enforcement mechanisms, we need more than that before we can call this agreement progressive. Minister Freeland was here a few days ago to state that CUSMA requires signatory parties to “maintain high levels of environmental protection and robust environmental governance.” What we are seeing instead is that CUSMA is not doing nearly enough to address climate change. Chapter 24 on the environment mentions some good intentions in this regard, but it remains insufficient and completely inadequate in terms of responding to the climate emergency in which we find ourselves. The words “climate change,” “warming” and “emergency” are actually absent from this chapter. There is no mention of the Paris agreement. There are no targets and no binding measures against the major polluters.

CUSMA continues to promote a type of economy based on massive exports and long routes, which favours major movements of goods and high consumption of hydrocarbons. There are no measures to support the energy transition we need. On the contrary, it will require new regulations that go against the immediate interest of some corporate polluters. Chapter 28 on “good” regulatory practices—we will come back to this later—will, in our opinion, have a deterrent effect that will place heavy constraints on governments wishing to adopt regulations to protect the environment and allow a shift to green energy.

• (1035)

**Mr. Normand Pépin (Union Advisor, Centrale des syndicats démocratiques, Réseau québécois sur l'intégration continentale):** As for labour, chapter 23, which addresses that topic, seems to us to be quite incomplete. Once again, we think there are some interesting good intentions with respect to forced labour, violence against workers, migrant workers, and discrimination in the workplace. However, implementing these measures seems very problematic to us.

Two days ago, Minister Freeland again stated that the new agreement, CUSMA, includes ambitious and enforceable labour obligations to protect workers from discrimination in the workplace, including gender-based discrimination. However, the first texts released on October 1, 2018 stated that each party is supposed to implement policies that protect workers from employment discrimination based on gender.

A few months later, the final text instead stated that each party shall implement policies that it considers appropriate to protect workers. The reference to “policies that protect workers” was changed to “policies that it considers appropriate to protect workers against employment discrimination on the basis of sex.” This protection is now left to the good judgment of each party. The worst part is that Canada has agreed to allow the United States to shield its federal agencies' existing policies from this article, even if watered down.

In addition, it is mentioned that cases of violence against workers must have an effect on trade or investment between the parties, which we find difficult to demonstrate and far too restrictive, just like the entire chapter.

CUSMA also fails to solve the problem of competition between workers, nor does it put forward concrete measures to improve their working conditions. Only the auto sector is subject to a target of a production wage rate of at least \$16 U.S. per hour, which is an arbitrary choice and clearly insufficient overall.

Finally, we come to the brand new chapter 28 of the new agreement on good regulatory practices, a chapter that was completely absent from NAFTA and that Minister Freeland did not even mention last Tuesday. While the victory of NAFTA chapter 11 being removed was noted earlier, we must curb our enthusiasm in light of chapter 28. First of all, the title of the chapter is misleading, since the practices it highlights are not what they seem.

According to the CUSMA rules, the parties must make public each year a list of the regulations they plan to implement in the following year, in addition to being required to justify the need for new regulations and to make public all scientific studies and data consulted. That is not all. If the parties decide to conduct an impact assessment of the new regulations, which is strongly recommended, it should include an explanation of the need for the new regulation and the problem it is intended to address, a list of all other regulatory or non-regulatory alternatives that could be used to try to address the problem, a cost-benefit analysis of each of those different scenarios, and the reasons why the proposed solution is preferable.



It gets worse. Article 28.13 requires each party to adopt or maintain “procedures or mechanisms to conduct retrospective reviews of its regulations in order to determine whether modification or repeal is appropriate”. Article 28.14 requires the parties to provide the opportunity for any interested person to submit “to any regulatory authority of the Party written suggestions for the issuance, modification, or repeal of a regulation.” As a result, the doors are wide open for corporate lobbyists to attempt to directly influence those responsible for enforcing the regulations.

Deregulation is therefore the focus of the chapter on good regulatory practices, rather than regulation that could help to better protect the environment or the people.

Attempting to improve regulations or create new regulations will become so complicated that the only change left will be deregulation. There will be no need to be able to sue governments in this context, since discouraging governments from acting at the grass-roots level is likely to prove just as effective, if not more so. We are really surprised that a Liberal government would support this type of provision, which makes any government action suspect in advance.

Thank you for listening.

[English]

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

We'll move to our members' questions.

Mr. Fast.

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

Thank you to all our witnesses for appearing before us to discuss what is arguably the most important economic agreement Canada has with any country around the world. With the United States being by far our largest trading partner, it's important that we get this right.

Mr. Vanderpol, thank you for attending and for sharing some of your concerns about the caps that are being placed on the export of value-added milk products, milk protein concentrates and isolates. Is it fair to say that your company is one of the world leaders in developing innovative new products for which there is a huge market in the global marketplace?

• (1040)

**Mr. Philip Vanderpol:** Yes, we're one of about half a dozen companies around the world—and the only one in Canada and North America—that produces the types of high-quality dairy ingredients that we currently produce.

**Hon. Ed Fast:** Did our Foreign Affairs minister or any of her negotiators ever consult with you directly on the caps that they ended up including in the new NAFTA?

**Mr. Philip Vanderpol:** No. In fact, I'm vice-chair of the Dairy Processors Association of Canada and we met with the minister two weeks prior to the first release of the text. We were assured at that time that caps would not be included in the agreement.

**Hon. Ed Fast:** Are you saying you were misled about these caps?

**Mr. Philip Vanderpol:** Well, we were told they would not be included.

**Hon. Ed Fast:** They are included.

**Mr. Philip Vanderpol:** They are included.

**Hon. Ed Fast:** Okay. Could you tell us a little more about the impact these caps will have on your ability to export to markets around the world? It's one thing to impose caps on exports to our trading partner, the United States, but I'm not aware of any free trade agreement where Canada actually has agreed to cap its exports to markets beyond the trading partner we're negotiating with.

**Mr. Philip Vanderpol:** That's our understanding as well. It's unprecedented that the United States would dictate what trade we do around the world with an agreement like this, but... What it does for Canada is that it really restricts the ability to continue to grow our market and supply our domestic markets, first of all, with the products they need.

Typically, as I mentioned, the solids-not-fat are excess, so we need to export those. Historically, we've been exporting around 70,000 metric tons. When the caps come into place, in year one that will be reduced to 55,000 tonnes, and then in year two and thereafter 35,000 tonnes. Basically, from current levels, the caps would reduce our exports by half, which is really devastating for the industry and the ability to grow going forward.

**Hon. Ed Fast:** Has anyone in the minister's office justified why they would have done this? It effectively kneecaps the industry that you play in.

**Mr. Philip Vanderpol:** The only response they've given us is that the alternatives were a lot worse. We are not aware of what those alternatives were, but we were told they would be worse than the caps.

**Hon. Ed Fast:** Really.

You have proposed that CUSMA not come into force until August 1, 2020. Is that correct?

**Mr. Philip Vanderpol:** That's correct.

**Hon. Ed Fast:** Could you explain a bit more how this would mitigate some of the impacts of these caps?

**Mr. Philip Vanderpol:** The implications for dairy come into effect three months after ratification of CUSMA, so if it comes in after May 1, that would be August 1. The caps are based on a dairy year, which runs from August 1 through to July 31. If CUSMA is ratified before that date, for year one, as I mentioned, the restriction is 55,000 tonnes. That would in fact be in effect already now. If it is not implemented and does not come into force until August 1, at least we have from August 1 to July 31, 2021, to be able to utilize the 55,000 tonnes. Otherwise, effective August 1, we immediately go to the 35,000-tonne restriction.

**Hon. Ed Fast:** The fix you're proposing is just a short-term fix. The long-term problem will remain. Is that correct?

**Mr. Philip Vanderpol:** That is correct.

**Hon. Ed Fast:** All right.

You've shared with me that you had some very ambitious plans to expand your company's reach around the world. You have operations not only on the west coast but also in Winnipeg. Is that correct?

**Mr. Philip Vanderpol:** That's correct.

**Hon. Ed Fast:** How will this cap impact your willingness to invest in your company and expand your product lines?

**Mr. Philip Vanderpol:** Significantly, because first of all we need assurances that we will receive the compensation that has been promised to us as processors, in order to be able to invest into the required infrastructure to produce products that are not subject to the caps. Second, it takes some time to continue to develop those value-added markets. Those are the right markets for Canada for the long term, but they take a significant investment in capital and time in order to achieve those markets.

• (1045)

**Hon. Ed Fast:** I'm going to go to Mr. Robertson.

Welcome, Colin. You and I have known each other for a long time. You made a curious statement. You said that this was the best agreement under the circumstances.

"Under the circumstances" sound like weasel words. Essentially, we didn't get a better deal. We didn't get a win-win. We got the best we could under a Donald Trump. Is that what you were implying with those words?

**Mr. Colin Robertson:** Yes, sir.

**The Chair:** Thank you very much, Mr. Fast. Your time is up.

**Hon. Ed Fast:** Thank you for your honesty.

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

**Mr. Sukh Dhaliwal (Surrey—Newton, Lib.):** Thank you, Madam Chair, and welcome to all the presenters here.

My first question is for Mr. Vanderpol from beautiful British Columbia. You mentioned all the issues that you will be facing with CUSMA, but you only slightly mentioned that you need tangible support from the government in these circumstances.

Could you please elaborate on what type of support you would like to see government provide you in future years?

**Mr. Philip Vanderpol:** First of all, as I mentioned, we would like the implementation of CUSMA to not take effect until August 1. That's the first request.

The second request is that, as dairy processors, we have been promised compensation based on the previous trade agreements and CUSMA. We are still awaiting that. The dairy producers have been promised and have been granted funding. We have not yet. We're still waiting for that, even though it has been promised. That will help us invest in making products that will not be subject to the caps.

Third, we would like to continue to have the support of the government to defend our industry from further erosion and restrictions born from possible future trade deals.

**Mr. Sukh Dhaliwal:** Okay. Thank you.

My next question is for Mr. Vaillancourt.

Mr. Vaillancourt, as I understand it, by modernizing this agreement, it preserves Canada's cultural exemption, which will give Canada flexibility to adopt and maintain programs and policies that support almost 660,000 Canadian jobs in the cultural industry, which is going to help Quebec and the rest of Canada. Do you agree with that?

[*Translation*]

**Mr. Claude Vaillancourt:** Yes, absolutely. The overall protection of culture, including on the Internet, is a very good thing. But there must be a follow-up. The Government of Canada really must take measures to promote Quebec and Canadian artists. Now we have a tool, and we must use it to promote culture.

[*English*]

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

My next question is for the Canadian Global Affairs Institute. It is my understanding that you had a conference to discuss aspects of CUSMA with a range of experts, diplomats and consultants.

**Mr. Colin Robertson:** Yes, we have an annual trade conference in Ottawa.

**Mr. Sukh Dhaliwal:** What were the key messages from that conference about this deal?

**Mr. Colin Robertson:** The conference was held while the negotiations were still taking place. We've had two, and in each case we discussed various aspects of the agreement and what Canada should be seeking. We had participation from the current trade team, including people such as Steve Verheul.

**Mr. Sukh Dhaliwal:** Are you satisfied that most of those discussions are implemented in this agreement?

**Mr. Colin Robertson:** Yes, sir. Trade negotiations are a give-and-take. Again, as I was saying in response to Mr. Fast, the circumstances were that the United States came in, and as Mr. Ross, the commerce secretary, put it quite succinctly, it was for Canada and Mexico to give and the United States to get. I think we did extremely well under the circumstances. We preserved that access to the U.S. market, which is vital, as has been pointed out by other witnesses, and we were able to add new chapters on labour and the environment.

It's not a perfect agreement. I would just also point out that we shouldn't expect a trade agreement to be the be-all and end-all for anything. We have, after all, the Paris climate accords, which I think are the appropriate vehicle to deal with climate. We have the International Labour Organization measures, which we abide by. Trade agreements should not be seen as the catch-all for everything, because then they sink.

• (1050)

**Mr. Sukh Dhaliwal:** My next question goes to NorSask. It is my understanding that, throughout the negotiations, one of Canada's objectives for the new NAFTA was to better reflect the interests of indigenous peoples. It is my understanding that Canada was able to secure that.

Do you agree with that, or are you aware of that?

**Mr. Al Balisky:** I have to admit that we're not experts in the international trade negotiations, but in our personal experience in the softwood lumber dispute, we would like to see a little more provision in there around the protection of indigenous business interests across the entire spectrum of industry in Canada. As a stand-alone operation in Canada, we are very negatively impacted. Of course, it impacts our ability to reinvest and continue this good story in Saskatchewan.

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

We'll go on to Mr. Savard-Tremblay.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** My thanks to all the witnesses today. It was particularly interesting to hear about the reality of producers and workers in the softwood lumber sector. It confirms a number of our fears.

As a member of the Bloc Québécois, I will first address my questions to the representatives from Quebec. It is a pleasure to welcome groups from Quebec. Furthermore, I have previously worked in your network in Quebec. It is a pleasure to have you here today.

You said that chapter 28 on good regulatory practices somewhat mitigates the beneficial effects of eliminating the previous chapter 11 of NAFTA. In your opinion, it now remains to be seen whether we are trading four quarters for a dollar, as they say, or whether there is still some progress despite everything. I guess time will tell.

As you mentioned, the Minister didn't actually talk about it when she appeared before the committee. However, I had asked Mr. Verheul, Canada's negotiator. According to him, there was no encroachment on sovereignty and, ultimately, it was simply in a spirit of reciprocity and to avoid any funny business by the U.S.

Can you see any merit in that interpretation?

**Mr. Normand Pépin:** That is basically it. Governments are there to make political decisions and we will not question that.

The motivation behind this chapter is that state action is suspicious at its core. It is as if, one morning, a minister decided to impose regulations that make no sense. That is not how things happen in life.

Furthermore, all the criteria that must be met in order to implement new regulations or even improve existing ones will discourage governments, whether the United States, Canada or Mexico, from taking action. If you ask me, all three governments are in the same boat.

**Mr. Simon-Pierre Savard-Tremblay:** Mr. Vaillancourt, do you have anything to add?

**Mr. Claude Vaillancourt:** Yes. You asked if we were trading four quarters for a dollar. In our opinion, it may be even worse than chapter 11, because everything will be done behind closed doors. We don't really know how things will unfold. Regulations may well be blocked even before they are put in place. That's the issue. A government's duty is to adopt regulations in the public interest.

That is our main concern about this chapter, which has not been sufficiently discussed, even though it is one of the chapters of this new agreement with the most consequences.

**Mr. Simon-Pierre Savard-Tremblay:** In the end, you don't see this as a way to mitigate any potential unfair competition, ensuring that everything is clear from the beginning and that none of the parties will try to use the rules to their advantage. Is that it?

• (1055)

**Mr. Claude Vaillancourt:** No. In our opinion, this chapter will contribute to deregulation. However, in light of climate change and social inequalities, we need regulations that are more robust, but that are still in the public interest, of course.

There is a lot of talk about harmonization, and we agree that it is necessary, but it must be upward, not downward.

**Mr. Simon-Pierre Savard-Tremblay:** That brings me to the issue of the environment, which you have raised. You said that it was clearly inadequate and that the Paris agreement was not mentioned. As you know, the U.S. is not a signatory to the Paris agreement either. It would have been surprising to see that there.

Is there any sort of mechanism to enforce the regulations? Do you think this chapter will have enough teeth when it comes to the environment?

**Mr. Claude Vaillancourt:** No, we don't think so. The answer is clear. This chapter has no teeth. The fact that climate change, the current environmental problem, is not mentioned in the agreement is problematic, in our opinion.

As we have said, that is where chapter 28 can come in. Under the old chapter 11, the majority of lawsuits were to challenge environmental regulations, and we are afraid that will continue under the new chapter.

**Mr. Simon-Pierre Savard-Tremblay:** Madam Chair, do I still have time?

**The Chair:** You have one minute left.

**Mr. Simon-Pierre Savard-Tremblay:** My next question is for the representatives of the softwood lumber industry.

As you know, Quebec has a separate system for softwood lumber disputes. An auction mechanism is used to set the price of softwood lumber.

In your opinion, should this separate system be recognized in the agreements, since it would avoid the punitive tariffs that have been applied over time?

[English]

**Mr. Al Balisky:** I have just a brief comment. Jurisdiction on Crown forest lands across Canada differs by province. There's everything from fee simple, through to where in western Canada the province owns the Crown forest lands. There's a full range of outcomes, and each jurisdiction has been very effective at trying to negotiate its own outcome provincially. Unfortunately, the U.S. doesn't take that approach. It sees Canada as a whole, and injustice prevails as these crippling duties continue to be a part of our landscape.

**The Chair:** Thank you very much, sir. I'm sorry to have to cut you off.

We go now to Mr. Blaikie.

**Mr. Daniel Blaikie (Elmwood—Transcona, NDP):** Thank you very much.

I'd like to take up some questions with our visitors from Saskatchewan. First, I want to thank you for proposing some concrete solutions in terms of what governments might seek to put into trade agreements to help indigenous businesses prosper, but I want to take a step back. One of the things the NDP has said about this agreement is that it ought to have recognized the United Nations Declaration on the Rights of Indigenous Peoples. We feel it's important that a trade agreement not be able to trump Canada's relationship with indigenous peoples. Whether or not it's in the Constitution, treaty documents are fundamental to Canada. We already have existing international commitments and international agreements like UNDRIP. My point is that you can't just go off and sign a trade agreement that is then going to take precedence over all of those important factors.

I wonder if you have any thoughts on that, or if you've done some thinking about how to ensure that those fundamental aspects of Canada and its relationship to its indigenous people are protected in trade agreements.

**Mr. Al Balisky:** Certainly, we would completely endorse that point of view. There is the special relationship and anything that acts as a deterrent or keeps constraints on any kind of affirmative action within Canada is a negative outcome. We certainly endorse that and would encourage anything that would allow for this free, unfettered approach to Canada's approach with indigenous peoples.

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

[Translation]

I would first like to thank the representatives of the Réseau québécois sur l'intégration continentale for their comments on chapter 28.

Given the philosophical bias associated with this type of international trade agreement, how could we integrate the precautionary principle into an international trade agreement to ensure that this principle is included in public policies when they are developed?

• (1100)

**Mr. Claude Vaillancourt:** I think chapter 28, as it is worded, literally prevents that precautionary principle. This is a major issue in the negotiations between Canada and the European Union. The Europeans want to keep the precautionary principle. They believe that it is fundamental to protect the health of their people and the environment. They believe it is under threat, and the regulatory cooperation chapter bolsters their sense of vulnerability.

**Mr. Daniel Blaikie:** Europeans are demonstrating that it is possible to establish an international trade agreement that includes the precautionary principle.

**Mr. Claude Vaillancourt:** Yes, it's entirely possible.

**Mr. Daniel Blaikie:** It isn't something that will make it impossible to trade or create wealth, right?

**Mr. Claude Vaillancourt:** No, it's not a barrier to trade at all.

On the contrary, it puts in place a trade that is much more at the service of the population and that takes into account factors other than immediate profit. Both are important. It provides the public with health and safety. These are fundamental things.

If the precautionary principle is not applied, the damage is often irreversible, and it is too late to back off. The whole spirit of the precautionary principle is indeed a fundamental principle that Canada should support in the fight against it. We know from the CETA Regulatory Cooperation Forum in Europe that it is fighting this precautionary principle.

**Mr. Daniel Blaikie:** Chapter 28 contains philosophical biases that have nothing to do with trade. Rather, they have to do with the special interests of certain businesses or governments.

**Mr. Claude Vaillancourt:** Yes, we completely agree with you on that analysis.

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

[English]

Mr. Robertson, I wanted to touch a bit more on the buy America provisions and the importance of procurement. You mentioned some of the ways in which Canada might consider trying to make up for what's not in this agreement in terms of access to procurement.

I have New Flyer Industries in my riding, which produces a lot of buses and sells most of them into the United States. Buy America has affected jobs in Winnipeg because of the content requirements.

I was surprised recently when there was a meeting of governors and Canadian premiers, and Premier Pallister from Manitoba didn't go and didn't send anybody on his behalf. It seems to me that the province-to-state relationship is going to be important for businesses that export to the U.S. in terms of keeping jobs here in Canada. Could you speak to that a bit more?

**Mr. Colin Robertson:** I think you're correct. Premiers and governors, because they're the level where the spending usually takes place, particularly when it comes to major infrastructure, want best value, and best value often comes from having a variety of vendors, not just those in your state or province. Having outside competition that has equal access will often prevent cartels in your own province or state, and, therefore, you get far better value for public money.

This was really the philosophy that was behind.... When I was at the embassy, we were trying to get a procurement agreement at the national level. It wasn't working. We since have one through the World Trade Organization, but when the United States under the Obama administration was doing their big build as part of the post-recession effort to recover, we wanted access, as you put it, for New Flyer and others so we could sell buses and things into the United States.

We found that the best way to do it was by having premiers go down and meet with governors. Both saw an advantage. Both of them were charged with spending monies that came from federal governments, so they worked out a—

• (1105)

**The Chair:** Thank you very much, Mr. Robertson. I'm sorry to be cutting you off. You're giving us valuable information but there's only so much time.

Mr. Vidal.

**Mr. Gary Vidal (Desnethé—Mississippi—Churchill River, CPC):** Thank you, Madam Chair.

I want to thank all the witnesses today for taking the time both to prepare and to come and present today. I know that's a big commitment for many of you.

I also want to thank my colleagues for allowing me to participate in this process today, as obviously this is not my committee. It's a privilege to participate today.

I want to particularly thank you, Mr. Balisky and Ms. Gorski, for being willing to be here today, as you represent people from my riding and people from my community.

My question is for either Mr. Balisky or Ms. Gorski.

You spoke quite eloquently about indigenous ownership and the impact it has on the communities affected by the lack of a softwood lumber agreement and by the tariffs. I would like you to expand on the nine ownership first nations and what the impact that \$11 million in money that has been tied up in tariffs since 2017 might have on the 13,000 people represented by those nine first nations.

**Mr. Al Balisky:** Good morning.

This is about nation building. As the honourable member Blaikie pointed out, this is about building Canada. There should be no group left behind in this. There's a special group within Canada, the indigenous community, that is working very hard and very diligently to create economies, to be part of provincial economies. Trade action around softwood lumber puts a big wet blanket on all of this.

The impact to the communities is significant. As the big players in the industry generate profits, so do we, as we can, and those go directly back to the nine communities that make up the tribal council. The impact of these crippling duties is significant: \$11 million represents \$11 million that doesn't go back into education, into health care. Saskatchewan has, unfortunately, been in the news nationally around suicide. Suicide prevention is a big matter. With regard to infrastructure development, housing is always critically underfunded, and there's huge demand on that front. The demands and the needs are many.

Non-program funding and self-generated funds are critically important to first nations across Canada. Particularly in the Meadow Lake area, and with the Meadow Lake Tribal Council, generating these funds and getting them back to the communities annually is a significant part of what we do at NorSask. This is part business and part mission, and we need to have special protection around these measures.

**Mr. Gary Vidal:** Thank you.

I also had the privilege of touring your facility in Meadow Lake not that long ago. I was very impressed with the investments you've made in technology and in capital upgrades to that mill to keep you competitive.

I know there are many sawmills around our country that are closing because of their inability to be competitive. The lack of a softwood lumber agreement has had a significant impact on that. I would like you to speak maybe, as well, to the impact this lack of agreement might have on your ability to reinvest in technology and capital that allow you to remain competitive and weather the storms you have weathered for so many years.

**Mr. Al Balisky:** Clearly, NorSask is a survivor. We've weathered a whole lot of bad outcomes over the last two decades. Very important to us is our ability to stay capitalized. Any kind of trade action where we have tariffs takes money out of our system. Our ability to look to the future and invest in a proactive and positive manner is compromised when we're paying these tariffs. We have to keep up with the changing technology and stay in the game, and that involves technology enhancements.

We do our very best to make sure we have reinvestment going back into the mill that keeps us on par with our competitors and keeps us as a viable part of the Meadow Lake community and a contributing part of the economy of the Meadow Lake Tribal Council first nations.

**Mr. Gary Vidal:** Thank you.

We've talked a lot about the impact on the indigenous community in northwest Saskatchewan, but you briefly referenced Meadow Lake in your last response.

I would like you to also maybe comment on the impact you have on Meadow Lake and the surrounding community. Meadow Lake is very much a partner in northwest Saskatchewan with indigenous communities, but there's a great impact on the small city of Meadow Lake and the surrounding rural municipalities as well.

• (1110)

**The Chair:** It will have to be a short response, please.

**Mr. Al Balisky:** That's very true. We are a forestry-dependent community. Forestry is a major contributor to the Meadow Lake economy. Our particular facility contributes 100 direct jobs to the local community. Of course, 65% of those are indigenous, which is a wonderful representation of the community. Beyond that, there are the woodland supports. There are truckers. There are harvesters. There are various suppliers. The multiplier effect in forestry is far larger than many other industries, and our ability—

**The Chair:** Thank you very much, sir. Thank you for your answer.

We will go on to Ms. Bendayan.

**Ms. Rachel Bendayan (Outremont, Lib.):** Thank you, Madam Chair.

[*Translation*]

Thank you to everyone for being with us today.

I am always delighted to welcome Quebec witnesses to our committee.

My question is for Mr. Vaillancourt and Mr. Pépin.

I would like to discuss with you the cultural exemptions in the new agreement. You've already mentioned that the agreement protects and modernizes the cultural exemption. As you may know, there was still intense pressure on the minister and our negotiators to get rid of it completely or to weaken it significantly, but we kept it.

The cultural exemption protects our artists, as you mentioned, and preserves our Canadian content. As an MP from Montreal, I am particularly proud that our government was able to keep this exemption to protect our Quebec culture. Digital content will now be able to benefit from these same protections.

I'd like to follow up on a suggestion you made earlier in your testimony. Do you have any ideas about concrete measures we can take to make the best use of the cultural exemption, particularly to promote our Quebec artists and our French-language content?

**Mr. Claude Vaillancourt:** First of all, it is mainly about the recommendation. On the websites of the major multinational entertainment companies, Canadian and Quebec products are not very visible. We have to put pressure on them to increase the visibility of our products.

Second, I think we must continue to subsidize culture. We are a small market here. This cultural exemption allows us to have more grants to help artists. This will help maintain the vitality of Quebec and Canadian culture, which is already exceptional. We could go further in that direction.

Our third proposal is this: we would like to see greater tax participation by the large companies that benefit from the market here, meaning, a market that consumes their products. However, these companies pay very little tax. That would be the best contribution they could make. We need clear, vigorous and firm measures that go in that direction.

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

Do you have anything to add, Mr. Pépin?

**Mr. Normand Pépin:** No, he's the expert.

**Ms. Rachel Bendayan:** Okay.

[*English*]

My next question is for Mr. Robertson from the Canadian Global Affairs Institute.

Thank you very much for your testimony earlier. To follow up on a question from my colleague the Honourable Ed Fast with respect to your statement, which I believe was that this is the best agreement possible under the circumstances, would you, having reviewed the agreement in its entirety, agree that it is a better agreement overall for Canada than the original NAFTA was?

**Mr. Colin Robertson:** I think, grosso modo, it updates the original NAFTA, which was absolutely necessary. There are parts of it that are managed trade—and we talked about autos. There are pieces we would have liked, such as the procurement chapter, for example, but it wasn't going to work. However, given the circumstances, it is the best possible agreement we could have negotiated, and we are much further ahead with it because it's a kind of crown jewel. We have the CETA and the CPTPP, but the critical agreement for us is always having access to the United States. Now we have that security, under a very difficult and sometimes complicated administration.

**Ms. Rachel Bendayan:** Thank you very much for that very political answer.

You mentioned the lack of statistics or estimates of the number of jobs in Canada that rely on trade with the United States, but there are some statistics. I'm thinking particularly of the percentage of our country's exports that go to the United States. I wonder if you could speak to that.

• (1115)

**Mr. Colin Robertson:** We do have statistics but we need...and you as members of Parliament, when you speak to your constituents, should be able to say, "Look, your jobs...." Again, we hear from Meadow Lake and we know the importance of trade, but people want to know specifically what it means. We can do this now down to the legislative and really the constituency level in the United States. We have the capacity to do it in Canada, and I think we should, because all members of Parliament should have access to those figures. I would include in those the importance of the European and Asian markets, because, I'd point out, we're the 12th-largest exporting country.

Most people don't realize how important trade is to our prosperity. That's what pays for our health care and education. You as members of Parliament could be better equipped if you could get the statistics and make them available. They are readily available because we have the tools to do that with other countries.

**The Chair:** Thank you very much. We go now to Mr. Carrie.

**Mr. Colin Carrie (Oshawa, CPC):** Thank you very much, Madam Chair. I'll be splitting my time with Mr. Kram.

I'd like to follow up with Mr. Robertson. We've actually been asking for the economic impact studies. The Americans, as you know, put out their economic impact studies last April. The minister was here saying she couldn't do that, but no one around the table or in Canada believes she would sign on to an agreement of this importance without having some advice on how this is going to impact Canada economically.

Mr. P  pin, I think, brought up that it's very important that we have these numbers.

Mr. Vanderpol, I can't believe it. We had a witness yesterday, Mr. Geist, who's an expert on the IP side of things. He wasn't consulted. You weren't consulted. It's getting frustrating at this level that the minister obviously has this advice and she's not releasing it.

Mr. Vanderpol, how important is it to you that you have these economic impact numbers, as families make business decisions moving forward and the sector makes these business decisions? Do you have any economic impact studies you could share with the committee? We've been asking the minister over and over since December 12 to release the studies, or if she doesn't have a full study to release the advice she's been given so that we can make sure the support and programs are available for the families that are going to be negatively affected. Do you have anything you could give us?

**Mr. Philip Vanderpol:** Thank you for that question.

As an industry, we have some studies, and we have quantified it by the effects on dollars and jobs. That has been shared with the minister and the staff.

**Mr. Colin Carrie:** Could you let the committee have that, please? We're at such a tight timeline here, and we all want to make sure that we have this in place, as Mr. Robertson was saying. We need to have that information and the minister has not been co-operative. It's to a point where some people are saying, "What is she hiding?"

We don't have that. Could you share that with us, please?

**Mr. Philip Vanderpol:** Yes. On behalf of the Dairy Processors Association of Canada, we can share those studies with you.

**Mr. Colin Carrie:** Thank you very much.

Go ahead, Mr. Kram.

**Mr. Michael Kram (Regina—Wascana, CPC):** Thank you to Mr. Balisky and Ms. Gorski for joining us today from Meadow Lake, and for sharing your success story of the Meadow Lake Tribal Council and NorSask Forest Products.

I am wondering if you could provide some insight as to what you would like to see in future trade agreements that would help create employment opportunities for indigenous persons in rural and remote parts of the country.

**Mr. Al Balisky:** That's a great question. Everything we can do on that front would be very positive.

Very specifically about softwood lumber, what happens is that the big broad brush gets applied to the Canadian landscape. The

federal government needs to make sure there's a more finely tuned approach taken in response. As we've been able to indicate with some of our charts, the indigenous contribution to the softwood lumber issue is non-existent. It's critical that we get special protection, based on some good rationale, and that this be presented in a very cogent manner to the U.S., making sure that Canada stands up for the indigenous community when it comes to any sector across Canada.

It takes so much effort and goodwill to make these things happen, and it takes stability. With these ups and downs in trade wars and so forth—changing the agreements—it's critical that we have that stability built into the system.

• (1120)

**Mr. Michael Kram:** You mentioned that because northern Saskatchewan is landlocked, there is little opportunity for you to export offshore.

Is there anything that can be done with improved infrastructure, such as rail or highways, that would be beneficial to you in getting your products to international markets?

**Ms. Tracey Gorski (Manager, Sales and Marketing, NorSask Forest Products LP):** Hi. Thank you for that question. I'll try to answer that.

Our rail line was abandoned many years ago here in Meadow Lake, Saskatchewan. We had a rail line that served this community for many years under CN, and then it was sold to OmniTRAX, which was Carlton Trail Railway.

There are three big manufacturers in Meadow Lake, one is the pulp mill, the OSB manufacturer and then us. At that time, we all used the rail line to get our products to market. At this time, we do not have the capacity. With the rail line abandoned, all of our equipment goes by truck.

When you're looking to hit the offshore markets, say, trucking from Meadow Lake to B.C. and then loading and getting over to the Asian market, it's very costly. Because we're one sawmill, we are limited in regard to being competitive.

**The Chair:** Thank you.

**Ms. Tracey Gorski:** Our market per se may not be as big as, let's say, a B.C. or Alberta producer.

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

We will go on to Mr. Badawey.

**Mr. Vance Badawey (Niagara Centre, Lib.):** Thank you, Madam Chair.

I appreciate the opportunity to sit on this committee today. As many know, I chair the Standing Committee on Transport, Infrastructure and Communities. The reason I'm here today is the crossover that this issue and all the trade issues have for both committees. It's a pleasure to be here and to bring forward some thoughts on behalf of that committee.

First off, Madam Chair, I want to preface my comments by stating that I do anticipate the passing of CUSMA, which will in fact align with CETA and, of course, the CPTPP. That's what I'm going to premise my comments on today with the witnesses we have before us.

There was a mention earlier by Mr. Robertson of the trillion-dollar procurement program that we must embark on. In fact, if Canada wants to and needs to invest in strategic infrastructure investments to strengthen our overall international trade performance, it's imminent that we begin to work with our different committees here in Parliament, but more importantly with our partners, both in the public sector—municipal in particular—and in the private sector.

I will be bringing forward today to committee a few motions that will align with some of that direction, including a study focusing on current and anticipated labour shortages throughout the country, in particular as it relates to the transportation sector; undertaking a study on Canada's rural digital infrastructure and prospective solutions to the gaps in wireless infrastructure deployment throughout rural Canada; looking at the gas tax; and, of course, once again, the need to work with our municipal and private sector partners, as well as our indigenous communities, to put in place strategic investments that align with our trade agreements such as CUSMA, CETA and the CPTPP.

I want to ask a question that is primarily for Mr. Robertson of the Canadian Global Affairs Institute.

With respect to your comment on the trillion-dollar procurement program, I'll throw a question out there for you. I'm going to stop talking and allow you to comment on what I've just talked about and the importance of same. How important is it for Canada, as a nation, to work binationally in establishing our procurement and, of course, the strategic infrastructure investments that will align with and complement the trade agreements we have in place?

**Mr. Colin Robertson:** I think it's vitally important. When we export, [*Technical difficulty—Editor*] which port it's going to go to. Sometimes from Saskatchewan it goes through the United States and out through Portland and Seattle, whereas American goods sometimes will come up to Canada. Integrating those, that infrastructure, as I said in my remarks, is vital, especially as the United States appears to be, probably in the next administration—whether Democrat or Republican and working with Congress—prepared to put in really big money. I mentioned trillions of dollars. In fact, it could come to a couple of trillion dollars.

We need to be a piece of that, both in the access to it in terms of procurement but also in linking up rail, road and air. Again, it's that North American capacity we have to become the truly competitive platform for the world. We now have the pieces in place, but we need the infrastructure. I would applaud what you and your committee are doing and your suggestions on how we can move forward, and I encourage you to talk with your American counterparts, because what really will make this happen is legislator talking to legislator.

• (1125)

**Mr. Vance Badawey:** If I may, Madam Chair, I think that discussion has to continue, not only across standing committees here in

Parliament but also across borders. Once again, I would be very interested to hear, in moving the yardsticks down the field to get ourselves to that goal line, what thoughts you and many witnesses have on those issues and also on what those strategic investments should be.

I'll ask a question. With respect to, as you mentioned, rail, road, air and water, of course in my riding in Niagara we have the Great Lakes, which are binational. With the trade that's going to be coming in from and out of the Midwest—a lot of it—especially in regard to going over to the EU and other diversified areas versus just the United States, we're recognizing that the Great Lakes, and of course the St. Lawrence Seaway and the Welland Canal, will be used a lot.

What investments do you see with respect to binational investments, infrastructure investments among the rail, the water, the air and the roads, between both Canada and the U.S., as well as internationally?

**The Chair:** I'm sorry, but I have to interrupt.

Mr. Robertson, could you give us a short answer? My apologies, but just a short answer, please, because you have 20 seconds remaining.

**Mr. Colin Robertson:** Okay. I'll just say that NASCO, which is tri-country, has come up with a whole series of excellent recommendations, which I would refer to your committee.

**Mr. Vance Badawey:** Thank you, Madam Chair.

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

We go now to Mr. Savard-Tremblay for two minutes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** How can I say something intelligent in two minutes? When I was teaching and improvising, three hours was often not enough.

I'll come back to the representatives of the Réseau québécois sur l'intégration continentale.

Mr. Pépin, you said that there are provisions on working conditions in the automobile industry, but that for the rest there are few or no provisions, apart from intentions. Have I summarized your statement correctly?

**Mr. Normand Pépin:** Yes, that sums it up very well. In addition, intentions regarding protection against discrimination in the workplace were watered down at the last minute.

**Mr. Simon-Pierre Savard-Tremblay:** With jobs comes industry. What do you think of the rules of origin provisions in this agreement, if you've studied them, of course?

**Mr. Normand Pépin:** There are the rules of origin and the problem related to the aluminum industry, which you have raised here several times. That industry does not have the same protection as the steel industry, no matter what the government says. There is no protection for cast aluminum. It only has to have been processed to some degree in North America for it to pass the test, which is very insufficient to protect jobs and future investments in this industry, particularly in the Saguenay-Lac-Saint-Jean region.



**Mr. Simon-Pierre Savard-Tremblay:** You assess that this may be problematic for jobs and the expansion of aluminum smelters. Is that correct?

**Mr. Normand Pépin:** That's what the unions in this sector are saying, and I have complete confidence in their assessment.

**Mr. Simon-Pierre Savard-Tremblay:** Beyond your involvement in the network, you work in the union environment, if I'm not mistaken.

**Mr. Normand Pépin:** That's right. I work at the Centrale des syndicats démocratiques. We don't have aluminum workers, but we know them.

**Mr. Simon-Pierre Savard-Tremblay:** It's a small community, after all.

**Mr. Normand Pépin:** Yes, that's it.

[English]

**The Chair:** Thank you very much. That's it.

Mr. Blaikie.

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

Mr. Vanderpol, I have two questions in two minutes. First, given the issue around August 1 and the dairy year, do you think that if the ratification is completed prior to August 1 or the agreement is implemented prior to August 1, it will have enough impact on your industry to justify an additional compensation package based on the impact of the time that the deal is ratified?

**Mr. Philip Vanderpol:** Definitely, we have, in fact, calculated what we think that cost will be.

**Mr. Daniel Blaikie:** Okay. We heard yesterday from the teamsters. They're of the view that given the targeted impact of this deal on the dairy sector, not only the producers and processors will be affected but also a lot of workers who work in those plants. Whether it's with regard to pension bridging or assistance for re-training and job search, they should be considered in that compensation package as well. Would you be supportive of that?

• (1130)

**Mr. Philip Vanderpol:** Yes, definitely. The workers, the ancillary workers, the transporters and so on, are all affected by this. There will be wide effects. Just directly in our industry we employ over 220,000 people, so they'll all be affected by this.

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

**The Chair:** Thank you to all of the witnesses. I apologize for having to cut people off occasionally, but the members are all on a timeline. My job is to make sure that everybody gets their fair share of time.

Thank you all very much. It was a very interesting panel.

We'll suspend for five minutes.

• (1130)

(Pause)

• (1140)

**The Chair:** We are resuming debate and discussion. We are following up, pursuant to the order of reference of Thursday, February

6, on Bill C-4, an act to implement the agreement between Canada, the United States of America and the United Mexican States.

With us in this segment, on our panel, as individuals, we have Leo Blydorp and Lawrence Herman. From the Assembly of First Nations, we have Judy Whiteduck, director, economic sector, and Risa Schwartz, legal counsel. From the Canadian Manufacturers & Exporters, we have Matthew Poirier, director of policy, and Alan Arcand, chief economist, and from the Federation of Canadian Municipalities, we have the mayor of Windsor, Drew Dilkens.

We will open up our panel for discussion beginning with the Federation of Canadian Municipalities.

Mr. Dilkens, you may go first.

**Mr. Drew Dilkens (Mayor, City of Windsor, and Member, Big City Mayors' Caucus, Federation of Canadian Municipalities):** Thank you very much.

Good afternoon, Madam Chair, Parliamentary Secretary Bhandari and members of the Standing Committee on International Trade. As I sit in my office right now at Windsor City Hall, what you can't quite see—you'll have to trust me, and you can pull up your Google Maps—is that about one and a half kilometres out the window behind me is the city of Detroit and the United States.

I want to thank you, because I think it's appropriate to have this opportunity to provide some comments on Bill C-4, the Canada, U.S., Mexico agreement implementation act.

Now I don't need to tell anyone in the room that Canada is a trading nation, that our prosperity, growth and success are largely reliant on our ability to trade with other countries. I'm the mayor of the City of Windsor and also a member of the FCM Big City Mayors' Caucus. My community is home to 240,000 people, and we are set in a region of nearly 400,000 people. Our city is the largest border city in Canada. The local economy is intricately tied to that of Detroit, Michigan, and the United States.

We are home to the busiest commercial border crossing between the United States and Canada. In fact, the Windsor-Detroit border crossings handle more than one-third of all Canada-U.S. land trade over four points of entry: the Ambassador Bridge, the Detroit-Windsor Tunnel, the CP Rail tunnel and the Windsor-Detroit Truck Ferry.

The importance of trade with the United States to this area is further punctuated by the fact that one of our nation's largest infrastructure projects is under way, that being the construction of the Gordie Howe bridge linking Windsor and Detroit, Canada and the United States. This project has survived the test of time through four Canadian prime ministers and four U.S. presidents, representing Democratic, Republican, Liberal and Conservative parties. It has made it this far because smart people on both sides of the border understand the value of smooth and efficient border crossings and the value of trade for our economies and what it means for jobs. Nowhere is the value of secure, efficient and safe movement of goods and people so important than to the Windsor-Essex area, likely more so than anywhere else in Canada.

Windsor is proud to be the automotive capital of Canada and home to the largest cluster of tool, die and mould-makers in North America. Our two largest private employers are the Fiat Chrysler assembly plant, home to the Dodge Grand Caravan and Chrysler Pacifica, and the Ford Motor Company, which operates two engine plants locally.

Windsor-Essex is also home to the largest auto cluster in North America, with more than 300 local companies engaging in engineering, designing and manufacturing of cutting-edge industrial systems and products for clients across the globe. This is an industry that supports thousands of well-paying, highly skilled jobs, and one that comprises 30% of our regional GDP.

The auto sector is vital to the economy of Windsor-Essex, but it's also vital to the overall economy of Canada as well as various regional economies throughout the United States. Our local supply chains are still tightly integrated. Based on geography, businesses are able to take advantage of the best elements that all three countries have to offer. There is no better example that I can think of than this: Parts put into a car produced in Canada cross the border an average of seven times before that car rolls off the end of the production line. That, I think, is a great example of how tightly integrated our economies are.

The amendments to the new Canada-United States-Mexico agreement will help strengthen and protect well-paying jobs and will help our companies stay highly competitive in a global economy. That's truly how our employers compete, on a global basis. The agreement's updated rules of origin, increasing the regional value content threshold for cars up to 75% from 62.5% ensures that a higher majority of car parts, such as engines and transmissions, for example, originate in North America, in cities like mine.

The new agreement also introduces new requirements to help ensure that at least 70% of a producer's steel and aluminum products originate in North America. This agreement has the potential to generate increased automotive production in North America, of course, including cities and areas like Windsor-Essex, as well as additional sourcing opportunities for Canadian parts producers, many of which have local footprints in Canada.

I'm not going to sit here and tell you that this new agreement is perfect. It's not. Future revisions to trilateral trade agreements with Mexico and the United States should strongly consider better labour mobility for highly skilled workers, so that positions like robotic technicians, machine learning specialists and other new economy workers can seamlessly travel within the trade zone to meet the changing demands of employers as they and our economies evolve. The 8,000 people from my city who cross the border every day into the United States to work understand how important mobility is for their livelihoods and for that of their employers.

There's an old axiom taught in many law schools that says the best agreement is usually the one that leaves each party thinking they could have done a little bit better. There's no doubt that is the case in this negotiation and revision to our trade agreement. However, the incremental improvements achieved through the process far outweigh any negative aspects.

• (1145)

Political and economic environments juxtaposed with the benefits of this bill lead me to offer my full support to the federal government. On behalf of the people in Windsor—Essex, I encourage Parliament to move quickly to ratify this deal. I personally thank Minister Freeland for her efforts on behalf of all Canadians.

Thank you, Madam Chair.

**The Chair:** Thank you very much, Mayor Dilkens.

We'll go to Mr. Herman.

[*Translation*]

**Mr. Lawrence Herman (Counsel, Herman and Associates, As an Individual):** Thank you, Madam Chair.

[*English*]

I prepared a memorandum. I don't know whether it's been circulated to the committee.

I'm going to just summarize what I've said in the memorandum, and I hope that we can have an exchange during the question-and-answer period.

**The Chair:** Thank you very much, Mr. Herman. It has been distributed to the committee members.

**Mr. Lawrence Herman:** Thank you. I won't go through the paper in any detail. I'll just summarize some points.

Bill C-4 is an implementation measure. It adjusts Canadian laws to bring those laws into conformity with the agreement, with CUSMA, and it needs parliamentary approval, obviously, to make those changes to Canadian statutes. Those changes set out in the bill will allow Canada to ratify the treaty.

It's important to understand that the conclusion of treaties and their ratification is an executive act. It doesn't legally require parliamentary approval for the Government of Canada to ratify an agreement, but the policy for many years has been to submit major agreements, trade agreements in particular, to Parliament for parliamentary approval. Of course, before Canada can ratify any agreement, whether it's a trade agreement or otherwise, Canadian laws have to be brought into line with the provisions of the agreement. If Canada were to ratify an agreement and Canadian laws had not been made consistent with the agreement, Canada would be, as a country, as a state, in breach of its obligations under the agreement.

Let's come to Bill C-4. I want to give you a bit more context about Bill C-4. There is nothing that I could see in Bill C-4 that is in any way inconsistent with the provisions of CUSMA. I have to say—and I think this is important in terms of context—that CUSMA is a done deal. The negotiations are over. This committee is not being charged with renegotiating or proposing renegotiating the CUSMA. It is done. The U.S. has ratified it. Mexico has ratified it. It is now Canada's turn to ratify the agreement. That requires that Canadian laws be changed and adjusted in some respects. In some cases, it's a matter of tinkering, but in some respects, Canadian laws and statutes have to be changed. That's what Bill C-4 does.

This committee, it seems to me, has three options.

It can approve Bill C-4, possibly with some minor tinkering here and there. I don't think there's much that needs to be done in that regard, if anything. It can approve the bill as presented.

The second option would be to propose amendments to Bill C-4 with or without a recommendation that the treaty be approved. It could radically amend Bill C-4 to change its contents, making them inconsistent with what Canada has agreed to in CUSMA.

Third, it could refuse to approve Bill C-4 and refuse to recommend Canadian approval of CUSMA.

The latter two options or scenarios would mean that Canada could not ratify the agreement. This would be, in my view, an enormous setback for the country, and in fact would be without precedent. There has never been an instance in Canadian history where Parliament has refused to approve a trade agreement and to pass the necessary legislation. We know that in 1987-88 the original Canada-U.S. Free Trade Agreement was held up in the Senate after it had passed the House. An election was held and we know the consequences. A Conservative government was returned with a majority and the House subsequently passed the necessary implementing legislation.

In the case of the NAFTA, before it was presented to the trade committee or indeed tabled in the House, there were changes made to the NAFTA as renegotiated, because Canada, the U.S. and Mexico agreed that it would be necessary to add side letters to the negotiated text of the agreement. The NAFTA implementing bill was tabled in the House and was approved.

• (1150)

Canadian implementing legislation in other areas has been approved by the House. The European Trade Agreement—the CETA—and the trans-Pacific trade agreement have both been approved by the House. If any one of the negative scenarios that I outlined were to be proposed and approved by the House as a whole, I think the consequences would be disastrous. It would mean that the U.S. and Mexico would have ratified CUSMA, Canada would not have and, I assume, that Mexico and the U.S. would go ahead with the implementation and all of the other matters under the agreement. Canada would not be a party to that agreement. It would complicate things enormously in terms of supply lines and other matters. More than that, it would set back Canada-U.S. relations in a major way.

If this agreement, as I said—negotiated, signed, approved and ratified by the U.S. and Mexico—were turned down by Canada, legally, at least initially, the NAFTA would then remain in force as is between Canada and the United States. There would be serious doubts about whether the NAFTA would be continued by this particular administration under that scenario. The future of the NAFTA itself would be extremely uncertain.

The question then before this committee is what the consequences for Canada would be if Parliament, by following through with any such recommendation by this committee, were to refuse to approve the CUSMA and pass the necessary implementing legislation. That is the issue that you're faced with.

I know that in previous deliberations of this committee, suggestions have been made to reopen the NAFTA because one or another interest group is not happy with certain of its provisions. That is frankly a non-starter. The United States and Mexico, but particularly the United States, will not agree to reopen this agreement. It has passed the U.S. Congress. It's been ratified by the President, and the suggestion that Canada could go back to the U.S. government and say that it wanted to reopen this agreement is frankly a fantasy. It will not happen. Even if it did in the remotest of possibilities, even if the United States and Mexico were prepared to reopen the CUSMA because of Canada's insistence, we would have to look at starting negotiations again, going through all of the process of negotiating and putting on the table our starting position, and being prepared to make compromises, because, as Mr. Verheul said in his testimony, trade negotiations are questions of balancing concessions. Canada would have to put its starting bid on the table and be prepared to make concessions. This is, to me, the most unrealistic of scenarios.

• (1155)

**The Chair:** Thank you very much, Mr. Herman. You have my apologies for cutting you off.

**Mr. Lawrence Herman:** That's fine.

**The Chair:** The committee has many questions for you.

We go now to Mr. Blydorp.

**Mr. Leo Blydorp (As an Individual):** It's still morning, so good morning.

It's Leo Blydorp here. I'm a farmer in Dufferin County, Ontario, which is around Orangeville. I started farming there in about 1995 and had a prior career in agriculture chemicals. I started off at about 250 acres and worked myself up to about 1,300 acres. I farm with my son and we have a number of part-time employees. I grow a number of crops that are covered by the agreement: canola, corn, oats, soybeans, winter wheat, hay and straw, and I have grown barley, white beans and quinoa in the past.

As far as the trade deal is concerned, there is really no change from NAFTA. Nothing has really changed for me. I'm a proponent of free trade, so we could go home from here, but it's been my experience that trade is never quite that simple, and it's never free, or fair or equal in my point of view. I want to spend some time going into that, if I might.

Just recently we've had this trade tiff with China—or the U.S. has—and we've gotten caught up in the crossfire, so I want to spend a little bit of time on that.

The U.S. has offered trade-distorting domestic support to their farmers, which our government hasn't seen fit to match. After the U.S. launched the trade war with China, retaliatory Chinese tariffs were introduced in June 2018, which saw the price of soybeans drop about 10% on the Chicago Board of Trade.

The Chicago Board of Trade also determines all of our prices in Canada, so most of the commodities, other than canola and barley, are traded on that exchange. Canola, which is a bit linked to soybeans because it's an interchangeable commodity for vegetable oil and for meal, dropped about 5%, but then it dropped about another 5% when we detained the Huawei executive Meng Wanzhou. Essentially, China stopped buying all of our canola. China was the biggest customer of canola. Most of the canola is grown in western Canada, but we do grow some canola in the area where I farm in Ontario.

The U.S. responded to the Chinese tariffs on agriculture products—primarily soybeans—in 2018 by introducing the USDA market facilitation program, or MFP. That gave U.S. farmers \$12 billion in 2018 and \$16 billion in 2019. I'm just quoting here from the fact sheet:

The [2018 MFP] provides direct payments to help...producers who have been directly impacted by illegal retaliatory tariffs, resulting in the loss of traditional exports....

The initial MFP rates are as follows:

...Corn \$0.01 per bushel

...Soybeans \$1.65 per bushel

Therefore, about 95% of that money went to soybean growers, and there was also a little that went to wheat. These are all crops that trade freely across the border and compete with what I'm trying to produce here in Ontario.

We have been impacted equally by this damage that was a result of the trade war between the U.S. and China, and we have not gotten any government support.

Then, for 2019, they changed the program a little bit, because I think they had some concerns about how different trade partners might react to it. They made it more or less directly linked to the specific crop. They changed it a fair bit to make it county-specific, but in the end, the average farmer in Illinois got another \$21 an acre than he did in the previous year. That was cited in a weekly farm economics Gardner policy series, a paper that was authored by the University of Illinois and the Ohio State University.

What does that mean for me in Ontario? We grew 284.5 acres of soybeans in 2018 and had a production of 16,040 bushels. If you convert \$1.65 U.S., that comes out to \$2.20 Canadian. If you multiply that by 16,040 bushels, that was just over \$35,000 that I didn't get that my American competitors did get. For corn, I would have gotten a little, \$294, and for soft red winter wheat I would have gotten just over \$3,000, for a total of \$38,700 that I'm behind my U.S. competitor. In 2019, if I apply the same ratios, I would have had \$51,580 out of that program if I'd had an address in Michigan.

During this time, there are considerable U.S. soybeans that come right into Ontario and are processed and exported through Hamilton, displacing Ontario soybeans. To date, our federal government has done nothing that I'm aware of to address this disparity in crop farmer support between Canada and the U.S., while it has paid compensation to other agriculture sectors.

● (1200)

Dairy farmers, for example, have been allocated \$1.75 billion for trade injury that has not yet occurred and may not occur, or if it does occur, may be impossible to measure. That's from Agriweek, Canada's agribusiness authority since 1967. I don't have anything against dairy farmers, but I think farmers need to be treated equitably when there are trade issues.

I sat on a government committee for three years. I had the opportunity to travel to Ottawa about three times a year in 2015, 2016 and 2017. I was a federally appointed producer representative to the national program advisory committee. We met to discuss Canadian agriculture partnership programs. Much of the time was spent discussing business risk management programs, AgriStability in particular. This was largely an exercise in frustration for many of us producer representatives, as our input was never considered or implemented. AgriStability was changed in 2013. It became a much less useful program for stabilizing farm income, as the reference margin that triggered payment was reduced from 85% to 70%. Changes were also made on the eligible expenses used in the calculation, with a cap on certain expenses. Hence, many growers dropped out of AgriStability, as did I at the recommendation of my accountant.

The response from Agriculture and Agri-Food Canada staff was that our proposals would not pass the scrutiny of countervail and were likely to be classified as amber domestic support programs. I haven't seen any discussion at all from the federal government, or even from the provincial government, about whether the support offered in 2018 and 2019 by the American government in the USDA facilitation program would in fact be countervailable—I certainly think that 2018, because it was very specific and very regional, would be countervailable—or whether it would fall in any of the boxes that are amber, blue or green.

If we're going to have free trade, we need a government that will take a proactive approach in monitoring the domestic support programs of other CUSMA countries and determine both their impact on market price in Canada and their ability to distort trade. As an individual farmer I do not have the resources to do this or the expertise. I spent about a day trying to get ready for this. I don't know much about trade. I've just told you everything I know.

In terms of competitiveness, many of these things continue to creep on us. I'll harp on one more, now that I have the floor. I probably have a few minutes left.

**The Chair:** You have one and a half minutes left.

**Mr. Leo Blydorp:** I think we can do it.

A myriad of other factors are affecting the competitiveness of Canadian farmers. These include the cost of production inputs, farm equipment, interest rates and labour. The recently introduced carbon tax raises costs to Canadian farmers and not our competitors. It adds to our cost of drying grain. For example, 2019 was a terrible year because we couldn't get any grain off dry. It adds to the cost of nitrogen fertilizer manufacturing, custom trucking and rail transportation. It is unlikely that the tax will alter consumption of these uses, but it does decrease the competitiveness of Canadian farmers, who can't pass on this added cost to their customers.

If we're so interested in carbon, why isn't there an offset that would pay farmers to sequester carbon if their farming practices indeed do that?

With that, I will end. Hopefully, I'm within my time.

• (1205)

**The Chair:** You are, sir. Thank you very much.

We'll move on to the Assembly of First Nations. Ms. Whiteduck is director of the economic sector and Risa Schwartz is legal counsel.

Welcome. We're glad to have you here today.

**Ms. Judy Whiteduck (Director, Safe, Secure and Sustainable Communities, Assembly of First Nations):** [*Witness spoke in Algonquin as follows:*]

Meegwetch. Kwey Kakina. Nidonjabà Kitigan Zibi Algonquin Aki. Nindijinikaz Judy Whiteduck.

[*Algonquin text translated as follows:*]

Thank you. Hello everyone. I come from Maniwaki; my name is Judy Whiteduck.

[*English*]

I wanted to acknowledge all of you, myself and the territory before we begin. We have a brief set of remarks that we'll share, which I will start with.

Thank you, first of all, for the invitation to the national chief of the Assembly of First Nations to appear before your committee to inform the study of Bill C-4. The national chief has sent his regrets due to other commitments, and we are pleased to be here on his behalf.

My name is Judy Whiteduck, and I am the director of the economic sector. I am joined by Risa Schwartz, our legal counsel on international trade matters.

The AFN is a national organization advocating for first nations citizens in Canada, which includes more than 900,000 first nations people, both living on reserves and in towns and urban centres.

First nations leaders direct the work of the Assembly of First Nations through resolutions passed at chiefs' assemblies. In 2019, the AFN passed resolution 37/2019, which was continued advocacy on Canada's international trade agreements to achieve economic reconciliation. It urged greater participation of first nations in international trade negotiations, and called upon Canada to include a trade and indigenous peoples chapter in future international trade agreements. The AFN has a specific chiefs committee on economic development, which includes first nations trade relations.

In 2017, the national chief was welcomed by Deputy Prime Minister Chrystia Freeland to be a member of the NAFTA council. At an official level, Risa Schwartz and I also participate on the indigenous working group on international trade for the Canada-United States- Mexico agreement. While there is more to do, this work has resulted in the most inclusive international agreement for indigenous peoples to date.

I will now ask Risa to provide additional comments on CUSMA and to make a recommendation for an amendment to Bill C-4 as well.

Thank you.

**Ms. Risa Schwartz (Legal Counsel, Assembly of First Nations):** Thank you, Judy.

With the ratification of CUSMA, Canada, working together with first nations, will be taking steps to make international trade more inclusive and more equitable for indigenous peoples, especially for indigenous women.

CUSMA didn't ultimately include a trade and indigenous peoples chapter, but the text of the final agreement mainstreamed many important provisions for first nations. CUSMA maintains Canada's traditional reservations, exceptions and exclusions in the areas of services, investment, environment and state-owned enterprises. It continues the WTO agreement on procurement carve-outs for indigenous businesses. It contains provisions that recognize the important role that indigenous peoples play in conserving the environment.

There is a new emphasis in CUSMA on co-operation activities to promote and enhance opportunities for indigenous businesses in the chapter on small and medium-sized enterprises. Indigenous peoples are the youngest and fastest-growing demographic in Canada, and opportunities for indigenous business means opportunities for women and for youth. There is a new provision in CUSMA for handcrafted indigenous textiles and apparel goods, which are now eligible for duty-free treatment.

Also, importantly, for the first time in a Canadian trade agreement, CUSMA includes protections for inherent and treaty rights through a new general exception in article 32.5, "Indigenous Peoples Rights". The general exception clause is much stronger than we have seen in other agreements. This new exception clause covers the entire agreement and applies to indigenous peoples in all three CUSMA countries. It will allow all three states to take action to fulfill their legal obligations to indigenous peoples.

As well, we'd like to note that the investor-state dispute settlement will be phased out as between the United States and Canada. ISDS is a threat to indigenous peoples' rights. All these matters are groundwork for positive change.

Once CUSMA is ratified, we must work together to realize economic gains and to ensure these provisions are implemented in a manner that provides for greater economic equity for first nations. We note that the mandate letter for the Minister of Public Services and Procurement includes that "at least 5% of federal contracts awarded" must be "to businesses managed and led by indigenous peoples".

This commitment needs to be monitored by each federal department and reported upon to cabinet on an annual basis to ensure the target is being met. Progress in meeting the 5% target should also be published by the Government of Canada for transparency.

While CUSMA is an example of the difference it makes to engage with indigenous peoples at an early stage, there must be increased opportunities for first nations to participate directly in international trade negotiations, consistent with the United Nations Declaration on the Rights of Indigenous Peoples.

The Assembly of First Nations will continue to advocate that Canada move beyond engagement and invite first nations to the negotiation table; include trade and indigenous peoples chapters in all new or modernized international trade agreements; explicitly acknowledge the United Nations Declaration on the Rights of Indigenous Peoples in international trade and investment agreements; and ensure that a general exception to protect indigenous people's rights, such as the one in CUSMA, is a red-line item for negotiation agreements. Like New Zealand, Canada must commit to protecting indigenous rights in international trade agreements. This is not a matter that should be up for negotiation.

As well, we ask that Canada halt the negotiation of new ISDS provisions in new international trade and investment agreements and remove ISDS provisions when older agreements are being modernized.

Finally, we ask Canada to invest in programs and services needed for first nations trade networks and inter-nation trade so that additional capacity can be established in first nations trade policy and programs and services. We are also here today to recommend an amendment to Bill C-4. The bill is missing a non-derogation clause. The non-derogation clause amendment was proposed previously by the national chief when he appeared before this committee during the study for Bill C-100.

All implementing legislation for international agreements that have the potential to impact inherent and treaty rights must include a non-derogation clause. It is not just the international trade and investment agreements that can impact inherent and treaty rights, but also how the agreement is implemented through domestic regulatory and policy matters. A non-derogation clause will clarify that the act and CUSMA shall be construed so as to uphold existing aboriginal and treaty rights recognized and affirmed in our Constitution.

• (1210)

*Chi-meegwetch* for the opportunity today to present to the Standing Committee on International Trade.

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

We move on to the Canadian Manufacturers & Exporters, to Matthew Poirier, director of policy, and Alan Arcand, chief economist.

**Mr. Matthew Poirier (Director of Policy, Canadian Manufacturers & Exporters):** Thank you, Madam Chair. Good afternoon to everyone.

It is my pleasure to be here on behalf of Canada's 90,000 manufacturers and exporters and our association's 2,500 direct members to support Bill C-4, an act to implement the agreement between Canada, the United States of America and the United Mexican States, also known as CUSMA.

Before I begin, I would like to thank the efforts of the Prime Minister, Deputy Prime Minister Freeland, chief negotiator Steve Verheul and all of their staff for negotiating CUSMA. Being part of the process, we at Canadian Manufacturers & Exporters, or CME, understand how difficult these negotiations were. It was crucial to achieve a positive outcome for business and all its employees, and we did just that. As such, CME fully supports this bill and we urge the government and all parliamentarians to ratify CUSMA as soon as possible.

My goal today is simple. I want to explain why free trade is important to manufacturing and how CUSMA will improve on NAFTA. Why is free trade so important? Simply put, North American trade is the basis upon which Canada's manufacturing industry is built. Our sector alone employs 1.7 million workers in every community across the country.

In 2019, we shipped \$455 billion of merchandise exports to the U.S. and Mexico. This represented 77% of our total exports to all countries that year. Two-thirds of these exports, worth about \$305 billion, were manufactured goods. The numbers simply speak for themselves. You see, Canadian, American and Mexican manufacturers don't really compete with one another. Rather, we build stuff together: a continental manufacturing ecosystem bound together by integrated supply chains.

North American free trade is therefore a pillar of our national economy. It is why the manufacturing sector produces the bulk of Canada's exports. It is how the sector can compete against the rest of the world. This is why CUSMA, and NAFTA before it, are so important. Without these agreements and without integrated production with the U.S. and Mexico, we simply would not have the scale necessary to be a global player. Canada's ability to take advantage of any other trade deal is only possible if North America continues to manufacture together.

How does CUSMA improve on NAFTA? CUSMA preserves the integrated manufacturing operations that allow the relative free flow of goods and services among our three markets. Going into the negotiations, our members made it clear to us that the primary objective of Canada must be to do no harm to this integrated manufacturing economy. CUSMA accomplished this.

In fact, CUSMA preserves many of the key elements of the original NAFTA that were targets of the U.S. for elimination. This includes dispute settlement mechanisms and the business traveller visa exemptions. This was by no means assured at the outset, but there they are alive and well.

Importantly, CUSMA updates critical areas of NAFTA, dragging it into the 21st century. This alone will significantly enhance North American trade. For example, the new digital trade chapter recognizes now that the Internet is a thing and establishes a framework for e-commerce in North America. The customs administration and free trade facilitation chapter will also go a long way in modernizing borders throughout North America, enabling the free flow of goods.

Lastly, chapter 26, the new competitiveness chapter, has not garnered a lot of attention, but it is, in our estimation, one of the biggest accomplishments of CUSMA. Why? It sets up a framework for three sovereign countries to become a unified trade bloc. It will do this by promoting better coordination and integration of our manufacturing industries so that we can tackle global trade challenges together. This is a significant accomplishment.

We have consistently urged the government to start work on implementing parts of the agreement now, like chapter 26, that do not require legal changes. We should be looking to make early progress by establishing committees for North American competitiveness and good regulatory practices, as outlined in the agreement. This would show Canadian leadership, signal to our other partners that we take CUSMA seriously and let us hit the ground running.

Once CUSMA is the law of the land, we need to pivot toward helping manufacturers and exporters take advantage of the new deal. The U.S. is, and will always remain, our largest export market. We must leverage the excellent government resources like the trade commissioner service and Export Development Canada to help companies transition from NAFTA to CUSMA.

• (1215)

Limited access to the U.S. government procurement market is also a big challenge. We encourage the government to work with the Americans, on a bilateral basis, to open up this lucrative area for Canadian farms. This is how government can play a positive role in helping companies capitalize on CUSMA once it's enforced.

In the final analysis, CUSMA is a good deal for Canada, and given the very challenging negotiations, an impressive achievement. We urge all parties to pass this bill as quickly as possible. If you do that, I can assure you that Canadian manufacturers will return the favour by creating prosperity for all Canadians for years to come.

Thank you, and I look forward to the discussion.

• (1220)

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

We will go on to Mr. Lewis.

**Mr. Chris Lewis (Essex, CPC):** Thank you very much.

Thank you to all the witnesses this morning. It's been very interesting to see the various dynamics, and I thank you for that.

Good morning, Mr. Mayor. Of course, I'm coming straight to you from Ottawa. By the way, folks, he is literally sitting in the Florida of Canada, and I will vouch that indeed behind him is Detroit.

You're welcome for that one, Mr. Mayor. I have a couple of questions for you this morning, sir.

First and foremost, thank you for representing FCM and the big city mayors. That's really exciting for this committee and me to see. I've noted that the FCM and big city caucuses are enthusiastic about the new NAFTA.

If I could be so bold to suggest it, Windsor—Essex is truly a microcosm of Canada, in that whatever Canada has to offer, quite frankly, we pretty much have the same thing to offer, be it the auto sector, agriculture, commercial fishing so to speak, mining, and the list goes on and on. We are very much in a unique situation here. We kind of have the pulse of what's going on from coast to coast to coast.

That being said, it certainly does appear—I'm speaking specifically to CUSMA right now—to be good news for the auto sector, of course, and it's good news for our region, both Windsor and Essex, given the importance of the automotive sector to our region.

Let me also say that we are the party of free trade, and we certainly do not intend to hold up this agreement. However, let me also be very clear that it's important that we do our due diligence. I don't know if you know this, but I would hope that you do. You'd be interested that despite repeated requests, we have still not received an economic impact statement. Why is that vital? We're getting down to crunch time. We need to make some very serious decisions, and quite frankly, it makes it very difficult to do our due diligence without that.

One example, to illustrate the kind of data that is needed, is an issue of significance for our region. Labour has supported the clause that requires 40% of cars produced in Mexico be completed by workers making at least \$16 an hour, \$20 Canadian. There's an assumption that automotive manufacturing jobs will migrate north, and that would be good news for us, of course, if that assumption proves correct. However, because of the lack of analysis, we don't know how many jobs are expected to be created in Canada. An economic impact study would provide a frame of reference for us to track those numbers.

Obviously, if the City of Windsor, as an example, were to do a P3-type of an agreement with someone, certainly staff and council would ensure that they knew the economic impact on the City of Windsor.

On behalf of the FCM, has the FCM done an economic impact statement of the new NAFTA, and does it intend to monitor the impacts going forward?

**Mr. Drew Dilkens:** Mr. Lewis, it's nice to see you as well. I haven't seen you since you were sworn in, so congratulations to you and to all the members who were elected and re-elected.

To the best of my knowledge, the FCM has not conducted that particular type of analysis. From a high level, if we looked at the value provided to all cities by having an excellent trade deal and an ability to make sure that goods can continue to flow.... As you pointed out, there's no better place to look than the Windsor-Essex area, definitely a microcosm of Canada, but certainly a leader when it comes to the nature of trade and the reliance on trade between the United States and Canada.

I acknowledged in my remarks that, at the end of the day, there was no plan, no way to make this perfect. With the economic and political environment out there, certainly I think we understood very acutely in my conversations expressed to Deputy Prime Minister Freeland during the negotiations that there are people in the community who are very scared about what might happen.

Certainly the consideration we have as a community—and I'm sure FCM would echo this in many ways—is that, looking at General Motors' decision to close the plant in Oshawa and to reallocate work, if I consider the prospect of that happening in my community because there's more trade friction put into the system, the economic impact and what would happen to our local community would be very devastating.

FCM certainly is briefed on the high-level matters here. I think we all agree on many points, especially on the automotive front when it comes to the regional content value being increased, with the requirement for more North American production of steel and aluminum as well. Overall it presents a good value proposition for Canadians, Canadian businesses and jobs in Canada as well.

• (1225)

**Mr. Chris Lewis:** Thank you very much.

Mr. Mayor, very quickly, this is specific to the Gordie Howe bridge. I know it's very exciting and has been a long time in the works.

As you also mentioned in your opening statement, an auto part typically passes across the border seven times.

With regard to the administration of CUSMA, do you or the FCM foresee any issues specific to Windsor-Detroit? Being the busiest border crossing in North America, do you have any concerns about the implementation and the potential for blockages?

**The Chair:** Please give a short response, Mr. Mayor.

**Mr. Drew Dilkens:** I don't see any issue with respect to blockages. I think the extra capacity with the bridge will certainly mean redundancy in the system, and all the high-tech infrastructure that's being installed will certainly allow goods to cross much more quickly than with the existing infrastructure.

**The Chair:** Mr. Arya.

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

Mayor Dilkens, I don't have any questions, but I know you're experimenting with Amazon's Ring doorbell and the Neighbours app. I look forward to seeing how that goes.

To the Canadian Manufacturers & Exporters, thank you all for your work in helping get this deal done. You said the government has a positive role to play. The government, in association with you and so many other Canadians, has successfully concluded this deal.

You mentioned that you expect your members to scale up and become global players, based on the strength of this agreement. They can use this agreement to increase their manufacturing capabilities and become global players. You also said you'd like to see your members competing with the rest of the world, with the strength of this particular agreement.

Yesterday we had some of your major members here: the association of steel producers and the association of aluminum producers. Their members—the entire aluminum industry and the steel industry—are focused only on the North American market.

It has been 15 years since we had a new smelter constructed here in Canada. For 20 years, steel industry production has been holding at around 15 million or 16 million tonnes. They are not investing to increase the capacity to become a global player, to compete in the rest of the world. They are content with going after this captured market. Is it the right approach?

**Mr. Matthew Poirier:** Without commenting on what individual businesses of our members are doing—they're all competitors, and certainly they have their own plans—what we're looking at in the context of CUSMA is the fact that it will do two things, which flow from one another. One, it will bring back certainty to the Canadian market—



**Mr. Chandra Arya:** I understand that. My question was specifically this: Do you expect your members to increase their capacity to become global players, to compete with the rest of the world market, based on this trend?

**Mr. Matthew Poirier:** Yes, and that's where I was going with this. It is our hope that once this is a done deal, with the certainty that this will return to the market, it will bring investment flows back into Canada. When you have all this uncertainty and an un-negotiated trade agreement for something as fundamental to manufacturing as NAFTA or CUSMA, what happens is that all the investments dollars go to the safest harbour, which in this situation is the United States.

So our hope—

**Mr. Chandra Arya:** You know, we had NAFTA for very long, and there was uncertainty for only over two years. Do you think all the investment dollars that went to the U.S. occurred only in that two-year frame? I'm looking at the trade between Canada and the U.S. It has basically remained stagnant. In U.S. dollar terms, I think in 2012 we had around \$324 billion. Last year it was \$319 billion. It is not increasing.

• (1230)

**Mr. Matthew Poirier:** Yes. I think that speaks as well to the increasing uncompetitiveness of the Canadian market for manufacturers to do business in.

**Mr. Chandra Arya:** You talk of increasing confidence. We had NAFTA for so long. We now have this.

**Mr. Matthew Poirier:** Right—

**Mr. Chandra Arya:** I can understand that there was uncertainty for a couple of years, but why are Canadian exports not increasing?

**Mr. Matthew Poirier:** There are many reasons that exports aren't increasing. NAFTA is only a part of it. Certainly, on average, Canadian businesses are small. They are smaller than their international counterparts. What happens when you have so many small businesses is that you don't have the scale and the capacity to be able to export.

**Mr. Chandra Arya:** We have CUSMA, the new NAFTA, today. We have a free trade agreement with Europe. We have a free trade agreement with Asia-Pacific countries. With all these free trade agreements, we still can't grow...?

**Mr. Matthew Poirier:** Exactly. With the free trade agreement, the analogy I would use is that you can bring the horse to the trough, but—

**Mr. Chandra Arya:** What you're saying is that the manufacturing sector is a sunset industry.

**Mr. Matthew Poirier:** No.

**Mr. Chandra Arya:** Then what?

**Mr. Matthew Poirier:** Manufacturing in Canada represents a huge part of the economy, with 1.7 million jobs. It's not going anywhere, but it could certainly—

**Mr. Chandra Arya:** The point is that it is not growing up. That's what I'm trying to say.

**Mr. Matthew Poirier:** I'm sorry....

**Mr. Chandra Arya:** The manufacturing sector is not growing up. It is growing down.

**Mr. Matthew Poirier:** No, it is struggling because of a number of factors. If we can bring one element of certainty back to business decision-making in Canada by having a free trade agreement like CUSMA signed, because it's so fundamental, that's one step. We have lots to do. Trust me; we could talk to you for hours about all the competitiveness issues.

**Mr. Chandra Arya:** No, but we had fundamental things. We had NAFTA for long, long years. For decades we had it. Then we brought in the free trade agreement with the European Union. Now we have a free trade agreement with Asia-Pacific, but look at the steel and aluminum primary producers. They have not invested a dollar to increase their installed capacity. They don't have any plans to do that. They are quite open about it.

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

I'm sorry, Mr. Arya, there is no opportunity for an answer to that.

Mr. Savard-Tremblay.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you to everyone for being here with us.

My question is for the representatives of the Assembly of First Nations, Ms. Whiteduck and Ms. Schwartz.

First of all, let me digress for a moment. We are currently in the midst of a crisis in which many prejudices against the First Nations are being propagated. I want to say that this is unacceptable. I hope that, together, we will be able to dispel them in due course. There have been some slip-ups in this matter; we must condemn them without qualification. All nations must speak to each other as people to people with all due dignity.

My question is about the process surrounding the negotiations. There is still a great deal of opacity around that, a lack of transparency perhaps. You talked about the fact that first nations always have to be consulted in the process of negotiating a trade agreement.

Do you feel that you have been properly consulted on this?

[*English*]

**Ms. Risa Schwartz:** Previously, consultation was definitely not adequate. With NAFTA and other trade agreements in the past, there was no consultation with first nations. Consultation is probably not the best word to use. It's engagement. When we're talking about consultation, we're talking about consultation pursuant to the Constitution and the duty to consult not being met. What we're talking about now is engagement with national organizations such as the Assembly of First Nations, as well as Métis and Inuit organizations and some rights holders through modern treaties.

Certainly the government, in the past couple of years, and especially with CUSMA, has put an increased emphasis on engagement with first nations, but there is still more work to do. Part of our presentation today is to discuss moving beyond engagement, which happens outside of the room and happens—sometimes after decisions are made and sometimes before—through an indigenous working group.

What we're talking about is participation in the room and bringing first nations to the table. If we're going to have indigenous chapters in future trade agreements, we need to have first nation negotiators. Then we're not talking about engagement or consultation. We're talking about participation, and participation is more in line with the UN Declaration on the Rights of Indigenous Peoples.

As the government is looking toward implementing the United Nations Declaration on the Rights of Indigenous Peoples, we'd urge participation in decision-making so that there's true decision-making being done with first nations about matters that implicate and affect their rights through their treaties and inherent rights.

• (1235)

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** All right. Of course, you're generally speaking on behalf of first nations, but in terms of defining future agreements, many groups and organizations feel that there should be more dialogue with civil society. We're talking about consultations, but you prefer to talk about mobilization, which I have no problem with.

Have you thought of a formula that could promote ongoing dialogue? I'm not talking about simply keeping communities and groups informed of developments, but rather involving them in the definition of these agreements.

[*English*]

**Ms. Risa Schwartz:** I think there's a dual answer to that. The government has also been doing stakeholder engagement, and we've participated in that as well with other stakeholders. I think the stakeholder engagement that the Government of Canada has done for CUSMA has been excellent, with much more engagement with all parts of society and many phone calls and many opportunities to give input. I'm sure some of the gentlemen at this table could talk to that as well. There are many different opportunities there.

When we're talking about first nations, we're talking about rights that are impacting treaties, so we need to move beyond that engagement. There was certainly more engagement with the first nation organizations and some other academics and members of the business community who were able to participate through this indigenous working group.

However, no, it's not enough. The national chief has been advocating quite strongly for participation in decision-making and for being at the negotiation table, for being in the rooms where decisions are being made, because that leads to better decisions and creates atmospheres for economic stability as well.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** My question is for Mr. Herman, who is in Toronto.

With regard to the definition in the former NAFTA, you talked about a process that does not necessarily require the treaty to be reopened. It's a matter of changing certain aspects by the band in order to change parts of the treaty, without having to reopen the actual negotiations. You mentioned an exchange of letters.

Could you tell us more about this process?

[*English*]

**The Chair:** Answer very briefly, Mr. Herman.

**Mr. Lawrence Herman:** In the NAFTA, there was an understanding that certain parts of the agreement didn't cover environment and labour, so the three governments decided they would have an exchange of letters outside the legal framework of the agreement to establish two commissions: one on labour and one on environment. That was agreed to by the three governments before the NAFTA was put to their respective parliaments.

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

Mr. Blaikie.

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

I want to start by saying thank you to everybody who has appeared today and has shared their thoughts.

I want to direct my first question to our guests from the Assembly of First Nations and first of all recognize that Canada is in some extraordinary circumstances right now, I think in part because the federal government has done a bad job of recognizing indigenous rights and title and does not have the kind of clarity we need to be able to move forward. Not just section 35, but also treaties and Canada's commitment to the United Nations Declaration on the Rights of Indigenous Peoples, are foundational documents for Canada.

It seems odd. We don't normally need clauses in agreements to say that the agreements can't override our Constitution. I'm just wondering how we can go about ensuring that these foundational documents really are protected and that it's clear something like a trade agreement can't take precedence over the fundamental legal framework and understanding between Canada and the first peoples.

You have talked a bit about the addition of a non-derogation clause to the legislation. I am curious to know how that would work and how that interacts with article 32.5 of the agreement, which I know only really talks about section 35 and self-governance agreements. It doesn't talk about UNDRIP, and it doesn't mention treaties either.

• (1240)

**Ms. Risa Schwartz:** Again, I'll answer the first part of the question first, but thank you very much for that question.

A lot of legislation does include non-derogation clauses. In fact, I believe it was a few years ago that the Senate subcommittee looking at aboriginal issues recommended that all Canadian legislation include a non-derogation clause, across the board. That hasn't been implemented yet, but that was definitely a recommendation.

Because of article 32.5, which does in the agreement itself protect indigenous rights, it is important that it's not just CUSMA that has this protection but also the bill, because this bill will be changing Canadian laws and also creating policies to implement CUSMA. As we work with the new bill, we also should be aware that it might impact inherent or treaty rights. That's why there's the importance of having the non-derogation clause in the agreement and also in the implementing legislation.

Some may ask why it is important that you can't override the Constitution. You've made a comment on that, and I definitely agree, but I want to note that there is already a section in the bill as it stands about water. It clarifies that nothing in the agreement harms our "natural...water". Whoever drafted this bill made the decision that it was important to clarify that our natural water is not impacted by the CUSMA—I agree to that as well—but there already is a clarification clause that I would say potentially isn't necessary. CUSMA itself says that.

Therefore, if it is important to clarify that our water isn't going to be impacted, it is also very important to clarify that the inherent rights of indigenous peoples are not going to be harmed. It's similar. You can't really say that the clause is unnecessary and then put in another clause that is also unnecessary. I would argue that both are necessary, for the same reason. We want to be certain that our water is protected. We also want to be certain that section 35 rights are protected in CUSMA but also in the implementation bill.

That is why we've brought forward this proposal.

**Mr. Daniel Blaikie:** Right on. Thank you very much.

I have a further question on that. I am curious. We know that article 32.5 doesn't mention UNDRIP. Throughout the engagement process, did the government tell you at any point that it was something they were asking for that the other parties refused? Do you have anything you can share in terms of the process and what we were advocating for, as opposed to what we don't have, maybe because our government never asked?

**Ms. Risa Schwartz:** Although article 32.5 doesn't specifically mention the UN Declaration on the Rights of Indigenous Peoples—and certainly this is something that the Assembly of First Nations, other indigenous groups and peoples were saying and continue to say is very important to have integrated into the agreement—there is, in the footnote, some language or text that allows for some flexibility and I think extends the exception beyond section 35.

The footnote says, "For greater certainty, for Canada the legal obligations include those recognized and affirmed by section 35 of the Constitution...or those set out in self-government agreements between". That's the footnote that clarifies it for Canada, but the actual article talks about "legal obligations".

**Mr. Daniel Blaikie:** We've heard here on a couple of occasions that there may be things that we don't have that the government

didn't ask for because they were fearful that the U.S. might get upset that Canada was asking for something more.

Did the government tell you at any point that they had asked for the inclusion of UNDRIP and that it was the U.S. or Mexico that said no?

• (1245)

**Ms. Risa Schwartz:** Not specifically, we didn't get into those conversations, but I do know that the government did put forward a draft trade and indigenous peoples chapter that did include the United Nations Declaration on the Rights of Indigenous Peoples. There was an attempt, and that chapter ultimately wasn't accepted. I'm not sure why. We weren't privy to that, but the government did move forward with a proposal.

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

We move on to Mr. Carrie.

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

I'd like to start off with the Assembly of First Nations.

First, *meegwetch*. Thank you for being here.

I was wondering if you could help the committee. We've been trying to get information in regard to economic impact studies. I was wondering if the government has shared any economic impact studies with you on how it would concern indigenous people and indigenous-owned businesses in Canada, or if you've done your own and you're able to share that with us.

**Ms. Judy Whiteduck:** Briefly, we don't have an economic impact study at the Assembly of First Nations related to CUSMA and its implementation. There's definitely a need for one. The Government of Canada has not shared one with us, either. It is work that needs to happen and, as per some of our earlier comments, we see that there is a certain amount of work that needs to be part of the path forward. This would definitely be part of that.

**Mr. Colin Carrie:** We agree with you, and thank you very much for that. We will be asking over and over again so that all Canadians have that material.

With the same thing, I'm going to move over to the Canadian Manufacturers & Exporters.

First of all, thank you for all your work on this agreement, because what you said is very true. We're hearing over and over again that having this agreement is certainly much better than not having the agreement, so we're all committed to getting it passed and implemented to give certainty to business.

You highlighted the competitiveness chapter. I think it's chapter 26. I know with our government we were really moving towards convergence of regulations and harmonization, and we are hearing from your members. One of your members yesterday, for example, mentioned how, with the buy American exemption, we had an opportunity to leverage with this agreement and apparently it wasn't even brought up. With the softwood lumber agreement, we had a manufacturer earlier, a first nations manufacturer.... Again, we have no conclusion there.

We now have a more managed trade agreement versus competitive, especially with the auto industry. Mayor Dilkens brought up the importance of that and how the agreement is not perfect. Sadly in Oshawa—he also brought up Oshawa—it wasn't enough to save our assembly plant. There is a lot of concern moving forward.

We were moving towards convergence of regulations. The current government seems to be moving into a situation where we're having very unique Canadian regulations and costs. We've heard even today from Mr. Blydorp about the carbon tax and the uncertainty of how far that's going to be going up. Our transportation system, just-in-time delivery....

I was wondering, Mr. Arcand, when we're talking about investment in Canada, have you done any first economic impact studies you can share with us? Also, could you point out what in this agreement would encourage a large investor such as General Motors or Chrysler to make that investment in Canada versus the United States?

**Mr. Alan Arcand (Chief Economist, Canadian Manufacturers & Exporters):** Thank you for your question.

I'm sorry; we don't have any economic impact numbers we can share with you.

To echo my colleague's comments from a few moments ago with regard to your question about promoting investment in Canada, the big issue to us is the uncertainty that it engendered, the fact that we were going through this negotiating process with our largest trading partner. The concern of our members and our main concern was to get past this uncertainty and get CUSMA ratified.

Obviously the manufacturing sector still has challenges. Investment in manufacturing has been weak for a number of years, including the past couple. Some of that is related to trade uncertainty. Even if we do ratify CUSMA, there are still a number of challenges that we need to address in manufacturing to promote investment, but this is just one hurdle that we can remove and then we can move on to other, bigger issues.

**Mr. Colin Carrie:** Thank you for that.

As I said, we're looking for these economic impact studies because we think they're very important. What are you doing now for your members who are really concerned? They're happy we're moving forward with this agreement, but they're really not very happy—as Mr. Blydorp was saying—that we have these unique costs in Canada and that, instead of moving towards this North American competitiveness bloc as you mentioned, through chapter 26, we're signing an agreement to say there is going to be more convergence and harmonization, but the actions of the government are the opposite.

Are you making your members' voices heard with this government? Yes, we'll get this deal done, but what about communities like mine in Oshawa that need to have those large investments? Are you moving these other issues forward?

• (1250)

**Mr. Matthew Poirier:** Yes, certainly, and you mentioned—

**The Chair:** I'm sorry, Mr. Poirier, but there's no time to answer. Mr. Carrie took his full five minutes. Maybe you can talk to the member a bit later on.

**Mr. Colin Carrie:** I'll talk to you after.

**The Chair:** Mr. Sarai.

**Mr. Randeep Sarai (Surrey Centre, Lib.):** Thank you, Madam Chair.

I want to first correct His Worship Mayor Dilkens of Windsor. Surrey is the largest city that borders the United States. It has a population of 500,000-plus people, so as much as you're proud of Windsor, we're also very proud of our city, and a lot of our trade is—like Windsor's—heavily reliant on the U.S., whether it's our softwood lumber, our logistics or other manufacturing. I just wanted to bring that to your attention.

I want to ask you though, how do you think...? You're very obviously supportive of this agreement. It promotes trade and growth in your region. How does the certainty affect planning for the future and for growth in your area for a city such as yours or for other border cities like my city of Surrey?

**Mr. Drew Dilkens:** That's a very good question, and I love the city of Surrey as well, sir, so no disrespect to your community. It's a great community in Canada.

From an FCM perspective, we're all about community building and building cities and making sure that cities have the capacity to compete, not just with other cities in Canada but really on a global stage. I can't underscore enough, when it comes to large manufacturers like our largest employers Fiat Chrysler Automobiles and Ford Motor Company, we feel very privileged that they operate here and that they have operated in our city for a long time, but they are competing on a global scale. At the end of the day, they're looking at a whole variety of different factors: Some of which are under municipal control, some of which are under provincial control and some of course are under federal authority that could either help or hurt them. They're looking for certainty in business. They're looking for the path of least friction to be able to build their product—

**Mr. Randeep Sarai:** I get that part. What I'm particularly asking is, once a company has certainty and it knows it can grow and it has 16-plus years of security on a trade agreement, how does it affect your city planning? How do you commit to your housing strategies? How do you commit to development in your region? Does it help knowing that the businesses have a relatively solid pathway for the next decade to two decades to three decades? Does it help you plan the growth of your city as well?

**Mr. Drew Dilkens:** For many businesses, including the tool, die and mould sector here in my region, I would say absolutely it does. Most of them are small and medium-sized enterprises, so they need that certainty in order to be able to figure out what their expansion plans are and what kind of capacity they'll need, and of course that translates into what kinds of folks should be coming out of our local community college or the University of Windsor to be able to fill the skills mismatch that we see here. I talk to mayors across Canada, and this is seen in every community across Canada.

There is absolutely an interplay with the certainty provided in an agreement like this that allows us to then take away and work with other partners in order to make sure that all the skills exist, that the employers are here and that we can retain them, and that we can help them grow based on the forecasting and planning that they need to make sure that the right people are in place to satisfy their business needs.

**Mr. Randeep Sarai:** Thank you.

My next question is for Ms. Whiteduck of the AFN.

I want to thank you. It's good for us to know that our government engaged with the Assembly of First Nations and indigenous peoples on this trade agreement. I hope our government and every government thereafter does this for any future agreements.

You said that this particular CUSMA will help and is better for indigenous women. Can you elaborate on how it is better for indigenous women? I'd like to know. I have a riding that has one of the highest urban indigenous populations, and obviously 50% of them are women, so it would be helpful for me to know.

• (1255)

**Ms. Risa Schwartz:** Thank you very much for this question. We're both going to answer it for you.

Canada has now put more emphasis on gender-based analysis, so there is in CUSMA an emphasis also on women and making CUSMA more accessible for women. That, and the provisions for indigenous peoples, we feel, will specifically focus on more indigenous women. As well, there is an emphasis on digital trade. The truth about businesses over the Internet is that you can't see who you are dealing with. Where women are really succeeding is online, where they're able to create businesses and not have to deal with some of the problems that have been inherent for females in business in the past. Many indigenous women are selling goods and services online. That's a way.

**Mr. Randeep Sarai:** Thank you.

**The Chair:** Mr. Kram.

**Mr. Michael Kram:** Thank you to all of the witnesses for joining us here today.

Mr. Blydorp, I'm from Saskatchewan, so when I think of canola farmers and soybean farmers, I tend to think of my home province. It's nice to meet someone in that line of work from a different part of the country.

I wonder if you could comment a bit on the importance of the growing Chinese market for canola producers and soybean producers such as yourself.

**Mr. Leo Blydorp:** It's been a very big market and purchases of soybeans and canola have been increasing yearly up until the last year or two. They've had a major epidemic with African swine fever, which decimated their hog herds, so their requirement for protein and the other grains was diminished because of that. However, as a result, there was more pork being exported back to China. Hopefully they'll be able to get ahead of that swine fever and resume their own pork production, as much as I'd like to see it produced here, because these farmers buy grains and oilseeds from us, too. We see that hopefully growing, if we can resolve some of these other trade issues.

But, yes, the biggest market of our Canadian canola is China—or has been China.

**Mr. Michael Kram:** There's a clause in the new NAFTA agreement that requires Canada to notify the United States if we are to enter into free trade talks with a non-market economy country. The United States can remove themselves from the new agreement if we were to enter into a free trade agreement with a non-market economy country such as China. I was wondering if you could comment a bit about what effects that may have on Canadian exports of canola to China if that were to happen or take place.

**Mr. Leo Blydorp:** It would be a big red flag, especially for farmers from the west. We only grow 50,000 acres of canola, and I think there's about 20 million acres of canola out west, so it would have much greater impact there. As I said, China has been the biggest buyer of canola and now that market's dried up a bit. European rapeseed production is down a little, so some more of our canola was going there. Some of our canola is actually being processed here and they're buying more of the processed product, which is probably good for Canada. Hopefully we get these issues resolved and we'll be on the same trajectory of increased growth going forward.

Canola is a small crop in parts of the northwest United States. Why would it even concern them that we sign some kind of an agreement with a commodity that's not of great interest to them, or has marginal impact on what they're doing? I understand that, yes, they could do something if they chose to do something; and hopefully they won't.

**Mr. Michael Kram:** Thank you.

My next question is for Mr. Poirier and Mr. Arcand from the Canadian Manufacturers & Exporters.

You've both talked a bit about the struggles that your industry is facing for a number of reasons and that you have a number of challenges that need to be addressed. Could you expand a little on what challenges your industry is facing and what the Government of Canada can do to help?

**Mr. Matthew Poirier:** Certainly. What we're here about today is trade certainty, so for manufacturers who are also the bulk of exporters, it's about securing the most important trade deal in our arsenal, and CUSMA is priority number one. Getting that done as soon as possible is the best thing. What we hope to see from that is an improvement in the investment flows.

Like I mentioned earlier, what concerns us is that when there's such trade uncertainty, especially with our key market like the U.S., those trade flows gravitate toward the safest harbour, which is the United States. It's very concerning for us as the industry association, because once that money and that investment goes out of Canada, it doesn't come back. When you're talking about the economic impact of the industry and the number of jobs tied to it, it's very concerning.

• (1300)

**Mr. Michael Kram:** Once these trade uncertainties are resolved, hopefully in the near future, what would be the next major hurdles to provide certainty in your industry to keep us competitive with the United States, such as electricity costs, infrastructure, taxes or anything?

**Mr. Matthew Poirier:** Its all of the above.

Generally speaking, competitiveness is our issue. It's the basic cost of doing business—tax structures, investment supports, all these types of things. How do we incent the majority of our small companies to become big companies and global champions?

These are issues we're seized with and we're focused on, and that ranges from a whole suite of government assistance but also from the federal and provincial levels as well. It's working in concert to create an environment in Canada where it can be competitive, and there's lots of ground to cover there, to catch up to our global—

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

We'll move on to Ms. Bendayan.

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

I'd be happy to continue the discussion with Mr. Poirier. I read that 10 out of the 11 CME recommendations were adopted. Is that accurate?

**Mr. Matthew Poirier:** In the current deal...?

**Ms. Rachel Bendayan:** Yes.

**Mr. Matthew Poirier:** Yes.

**Ms. Rachel Bendayan:** That's very impressive.

**Mr. Matthew Poirier:** We were very pleased.

**Ms. Rachel Bendayan:** I can imagine.

As to the consultations and the process by which you provided those recommendations, I imagine that you were also pleased with that process. Do you feel as if you were consulted and heard?

**Mr. Matthew Poirier:** Certainly, it helped that I and my co-panellists had a seat at the table for those discussions. Because we're so dependent on NAFTA, it was important for us to be part of those discussions.

As for how the process went, it was terrifying going through it, simply because we weren't necessarily bargaining with people who wanted the same outcomes we did—that is, achieving a solid free-market, free trade agreement. Given that we were on the defensive from the get-go and trying to retain the basic access we had under NAFTA, I think where we ended up was very positive.

**Ms. Rachel Bendayan:** That's wonderful. Thank you very much.

Mr. Herman, I would be happy to ask you a question as part of today's committee. I know you, by reputation. Prior to being elected, I too was a lawyer in private practice in trade and arbitration law. It's a pleasure to speak with you today.

I listened to your testimony with a lot of interest. As you mentioned, there are some possibilities of negative scenarios, as I believe you called them. Under those scenarios, if I understand correctly, it is your opinion that the United States and Mexico would go ahead with the implementation of CUSMA without Canada.

Is that correct?

**Mr. Lawrence Herman:** That's my sense of what would happen, yes.

**Ms. Rachel Bendayan:** Also, there would be significant uncertainty then as to the applicability to Canada of the pre-existing NAFTA agreement.

**Mr. Lawrence Herman:** Technically, the NAFTA would remain in force as between the United States and Canada. This is what we think, but it's not entirely certain.

What would happen in that event is that the United States could decide to withdraw from the NAFTA. We know that the President has condemned the NAFTA as one of the worst agreements the United States has ever entered into. If Canada could not or refused to ratify the new agreement, bringing the the NAFTA back into force, would the United States maintain the NAFTA? I think that is in some doubt.

Whatever happens, there would be tremendous uncertainty. How you would reconcile the NAFTA, if it did continue, with the CUSMA or the USMCA, as it would be, would be highly problematic.

• (1305)

**Ms. Rachel Bendayan:** I see. Because of the current stage we are in, as you mentioned in your testimony, with the United States and Mexico having already ratified it, our options are limited. Basically, the question to the committee is whether we proceed with our ratification or not.

**Mr. Lawrence Herman:** That is correct.

Because the new agreement has gone through the ratification processes in both Mexico and the United States, it becomes very difficult for Canada to refuse ratification or to go back to those other two parties and ask for something more in order to secure ratification. As I mentioned earlier, in the case of NAFTA, we agreed to side letters with Mexico and the United States, but that was before the agreement was put to their respective legislatures.

Frankly, in my view, now that the new agreement has gone through Congress with all of the difficulties it had, it would be impossible for the United States to go through that process again or for Canada to think that we could get something more by putting it back to the United States.

**Ms. Rachel Bendayan:** Thank you for your testimony.

**The Chair:** Thank you very much, Ms. Bendayan.

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

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** I would like to continue this discussion with Mr. Herman on the exchange-of-letters procedure. It's interesting that you mention it, because so far, in our discussions, very few scenarios have been mentioned about ways of amending, modifying or clarifying things after the agreement has been signed. You mentioned letters that were exchanged before the agreement was ratified by the various parliaments. On the other hand, some 20 changes were made, which are not considered amendments because an exchange of letters is generally considered a way of clarifying things that are not clear.

There is also the NAFTA Free Trade Commission, which allows for formal amendments to an agreement. Sixteen amendments were made in the first 15 years of NAFTA.

To your knowledge, will it still be possible to make such changes to CUSMA after ratification?

[*English*]

**Mr. Lawrence Herman:** I think that the Free Trade Commission could issue agreed interpretation rulings. The commission itself could not amend the agreement. The agreement can only be amended by the three parties and their respective legislatures.

However, where it is a matter of interpretation or application of the terms of the agreement itself, the commission could issue certain interpretation bulletins. In fact, the new commission could be an important part of the unfolding of the CUSMA. It will obviously depend on goodwill and good faith by the parties to make the commission work. I'm glad you mentioned this. The commission process could be an important feature of the CUSMA going forward. There's no question about that.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** The commission has already been used, for example, to make definitions clearer or to amend the rules of origin. In some cases, the rules of origin have been tightened in this way. There have already been cases where the list of products covered by the agreement has been amended, and procedures at common borders have been harmonised.

Lastly, the commission goes beyond mere interpretation. Is that the case?

[*English*]

**The Chair:** We have time for a short answer, Mr. Herman.

**Mr. Lawrence Herman:** Where there is a lack of clarity in the terms of the agreement, the commission can issue clarification bulletins or adjustments, but the commission does not have the power to actually amend the agreement itself. Where administrative matters need some clarification, the commission would play an important role, but I have to emphasize that it depends on good faith with the parties to make the commission process work.

• (1310)

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

We'll move on to Mr. Blaikie for two and a half minutes.

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

Mr. Blydorp, I just wanted to come back to a comment you made earlier about pricing and the prices of your goods being set in a Chicago market. Often when we talk about trade deals, there's a tension between export-based agricultural producers and supply-managed agricultural producers. We often hear that we need to make concessions on supply management in order to expand our export markets.

I've heard—not just from you but from pork producers as well, and others—that despite increased market access there are often problems, either with getting product to these new markets or that the increased demand of those added markets doesn't increase the price because the prices are tied to what's going on in the U.S., irrespective of access to market in other countries.

I'd like for you to expand on that a little more. If we're making concessions for our supply-managed producers to increase the prospects of business for our exporters, how do we get to a point where the increased demand can actually issue better prices for Canadian agricultural products that are being exported?

**Mr. Leo Blydorp:** A lot of it is sort of the base commodities, so they're not that differentiable, but there are certain markets that might buy a specific type of raised pork, for instance. There are some differentiations in the marketplace for various buyers who want certain animals produced in a certain way, so that might open something up.

There are some slight differences in what's allowed in animal production here in Canada versus the U.S. in terms of drugs. I'm not a livestock farmer, so I don't know a whole lot about that. However, I do know that occasionally there could be certain markets that are available to Canadian producers because they are generally smaller and they can produce to a specific requirement that some specific market might have.

Yes, most of the other commodities like pork and beef—particularly beef out west—and the grains and oilseeds are very reliant on trade. If we didn't have trade, we'd have half the agricultural industry that we have in Canada. There was the Barton report a little while ago that saw agriculture as one of the greatest prospects for enhanced growth, and there's a lot of manufacturing that goes on with agricultural products. There are, I think, 2.3 million people employed in the agricultural sector, and most of that is beyond the farm gate.

**Mr. Daniel Blaikie:** However, the product pricing is tied to U.S. indices, irrespective of what the international demand is. I mean, obviously, international demand plays a role in establishing those prices, but if Canadian producers have better market access, that doesn't mean that they're going to get a better price for their product because they're tied to what the U.S. price is.

I realize that it's going to differ based on the commodity, but is that generally true for your business or...?

**The Chair:** I would need to have a very short answer.

**Mr. Leo Blydorp:** We're producing commodities and we have some benefit. That's reflected in a basis that is the difference between the Chicago price and the local price. Because we are closer to ports than somebody in North Dakota, we will have a slightly better price because we have a transportation advantage.

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

We'll move on to Mr. Hoback and Mr. Badawey.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Madam Chair. I just have a couple of quick questions and maybe a quick comment.

I know that there have been a lot of people saying that we need to get this done relatively quickly, and we agree. We're not doing anything to stall or delay this at all. One of the concerns I have is this: As we talked to different associations and groups, we asked for the economic analysis or how they came to the conclusion that we should move forward with this agreement, and they all said that they haven't done it. That's a little concerning.

If I were to enter any type of agreement with a company, if I were to go into a partnership with another company, the first thing I would do is an economic analysis. You know, I get it. We have the history as our economic analysis to a certain point, which is fair, but this is totally different. I'm a little concerned about that, but I am comfortable in knowing that this analysis is going to be coming in front of this committee relatively shortly. You will have a chance to see that before this actually goes through clause-by-clause, so we're excited about that.

We didn't talk about how this agreement worked for competitiveness, and that was the function that I thought we really missed in going forward in this agreement. We didn't have a focus on what we could do to make North America a really strong, dynamic trading-partnership bloc. Was this in the agreement? Do you see anything in there that gives us some hope that this might do that?

**Mr. Matthew Poirier:** The new chapter 26 holds promise for us, just in the sense that it's going to try to coordinate all industry activity across these three countries in order to become more competitive. Our hope is that we don't lose sight of it and that it doesn't fall

apart in implementation, which is why we're very gung-ho to get started on it and to set up the committee, and for us in Canada to show initiative on this.

• (1315)

**Mr. Randy Hoback:** What do you see to set that part up? I haven't seen anything in budgets. I haven't seen any allocation of resources from the government to do that. What do you think you need for the appropriate resources from the government to get that started?

**Mr. Matthew Poirier:** The chapter itself is pretty thin—I think it's a page long in total—so there's not a lot of guidance there from the agreement itself, but obviously—

**Mr. Randy Hoback:** That could be good or bad. It could be good because you could write it the way you want.

**Mr. Matthew Poirier:** It could give us a lot of creative room, true. Essentially, it's setting up committees between the three countries. We don't see any reason why we have to wait to do that. If it's just setting up a committee, Canada should show leadership and work with its American and Mexican partners.

**Mr. Randy Hoback:** Do you have any definition of who's included on the committees? For example, we're learning that we need to include first nations in a lot more of the processes moving forward.

**Mr. Matthew Poirier:** Absolutely.

**Mr. Randy Hoback:** Because of the different dynamics within the first nations communities, too, how do we decide among first nations as to who sits on that committee?

**Mr. Matthew Poirier:** We'd be happy to leave the committee makeup to government, but I agree that the more voices at the table, the better. Clearly, the ones with the biggest stake in the game should be there, but any other people similar to those included in the original consultations we'd more than welcome and encourage.

**Mr. Randy Hoback:** I have frustrations with committees. They're great if they have action, but I don't see how that committee now... We're going to form it, but then I don't see the action coming back into the governments saying, "You need to do  $x$ ,  $y$  and  $z$  this year. Then next year you have to do  $x$ ,  $y$  and  $z$  differently."

Do you see what I'm saying? You're going to have all these ideas to make us more competitive, but if it falls on deaf ears and there's no action, what good is it as a committee?

**Mr. Matthew Poirier:** Exactly. It can't be like the last go-around and the initial NAFTA, where there was a whole bunch of these sorts of similar things that fell by the wayside after a few months and years. That's our fear as well because we see so much promise in that chapter 26 on competitiveness. We can talk about whatever mechanism we can give it to give it teeth and to give it oomph so it does have an impact.

We also need willing partners in the other countries, which might be a challenge at this time. We really do see that turning NAFTA into a tool to create this more integrated North American trading bloc, especially for manufacturing, is a win-win.



**Mr. Randy Hoback:** Leo, I have a quick question for you.

One of my concerns is the non-tariff trade barriers that we're seeing against our agriculture producers around the world and our inability to react. For example, with Italy and durum, there was no response to WTO. With India and pulses, there was no response to WTO.

Is there something you see in this agreement that is going to tell our government when we see things like this happening that they actually have to do something to defend our producers?

**Mr. Leo Blydorp:** I haven't read the whole agreement, but I understand there's supposed to be some kind of dispute negotiation settlement process. I don't know what that is, but I'm surprised that nothing was initiated with this last round of support for, especially, soybeans in the U.S. in 2018. I haven't heard anything. Maybe something has transpired.

**Mr. Randy Hoback:** It's just crickets.

**Mr. Leo Blydorp:** That's an ongoing thing for us as farmers. There have been lots of actions by the U.S. launched against Canadian farmers over the years. Some of them went to WTO. Many of them weren't successful, but it does really affect farmers in the process for a long time until that's settled. They're really negatively impacted.

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

Mr. Badawey.

**Mr. Vance Badawey:** Thank you, Madam Chair.

Once again, I want to take this opportunity to thank you for allowing me to sit today on this committee. As most members know, I am the chair of the transportation, infrastructure and communities committee. One of the reasons I felt it was very important to be here today was to in fact speak about the crossing of committees that this issue does, especially with respect to the strategic investments in infrastructure.

The second comment I want to make before I ask a question is on the expectation. I think Mr. Herman hit it right on the head when he stated that we're moving forward. NAFTA, or CUSMA as we know it now, is something that's been negotiated by three countries. It's time to turn a page, move forward and look at the future of all three countries working closer together, and more importantly, to really look at the integration of our infrastructure investments, especially when it comes to transportation, whether it be rail, road, air or water.

The third thing I want to say is how imperative it is that those investments work toward strengthening our overall international trade performance.

With that all said, and moving forward with those investments, I want to ask a question to the mayor of Windsor.

Mr. Mayor, I'm a former mayor myself, just down the lake from you in the Niagara area. I can relate 100% with what you're doing on a daily basis with respect to being a border community, and of course the niches that are attached to your area—your area being auto and our area being steel, and other. With not only your mayor's hat on but also the hat of what you represent, the Federation of

Canadian Municipalities, do you see and will you see strategic investments playing a major factor in strengthening our overall global performance in terms of trade? Do you see those investments being critical?

Lastly, what investments do you see being made in an integrated fashion with our U.S. partners to once again strengthen our international trade performance?

• (1320)

**Mr. Drew Dilkens:** I'll reiterate and go back to one of the comments I made in my remarks related to the Gordie Howe bridge. This will be approximately a \$6-billion project, which taps into the Herb Gray parkway, which is a multi-billion dollar project to connect the 401 to this crossing. It will be the most efficient border crossing between Canada and the United States. It will have the highest and latest technology, and will allow, for communities close to the border, whether it's the city of Windsor, elsewhere in Essex, or all the way down the corridor, down the 401.... It's really the backbone.

We are the backbone of what we call the "NAFTA superhighway", all the way from Montreal down to Mexico. All municipalities that are part of that spine, that backbone, will benefit with the proper infrastructure in place. Having a redundant border crossing, having a border crossing that is the most resilient and has the most technology between Canada and the United States, located right here is a very positive sign. There's been work done since about the year 2000 or 2001. You will see in a few short months the support pillars for the bridge coming out of the ground. I think all signs are very positive.

It's not been an easy task, but it's happening. I think everyone in Canada serves to benefit who lives in a community along that backbone.

**Mr. Vance Badawey:** Thank you, Mr. Mayor.

I will be going into my committee in a few hours, and one of the motions that the committee will be considering is a study focusing on current and anticipated labour shortages in the Canadian transportation sector. We're looking at undertaking a study on Canada's rural digital infrastructure, prospective solutions to the gaps in wireless infrastructure deployment in Canada, and finally—and I guess to your wheelhouse—is a study on the gas tax fund, in particular as it relates to working with municipalities, indigenous communities and others, to further your interests, your niches in different regions, and to in fact make those strategic infrastructure investments.

Again, with the auto sector being a niche in Windsor, what are the positive effects now with this agreement, not only this agreement, but also aligning with CETA and the CPTPP? What are some of the advantages you're going to see for Windsor, in your area, but as well, some of those infrastructure investments that would help further your interests with respect to being a stronger trading partner?

**Mr. Drew Dilkens:** On behalf of FCM, let me reiterate our appreciation. All cities across Canada are appreciative of the doubling of the gas tax. It has been a crucial mechanism for municipalities to reinvest in transit systems and mobility solutions.

When I look at my own community—if I drove that down to my own community—looking at the infrastructure we have here, one of the pieces of border infrastructure I mentioned was the Windsor-Detroit Tunnel. The City of Detroit owns their half and the City of Windsor owns our half, and we run that operation as one unit.

We're looking to the future with respect to some of the things you mentioned about wireless technology and the future of electrification or new energy vehicles and how we could get more into the autonomous vehicle world. There have been investments by all three levels of government in the city of Windsor to help support that—using our tunnel asset, our infrastructure here—and to help deal with the things that are unique to Windsor.

You talked about testing autonomous vehicles. You could pretty much do that in any city across North America—there are so many similarities—but the one thing that is distinct for us here is that we can test it in a live border environment on an asset that we own with a partner in the United States, which we work very closely with on a daily basis.

We're using our [*Technical difficulty—Editor*] to help advance the interests of our region and keep us in that new mobility world that is here and that is coming very quickly.

• (1325)

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

Mr. Dhaliwal.

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

Thank you to all the presenters for coming out today.

My first question is for the Assembly of First Nations. I'm glad to hear from you that this is the most inclusive agreement we have had in Canadian history when it comes particularly to indigenous women and young entrepreneurs doing well.

Could you tell me what you as the first nations' representative will do to bring awareness, and what government should do so that the indigenous women and young people can take advantage of this agreement?

**Ms. Judy Whiteduck:** One of the forums that we have in place right now includes the chiefs in assembly, where all the leaders have the opportunity to come together to discuss the new and different things that are happening across the country, as well as new initiatives that are in place. That information is then shared amongst the first nation citizenry. That would definitely be one opportunity.

Plus, we have a network of committees, such as the chiefs' committee on economic development, which brings together leaders from each of the first nation regions across the country. We have technical networks to help share the information, and a reach to some of those organizations that are technical in nature, which also have access to opportunities, email lists and whatnot.

However, we know that there needs to be, again, some work that has to happen to share that information. Right now, there are not enough programs in place to support the trade awareness building, specifically for first nations, including women, youth and all portions of the economic sectors we are looking to participate in.

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

My next question goes to Mr. Herman. You were talking about the election of 1988. In any way, directly or indirectly, were you suggesting that the opposition not block this so that there is an election tomorrow and the Liberals come back in the majority?

**Mr. Lawrence Herman:** I was not making partisan comments. I was simply repeating the historical record and mentioning that it would be unprecedented for Parliament to refuse to ratify a trade agreement. It has never happened before in our history. In 1988, before the legislation was put to Parliament, there was an election, which clarified the issue, and Parliament then proceeded to enact the necessary legislation approving the original free trade agreement.

**Mr. Sukh Dhaliwal:** How important is it to get this agreement passed as it is now, today rather than tomorrow?

**Mr. Lawrence Herman:** It is critically important for Canada. The longer we delay in ratifying the agreement, the worse it is. I think Canada has to move ahead. Having negotiated and signed an agreement, in my humble view, it is incumbent on this House and this committee to give the agreement its full approval, and the implementing legislation should be reported out positively.

**Mr. Sukh Dhaliwal:** Your Worship Mayor Dilken, do you agree with Mr. Herman that it should go right away and it will help municipalities to grow?

**The Chair:** That question was to Mayor Dilken.

[*Technical difficulty—Editor*]

**Mr. Chris Lewis:** I think his answer was no.

**Voices:** Oh, oh!

**The Chair:** Mayor Dilken, did you hear the question from Mr. Dhaliwal?

**Mr. Drew Dilken:** I did. Can you hear me now?

**The Chair:** Yes, we can.

**Mr. Drew Dilken:** I said absolutely it should pass right away without delay. Let the inertia carry it over the finish line.

• (1330)

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

I don't think any of us are looking for an election at all—not in the near future, for sure.

Thank you to all our witnesses. We very much appreciated all of your support and your comments back. It's valuable information for the committee.

Mr. Hoback.

**Mr. Randy Hoback:** I just have a question about the process with the clerk and analysts. Written submissions are coming in to the committee, so I'm just curious as to when the final submission date is. Also, when will we have access to those written submissions, and how are you going to put them together into the final conclusion?

**The Chair:** I think the clerk needs to answer that.

**The Clerk of the Committee (Ms. Christine Lafrance):** As they come in, they are sent to translation. As soon as they are translated, they are distributed to the members. Because it's a bill, there's no briefing note as is usually done by the analyst. We just go directly to clause-by-clause.

**Mr. Randy Hoback:** It goes to translation and then after translation we'll get a copy. Is that what you're saying?

**The Clerk:** You will get copies as soon as the translation is out.

**Mr. Randy Hoback:** Translation understands the importance of getting this done in a timely fashion. Is that right?

**The Clerk:** Yes, they're doing their best.

The deadline hasn't been set by the committee, but what I write to the people is that they should get their brief in as soon as possible because clause-by-clause is scheduled for probably next Thursday.

**Mr. Randy Hoback:** We've all agreed that we're going to have the economic analysis before the committee, so I'm just curious. Do you have a date lined up for the presentation and when we'll actually receive those documents? Do you have any indication on that, maybe through the parliamentary secretary...?

**The Chair:** The clerk has been in touch with that particular individual, who was....

**The Clerk:** I haven't received anything from the department yet as far as the document is concerned, but we are in contact to schedule Ms. Paquet.

**Mr. Sukh Dhaliwal:** Can we thank the witnesses first?

**Mr. Randy Hoback:** We're pretty well done here.

**Mr. Colin Carrie:** Would we be able to get an update from the parliamentary secretary, because it was a unanimous motion?

**The Chair:** I think it's the clerk who's carrying that on. Can you respond to that?

**Ms. Rachel Bendayan:** It was certainly a unanimous motion. I'd be happy to get back to the committee with an update.

**Mr. Colin Carrie:** Thank you very much.

**The Chair:** Thank you again to all of the wonderful witnesses.

The meeting is adjourned.

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