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Chair: The Honourable Judy A. Sgro





## Standing Committee on International Trade

Monday, November 16, 2020

• (1105)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I call to order this meeting of the Standing Committee on International Trade. Welcome to meeting number five.

Today's meeting is taking place in the hybrid format, pursuant to the House order of September 23, 2020. The proceedings are available via the House of Commons website.

To ensure an orderly meeting, I would like to outline a few rules as follows.

Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have the choice at the bottom of your screen of either floor, English or French.

For members participating in person, proceed as you usually would when the whole committee is meeting in person in a committee room. Keep in mind the directives from the Board of Internal Economy regarding masking and health protocols.

Before speaking, please wait until I recognize you by name. If you are on a video conference, please click on the microphone icon to unmute yourself. For those in the room, your microphone will be controlled as normal by the proceedings and verification officer. When you are not speaking, your microphone should be on mute.

Pursuant to Standing Order 108(2), the committee will now proceed with the study of trade between Canada and the United Kingdom on a potential transitional trade agreement.

We welcome as our witnesses today, for the full two hours, from the Business Council of Canada, Trevor Kennedy, director of policy; and from the Canadian Chamber of Commerce, Mark Agnew, senior director, international policy. From the Canadian Labour Congress, we have Hassan Yussuff, president; and Chris Roberts, director of social and economic policy. From the Trade Justice Network, we have Larry Brown, who is president of the National Union of Public and General Employees.

Mr. Kennedy, the floor is yours, for 10 minutes, please.

**Mr. Trevor Kennedy (Director, Policy, Business Council of Canada):** Thank you, Madam Chair and committee members, for the invitation to take part in your meeting on trade between Canada and the United Kingdom, a potential transitional trade agreement.

The Business Council of Canada is composed of 150 chief executives and enterprises of Canada's leading enterprises. Our mem-

bers, directly and indirectly, support more than six million jobs across the country and hundreds of thousands of small businesses. For our members, trade is very important.

Canada is a trading nation with 65% of our GDP tied to trade and millions of well-paying jobs across the country connected to the flow of goods and services around the world. We cannot take this for granted. In recent years some of our most important trade relationships have been undermined by rising protectionism and uncertainty. At the same time the multilateral rules-based global trading system, the foundation for post-war prosperity, which has led to increased living standards for Canadians, is at risk.

Given this backdrop, not to mention the economic hardship caused by COVID-19, Canada needs stable and secure bilateral trade agreements, particularly with key partners in the Indo-Pacific and Europe, to both safeguard and diversify our trade. The Comprehensive Economic and Trade Agreement, CETA, has been particularly important in achieving both objectives. At a time when growth in global trade is slowing, our exports to the European Union have grown at a fast rate, 7.7% in 2019, and bilateral trade flows have stabilized.

There is still much work to do to ensure that small and medium-sized enterprises can take full advantage of this agreement and to address some industry-specific concerns, but in the big picture, CETA is working for Canadian exporters.

The U.K., as a part of the EU, has been a critical component of this fast-growing trade relationship under CETA. As of 2019 it accounted for 40% of Canada's merchandise exports and 36% of services exports to the European Union.

Merchandise exports to the U.K. have grown by nearly 12% since provisional application. Canadian exporters have momentum in the U.K., and it is important that this continues.

The last few years have clearly demonstrated how important the U.K. market is for Canadian business. Early in the Brexit process many expected that Canadian firms would move operations from the U.K., largely based on the assumption that it was being primarily used as the launchpad for business into the European Union.

While we've seen some staff move from or to continental operations and have seen the establishment of new satellite offices elsewhere in the EU, for the most part Canadian firms have remain committed to the U.K. This is because it is valued as a market for goods and services providers and London continues to be an important financial capital.

Among Business Council members, at least one third have a meaningful presence in the market, and for some, the U.K. is their only market in Europe.

For these reasons it is critical that we maintain our access beyond the end of the Brexit transition period. The transitional trade deal approach taken by negotiators is wise, given the circumstances. We do not know what the future U.K.-EU trade relationship will look like and a transitional approach gives us the opportunity to take that future relationship into account when we negotiate a trade deal. We also have faced a rapidly changing environment and we have been pressed for time.

As with Canada's existing free trade agreements, we want to ensure we reach a conclusive deal in the future with the appropriate consultation and assessment of market opportunities for Canadian firms. The transitional approach will allow us to do this while we maintain our position in the market.

Japan and South Korea have already finalized agreements to roll over most of their existing EU trade deals. At the same time, Australia, New Zealand and the U.S. are negotiating deals not based on existing frameworks with the European Union. Some of these talks appear to be advanced and if they are in place without a transitional deal for Canada, they could result in Canadian firms losing their market share and first mover advantage that we secured under CETA.

A transitional deal would preserve this important relationship, and we encourage both sides to move quickly to limit disruption at the end of the year. Canada's transitional deal should be designed to be temporary by including reasonable review clauses or expiry dates. We support this approach as an incentive to drive continued bilateral talks toward a long-term agreement.

Business leaders support the inclusion and swift ratification of a transitional deal to keep Canada-U.K. trade tariff-free, to make the economy more vibrant and competitive, and to drive investment support for the creation of high-value jobs.

Looking forward on the Canada -U.K. trade relationship, we believe there is an opportunity to rethink and enhance bilateral trade and investment ties with a comprehensive and ambitious free trade agreement.

- (1110)

We hope both parties can start working on this with stakeholders as soon as possible.

Thank you for this opportunity to address the committee, and I look forward to answering any questions.

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

We go to the Canadian Chamber of Commerce and Mark Agnew.

The floor is yours for 10 minutes.

**Mr. Mark Agnew (Senior Director, International Policy, Canadian Chamber of Commerce):** Thank you, Madam Chair and honourable members, for the invitation to speak as part of the committee's U.K. study. It's a pleasure to be back here and to see you all again virtually.

As the committee's members will appreciate, the U.K. is a significant trading partner for Canada. It's our third-largest goods export market and second-largest destination for foreign direct investment abroad. As Trevor alluded to a moment ago, it's quite important, particularly in the EU-28 context, with 40% of our merchandise exports and 36% of our service exports from the EU-28 going to the U.K.

Despite the impressive overall rankings, it still is an overall small proportion of our global trade share, behind the United States. The relationship, we feel, has the potential to grow, and certainly Britain is an ideal market for Canadian companies seeking to diversify, given our shared language and ways of doing business.

With the EU separation question firmly decided in the U.K., we need to look ahead to dealing with the world as it is. The reality means that, once the U.K.'s transition period with the EU ends on December 31, the U.K. will no longer be treated as if it were a party to CETA by the Government of Canada. Given how important the U.K. is as part of the EU-28's export basket, the short answer is that Brexit matters for Canadian businesses.

The Canadian Chamber of Commerce has not completed our own in-house modelling, but some external work serves as a rough guide for what the potentials are. Canadian economist Dan Ciuriak conducted an analysis in 2018 as part of the British government's CETA impact assessment. The study found that by 2030 the value of the U.K.'s participation in CETA would be worth about £1.1 billion, or approximately \$1.9 billion Canadian in terms of Canadian exports to the U.K.

Although this is definitely not a precise measurement, given that we don't know the final architecture of the U.K.'s trade arrangements with the EU and Canada and that we don't know what the U.K.'s final picture will be in 2030, given that the study was done with a 10-year time horizon, and that we also have divergences in the U.K. and EU's MFN tariff rates, it nonetheless provides at least a decent rough signpost on the potential for what a U.K.-Canada trade deal means to the Canadian economy.

I'd like to just be a bit more specific now on some of the immediate implications of not having a transition agreement in place by December 31.

The first is tariffs. Canadian businesses will lose preferential access to the U.K. market, making our products less competitive. Some examples of where we would face tariffs under the U.K.'s global tariff regime include lobster products, with tariffs of up to 10%; plastics under HS 3908, with tariffs of up to 6%; vehicles under HS 8703, with tariffs of up to 10%; and beef products under HS 0201 with an *ad valorem* tariff of up to 12%, plus specific tariff units per kilogram.

I should add here a note that Canadian beef products have a TRQ under CETA and certainly any TRQs that are transposed into a U.K.-Canada context need to be commercially viable for Canadian companies to take advantage of them.

The second, which we will not have without a transition agreement in place, are the discussions around regulatory co-operation. CETA provides a framework for critical regulatory dialogue to occur on agriculture non-tariff barriers and through the conformity assessment protocol. Regulatory co-operation is not glamorous; it's the nuts and bolts of trade and absolutely critical. Our trade agreements have an important role in shining a spotlight on the work that regulators do to make sure that issues are advancing in a timely manner for businesses. Certainly agriculture non-tariff barriers have been quite problematic in the EU context, and we hope that the U.K. will eventually take a different approach.

The last is service exports. CETA's temporary entry chapter provides provisions on intra-company transferees, and this means that Canadian companies can bring in specialized talent to work in Canadian operations. CETA's contractual service suppliers' provisions mean that specialized skills can be brought in to fill supply chain gaps for Canadian businesses. CETA provisions on these entry categories reduce business burdens and, without them in a U.K. context, companies will need to use other routes that are more cumbersome.

Simply put, if CETA matters, then transitioning it into a bilateral agreement also matters. We have been working closely with our U.K. counterparts at the Confederation of British Industry to advance this and will continue to do so until the deal is done.

Certainly we hope this committee will be able to facilitate an expeditious passage of the implementing legislation once the agreement is finalized.

As members of the committee will appreciate, everything you do in trade builds on what came before it. CETA was the gold standard when it was negotiated, but the Canada-U.K. transitioning agreement should be seen as a starting point for going further.

I'd like to quickly highlight five areas where we think we can do this.

Number one is digital trade. Since CETA's negotiation, global trade discussions on digital trade rules have taken on a much bigger focus. This includes the WTO as well as our digital trade chapters in CPTPP and CUSMA. Discussions with the U.K. on digital trade should support better data flows by Canadian companies.

• (1115)

Number two is regulatory co-operation. The future gains on merchandise trade will ultimately be determined by reducing non-tariff barriers given how low tariff rates are for most products. This is particularly important for Canadian agriculture exporters, as I alluded to a moment ago, where it's been a tough slog in the EU. There's also forward-looking work that we can do in areas like health sciences procurement as well as cybersecurity.

Number three is critical minerals. The global supply of rare earth minerals that enable the production of many high-tech products remains dangerously concentrated. Future discussions between the U.K. and Canada should facilitate greater private sector production and movement of these rare earth extractive products.

Number four is trade facilitation. The pandemic has emphasized the value of the efficient movement of goods globally. Canada and the U.K. should explore ways to introduce additional measures that would modernize customs processing in CETA, and build on the free trade agreement from the WTO.

Number five is labour mobility. Enhancing the ability of companies to attract talent and access service contracts abroad is critical to diversifying what you're exporting, not just to where. Activities like after-sales servicing can actually be more lucrative for companies than the original export itself, so we should try to be ambitious in how we approach this business activity.

Without a bilateral agreement in place, certainly these five areas, and work on other areas like sustainability, will be difficult to go further on.

Thank you for your consideration, and we look forward to the discussion.

• (1120)

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

We're moving on to the Canadian Labour Congress.

Mr. Yussuff, please go ahead for 10 minutes.

**Mr. Hassan Yussuff (President, Canadian Labour Congress):** Good morning, Madam Chair and committee members. Thank you for having us. My colleague Chris Roberts will join me if there are any questions.

Thank you for the opportunity to appear before you today. It's a pleasure for us to be here.

The Canadian Labour Congress is Canada's largest central labour body. The CLC brings together some 50 national and international unions across Canada. As well, it gathers together 12 provincial and territorial federations of labour and 100 labour councils across the country. The CLC speaks on issues of national importance for three million unionized men and women. These individuals work in the public and private sectors, and in both trade-exposed and trade-sheltered industries.

The CLC perspective on international trade is that Canada has always been a trading nation. It is a small, open economy relying on exports. The CLC has always advocated for fair trade as opposed to free trade. In our view, international trade and investment rules should foster inclusive, equitable and sustainable economic growth. Trade rules should boost employment and real incomes, not destroy jobs and raise the cost of living. They should, of course, lift incomes and improve working conditions, not drive them down.

They should reduce inequality, not worsen it. They should encourage and reinforce the capacity of governments to pursue full employment and regulate in the public interest, not erode or curtail these powers. They should be designed transparently and with public involvement and debate, and not behind closed doors with multinational investors calling the shots.

In other words, international trade agreements should first and foremost serve the interests of working people and ordinary residents of Canada. Trade agreements should be an opportunity to strengthen labour and environment protections, toughen safeguards for women and migrant workers, and lift food safety and public health standards.

For far too long, trade agreements have been negotiated hidden from civil society and responding mainly to corporations and investors. The terms of the trade agreements have been about shackling the ability of governments to regulate, invest and spend in the public interest.

I will speak to a trade agreement with the United Kingdom. The Government of Canada has signalled its commitment to negotiate progressive trade agreements with trading partners. In our view, the Comprehensive Economic and Trade Agreement with the European

Union, CETA, should not be the standard for negotiating a bilateral trade agreement with the United Kingdom.

In several important respects CETA has been surpassed by the provisions of the Canada-United States-Mexico Agreement, CUSMA. On the investor-state dispute settlement, ISDS, the CUSMA eliminated this dispute settlement mechanism in chapter 11 of NAFTA. In our view, ISDS provisions must be omitted from Canada's future trade agreements. There is no reason that our principle trading partners, particularly rich, industrialized countries with well-developed domestic court systems, need these mechanisms. These arrangements are nothing more than a means for large corporations and investors to curtail and dissuade government regulation for private gain.

Under NAFTA, Canada was sued some 40 times and forced to pay over \$300 million in penalties and fees. The majority of these trade disputes involved Canada's environmental laws. This is simply unacceptable.

In our view, there is no need for a CETA-style investment court system allowing foreign transnationals to sue governments outside of the U.K. or Canadian court systems.

On labour rights, from the CLC's perspective, any new agreement with the United Kingdom must include robust and fully enforceable provisions for labour rights. CETA's provisions are not fully enforceable. Instead, they are subject to a non-binding compliance mechanism relying on co-operation and dialogue through a process of consultations and advice from an expert panel.

CUSMA brings labour provisions into the main agreement as a stand-alone labour chapter. As a result, labour rights in CUSMA are fully subjected to the state-to-state dispute settlement process in the agreement. It also commits each country to implement policies that protect workers against sexual harassment and wage and employment discrimination on the basis of sex. This includes discrimination on the basis of pregnancy, sexual orientation, gender identity and caregiving responsibilities. CUSMA includes new provisions committing signatories to take steps to prohibit the importation of goods produced by forced labour, address violence against workers exercising their labour rights, and ensure that migrant workers are protected under the labour laws.

• (1125)

CUSMA also includes a new facility-specific rapid-response mechanism. This mechanism provides for enhanced provisions to ensure effective implementation of labour obligations at covered facilities.

In our view, these labour provisions in CUSMA should be a starting point for Canada's future trade agreements. Future trade agreements should also require signatories to uphold fundamental labour rights in the International Labour Organization's core conventions. These commitments should be fully enforceable.

On pharmaceutical drugs, Canada's spending on pharmaceutical and patent drug prices is among the highest in the world. Canadians already pay far more for prescription drugs and face higher drug prices than their counterparts in most OECD countries. Both agreements, CETA and CUSMA, will contribute further to driving up drug costs by delaying the entry of generic medicines. Any future trade agreements with the United Kingdom cannot aggravate the problem. Pharmaceutical companies must not receive protection at the expense of Canadians.

On climate change, CETA's chapters on "Trade and Sustainable Development" and "Trade and Environment" contain positive commitments on the environment. However, the commitments are not binding, and there are no effective enforcement mechanisms for CETA environmental commitments. For its part, CUSMA is silent on environmental change. Future trade and investment commitments must contain binding commitments to combat climate change. They must avoid ISDS clauses that will directly undermine the ability of governments to live up to their climate change commitments.

On public services, in 2016, European opposition to perceived threats to public services in CETA nearly upended the signing of the agreement. In order to get the deal done, the parties had to craft a joint interpretive instrument containing assurances about the autonomy of governments to provide, regulate, create and expand public services. However, the text of CETA itself does not fully and effectively exclude public services. To correct this, any new trade and investment agreement should include a clear and fully effective exclusion for public service. Such a provision should ensure that all levels of government can create new public services, expand existing ones and reverse privatization, without risking sanctions or compensation claims under trade and investment agreements.

On regulatory co-operation, CETA's "Regulatory Cooperation" chapter and its Regulatory Cooperation Forum aim at limiting regulatory differences between Canada and the EU. These initiatives will target regulations pertaining to food safety and biotechnology, chemicals and consumer and environmental protections.

These regulations are often characterized as impending market access and hindering trade; however, these regulations are often the result of popular and consumer demands for food safety and health and environmental protections.

CETA's regulatory reform discussions also occur in forums that lack transparency and democratic accountability and tend to be dominated by industry and commercial interests. This sort of approach to regulatory co-operation will not inspire public confidence. Canada can and should ensure far greater transparency and democratic accountability in the regulatory chapters of future trade agreements.

In conclusion, our trade relationship with United Kingdom is vitally important. In order to achieve a truly progressive trade agree-

ment governing Canada-U.K. trade, we must have rules that benefit the many, rather than the few. Trade rules must instill confidence in governments' ability to regulate on behalf of working people, and the interests and voices of working people must be included in the development of any agreement.

Recent experience in North America and western Europe has made one lesson perfectly clear. Trade and investment agreements that bring benefits to a small elite, and job losses and declining prospects for working people, will stoke popular resentment and opposition.

Thank you so much. I look forward to any questions the committee members may have.

Thank you, Madam Chair.

• (1130)

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

We will go on to Mr. Brown, president of the National Union of Public and General Employees.

**Mr. Larry Brown (President, National Union of Public and General Employees, Trade Justice Network):** Thank you very much, and thank you for this opportunity to speak to you this morning.

Let me start with what I think is a very important point that hasn't been covered yet, which is that when we get into looking at any potential new trade deals labelling is really important.

I remember when the trans-Pacific partnership was a terrible deal and wasn't worth signing on to but when we relabelled it the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, all of a sudden it got to be a good deal.

I think the most important thing is not the content but the label. Perhaps that's a little bit tongue-in-cheek, but it was quite an interesting process to watch. The transformation of the TTP into a good deal by a relabelling of the agreement still puzzles me to this day.

We're facing two crises in Canada and around the world. One is COVID and the other is climate change.

From our point of view, it strikes us that rethinking the whole notion of trade agreements under the wing of these two crises is a very important process, because under COVID, remember, in the early days, we had all kinds of problems because we didn't have enough manufacturing capacity in Canada. We were having to get our personal protective equipment from other countries; the N95 masks had to be manufactured outside of Canada.

The Premier of Ontario, Doug Ford, said we're never going to let that happen again, we're going to develop Canadian manufacturing capacity. Although Mr. Ford and I aren't on the same page on many things, that seems to me to be a very important point. Why would we be relying on other countries for so much of what we need in Canada instead of developing our own capacity? To develop our own capacity, even for protective equipment, it may mean violating some of the terms of the existing trade deal, and we have to accept that. Those trade deals prevent countries from looking after their own economy.

The second is the climate crisis. Does it really still make sense for us to be exporting our resources to other countries so that they can make it into product and sell it back to us, all the while having transportation costs and the cost to the environment of all that trade back and forth? Surely we should be at least revisiting the notion. For us to continue to manufacture a limited number of things and sell them and then import everything else is dangerous to the climate, and surely we should be thinking about that.

While I'm talking about COVID, Mr. Yussuff just mentioned we need to make sure that we don't have ISDS clauses. I'm sure the committee knows that, as a result of ISDS in the Trans-Pacific Partnership and CETA, we have bucketfuls of cases ready to go. Somebody's shaking their head but that happens to be a fact. I've read from several different law firms about the fact that they have a whole bunch of ISDS cases ready to go against countries that dared to close down their economy under COVID, and they label it. They say that if you had to close down your businesses because of COVID there may be an ISDS case there. If you had rent relief imposed by the government, there may be an ISDS case there. That's not coming from some left-wing radical lunatic, that's coming from the law firms that are poised to file those cases.

We not only need to make sure that we never sign on to another ISDS clause, we have to double back and make sure that we're protected under the ones that we've already signed on to.

There's an assumption so far this morning that trade deals are pretty good things and they're automatically good, and they're good because we say they're good, but I want to ask a question. What do trade deals do?

They weaken democracy for sure, because they're always negotiated in secret and they bind governments and say that there's a bunch of things that governments can no longer do. They increase income inequality. Every study that's ever been done about income inequality includes trade deals as one of the major features of it.

They endanger public services because every trade deal has a ratchet clause that you can privatize but once you've privatized you can't move backwards to bring it back into the public sector.

Whether we can develop new public services after signing onto CETA and the new improved Trans-Pacific Partnership is an open question.

They give corporations more rights to challenge governments than citizens of the country have.

• (1135)

They endanger our environment and they kill jobs.

Do they increase trade? If we have all those negative effects, is there anything positive that we can say?

Several studies have indicated that trade increases with countries that we don't have great deals with just as much as it does with countries we do. There's no empirical evidence anywhere that trade deals actually improve trade. There is a lot of evidence that trade increases with or without a trade deal. Sometimes we get more increases where we don't have a deal.

What's the evidence that a trade deal is good for the economy? We lived under NAFTA for however many years—far too long. Thousands of manufacturing jobs left. Hundreds of Canadian factories closed. Wages stagnated. Is that the good part?

There are a lot of ways in which NAFTA was a dangerous mistake for the Canadian economy. In what way was it a good deal? Where's the empirical study that says we got some benefits from signing on to the original NAFTA?

The Canada-U.S. one—or the United States Marine Corps one, as Trump would call it—is too new to have the empirical evidence. We went into it assuming that we absolutely needed to protect an agreement that had never been proven to be all that valid in the first place.

CETA has been studied. It hasn't been studied...well, remember when we were being told what a great deal CETA was? There were going to be thousands and thousands of jobs created and a gazillion increases in the gross domestic product. Mr. Trump would have been proud of the way that CETA was sold in the first place. They were specious claims that had no validity at all.

There have been real studies of what CETA is going to do. A UN researcher and a Delft University economist report that CETA will eliminate 227,000 jobs by 2023. A lot of those jobs are going to be in Canada, unfortunately. Several thousand of them are going to be Canadian jobs. They predict that as a result, CETA will drive down wages again even though wages have stagnated for so many years.



Competitive pressures will cause unemployment, inequality and welfare losses. They basically say that this factor has to be part of the informed assessment of any trade deal.

There might be one or two things I've said so far that may be slightly provocative. That's a possibility, so I want to make sure I leave time for people to throw darts at me.

Let me just say that I completely agree with Hassan's description of what needs to be in trade deals. We can't have any more ISDS. If we're going to be part of a trade deal, we have to have an obligation to fight climate change, not just to live up to a country's own rules. It can't be just be paying lip service to climate change. If we're going to make a trade deal that's going to make climate change worse by increasing trade, then at least we've got to factor in some compensating measures that countries have to take to bring climate change under control.

What about enforceable labour rights? I sat through so many meetings where we were told that CETA had the best labour rights that any agreement had ever had, which was true except for the little detail that they weren't enforceable. That's just not acceptable any longer.

We need to respect gender and indigenous rights. We need to make sure that regulatory co-operation doesn't mean making sure that we go down to the lowest common denominator, but that we go up to the highest common denominator.

We have to exempt public services from any trade deal going forward, including with the U.K. There should be no reason for public services in the U.K. or in Canada to be on the block as a result of a new trade deal.

Those are some of the things that need to be in it. Could we possibly reiterate—for the umpteenth time—that trade deals negotiated in secret are not a good idea? The whole process needs to be public, so that the public can tell what's being done in their name.

Thank you for your time.

• (1140)

**The Chair:** Thank you very much to all the witnesses.

We'll move on to Ms. Gray now, please, for six minutes.

**Mrs. Tracy Gray (Kelowna—Lake Country, CPC):** Thank you, Madam Chair.

Thank you to all of the witnesses who are here today.

I'd like to pose my first questions to Mr. Agnew of the Canadian Chamber of Commerce.

The Canadian Chamber of Commerce wrote a joint letter with the Confederation of British Industry, your counterpart in the United Kingdom, to the government on September 21 of this year, explaining that the clock was ticking on a trade deal. That was about two months ago. What prompted you to write that letter?

**Mr. Mark Agnew:** What prompted us to write the letter was simply that December 31 is rapidly approaching. We have a domestic legislative process that needs to follow the conclusion of any deal, and time is running short now. It was running short then when we wrote the letter. Certainly, if you're a business that needs to lock

in pricing contracts for January 1 for your exports, you want to know what the tariff is that you may be paying, so that's why we wrote the letter: to underscore the urgency of completing this agreement.

**Mrs. Tracy Gray:** Have you seen any outreach from the minister or from the minister's office looking for input from businesses as they negotiate right now with the United Kingdom?

**Mr. Mark Agnew:** In juxtaposition to what you might see under, say, Canada's negotiation with ASEAN where there was a formal Gazette notice, to my knowledge there has not been any formal Gazette notice for the U.K. process. I will say that both the minister's office and the departmental officials at GAC have certainly been responsive whenever we've contacted them seeking an update on the file.

**Mrs. Tracy Gray:** That's really interesting. It's one thing to be responsive. It's another thing to be proactive and to actually go out to look for information as you're going into those negotiations, so that's quite interesting.

Recently, the Prime Minister made statements that the United Kingdom doesn't have the bandwidth and lacks experience to negotiate with Canada. U.K. international trade ministers denied this, and we see them negotiating with other countries and signing trade deals. Would you say that comments like this from our Prime Minister are not really helpful right now?

**Mr. Mark Agnew:** I think that any time you're in a negotiation, there's going to be a lot of heated rhetoric. I still remember what someone said to me about CETA, about how when you get to the end, there's drama both real and manufactured. Whether this is real or manufactured, that's not for me to say—I'm not in the room—but I think we need to put our nose to the grindstone on this, set aside the accusations on both sides, and focus on actually getting a deal done because that's what businesses want: certainty for January 1.

**Mrs. Tracy Gray:** I saw recently that the Canadian Chamber of Commerce is a joint signatory to a document called “Strengthening Canadian Supply Chain Resiliency”. You actually talked about some of the points today in your opening statement. There's a section in there about trade agreements and resolving non-tariff barriers. Have you heard whether the government is negotiating some of these non-tariff barriers with the United Kingdom? Are you concerned about this?

**Mr. Mark Agnew:** As I understand it, the non-tariff barriers have been discussed so far at an EU level, given that the U.K. hasn't fully divorced itself from the EU rule book. It will, as I understand it, copy over the EU rule book on January 1. What we're hoping to see is that we'll be able to pick up those discussions with the U.K. as soon as possible at the beginning of next year because they have been a problem for businesses looking to take advantage of CETA in the EU-28.

**Mrs. Tracy Gray:** Which potential tariffs would you be most concerned with? I know that there are a number of industries that this could potentially affect, and you've written about this a little bit. However, I'm wondering if you could maybe expand for us today on which are of most concern for you if we don't secure an agreement by the end of the year.

**Mr. Mark Agnew:** As a multisectoral association, I appreciate my members' concerns equally across all industries, so I wouldn't want to start singling out particular ones. I think the ones that I had noted in my remarks around lobster, vehicles, beef, plastics.... Those are the ones that have certainly come to mind and that we are hearing some concerns about.

• (1145)

**Mrs. Tracy Gray:** With the U.K. being the second-largest market and a major trading partner for us for foreign investment, are you concerned that not having a transitional agreement in place could significantly harm these cross-border investments that we've seen?

**Mr. Mark Agnew:** Yes. When you're looking at how companies might decide to structure their business, investment and exports can go hand in hand. Certainly, what you might see in a U.K.-Canada context will actually be compounded by the U.K.'s divorce from the EU where Canadian companies have set up shop in the U.K. and used that as a base to access continental Europe. The U.K.-EU discussion isn't necessarily our dog to fight—we're not there in the room—but the compounding effect could be quite problematic for companies.

**Mrs. Tracy Gray:** Do any of your members have any specific examples around that? Have you heard of some areas that are maybe of higher concern than are others?

**Mr. Mark Agnew:** There are none that I would be able to talk about in a public forum like this.

**Mrs. Tracy Gray:** Okay. One of the other things you talked about was the Canadian trade commissioner service and the opportunity for trade promotion. Have you heard of this as something that's discussed, and could you expand on that a little bit?

**Mr. Mark Agnew:** Do you mean in the context of the U.K. or with the EU and CETA?

**Mrs. Tracy Gray:** I mean with the U.K. as we move forward with the transitional agreement.

**Mr. Mark Agnew:** The work the trade commissioner service has been doing, I think, has largely been around informing companies of what is happening in Brexit and making sure they're able to start to take measures to mitigate their risk. I appreciate that there are difficulties in terms of being able to project a clear message as to what's going to happen, given the evolving situation, but I think, from what we've heard, that companies have largely been able to get the information they need. Of course, the uncertainty is still there for them nonetheless, to try to weigh up against.

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

We go now to Mr. Arya for six minutes.

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

I have two questions and I will limit myself to asking them to two witnesses. I would like to ask Hassan Yussuff to answer first,

followed by Trevor Kennedy. All the witnesses have highlighted the various things they would like to see in this agreement between Canada and the U.K.

What is the one single thing you would like to see in this transitional agreement and beyond? I know agreements like this will need to have so many features, so many things, but what is the most important thing at the top of the list that you would like to see?

**Mr. Hassan Yussuff:** I think much has evolved since Canada negotiated CETA and of course other agreements. The most recent is CUSMA between Canada, the United States and Mexico. The one thing I would say is that whatever we do with regard to this transitional agreement—and, of course, a permanent agreement with the U.K.—there cannot be any less in terms of the provisions to protect workers. As well, of course, generally it protects the country in terms of investor-dispute mechanisms.

I'm not going to highlight one thing because in reality it would be unwise to do that, but I think with regard to a priority for the country, it cannot be any less than CUSMA. This has to be the standard moving forward with regard to any negotiations with the U.K.

**Mr. Trevor Kennedy:** We are also a multisectoral association, so we have a lot of different perspectives on this. The clear message I've received from our members is to reduce uncertainty. I believe the purpose of this transitional approach is to reduce or eliminate that uncertainty going into the next year. In the longer term, I think there will be a lot of opportunities to speak with businesses and labour and others to identify opportunities to enhance the relationship, but above all else it is to reduce uncertainty going into the next year.

**Mr. Chandra Arya:** My second question is on the pandemic and how it has affected international trade. For Canadians, 60% of our GDP comes from international trade. Due to this pandemic, we are already starting to see disruptions in international trade. My thinking is that there is going to be some sort of reset in how international trade is conducted.

What, in your opinion, is the most significant change you see for Canada in terms of international trade, due to this pandemic?

• (1150)

**Mr. Hassan Yussuff:** My colleague Larry Brown has just pointed out something that I think is very apparent for the country, and of course just about all sectors of the Canadian economy are reflected in this. We cannot find ourselves in the position we did when this pandemic started, without access to things that are so basic to the fundamental health and protection of Canadians. We recognize fundamentally that countries will play politics, and the pandemic doesn't stop them from doing that. China, of course, has restricted certain exports to our country in a moment of crisis. The United States did that in a moment of crisis. We have to figure out how we're going to provide Canadians with PPE and other necessary equipment to make sure we can protect the health and safety of Canadians.

We can never allow a trade agreement to impede our ability to protect our population. Fundamentally, I think governments have to take that into consideration in any new negotiations we undertake.

**Mr. Trevor Kennedy:** I think one big issue preceded the COVID-19 crisis but has become more urgent today: trade diversification. Our members are still very focused on diversification, particularly this time looking at it within the lens of working with reliable trade partners. We think of the U.K., many partners in the Indo-Pacific and in Europe as part of that reliable trade network. We think this initiative and others to build more reliable partnerships, including more reliable supply chains, will be a focus going forward and stemming directly from this crisis.

**Mr. Chandra Arya:** My third question, Madam Chair, is once again to the same two witnesses.

This pandemic has shown the shortcomings of international trade when we did not have access to the critical needs of Canadians. The concept of self-reliance is coming up now, at least on the things that are critical to the health and security of Canadians. However, as Canada, we are dependent on international trade.

Where do we draw a line between the need for self-reliance for our critical products and the need for the international trade flow to be smooth?

**Mr. Hassan Yussuff:** I think what we have seen as a result of this pandemic is the protection of population health and safety, and more importantly, ensuring that in the moment of crisis you're not going to be tearing up the country. I think governments have to make decisions. What in trade agreements is going to impede the ability for that to happen? We certainly have to learn from this experience because rest assured there will be a repeat and we cannot allow that to impact the Canadian government's ability to protect its own citizens.

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

We have to move on to Mr. Savard-Tremblay for six minutes, please.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** I want to thank all the speakers for their presentations.

Mr. Yussuff, you mentioned the investor-state dispute settlement mechanism. Our committee will be studying this mechanism over the next few weeks or even months, depending on the schedule.

Mr. Brown also touched on this topic, so my question is for both of them.

Can you elaborate on the practical implications of this mechanism? What are you calling for today, in practical terms?

NAFTA created this mechanism. NAFTA was later replaced by CUSMA. Once CUSMA has eliminated this type of mechanism, should we no longer accept any agreement that includes it?

• (1155)

[English]

**Mr. Hassan Yussuff:** Absolutely.

I think CUSMA has fundamentally recognized the corrosive nature of chapter 11 in trade agreements. More importantly, I think the ultimate argument we make is that the domestic course is good enough for Canadian investors, if they have a claim against their government regarding infringement.

Why should foreign multinationals have a different mechanism? Why isn't our court system the place for them to seek redress if they believe our government action in some way impedes their ability to operate their business? I don't think there should be two mechanisms. Fundamentally, I believe the decision to eliminate this in CUSMA was the right decision. Equally, I think it should now be eliminated in any future new trade agreements because all it will do is continue to manifest itself in a way that will continue to undermine the democratic institutions of our society.

**Mr. Larry Brown:** There are two things. The core issue of ISDS has always been that international corporations have more rights that challenge domestic government than the citizens of the country do. That just strikes me as so absurd from the get-go that I'm not sure how we ever got those into a trade deal. I know that obviously they asked for them, but why a government would ever agree to give corporations more rights than its citizens strikes me as a very strange proposition.

Let me read from Norton Rose Fulbright, but not the national union of Norton Rose Fulbright. That's a big law firm.

What they say is some of the "steps taken by governments...to address the unprecedented economic impact of the virus on the world economy, such as...the payment of state aid to airlines"—that's from their letter—"and the restriction on the import and export of commodities..". They then say right after that, "some of these measures will affect foreign investors and their investments in host states, triggering investor-state disputes."

We're not imagining that the existence of ISDS...and that's in the Trans-Pacific Partnership and it's in CETA.

According to law firms, some of the things that our governments have had to do to cope with the pandemic are going to.... After the pandemic has passed, the law firms are going to wait. They will give us the grace period. They'll wait until the pandemic has passed and then they're going to pounce with a whole bunch of ISDS clauses.

My personal view is that we should be doing two things. First we should be making sure that we never sign another agreement with an ISDS clause in it, because they're just unfathomably off base. Second, we should double back and get rid of the ISDS clauses that we have in existing agreements. There's a whole movement internationally for ISDS amnesty, to say that any action by governments that they took during the pandemic to control the health of their citizens or the health of their economy would be exempt from ISDS clauses. We should be signing on to that and making sure that happens.

[Translation]

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

[English]

**The Chair:** You have one minute, Mr. Tremblay.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** In that case, I'll proceed quickly.

Mr. Yussuff and Mr. Brown, both of you touched on the environmental side of things. You spoke about the fact that some previous agreements referred to the environment, but didn't include any real binding provisions.

Wouldn't it be enough to simply state that an agreement as a whole will be subject to global environmental agreements?

• (1200)

[English]

**Mr. Hassan Yussuff:** I think it's absolutely unequivocal that trade agreements need to address the environment. It would be absolutely absurd not to do so given that trade could exacerbate, and, more importantly, impact the important role we need to play in regard to how we're going to meet our climate change objective in the Paris Agreement. It's fundamental.

Of course, CUSMA did not make any mention of this. The United States government wants nothing to do with mention of the environment. Now that the other administration is about to leave, I'm hoping that the new administration would see fit to say they need to remedy this problem in CUSMA.

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

We will move on to Mr. Blaikie for six minutes.

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

Mr. Brown, you mentioned a study looking at CETA and the economic consequences of CETA.

I'm wondering if you would mind tabling that with the committee.

**Mr. Larry Brown:** I'd be happy to.

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

Because of our time constraints, I'll put the question quickly to each of our witnesses about whether they have studies that would seek to quantify the economic effect of having a transitional deal with the U.K. versus not having a transitional deal with the U.K., and whether they would be prepared to table any such studies that they may be aware of.

Mr. Kennedy, would you be willing to table anything with the committee to that effect?

**Mr. Trevor Kennedy:** We haven't conducted any impact assessment. What I've heard is purely anecdotal from member companies and speaking about what impact it would have on their businesses.

I'm not sure if there have been any studies conducted, but I'd be interested to see those as well.

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

I'll go to Mr. Agnew.

**Mr. Mark Agnew:** As I alluded to in my opening remarks, there was a study done by a Canadian economist, Dan Ciuriak, looking at the impact in a Canada-U.K. context of the U.K.'s ratification of CETA.

There are some health warnings that I had mentioned about why it's not an apples-to-apples comparison on what a transition agreement means, but I think it actually provides a fairly good signpost that can be used. I would be happy to share those studies directly with the clerk.

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

Mr. Yussuff.

**Mr. Hassan Yussuff:** We haven't conducted any study, but I will check with my colleague, Chris Roberts, to see if we have colleagues who have done so. If we do, we will be happy to submit it to the committee.

**Mr. Daniel Blaikie:** Thank you very much. I appreciate that greatly.

One of the things I'd be interested to hear from our witnesses on is that we've often heard, in discussing Canadian trade and how we shape the economy coming out of the pandemic, that one of the things Canada lacks and has lacked for a long time is any type of real industrial strategy. The Canadian government hasn't really identified those sectors in which it wants to see Canada take a leadership role and we don't really have a plan for those industries.

How do we negotiate a trade deal in a context where we don't have, and we haven't done, any meaningful industrial planning? Could you speak a little to that question?

We'll start with Mr. Brown and then go to Mr. Yussuff.

**Mr. Larry Brown:** Thank you. That's a very intriguing question.

One of the things we've seen for probably 30 years now is that any type of planning for our economy has been signing another trade deal, which actually, every time we do that, further eliminates or limits our ability to actually plan our economy. It just becomes an ongoing contradiction.

One of the fascinating things about trade deals, though, is that if you look back at most, or not most but every successful developed economy, or whatever the current description is, basically they all used mechanisms that would now be invalid under a trade deal.

The way that we got to be rich and powerful we can no longer use, because we gave away those rights under trade deals. We're now saying to other countries that aren't yet rich and powerful, "Well, you can never get where we are, because we want to sign a trade deal with you that will take away your right to do the things that we did to get here."

It seems to me that most of what we're talking about with trade deals—the Trans-Pacific Partnership, CUSMA, CETA and anything new with the U.K.—would be simply further limiting our ability to make independent economic decisions on behalf of our own people.

Trade deals are fundamentally, in a term that an academic from the University of Toronto came up with, international corporate constitutions. They say what governments can't do, not what governments can do. They're all limitations on the ability of governments to control the behaviour of international corporations, which is the exact opposite of an industrial strategy.

• (1205)

**The Chair:** Mr. Yussuff, please give just a short answer.

**Mr. Hassan Yussuff:** Very briefly, I would simply call on the committee to do an assessment and an impact study as to how a transitional agreement and a permanent agreement with the U.K. will impact Canadian industry. Of course, we know from experience that we lost the Auto Pact not because we woke up one morning and said we're not going to have it. We were negligent in our negotiations not to exclude it from our signing of the WTO agreement.

Subsequently, that agreement is completely gone. We put Canada in a much more difficult position in maintaining a strong industry that we had in this country that provided millions of jobs and development for a key part of the Canadian economy.

**The Chair:** Mr. Blaikie, you still have one minute left.

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

I might just throw it out to our other two witnesses, if they want to talk to the issue of industrial planning and how you negotiate trade agreements in the absence of any meaningful industrial planning.

**Mr. Mark Agnew:** We don't have a coherent industrial plan. Really, what our industrial policy in this country has been is actually the summation of a patchwork of policies at the federal, provincial and municipal level.

Ultimately, what you do in an FTA reflects your domestic industrial policy. People like to talk a lot about CETA's intellectual property provisions on pharmaceuticals. Yes, there were some changes made around patent term restoration, but at the end of the day, fair-

ly marginal in the grand scheme of things, and that reflected our own domestic IP policy.

To respond to the point about democracy and taking away the rights of governments, at the end of the day, sovereign governments remain sovereign to withdraw from these agreements. If governments and their citizens are not happy with them, invoke the withdrawal clause, and that is the way to get out. These agreements are not permanently binding on governments in perpetuity once you sign on the dotted line.

**Mr. Daniel Blaikie:** That's as simple as Brexit.

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

We're moving on to Mr. Aboultaif for five minutes, please.

**Mr. Ziad Aboultaif (Edmonton Manning, CPC):** Good morning. Thank you, witnesses, for appearing before the committee this morning.

The question to Mr. Agnew and Mr. Kennedy is this: Do you believe that we will have an agreement on December 31?

**Mr. Mark Agnew:** How many angels can dance on the head of a pin?

I'm not saying this to be flippant. I genuinely don't know. I'm not in the room. As a very matter-of-fact observation, we have to finish the discussions, introduce implementing legislation, pass the legislation and then operationalize it. Time is running very short to do all of those steps.

**Mr. Trevor Kennedy:** I would echo that.

It's hard to say. We're not in the room and not part of the negotiations. I'm certainly hopeful, but we don't have much time.

**Mr. Ziad Aboultaif:** If you don't mind, beyond being hopeful, do you believe that the government has a contingency plan in case we fall short of an agreement by the end of this year?

**Mr. Trevor Kennedy:** I think in that case you'd have to speak to the team at Global Affairs and others who are working more directly on this. I imagine they've been thinking about that inevitability for some time now.

Once again, I'm very hopeful that we will have an agreement in place or some sort of a mechanism to bridge at the end of the year.

**Mr. Ziad Aboultaif:** It's surprising that organizations such as the Canadian Chamber of Commerce and the Business Council of Canada are not somehow enlightened of what's going on. I think it's very important for such organizations to be part of at least the consultation on this end.

If there is no agreement—hopefully there will be one—which industries do you believe will be at the forefront and will be most affected by the circumstances? What will the job market look like if we don't have one?

**Mr. Trevor Kennedy:** I suppose it depends on how long the gap is between the end of the Brexit transition period....

We have a fairly diverse trade relationship and investment relationship, so I would hope that.... As I mentioned in my opening remarks, we have momentum in the market and we want to keep that momentum going forward. To the greatest extent possible, we want to continue to build up that competitive position that we've been able to establish under CETA. We want to keep that going forward through a transitional deal and then eventually a more permanent arrangement.

I guess we'll see how things turn out, but Canada is in a good position now relative to others. We want to keep it that way.

• (1210)

**Mr. Ziad Aboultaif:** Mr. Agnew.

**Mr. Mark Agnew:** In terms of the macroeconomic downside to the Canadian economy, it is much more weighted toward those who export goods as opposed to those who are exporting services. If we are in a world where an agreement has been finalized before December 31 but has not yet gone through the parliamentary procedures, then we would hope that the government would be able to look at some kind of measure to perhaps exercise some discretionary forgiveness, so that a company's not in a situation where the agreement is on the cusp but they have to pay a tariff nonetheless.

In very simple terms, if you're having to pay that tariff, someone has to eat that cost. You might be knocking off something from the price that you weren't anticipating or having to pay out additional costs that you weren't anticipating when you first signed your contract with your buyer.

**Mr. Ziad Aboultaif:** With regard to the effect of COVID-19 on everything we do, and given the circumstances that this could go beyond the end of this year, how do you see COVID-19 affecting our international trade in general now?

Looking at CETA, which is an agreement with the EU right now, do you believe that a lot of CETA will be translated into a new agreement with the U.K.?

**Mr. Mark Agnew:** The international trade picture for Canadian companies has absolutely settled down since March. There are still industries that are not doing as well as they should. If you're exporting a service, that is quite difficult to do at the moment, particularly because of travel restrictions. I think people who are moving physical products have largely seen their prospects settle down.

On the second part of your question about moving over the agreement, as I understand it, it is largely going to be a transposition of the whole package with only a renegotiation where there's a numeric value. That value was written for 28 EU countries, whereas the U.K. might have a different TRQ or derogation quota.

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

We move on to Mr. Sarai, for five minutes.

**Mr. Randeep Sarai (Surrey Centre, Lib.):** My first question is to Mr. Yussuff. Is there any gap or discrepancy between Canada's labour laws and the U.K.'s labour laws of which we should be aware? Is your concern in adding labour protective measures more to protect us and labour going forward, or is it to enhance labour protection that perhaps Canada has and the U.K. does not? Can you elaborate on that?

**Mr. Hassan Yussuff:** I don't know all of the U.K. laws offhand in comparison with ours. This is going to be a new agreement between our two countries, and it's critical, given the steps we've taken in CUSMA, to make sure that we're consistent with how we approach trade, but equally, how we're going to protect our workers' rights within the context of trade.

The U.K. has the capacity to respond to this. It's a developed country. It certainly recognized the role of the ILO and the core conventions of the ILO that must be there. Equally so, putting that in the agreement gives us a mechanism should there be violations, whether it's in our country, but equally in the U.K. Both countries will have obligations and responsibilities. In short, we're not allowing that to become the competitive advantage to how we're going to conduct our international trade between our two countries.

**Mr. Randeep Sarai:** The concern is more to protect labour laws that are in existence and commitments already done, not worried about...As opposed to CUSMA, it was to increase levels...for example, in Mexico. This is more to protect them going forward, and to make sure there are no gaps in between. Is that what I'm hearing from you?

**Mr. Hassan Yussuff:** In the context of CUSMA, if you look at Mexico's labour laws and their regulations, they are actually quite strong. The reality, of course, is that Mexico doesn't enforce them.

You don't want to see that in the U.K., as the U.K. will now be an independent trading bloc outside the EU. We don't want the U.K. to use this position to undermine its labour laws simply to gain an advantage to how it's going to conduct its exports to other countries.

It's critical that we underpin our relationship based on some fundamental values as to how we're going to hold the U.K. accountable for the commitment it currently has and previously may have had, but equally how it's going to enhance it and protect it going forward.

• (1215)

**Mr. Randeep Sarai:** Mr. Kennedy, I wanted to ask about ISDS provisions. Have they been used a lot in the past, either by Canada against the U.K. or vice versa? Has there been much of an issue regarding these provisions?

**Mr. Trevor Kennedy:** Specifically in the CETA context, it's an area of trade policy with which I'm less familiar. From what I understand, in CETA's context, an investment court system replaced ISDS, and it's not in force for CETA until all the members fully ratify the agreement. I don't know if that's applicable to our current relationship with the U.K. but there is still value in investor provisions in agreements.

When we started studying CETA, and this is going back a decade ago now, a quarter of FDI in Canada came from the European Union, including the U.K. That investment is a source for a lot of good paying jobs in Canada. We would like to keep that investment flow open, and make Canada an attractive place to invest.

**Mr. Randeep Sarai:** My next question is also to you, Mr. Kennedy.

With CETA or other trade agreements we have with the U.K., currently in effect, where can we enhance our trading position, so that we can gain new markets? Are there any particular industries that are striving to make gains in the U.K.? If we were able to make some amendments or achieve some better relaxations or market access, where would that be?

**Mr. Trevor Kennedy:** This exercise provides an opportunity for Canada, at least in terms of looking toward the free trade agreement in the future, because in the immediate sense, we want to limit disruption with the transitional deal.

However, the U.K. and Canada have a very close relationship. We have complementary economies, and I don't want to get ahead of specific companies or industries that will certainly have their own perspectives, but I would imagine that outside of the EU context, there are a lot of areas where we can work closer together.

Mark mentioned critical minerals, for instance. There's a lot of interest in critical minerals that go into a lot of the green technology that many countries are very interested in developing. Canada can be a useful partner for the U.K. going forward, and potentially, a free trade agreement could help facilitate that.

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

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

[Translation]

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

This time, I want to ask Mr. Agnew and Mr. Kennedy a question.

In July 2019, a federal government survey showed that almost three-quarters of Canadian SMEs had heard about free trade with Europe, but only 9% had taken advantage of it. We know that, in Quebec, SMEs constitute the backbone of our economy.

There appears to be an imbalance between how European companies have benefited from the Canadian market and how Canadian companies have benefited from the European market.

In your opinion, how should an agreement with the United Kingdom address this issue?

[English]

**Mr. Mark Agnew:** One thing I would say about the sorts of headline statistics is that there will be a lot of SMEs that, for capacity reasons, will not be able to export because it takes a fair amount of bandwidth internally. Not every SME today is also ready to export today, but maybe tomorrow they will be able to.

In terms of being able to equip those companies, one of the things that we can do better in terms of how the trade commissioners speak to businesses is being as specific and tangible as possible about what a trade agreement means for that company. It's not just about promoting it to, say, the manufacturing industry; you have to promote it to the companies that understand very specifically what the trade agreement means for the specific product that they make. They have to understand how to get into the market and understand all the navigation of the government red tape, whether it's at the border or other paperwork we've filed in that country. It takes a lot of hand-holding to make that happen. That is the labour-intensive work that we have on the ground with companies to help them take advantage of the agreements.

• (1220)

**Mr. Trevor Kennedy:** To add to that, we share the objective that we need to see more SMEs take full advantage of our suite of free trade agreements. Canada has some of the best market access to the world. We know, in the G7 context, that we have a very competitive position, but we know our SMEs haven't taken full advantage of the opportunities yet. The trade commissioner service is doing a lot of work to focus on this. We still think this should be the focus going forward.

I don't have the answers to how we can have more small businesses join to export more of their products and services, but it's certainly a goal that we share.

**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.

My question is to Mr. Yussuff and Mr. Brown.

We know very little about the government's objectives in the current negotiations with the U.K., other than that they want to reproduce the terms and conditions of CETA on some kind of non-permanent basis, I presume, although it is not exactly clear what a transitional agreement really means.

There are ISDS provisions in CETA, but they haven't come into effect yet because there are some European countries that haven't ratified that aspect of the agreement. Presumably, in a bilateral agreement, there wouldn't be cause to wait.

I know that the government, when it was passing CUSMA, made a lot out of the fact that the ISDS provisions were removed, the investor-state dispute settlement mechanism. Can you speak to signing a transitional agreement that effectively reproduces CETA between two parties that presumably have both agreed to the ISDS provisions of CETA, or would if they reappeared in a transitional agreement? Is that consistent with what the government has said around ISDS in CUSMA?

Do you think a transitional agreement between Canada and the U.K. should deliberately exclude the ISDS provisions of CETA?

I'll start with Mr. Yussuff and then go to Mr. Brown.

**Mr. Hassan Yussuff:** I would say they should eliminate the ISDS provisions.

The government said early that they are looking at negotiating agreements that are much more reflective of what is in CUSMA. I don't know why you would do something less in regard to a transition agreement with the U.K.

By the way, the U.K. was part of an agreement that they chose to leave. The reality is, of course, that the consequence of that is the world has changed, and we have changed our approach to trade negotiations; that's consistent. I think the U.K. should recognize that it has to agree to different provisions that may not be in CETA. Fundamentally, I would urge the government not to be consistent with CETA as they change provisions to reflect the new reality that is taken in CUSMA.

**Mr. Daniel Blaikie:** Mr. Brown, I think I'm running out of time. Would you have a very quick answer?

**Mr. Larry Brown:** First of all, the Canadian government did not ask for the removal of ISDS in the new NAFTA; the U.S. government did. The Canadian government agreed to it somewhat reluctantly. I'm a little bit nervous about what they will do with the U.K.

What they've talked about is replacing ISDS with the new investment court. The new investment...or whatever the title is called, is basically ISDS under new clothes. It's a procedural improvement, but the core of it is still ISDS. It should be excluded. There is no excuse for continuing with ISDS anymore. It's been proven to be such a monstrous mistake by government.

**The Chair:** Thank you.

We go on to Mr. Lobb for five minutes.

**Mr. Ben Lobb (Huron—Bruce, CPC):** Thank you, Madam Chair.

The first question I have is for Trevor and Mark. The question is in regard to consultation.

I hate to put you on the spot here, but I'm just wondering how much consultation you folks at the Business Council and the chamber have had with the department in the trade deal negotiations with the U.K.?

• (1225)

**Mr. Trevor Kennedy:** Maybe I can start.

I've only been in this position for about a half a year. I can only speak to that point onward.

The department has been very accessible. If we've had any questions, we've been able to reach out and receive an answer. Obviously, we're not part of the negotiation but I do feel that we've been well informed throughout the process. We've extended that to some of our members as well. We've had an opportunity for some of our member companies to interact with Global Affairs to ask questions around the negotiation itself. The minister's office has also been accessible as well.

**Mr. Mark Agnew:** Picking up on the comments I had made to Ms. Gray earlier, this discussion has been characterized a bit more by industry initiating some of those contacts. We haven't seen the same sort of Gazette-notice style. Then again, that can come to Trevor's point as well, about the government both at the departmental and the ministerial office level being accessible when we've sought updates.

**Mr. Ben Lobb:** Okay.

December 31 is the end of the line here with what we're going to do with the U.K. If you look at the calendar, you see there are pretty limited opportunities here, even if there is a deal struck. There's always a chance that we could work into the wee hours and get it done. I'm sure that would happen.

Failing that, on January 1, what happens when the first container hits the port in England, let's just say?

**Mr. Mark Agnew:** If you have a good coming in, you will have to pay a tariff on it according to the U.K.'s new global tariff regime, if it's going that way. If you're a Canadian wholesaler or retailer bringing in U.K. products to sell to Canadians, you will also have to pay a tariff on that product after December 31.

**Mr. Ben Lobb:** I guess where I'm coming at this from is that earlier one of you mentioned certainty. The market likes certainty. Business likes certainty. But really there is no certainty, because the way I look at it, for example, organizations like yours have been able to ask questions. Some of your members have been allowed to maybe provide input. Really they don't know. They have to make plans for 2021 still under the cloud of a pandemic.

I'm not criticizing you at all. I'm just saying if we're trying to create certainty here, how is it we're creating any certainty? It seems like what we've created, the government has created, is chaos almost at one level.

**Mr. Trevor Kennedy:** I would just maybe jump in to mention that I think our experience is very similar to that of many of our peers around the world. We know that, for example, Australia and New Zealand are trying to conclude agreements as well. Some countries have been able to conclude agreements, whether that's a permanent arrangement mimicking their existing EU agreement.... Throughout the Brexit process, we've seen a lot of moving pieces. Even today or this week we may know what that relationship looks like going forward. For Canada and many other countries, I think it's been a moving target.

**Mr. Ben Lobb:** Okay.



There's one other thing. Has anyone ever kicked around the idea of a USMCA-U.K. trade deal where you incorporate the three countries negotiating the deal? They've already come together in agreement for North America.

Was there any talk about doing a trade deal with the U.K. on those priorities or parameters?

**Mr. Mark Agnew:** I have not heard anything like that. I would in some respects actually draw some parallels between that type of idea, with all due respect, and the U.K. joining the CPTPP. Sure, great, and we would see benefits there, but we also have a mission-critical problem in front of us, which is that December 31 is rapidly approaching. Let's get the certainty we need by the end of this year, and we can think about some of the more aspirational bigger projects in a different track.

**Mr. Ben Lobb:** Another thing that's very annoying to me in CETA is the way that this has been dealt with from an agriculture perspective. I'm in an agricultural riding. Believe it or not, we have a trade deficit with the European Union in beef and pork.

What do our prospects look like with the U.K.? I mean, they're a little better, but at the same time, are we still going to have disagreements over antibiotics, growth hormones and other what we'll call non-trade issues?

**Mr. Mark Agnew:** Unfortunately, we'll still have them on January 1, because the U.K. is copying over the EU acquis rule book.

However, generally speaking, because the U.K., within the EU-28, has been more North American-minded, if I could call it that, on some of these things, I am hopeful that we will be able to get some progress on the issues you mention, as well as on issues that are affecting the crop sector, in MRL misalignment, for example, which has impeded the ability of Canadian crop products to be able to access the EU market.

• (1230)

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

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

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

I would like to thank all the witnesses, not only for your appearance today, but because you are very much also on the front lines of this pandemic in supporting our business community. I know how important your work is in order to help see our Canadian companies and our entrepreneurs through to the other side, so thank you for that.

Let me begin with Mr. Kennedy, perhaps, as well as Mr. Agnew. There has been some discussion over the course of this committee meeting regarding consultations. I just wanted to check in with both of you to make sure that it was very clear. We are on the record as a government in saying that our objective with a short-term transitional agreement is to roll over the provisions of CETA.

Do you feel that the business community understands that objective and that what we are looking for is to create that stability through a transitional rollover?

**Mr. Trevor Kennedy:** I guess on my end that has been the understanding, yes. Among larger enterprises, that's the focus. As we do move into negotiations around an actual free trade agreement, there will be differing views, but right now everybody is very much focused on how we can preserve our market access under CETA and then rethink the relationship from there.

**Ms. Rachel Bendayan:** I understand.

I think I heard you say in your opening remarks, Mr. Kennedy, that this transitional approach will allow time for consultation thereafter. Is that right?

**Mr. Trevor Kennedy:** Absolutely, and I know that CUSMA has been brought up in several instances. I think that's a great success story of working with labour, working with industry and working with other groups. I think we have been able to develop a really forward-thinking agreement in that context, and I would hope that with the Canada-U.K. agreement we can approach it from a similar standpoint.

**Ms. Rachel Bendayan:** I'm going to pick up on the fact that you raised CUSMA, because I noted that a few witnesses are expressing some reservations regarding our ability to move quickly if an agreement is reached between the two countries.

I think CUSMA is a great example, particularly since it was this committee that was able to move quickly—holding meetings night and day—in order to ensure that was passed. I believe it was passed hours before the House rose for the pandemic. I think it is a nice thing to remember when comforting our business community that we can move very quickly as a government.

Mr. Agnew, I did want to raise something that was mentioned earlier on in committee and that is your July letter, “Strengthening Canadian Supply Chain Resiliency”. You mentioned a number of recommendations and ideas that I found very interesting. One of the areas of focus was really regulatory co-operation, and I think you put it best when you said that it is perhaps the least sexy part of trade, but also one of the most important.

I am certainly seized of the non-tariff barriers that are affecting our agriculture industry, as is the Minister of International Trade. In your analysis of the current agreement with CETA and how we might be able to go further, as you put it, what changes would you make to the regulatory co-operation? Or do you feel that the regulatory co-operation provisions that we have should be rolled over as is?

**Mr. Mark Agnew:** I think the regulatory co-operation provision should be rolled over to get the process started on day one. In terms of what we'd like to see going forward there's ensuring greater transparency amongst regulators for the decisions they make. I think the experience of some of our members, particularly in the agriculture sector, is that the EU has arrived at decisions, but how they've arrived at them, I think, has been overly politicized. Shining a greater spotlight on that and enforcing a science basis to these would be quite helpful.

**Ms. Rachel Bendayan:** Thank you, Mr. Agnew.

I'll let you have the opportunity, as well, to respond on behalf of your membership. I appreciated your introductory remarks, but when it comes to our business community understanding the objective of the transitional agreement, do you feel that's reasonably clear?

**Mr. Mark Agnew:** I think people understand the content of what we're trying to reach.

I think the one aspect where we could improve communication is actually around the transitional nature. It's not clear exactly what "transition" means. It could mean a lot of things to a lot of different people. Are we talking two years, three years or four years?

If you're a business that wants to plan out long-term contracts in the U.K., you'll need that certainty. Certainly, then, I would encourage an abundance of communication as part of this committee's report, or whatever output it has, on that transition point.

• (1235)

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

**The Chair:** We're on to Mr. Hoback for five minutes.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Madam Chair, and thank you, witnesses and everybody, for being here this morning.

Mr. Kennedy, when did we first learn that we're probably going to have to do a trade deal with the U.S. on Brexit? When did we first become aware? Just humour me.

**Mr. Trevor Kennedy:** I think it goes back, now, two years or so ago. We were negotiating—

**Mr. Randy Hoback:** So it was two years ago, and we still don't have any real solid consultations, and we don't have a game plan for a final agreement.

The point I'm trying to bring up right now.... The Prime Minister was in the media last week, and I remember they brought up bandwidth and how the U.K. doesn't have bandwidth, which I think is relatively insulting to the U.K., because they do.

The other thing that's happened is the U.S. election. You have the U.S. sitting there close to a deal, and all of a sudden now the U.K. said they'll wait for the new administration. If we had done the consultations, and we had done all the work we should have done, we actually could have come in now and done an agreement where we could have been putting the final touches on something.

The reality, though, is that we looked at the tariff schedules when they first proposed them and said that was good enough. We never talked about digital trade, and we never talked about regulatory co-

operation. We walked away, which is really dangerous. Now we're in crisis because we're in November, and by the end of December they want to get this through not just the House but the Senate. This government doesn't do anything unless it's a crisis, and it's frustrating.

When you come to timelines here, what is going to happen? I'm loading a ship today that's going to hit in January. How do I price those goods?

Maybe I'll go to you, Mark. How would you price it?

**Mr. Mark Agnew:** In the absence of clarity, I would price on the assumption that you're going to have whatever the U.K. global tariff is—

**Mr. Randy Hoback:** A high tariff.

**Mr. Mark Agnew:** —for that product.

**Mr. Randy Hoback:** As you're pricing your product, and you want to export to the U.K. and you've added the tariff in it, what would some country that has an agreement, like Chile, do? It would come in and take our market, and this government doesn't get it.

They've tried to spin this transition agreement. If they had done this a year ago, I could have said that maybe that makes sense. However, now we have to do it. We don't have a choice, because they're totally unprepared to do anything other than a transition agreement.

How does that put Canadian businesses front and centre? How does that deal with the issues you brought up, Mr. Agnew?

**Mr. Mark Agnew:** The correct answer is that it makes our products less cost-competitive.

**Mr. Randy Hoback:** Do we still have first mover advantage?

**Mr. Mark Agnew:** There will be businesses that have managed to lock in a relationship with a buyer in the U.K. I think there will be folks who can ride it out, and certainly we have something at least signed but not ratified, so hopefully there would be a degree of certainty. However, if that situation continues, then it does call into question, perhaps, some of those relationships.

**Mr. Randy Hoback:** I'm a durum farmer in southern Saskatchewan. I sell durum to Warburtons in the U.K. They also buy our hard red spring wheat. How do I price that today?

**Mr. Mark Agnew:** Again, I think in the absence of having a deal, you have to assume you don't have one, because if you assume wrong then someone's going to have to pay for that cost at the end of the day.

**Mr. Randy Hoback:** If you are Warburtons, you buy from the U.S., then, or you buy from somebody else. It's very price-sensitive I'm just assuming.

**Mr. Mark Agnew:** You'll go where it makes business sense to go.

**Mr. Randy Hoback:** Going forward, let's say we do somehow get this shoved through, and Ms. Bendayan talked about how we had CUSMA and how we forced that through.... I always found that really interesting. They were pressuring us to get this done, and then it went back into the House, and the Liberals kept putting up speakers and delaying it. We could never figure that out, because we said to let it go through, give it to the Senate and get it out of here before we go into lockdown.

Why do you think this government is going to force it so quickly? Is it because it's such a bad deal, just like CUSMA, that we're not going to have the proper time to actually look at it?

**Mr. Mark Agnew:** Well, I think that is a question you're going to have to ask the government. I can't speak on behalf of its parliamentary affairs strategy.

**Mr. Randy Hoback:** I'm relatively a free trader. I want to see it to make sure it's fair and balanced; there's no question about that.

In December, they're going to throw this in front of me and say, "You have to get this done." What if it's horrible? What am I to do?

• (1240)

**Mr. Mark Agnew:** Well, Parliament has the right to vote as it chooses on the legislation when it arrives. That's just the matter-of-fact position that you have.

I don't really have much further to say on that aspect.

**Mr. Randy Hoback:** Yes, I agree, Mark. I'm sorry to put you on the spot. I don't mean to do that.

You know, we plugged our noses because, we said, it was the Donald Trump effect in the case of the U.S. It isn't the same case in the U.K. The reality is that on this file the government has not been prepared; it has been lost, asleep at the switch. Now we have a crisis happening in this sector with the U.K., and they're trying to cover their butt.

Is that fair to say, Mr. Kennedy?

**Mr. Trevor Kennedy:** I'm not a negotiator. I'm just looking at the way other countries have responded. I think we're in a very similar position to that of many of our peers, but I hope that we'll have an agreement in place—

**Mr. Randy Hoback:** What peers? Other peers have done a deal. Chile did a deal.

**Mr. Trevor Kennedy:** You can look at South Korea, for instance. It decided to have a continuity agreement in the fall of 2019.

**Mr. Randy Hoback:** Oh, 2019, not 2021.

**Mr. Trevor Kennedy:** Its assessment was that this was the preferred approach.

Japan recently rolled over the EU-Japan EPA with the U.K.

Our perspective on this is that we would prefer to have a transitional approach rather than a final agreement. In both instances, they've negotiated a final free trade agreement.

We're racing, I think, against Australia and New Zealand, which would be competitors in some instances. I think we have an advantage, in the sense that we have an existing agreement to base our transitional deal on. I hope we have something in place before either of those countries has its free trade agreement in place.

**Mr. Randy Hoback:** You need a transition agreement because you haven't consulted to know what you want in a real agreement, is that fair to say?

**The Chair:** Give a very short answer, Mr. Kennedy. We're out of time.

**Mr. Trevor Kennedy:** We've been discussing the transitional context, so I can't discuss a longer-term free trade agreement.

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

We move to Mr. Dhaliwal for five minutes.

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

My first question will go to Mr. Hassan Yussuff. You mentioned that when it comes to labour, women, immigrant workers, these become your priority. It's my understanding that over the past five years this government has signed CUSMA, CETA, CPTPP, and the government's priority has been these. When you put in place a lens of gender equality, the LGBTQ community's rights and migrant workers' rights, we have made significant progress moving in that direction. Do you agree with that perspective?

Also, which one is better than the others? We have to follow the same tradition moving forward with the U.K.

**Mr. Hassan Yussuff:** Look back to the most recent agreement with Canada, the U.S. and Mexico and the process leading up to it. We have made strides. The labour provisions are an integral part of the agreement. The enforceable mechanisms of the agreement are of course very clearly laid out, with obligations and penalties should the countries not live up to their responsibilities.

CUSMA has been for us, in terms of labour provisions, much more significant than any other agreement negotiated so far.

It is a new agreement. Its recognition and time will tell how effective it is and, more importantly, whether it is the new model. Clearly, I think it demonstrates that you can do better.

Of course, the pressure in the negotiation of CUSMA was there for everybody to see. We had an existing agreement with Mexico and the United States, and we know that it was a failure in regard to labour provisions. Clearly, this agreement demonstrates a significant accomplishment in some ways.

As to its effectiveness, time will tell. If you were looking for a model, this would be the model going forward, because it recognizes key and fair components. Equally, of course, it exacerbates...and more importantly shows that there's a way to go forward that can enhance the protection of workers in our respective countries.

At the same time, it allows for our countries to trade in a fair mechanism that ensures that workers are going to benefit from this agreement.

• (1245)

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

Mr. Kennedy and Mr. Agnew, when I look at the study done by Global Affairs, it clearly shows that in the short term of three years that CETA has been in place, our exports to some of the European nations have gone up from 20% to 33%. That tells me that the trade we have with the nations where we have an agreement in place is better than with the ones where we don't.

Do you see it as important to have rather than not have trade relations with other countries? Does it make a positive difference in Canadian businesses and Canadian workers' lives?

**Mr. Trevor Kennedy:** I guess I could hop in first.

Absolutely; Canada was one of the first countries, certainly of the advanced economies, to have a comprehensive trade deal with the European Union. You still have many jurisdictions where, for example, as I mentioned, countries like New Zealand and Australia are still trying to conclude their own bilateral agreements with the EU. We've now had ours in provisional application, and we do have a first mover advantage. I think clearly the numbers show that this has been beneficial for Canadian exporters. We want to maintain that market access. The U.K. is a big chunk of that for our access under CETA.

**Mr. Mark Agnew:** I think what you said actually validates why it's so important to get this Canada-U.K. deal over the line. If CETA matters, then certainly what is 40% of our trade to the EU matters. That's why companies do need certainty on what's going to happen on January 1.

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

Mr. Savard-Tremblay, you have two minutes, please.

[Translation]

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

I want to go back to my previous question for Mr. Agnew or Mr. Kennedy. I said that Canadian companies hadn't made the most of the European market. I asked them how this issue could be addressed in an agreement with the United Kingdom. The response focused on the promotion required and on the need for the government to provide guidance and education to facilitate access to this market.

Wasn't there a structural issue regarding the non-tariff barriers on the European side? Could we expect this to happen again in the United Kingdom?

[English]

**Mr. Trevor Kennedy:** I guess I can jump in first.

Obviously, the trade commissioner service has a large role to play here, as with any of our trade agreements. They're a great resource available to Canadian businesses. I think that's the most obvious place where we'd want to see more focus. Actually, I think there has been a shift in focus in the last couple of years towards SMEs and helping them to understand and navigate our trade agreements. We'll see what this agreement looks like, I guess, looking toward the future-oriented agreement with the U.K., but I certainly hope it will be accessible to businesses of all sizes.

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

Mr. Blaikie, you have two minutes.

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

On the theme of the importance of trading relationships to Canada, I want to circle back to you, Mr. Brown. I think you mentioned this earlier in your testimony. Are comprehensive trade agreements required in order for Canada to have successful trading relationships with other countries?

**Mr. Larry Brown:** Not on the evidence; there's a kind of strange assumption that trade equals trade deals, as if somehow, before we had trade deals, there was no international trade. Well, there was, obviously. The average tariff barrier between us and the European Union, before we got into CETA, was 2%. A 2% tariff barrier on average will not prevent trade, and it didn't.

I remember the European Commission visitors were here, insisting on the absolute necessity of CETA. I went through the list of things that we can buy now in Canada, such as Volvos and European chocolate, and I asked them what exactly was missing from this list that would be exported to Canada once we got CETA. There was a blank look. They couldn't think of one.

The idea that trade equals trade deals has never been true, and it isn't true now. Studies by Jim Stanford, for example, show that in many places, our increase in trade was bigger with countries that didn't have trade deals than it was with countries that did. So there may be some linear increase in trade with the European Union in a particular area. Was that all caused by CETA or was it caused by something else? Somebody would have to take a look at that. It isn't necessarily the case that simply CETA caused all of that increase when in many other countries' cases that wasn't the end result.

• (1250)

**Mr. Daniel Blaikie:** You can imagine a scenario where Canada might seek more certainty for certain industries that are really volatile or particularly strategic, but not necessarily sign a comprehensive trade agreement that would cover all sectors of the economy.

**Mr. Larry Brown:** Exactly. If you go back to the original GATT agreements, when they were being negotiated, tariffs can be a factor, of course. Countries can use tariffs to develop their own industries. We've done this in history often. Sometimes, however, tariffs can get in the way of a particular kind of trade, and those should be approached one on one. But trying to say that if there's a tariff problem in item x, we therefore need a comprehensive trade agreement that's going to limit our ability to regulate and do all of the other things just doesn't really follow. Let's take the problem and solve it.

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

We'll go to Ms. Gray.

You have three minutes because we need the last five minutes for some updates on committee business.

**Mrs. Tracy Gray:** Thank you, Madam Chair.

My first question is for Mr. Kennedy. You had mentioned that the government had answered questions that you had and was being responsive. I'm wondering whether, in some of the conversations you had with different officials of the government, they expressed when they were having trade negotiations, when they were having trade talks. We haven't seen any kind of a timeline per se. Do you have any information that you can provide us as to when some of these conversations might have been happening?

**Mr. Trevor Kennedy:** I wouldn't know a clear timeline. When I've had questions, I've reached out to the team working on it at Global Affairs and they've answered my questions, but I've never received a clear timeline of when discussions are taking place and at what level.

**Mrs. Tracy Gray:** Did you ever get the impression that with this transitional agreement, that it was just really easy, we were basically rolling over what was already existing? That's what we've heard today. If that's the case and if it's so easy, why don't we have an agreement?

**Mr. Trevor Kennedy:** From what I've understood, a lot of the negotiation actually took place before we...there's reference made to this before but it was around when Theresa May was Prime Minister and releasing their initial MFN tariff schedule. I think before that and before Canada disengaged, a lot of work was done in advance, and some of that work has been picked up over the fall. I think there's a small number of areas left outstanding, as usually is the case in trade agreements, but I'm not sure what exactly those are.

**Mrs. Tracy Gray:** Okay, that's quite a time gap there.

We also know that Australia and New Zealand are undergoing rounds of talks. Have you heard whether Canada is actually having these rounds of trade negotiations, in the conversations you've had?

**Mr. Trevor Kennedy:** I haven't, but raising those two examples, I mean good partners for Canada...in the U.K., we're competitors. I would hope that Canada has an agreement in place before either of those two partners.

**Mrs. Tracy Gray:** Good. Thank you.

I have a question for the Canadian Labour Congress. We've heard from other speakers today that there hasn't really been outreach into the business community. I'm wondering if you've had

any outreach from the government to you from the labour aspect, looking at all of the members that you represent.

**The Chair:** A short answer, Mr. Yussuff, please.

**Mr. Hassan Yussuff:** I'll let my colleague Chris Roberts answer. I know there's been some briefing but I haven't been directly involved.

**Mr. Chris Roberts (Director, Social and Economic Policy, Canadian Labour Congress):** To my knowledge, there has not been outreach just yet. It doesn't mean that we can't get questions answered the same way that the Business Council and the chamber have implied, but no, we haven't been involved in consultations.

• (1255)

**Mrs. Tracy Gray:** Well, that's really unfortunate, considering how many members you represent across the country.

**The Chair:** Thank you, Mrs. Gray. I'm sorry, we're short of time.

Mr. Sheehan, I'm sorry, you'll have to wait until our next meeting to get your questions answered.

Thank you very much to the witnesses for being here today and supplying us with some very valuable information.

I need to update and get a bit of direction from the committee as we move forward.

We will commit to continue this Canada-U.K. study this Friday and we will hear from the officials. Then next Monday, November 23, we're going to have two meetings and we'll hear from eight witnesses.

The analysts have indicated that if the committee wants to introduce and table in the House a short interim report, they can only include the witnesses up until November 20, so I am suggesting the following. If the committee approves, we adopt a short interim report summarizing the main points raised during the hearings we have heard. Then we would be able to review a draft report December 2 and table it in the House December 4. The analysts will work over the holidays to do a fuller report. Following our return at the end of January, we would then review that report and at that point we may have additional information we may want to add to that report or do something in addition to that.

Would that be all right with the committee if we take that route? We'll get in an interim report before Christmas and then we'll follow it up with a fuller report come the end of January. If the committee is okay with that, that's the process I am recommending via the conversation with the analysts.

**Some hon. members:** Agreed.

**The Chair:** Then we would move into the COVID-19—

**The Clerk of the Committee (Ms. Christine Lafrance):** Ms. Sgro, maybe we can say to the witnesses that they could leave the meeting if they want to.

**The Chair:** Yes, I thought I had indicated that.

Thank you, again, to the witnesses. You're welcome to end your fabulous two hours with us. Thank you.

Yes, Mrs. Gray.

**Mrs. Tracy Gray:** Thank you, Madam Chair.

I'd like some clarification about what would be included in the interim report, whether or not that will include recommendations and any written submissions that might have been presented by that date?

**The Chair:** The analysts have indicated that all testimony up until Friday, November 20, is all they would be able to put into the interim report, plus I assume any documentation that's been sent to us could also be included.

**The Clerk:** I can clarify. I think, and maybe Bashar could confirm my understanding, that the main points of the testimony up to November 23 would be summarized in an interim report of approximately three to five pages.

**Mr. Bashar Abu Taleb (Committee Researcher):** Yes, we can summarize the testimony up to November 23 in an interim report.

**The Chair:** Then we would be able to include those two meetings on November 23. That gives you a fairly substantial amount of information to put forward.

Mrs. Gray, are you okay? Did you follow that?

**Mrs. Tracy Gray:** Could we have clarification if there will be recommendations as well?

Part of this as well is that when we, as a committee, discussed this study we knew what the timelines were going to be and we all agreed to the timelines. At that point we hadn't heard from anyone that those timelines wouldn't be met, so I am just wondering....

I think the other thing we need to consider is that this committee has had one meeting since March, so this committee hasn't been overloaded. I would like to implore that we fulfill what was laid out in the motion and fulfill what the study is, based on the timelines that were in the motion.

**The Chair:** I believe that's exactly what we're doing.

Madam Clerk.

**The Clerk:** If I may just add, we were supposed to have a meeting on November 13, which was cancelled because we didn't have a time slot. That's why the November 13 meeting is back to November 23, so that's part of the problem.

• (1300)

**The Chair:** Yes, there's that as well as the fact that we haven't had a meeting since March. I would just remind everyone that we're dealing with a pandemic, and that there weren't any meetings happening anywhere.

If we move forward on—

**Mrs. Tracy Gray:** Madam Chair, on a point of order, if I may just say so, I sat on a committee that sat all summer, so there were other committees that sat all summer, but—

**The Chair:** There were only the ones that had the opportunity because they were registered as critical committees and had to go.

**Mrs. Tracy Gray:** Yes. Well, it's unfortunate that having one meeting pushed off will now delay us by over a month.

**The Chair:** It all depends on what the committee wants. I'm suggesting, as the analysts have recommended, that we do a short interim report before Christmas because of the time sensitivity, and then we do a fuller report towards the end when we come back. We may have the opportunity to add some information to that report to make it a fuller report at that particular time.

Mr. Hoback.

**Mr. Randy Hoback:** Thank you, Chair.

Chair, this is just a question on process. If we do see legislation come forward, how are we going to deal with this? When I look at our schedules and timelines....

Ms. Bendayan, maybe you can give us some insight, because if something is coming forward that has to be ratified through the Senate before we break for Christmas, I'm looking at our timeline and at our report, and I'm sitting here saying that this doesn't make a lot of sense. We're going to finish a report after the December 31 deadline.

I understand that you have to do an interim report. I get that, and I'm okay with doing that, but what I'm concerned about as I look forward is how the heck we are going to get some priority to have Zoom meetings to do actual legislation. That needs to be brought up with the gods above to say okay, we have legislation coming when? And how is it going to get through the House? What's it going to look like? That needs to happen probably this week or next week, because after that it is not going to be physically possible to get through our House, unless we're going to hold the House up until December 19 and hold the Senate here through Christmas. If that's the game plan of the Liberal government, hey, we're on board and we can do that, but they need to give us a signal as to how serious they are about getting this done before December 31.

Right now, I don't see how it's physically possible to get it done. I don't see it, unless you totally neglect Parliament—which they've done in the past—and do it that way.

**Mr. Chandra Arya:** Madam Chair, I have to be somewhere else at 1 p.m. so unfortunately I can't continue.

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

Go ahead, Ms. Bendayan.

**Ms. Rachel Bendayan:** I think what you'll see, Mr. Hoback, is that the government is willing to adjust in order to do what's necessary. I think everybody on this committee is certainly committed to ensuring the stability of international trade for us. We just heard from some important witnesses about how important that is for our companies. If a deal is reached, I think we can find a way to make this happen. Certainly, the study that we're undertaking now would have to be adjusted. I believe doing that would be possible, if necessary. I certainly hope we will be able to do that quickly and make it all happen.

I don't see any particular problem with going forward as the chair suggests, but if you and Ms. Gray would prefer not to have an interim report, that can certainly be discussed as well.

**The Chair:** Mr. Lobb.

**Mr. Ben Lobb:** Thanks, Madam Chair.

The only thing I would say with regard to an interim report—and this is just my own opinion and maybe it's mine alone—is that the information we got today from the four organizations, although they are very reputable, really didn't provide any insight at all as to where we are in a trade deal or what we're looking to gain or to lose. What we heard today was kind of Wikipedia 101 on things, so we'd probably need to hear some more details from other witnesses, in terms of pros and cons, good and bad, in order to do an interim report that would be more than something we could pick off Wikipedia.

**Ms. Rachel Bendayan:** Madam Chair, can I just respond to that?

Friday we have the negotiators coming to this committee in order to update us on the negotiations. I don't see why we were asking witnesses who are not part of the negotiations about the state of the negotiations. I think we will have our interim report reflect the tes-

timony that we'll hear from our negotiators on Friday, and in the two meetings we have on Monday.

● (1305)

**Mr. Ben Lobb:** Ms. Bendayan, I agree. That's fantastic.

I would just interject and say that the organizations here today basically said that if I have a question, I can email somebody and they'll write back with a response. It didn't sound as if many of them have been included in the negotiations to see where things would go forward. On Friday, maybe the negotiators will tell us otherwise.

**The Chair:** Mr. Blaikie, very quickly.

**Mr. Daniel Blaikie:** I just want to ask, in the case that we are filing a small interim report with a summary of some testimony, will there be the possibility to have a supplementary report or a dissenting report attached to that?

**The Chair:** Yes, of course. Absolutely.

At least getting a bit of the interim report in there will indicate some of the concerns and direction of the committee.

Seeing what the time is and that we're over it, to update you, COVID-19 and trade will continue in November. On December 7, we'll start to talk about the WTO. That's the plan, but we always have to have some flexibility as we move forward.

We will see you all on Friday at our next committee meeting.

Thank you all very much for your participation. Thank you, Madam Clerk, our analysts and everyone else.

Have a good day.

The meeting is adjourned.

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