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Chair: The Honourable Judy A. Sgro

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● (1305)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I call this meeting to order.

This is meeting number 17, on Friday, February 26. Pursuant to the order of reference of Monday, February 1, 2021, we are studying Bill C-18, an act to implement the agreement on trade continuity between Canada and the United Kingdom of Great Britain and Northern Ireland. Today's meeting is webcast and is taking place in a hybrid format, pursuant to the House order of January 25, 2021.

Welcome to all of the committee members, the staff and our witnesses. From 1 p.m. until 2:30 p.m., we have the following witnesses who will be presenting to the committee.

We have, from the Business Council of Canada, Trevor Kennedy, director, trade and international policy. From the Canadian Alliance of British Pensioners, we have Ian Andexser, chairman. From the Canadian Cattlemen's Association, we have Fawn Jackson, director, international and government relations; and Doug Sawyer, co-chair, international trade committee.

From the Canadian Federation of Independent Business, we have Corinne Pohlmann, senior vice-president, national affairs and partnerships; and from Canadian Manufacturers & Exporters, we have Matthew Poirier, director, trade policy.

Welcome to you all.

Mr. Kennedy, if you'd like, please lead off.

Mr. Trevor Kennedy (Director, Trade and International Policy, Business Council of Canada): Thank you very much.

Madam Chair, committee members, thank you for the invitation to take part in your meeting on Bill C-18, an act to implement the agreement on trade continuity between Canada and the United Kingdom.

The Business Council of Canada is composed of 150 chief executives and entrepreneurs of Canada's leading enterprises. Our members directly and indirectly support more than six million jobs across the country and hundreds of thousands of small businesses. Representing different industries and regions, these men and women are united in their commitment to make Canada the best country in which to live, work, invest and grow.

It's been said many times before, but it bears repeating, that Canada is a trading nation, and many Canadian companies rely on the rules-based trading system, as well as our networks of bilateral free trade agreements, to provide certainty and access to global markets.

Given its prominent role in the economy, we expect international trade to be an important part of Canada's economic recovery. The facts speak for themselves. Merchandise exports to the world fell by 12.3% in 2020 because of the pandemic, a decline of \$70 billion. Canada needs to work hard in the years ahead to restore and grow our exports from precrisis levels.

The potential loss of preferential market access to the U.K., secured under CETA, presented a serious risk to the recovery for Canadian exporters. The U.K. is Canada's third-largest merchandise export market. It was also one of the few markets in the world in which we were able to sustain our exports from last year despite the crisis.

The U.K., as part of the EU, has been a critical component of Canada's fast-growing transatlantic trade relationship. Before the pandemic, it accounted for 40% of Canada's merchandise exports and 36% of service exports to the EU. Merchandise exports to the U.K. grew by nearly 12% since provisional application. Canadian exporters had momentum in the U.K. before the pandemic, and it's important that we continue to grow our trade.

When I spoke to the committee during negotiations, I mentioned how time-sensitive a Canada-U.K. trade deal is. Not only did we risk losing preferential market access by reverting to the WTO most-favoured nation tariff rates, but many of our peers were negotiating bilateral deals that would have undermined our competitiveness in the market.

Given our existing trade relationship with the U.K. under CETA, and the uncertainty surrounding the future of U.K.-EU relations during the negotiations, the transitional trade deal approach taken by our negotiators was the best approach for Canada. The transitional approach provided Canada with an opportunity to take this new relationship into account when we negotiate a long-term trade deal

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

We were pleased to see that a Canada-U.K. trade continuity agreement manages to preserve our gains under CETA. Like CETA, the TCA's benefits include the elimination of 98% of tariffs on Canadian merchandise exports to the U.K. and will eliminate 99% within a few years. This is in addition to important market access opportunities in government procurement and services, among others.

At the same time, because Canada and the U.K. agreed to negotiate a new deal in the future, the TCA does not require that our future trade relationship be based exclusively on our existing EU agreement.

Our priority today is to quickly ratify the TCA. The existing memorandum of understanding between Canada and the U.K. is a helpful stopgap measure but it is time-sensitive. The U.K. is retooling its international relationships and there is a clear opportunity to reimage our bilateral trade and investment ties with a comprehensive and ambitious trade agreement. We hope both parties can start working on this with stakeholders as soon as the TCA is in force.

The Business Council of Canada reiterates the importance of swiftly ratifying the TCA. This agreement provides certainty for businesses at a time of great uncertainty. It will help our economy to recover by driving trade and attracting the capital needed to innovate, grow and improve Canadians' quality of life through the creation of well-paying jobs.

Thank you for the opportunity to address your committee. I look forward to answering questions.

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

We move on to Mr. Andexser, for the Canadian Alliance of British Pensioners.

Mr. Ian Andexser (Chairman, Canadian Alliance of British Pensioners): Thank you, Madam Chair, and thank you to all committee members for the opportunity to address you today.

I am sure many of you are wondering why I have been given the opportunity to speak to a committee formed to discuss future trade agreements between the U.K. and Canada. I hope in the next few minutes to clearly explain why we feel there is an important connection.

I may be one voice, but I say "we" because I speak on behalf of approximately 136,000 British pensioners who have chosen Canada as their home in retirement. The vast majority of these people, like me, emigrated many years ago in response to Canada's request for certain skilled labour, such as nurses, teachers, firefighters and tradespeople, for the booming oil industry in the 1970s. Others came to Canada, after working all their lives in the U.K., to be with family members who had already emigrated.

Before leaving the U.K., we worked and we paid mandatory contributions into the British state pension scheme, which is the equiv-

alent of CPP, assuming that upon retirement we would be treated equally to all British pensioners residing around the world.

However, we are not treated equally because we have chosen to live in Canada, and indeed neither are pensioners in most Commonwealth countries. This results in almost half a million pensioners never receiving the annual uprating in their British pensions. We are known as frozen pensioners.

You may ask why.

One answer is that the U.K. has continuously refused requests from Canada's officials to sign a reciprocal agreement to stop this discrimination. They argue that pension increases are to take into account inflation in the U.K., but they ignore the fact that they already index pensions for half a million expats overseas in many countries, including, just to the south of us, the United States.

A recent U.K. House of Commons briefing paper covering frozen overseas pensions states that the unfreezing of British pensions in Canada did not arise during the negotiation of a social security agreement with Canada in 1959. This is not surprising. The pension payable overseas was only introduced in 1946. Movement around the world was in its infancy. There were very few people affected in 1959, but here we are 61 years later, and the U.K. still clings to this piece of history.

As more people started to be affected during the high inflation days of the 1960s, more and more United Kingdom MPs began to receive correspondence from pensioners abroad protesting the unfairness of the freezing policy. This protest has magnified over the years as travel around the globe has exploded.

Let me give you a couple of examples of the impact of this policy here in Canada.

Peter Duffey, a 95-year-old from Vancouver, lives only 300 yards from the U.S.A. border. He worked for 40 years in the U.K. He flew bombers in the Second World War and he still receives 52 pounds per week, as he has done for 30 years. A similar individual in the U.S.A, however, is paid 134 pounds. Anne Puckridge, 95, of Calgary—also a war veteran—receives only 72 pounds a week instead of 134 pounds.

Both of these seniors have been cheated out of thousands of pounds of their rightful pension, and the same is true of countless others of the 136,000 frozen pensioners in Canada.

The standard boilerplate response that we receive from the U.K. is that this is a policy that has been continued by successive governments for many years. However, having a history doesn't mean something is right. What was applicable 70 years ago isn't in today's world. If something is morally wrong, it is wrong, plain and simple.

Some years ago, our association joined forces with a similar group in Australia to begin a consolidated approach to seeking justice, and the International Consortium of British Pensioners now advocates on behalf of frozen pensioners everywhere in the world.

Only two months ago, Sir Roger Gale, a Conservative MP in the United Kingdom for 38 years and chairman of the All-Party Parliamentary Group on Frozen British Pensions, released a report that was extremely critical of his own government for perpetuating this practice.

• (1310)

For decades, the U.K. has maintained that they are not entering into any new agreements covering frozen pensions, yet with Brexit, the U.K. recently signed new pension agreements with 23 countries to ensure uprated pensions continue for all expats in EU countries, as indeed they should. The U.K. can no longer claim it's not entering into new agreements, and Canada should most certainly be given the opportunity to enter into an updated agreement under the current trade negotiation discussions.

Earlier this week, Sir Roger Gale invited more than 30 MPs from the U.K. and Canada to discuss ways to advance talks on the frozen pension issue, and a number of Canadian MPs, including pensions minister Deb Schulte, suggested that your upcoming trade negotiations would certainly be a good starting point.

On behalf of the 136,000 frozen pensioners residing in Canada, we would be extremely grateful if you could raise this issue with your counterparts across the pond. As Canada enters into trade negotiations with the U.K., worth an estimated \$27 billion annually, there is no better time to have this critical discussion.

This policy is estimated to cost the Canadian economy close to half a billion dollars every year, and the onus to support those struggling on very low incomes should not fall on the backs of the Canadian taxpayers, as it currently does through subsidies such as GIS and welfare.

One recent high commissioner to the U.K. told us that the only thorn in an excellent bilateral relationship was that of frozen pensions in Canada. Surely one would have thought that as a major Commonwealth partner, Canada would have been the last place where this immoral, unjust and discriminatory practice could have been allowed to perpetuate for so long.

I hope that I have demonstrated that the current policy is a cost to Canada and deeply impacts the well-being of many of the most vulnerable in our society.

In conclusion, I realize that this issue might not appear to fall within the parameters of normal trade discussions, but now more than ever, your committee is in an excellent bargaining position to demand that the U.K. quickly respond to the recent official request from Canada to sign a social security agreement.

One definition of the word "trade" is to willingly give things or services and get other things or services in return.

(1315)

[Translation]

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Madam Chair, I apologize for interrupting Mr. Andexser, but the interpretation is not working.

[English]

The Chair: Mr. Andexser, could you just hold for a moment?

[Translation]

Mr. Sébastien Lemire: The interpretation is back.

Thank you very much.

[English]

Mr. Ian Andexser: We feel that momentum to end this policy is now on our side. Please use your voices to help us.

Thank you. I would be pleased to answer any questions.

The Chair: Thank you, Mr. Andexser. I appreciate that.

We'll go on to the Canadian Cattlemen's Association.

Ms. Jackson or Mr. Sawyer, whichever one of you would like to go forward, please begin.

Mr. Doug Sawyer (Co-Chair, International Trade Committee, Canadian Cattlemen's Association): Thank you, Madam Chair, to you and your fellow committee members.

I am Doug Sawyer. I'm a rancher out here in the west, in snowy Alberta. I am also a board member of the Canadian Cattlemen's Association, the national voice of Canada's beef farmers and ranchers. With me today is Fawn Jackson, director of government and international relations with the CCA.

Thank you for the opportunity to reappear before the committee regarding the act to implement the agreement on trade continuity between Canada and the United Kingdom of Great Britain and Northern Ireland. We will refer to this agreement as the "continuity agreement".

Today we advocate for two things. Firstly, we strongly encourage a swift return to the negotiating table to establish a permanent, progressive and ambitious free trade agreement, with a culmination in the U.K. joining the CPTPP. Secondly, we cannot replicate the trade agreement that we have under CETA in a Canada-U.K. FTA or CPTPP.

I will now expand on these points.

The beef industry is one of Canada's largest agricultural sectors, supporting a total of 228,000 jobs and a contribution of \$17.9 billion to GDP. Canadian beef and livestock genetics are sold to 58 markets around the world and about 50% of what we produce is actually exported.

Although COVID has been extremely difficult for all Canadians, agriculture stands out as a vital and resilient part of our whole economy. I am pleased to report that while COVID was very difficult for the first part of the spring of 2020, we were able to recover and the value of trade was up 1.4% in 2020 over 2019. Having a record year, despite the difficult conditions, demonstrates the value of having robust and ambitious trade agreements in place.

Export Development Canada reports that Canada's agricultural exports are growing three times faster than the overall Canadian average, confirming that agricultural products are a net cash generator for Canada's economy and an area for future growth. This is important context indeed for the conversation we are having today about trade, both for recovery and for the long-term economic health of our great country.

Since it became clear that the U.K. would be exiting from the EU, CCA consistently communicated concerns with trade obstacles being carried over from CETA to the Canada-U.K. transitional agreement and any permanent trade agreement with them.

Last time we presented before this committee, the details of the continuity agreement were not available, but today we are able to share some thoughts on what the deal means for Canadian beef producers.

First of all, on access, Canadian beef will have 3,279 tonnes of access in 2021, and 3,869 tonnes in 2022. All beef must be hormone free.

In 2020, Canada exported 1,415 tonnes, which is within the total access we have gained, with some room for growth.

In the same time frame, the U.K. exported 5,393 tonnes to Canada, almost four times more than we exported to them, and significantly over the access we have in their market in this continuity agreement. Under the continuity agreement the U.K. has maintained duty-free access to the Canadian market, so even if we were able to resolve some of the trade limiting factors on our exports, beef will not be a net even trading partner with the U.K.

• (1320)

In 2020, Canada had a negative net beef trade of almost \$14 million with the U.K., and a negative net trade of \$83 million with the EU. This net trade deficit has grown since the implementation of CETA. The overall Canada-EU beef trade deficit, which includes the U.K., was a half a million dollars in 2018, \$17.3 million in 2019 and an astounding \$96.8 million for 2020. Needless to say, CCA is significantly concerned with how beef trade with the EU and the U.K. has actually progressed.

Unfortunately, because of the growing trade imbalance between Canada and the EU, we have had to ask the Government of Canada for some compensation. In future agreements, we must obtain reciprocal access. Anything less is unacceptable to our beef producers. It is disappointing to see that this reciprocity has not been obtained in the continuity agreement.

As you all know, CCA as an organization is a proud advocate of free trade, but we cannot have free trade in one direction without free trade in the other direction.

The continuity agreement does have some improvements. We are pleased with the tariff rate quota, TRQ, administration that will be handled on a first-come, first-served basis, which will make shipping to the U.K. less burdensome. Previously, the quota access was managed through a licensing system. We also recognize that this is a continuity agreement largely replicating CETA, and that without a trade agreement in place, the Canada-U.K. trading relationship could have fallen back to the MFN tariffs, which could halt trade between Canada and the United Kingdom.

For the reasons we have discussed today, CCA's highest priority is achieving a long-term FTA with the U.K. that resolves trade barriers and enables reciprocal trade. CCA is pleased to see both governments committed to negotiating a full FTA starting this year, and encourages both parties to do so, especially given the U.K.'s formal application for access into CPTPP.

Aside from reciprocal access, which we stress is imperative, there are a number of other factors that need to be addressed under a future trade agreement with the United Kingdom. We also advocate for a full systems approval. Canada has a world-renowned food safety and meat inspection system that is recognized throughout—

• (1325)

The Chair: Please deliver your closing remarks, Mr. Sawyer.

Mr. Doug Sawyer: I'll skip right down to them.

CCA recognizes the importance of avoiding trade interruptions and the need for a transitional agreement. We are strongly advocating for a swift return to the negotiating table to establish an ambitious agreement. We are confident that Canada has the right team of negotiators, and look forward to achieving the same level of ambition that was achieved in the CPTPP agreement, with our U.K. partners

I thank you and look forward to taking your questions.

The Chair: Thank you very much, Mr. Sawyer. You have my apologies for having to interrupt you.

From the Canadian Federation of Independent Business, Corinne Pohlmann is next.

Ms. Corinne Pohlmann (Senior Vice-President, National Affairs and Partnerships, Canadian Federation of Independent Business): Good afternoon, everybody.

Thank you for the opportunity to be here today to share the CFIB's perspective on Bill C-18.

You should have a slide presentation that was sent to you by the clerk. I'm hoping to walk you through it, so I hope you'll have that in front of you as I present my speaking notes over the next few minutes.

First, I just want to say that the CFIB is a non-profit, non-partisan organization that represents about 110,000 small and medium-sized businesses across Canada. They come from every sector of the economy and are found in every region of the country.

It's important to remember that, normally, Canada's small and medium-sized enterprises employ about 90% of Canadians, and they're responsible for the bulk of new job creation. However, the last year has been particularly challenging for many small businesses right across the country, as they had to deal with shutdowns and limited capacity to help Canada deal with the pandemic.

As of early February, you should know that only 51% of businesses in Canada were fully open, that only 39% were fully staffed and that only 25% were back to normal revenues. The CFIB also released some new data just yesterday that found that seven in 10 businesses have taken on new debt during the pandemic, with the average debt being almost \$170,000 per business.

I share these staggering numbers to highlight why it is so important to continue to find ways to bring stability and continuity to businesses trying to operate in these challenging times. I think that is what Bill C-18 aims to do.

I also believe that trade, both domestic and international, will be key to Canada's economic recovery. Agreements such as this one are essential in making sure that small and—to be fair—large businesses, as well, have some certainty when dealing with some of our largest trading partners.

To better understand why this is so important to small businesses, I'm going to be referring to a survey that we did back in 2017 that got almost 4,400 responses. As you can see, 31% of survey respondents had some experience with exporting, and 71% had some experience with importing.

These may be slightly higher than what is actually out there, as the survey likely attracted those, but they're not going to be too far off from what's actually the experience of many small businesses. For some, though, it's only an occasional thing. They maybe do it a couple of times a year. Others, though, do engage in trade daily. What's important, though, is that, regardless of the frequency of their trade experience, it needs to be as seamless and as easy as possible if we are to encourage more small businesses to continue to trade internationally.

Which countries do they trade with? Not surprisingly, the United States, of course, dominates the trading experiences of small businesses in Canada. However, as you'll see, more than 5% of small business owners import goods and services from the United Kingdom, and slightly more—closer to 6%—export to the U.K. In fact, amongst small firms, the U.K. is the third most likely region that Canadian small businesses will be exporting to—behind only the U.S. and the EU—and it's the fourth most likely country that Canadian small firms import from. Clearly, it's an important trading partner for small businesses.

We know also that governments around the world are interested in getting more small businesses involved in international trade. Therefore, understanding what motivates them to get involved in trade is still an important question. As you can see, most do it because they see a growing market demand for their product or service, want to expand their business or see good potential market opportunities. However, more than a third—36%—are also citing favourable trade agreements as having an influence on their intention to export. Having trade agreements address small and medium-sized business trade priorities would encourage even more to engage in trade.

That's why we've always welcomed the small business—or SME—chapters that were included in the CPTPP and the Canada-United States-Mexico Agreement, as they're a starting point in recognizing some of the challenges that may be unique to smaller firms.

While CETA did not expressly have an SME chapter, there was some work done through a joint committee to recognize the unique needs of small firms. We would strongly encourage a continued focus on SMEs in this trade continuity agreement. We would also highly recommend that the new Canada-U.K. negotiated trade agreement include a small business chapter that has within it the development of such tools and activities aimed at assisting smaller firms with their trading challenges. It's these types of initiatives that will ultimately encourage more smaller firms to engage in trade.

At the very least, of course, trade agreements have to help small businesses overcome some of the barriers they face. Those challenges can include everything from currency fluctuations to the cost of shipping, but they also include dealing with various duties and taxes and understanding rules and regulations—basically those non-tariff barriers.

• (1330)

We are pleased to see that Bill C-18 will honour the tariff elimination agreements made under CETA, which includes the elimination of 98% of tariffs on products exported to the U.K. right away. That, of course, will go up over the next couple of years.

We're also pleased to see that chapters remain on improving technical barriers to trade, as well as an emphasis on working together on regulatory co-operation. Also, it's important, though, to improve customs and trade facilitation, as this is often where small businesses can get discouraged. Efforts to help them better understand all the various rules, all the various customs processes, will be an important component of making this trade agreement and others really work for small businesses.

While much of the information I'm sharing today comes from a survey done prior to the pandemic, I did want to share some more recent data that illustrates that these issues remain important for small businesses, even during troubling times.

A survey was conducted just last August. In it we asked what the federal government priorities should be or what it should focus on. As you can see, over one-third wanted the government to focus on ensuring favourable trade conditions for small businesses. This actually jumps to more than one-half among manufacturing firms. This is despite all the challenges that were in place at the time.

We want to ask that you ratify Bill C-18 and then move quickly to negotiate a comprehensive trade agreement with the U.K. The trade agreement to be negotiated should include a small business chapter that addresses their unique needs and provides them with tools like a centralized website that has relevant information in plain language. It also should ensure that Canada and the U.K. provide tailored information for small and medium-sized enterprises on what changes to the agreement may impact their existing trade relationships, and how small businesses can benefit from the agreement. It should also focus on making customs processes easier, as this is often where the greatest stumbling blocks are for smaller companies.

Incorporating some of these ideas and moving quickly on this agreement will help make sure that businesses already trading into the U.K. can continue to do so with limited interruption, and could potentially attract even more smaller firms that are looking to expand into new markets to engage in trade.

I want to thank you for your attention. I look forward to answering any questions.

The Chair: Thank you, Ms. Pohlmann.

We move on to Canadian Manufacturers & Exporters, and Mr. Poirier.

Mr. Matthew Poirier (Director, Trade Policy, Canadian Manufacturers & Exporters): Good afternoon, and thank you for inviting me to participate in today's discussion.

It's my pleasure to be here on behalf of Canada's 90,000 manufacturers and exporters, and our association's 2,500 direct members to discuss Bill C-18, the implications for Canada's manufacturing and exporting sector, and the future of this vital industry.

Our association's members cover all sizes of companies, from all regions of the country and all industrial sectors. We represent the majority of Canada's manufacturing output, as well as Canada's value-added exports.

With over \$20 billion in exports, the U.K. is one of Canada's largest export markets. Canada-U.K. trade was one of our very first trade relationships and traditionally has been our doorway to the European market. According to our management issues survey, which is a large biennial survey of Canadian manufacturers, the European Union, and the U.K. in particular, is one of the top three markets that exporters see as having the most potential in the next five years.

As the committee knows, this is a unique situation. We've had a free trade agreement with the U.K. for many years under CETA, so the discussion today is all about maintaining that access and then, we hope, a discussion on how Canada can take advantage of a new bilateral trade agreement between Canada and the U.K. We, therefore, fully support the Canada-United Kingdom trade continuity agreement, and we urge swift passage of Bill C-18. This interim measure is required, obviously, while our negotiators hammer out a more permanent Canada-U.K. agreement, and like my fellow panellists, I urge that it happen as soon as possible as well.

However, beyond these mechanical trade agreement issues lies an even bigger problem that I must raise. That is the problem of our declining value-added export performance, a decline that has been accelerating despite signing more and more free trade agreements across the globe.

Let me explain what I mean. Two-thirds of Canada's value-added exports, the types of exports that Canada makes the most money from, are manufactured goods. In other words, Canadian manufacturers take the raw ingredients, transform them into something of higher value and then sell these goods abroad. This "bigger bang for your buck" type of trade has been declining for years. In fact, with the U.K., manufacturing exports have been declining steadily for five years, even after we signed CETA. Canada can no longer afford to ignore the lost economic potential that the decline in value-added exports represents. It's simply not sustainable.

How do we fix that? We have ideas.

Simply put, Canada's manufacturer-exporters are too small, and at full capacity. Generally speaking, Canada has a higher proportion of its businesses being smaller SMEs than most of our global competitors. From a fundamental structural perspective, we need to get our companies to invest in their businesses and help them grow and scale up. Larger companies are simply better positioned to take advantage of global trade. CME's manufacturing survey results back this up. When asked what is holding them back from exporting to new markets, they told us that the risks are too high because they lack a competitive edge with foreign companies. They simply feel that they can't compete and don't bother.

It's important that we agree that this structural domestic business problem is driving our export underperformance. Landing new global customers through FTAs is rather pointless if we cannot produce the goods to sell to them at competitive prices.

Now, you might ask yourselves, isn't this the point of EDC, BDC, CCC and the trade commissioner service? Aren't they supposed to help derisk exporting and help SMEs get out there? The answer is yes, and we would argue that they are all quite good at doing that. The problem is the disconnect between these great programs and exporters knowing that they exist. When we polled manufacturers, we found that those who used these agencies and programs loved them, but a majority of respondents couldn't even identify the agencies, let alone the programs they offer. This is a big problem.

Therefore, we have the dual challenge of our exporting companies being small, underinvested in and uncompetitive, and a big gap between government assistance and companies using that assistance.

Here are some concrete actions that we would like to put forward to address some of those problems.

Number one, create a manufacturing and export strategy for Canada that focuses on modernizing and growing our industrial sectors. It needs to help companies invest in the technology that will help them scale up and truly become global players. We happen to have such a plan, which we discussed with many of you in the past, and I would be happy to leave a copy with the clerk.

• (1335)

Number two, launch a made-in-Canada branding exercise at home and in international markets to celebrate our manufactured goods. This will boost awareness of Canadian capabilities and technologies as well as sales and exports. The maple leaf is a global brand with a sterling reputation that we don't take advantage of enough.

Number three, bridge government export agencies and exporters by leveraging the vast networks of business trade associations. This can be done by investing in Canada's trade associations' capacity to link the two sides and act as a concierge service for exporters. The government used to support these types of initiatives to great effect. We think they should again.

Number four, expand our efforts on SME exporter mentorship. Organizing and managing private peer-mentoring networks is an-

other way Canada's trade associations can be used to maximize company-to-company learning.

All these actions are table stakes if we want to play a bigger role in global trade. They will also go a long way to helping current manufacturers maximize their export potential for years to come. However, while we at CME believe these solutions are something we need to work on now, the priority, of course, is ensuring we maintain current global market access.

Let me reiterate that CME fully supports Bill C-18. We need a transitional agreement in place between Canada and the U.K. as soon as possible and, in time, a permanent trade agreement between our two nations.

Thank you for inviting me. I look forward to the discussion.

(1340)

The Chair: Thank you very much, Mr. Poirier. Thank you to all the witnesses.

We'll go on to Mr. Hoback for six minutes, please.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair, and thank you, witnesses, for coming out on a nice Friday afternoon to talk about trade. It's one of my favourite topics.

I'm going to start off with you, Mr. Sawyer. You raised quite a few concerns about the agreement that we have with the EU, yet this is a copycat agreement that's gone on to the U.K. As we look forward, we're not going to stand in front of this agreement. We're not going to hold it up. I think everybody understands that, but in the same breath, we have to make sure that when we go into our bilateral negotiations, all the sectors are properly represented.

As we go forward, what are the things that you'd key in on that would help the beef sector in Canada be part of that agreement?

Mr. Doug Sawyer: I think there are a few. We run into the nontariff trade barriers that always give us grief. We need to equalize that. We also very much need to equalize our ability to trade in the same amount of tonnage. That's imperative. As you've seen, that huge trade imbalance, which has caused.... As you see, we still have some room to move upward on our quota there.

Those trade imbalances are caused by the non-tariff trade barriers that we're up against. We've been working through those for years, as you well know. We're not making the progress on those that we had certainly hoped for. If we had the non-tariff trade barriers removed, we would soon hit that quota limit. Free trade has to be free trade, so remove the quota limits.

I don't know if Fawn has anything to add to that or not.

Ms. Fawn Jackson (Director, International and Government Relations, Canadian Cattlemen's Association): It's in a future FTA with the U.K. and also as we move into CPTPP. It has to be imperative in both of them.

Mr. Randy Hoback: The odds are that we'll do the British agreement first. I agree with you, Fawn, that we then have to address the science-based approach on all our trade and how other countries are using non-tariff trade barriers and avoiding science to restrict Canadian access for beef or other goods.

As we look at this agreement, one of the things they've said is that they've made no concessions and they've given up no access to supply management. Supply management has been compensated in the past when they had to give up access. When you're talking about compensation, where is your justification for compensation? Where do you feel you need compensation and why?

Mr. Doug Sawyer: Fawn, I think you're close to that file, closer than I am.

Ms. Fawn Jackson: I can tell you that it was a robust discussion for our board to go down that path, but it has been extremely frustrating that we have not been able to access the European market, including the U.K. market, as we had anticipated. Some of the problems are within Canada. We haven't been able to develop the supply chains, for which we need support from CFIA and AAFC to be able to do, to have the same sort of system, for example, that's readily available in the United States.

We're extremely frustrated, and the net trade balance has grown to a point where it is truly unbearable.

Mr. Randy Hoback: Yes, it's amazing when I think we're importing more from the U.K. than we're sending there. When I look at our cost production, we should be beating them hands down. We're more competitive and we produce a better product in a more environmentally friendly atmosphere. I just can't believe that.

Mr. Poirier, I'm going to move over to you and the manufacturers and exporters. One of the things that we've always been talking about, and I'm hoping is getting addressed in this agreement, is the fact that we need to become more competitive. We need to take advantage of our trading partners and partnerships with our trading partners to become more competitive globally.

Do you see those opportunities coming forward with this interim agreement? What other things would be changed in a final agreement that you would like to see happen?

Mr. Matthew Poirier: All of our agreements to a large extent give us access. That's the key point. The issue that I sort of touched on in my remarks was that, before we get out the gate, we're limiting ourselves here domestically in terms of our capacities. If we're speaking about manufacturing specifically, we're at our limit in terms of what we can produce. It's great that we get all this extra

market access, but if we can't produce more goods, we're not going to be able to take advantage of the gains from exports.

In terms of the agreement itself, I know Ms. Pohlmann mentioned the SME chapter. We're big fans of these sorts of bilateral or whatever chapters. In the USMCA, for example, we have the competitiveness chapter, the SME chapter and others that are key mechanisms to have the two countries work out problems before they become trade issues. We would like to see that as well.

• (1345)

Mr. Randy Hoback: You've brought up a domestic problem, and you said it's the fact that our Canadian companies are at 80% to 90% capacity and that they're not reinvesting to take advantage of these new markets. What is holding them back? They're already exporting to the U.S. in most cases. Why aren't they reinvesting in Canada?

Mr. Matthew Poirier: Our production with the U.S. is a trade relationship, but it's an integrated North American production, so that sort of masks our performances there.

When we look at other countries, other jurisdictions, Europe and the other ones around the globe, we see where we start to stumble. Yes, like I mentioned, we're at 89% or so, which is effectively our maximum production capacity. Until we have more favourable business conditions within Canada—and that problem lays at the feet of many governments, federal and provincial—we simply cannot compete.

Mr. Randy Hoback: That not competing is restricting the growth of our economy and the number of jobs we have in the manufacturing sector.

In what sectors do you see reinvestment happening here in Canada, where people say it makes sense to do it here because we have all the trade agreements, in fact, more than any other G7 country? We're positioned properly. It still comes back to that cost of production. Why are we not tackling that? What's holding us back?

Mr. Matthew Poirier: There are a number of things, but writ large, it's that the cost of doing business in Canada is too high. Whether it's our tax system, which is not as competitive, or whether it's our investment programs and incentives to get businesses to invest in tech adoption or our skill shortages. The number one issue for manufacturing is that they can't find workers. They can't find the basic number of workers to keep production at current levels, let alone be able to grow.

Until we tackle these challenges, and that's shared by the federal government and provincial governments as well when we're talking about cost of doing business, until we get serious about this.... What the pandemic has shown us is that we need manufacturing. These are good jobs, well-paying jobs. Frankly, if we don't do more than just pay lip service to how great it is, and if we don't help them by creating a more competitive business environment and stemming that flight out of Canada, the investment will go elsewhere.

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

We will move on to Ms. Bendayan, for six minutes.

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

Thank you to all the witnesses for your excellent presentations on this beautiful Friday afternoon.

I'll begin with Mr. Kennedy and the Business Council of Canada.

Mr. Kennedy, you mentioned a few times during your opening remarks the importance of certainty. I have down here that it is a priority for your organization and the members you represent to quickly ratify the TCA, and that the Business Council of Canada reiterates its request for a speedy ratification of the TCA.

I was wondering if you could comment briefly, Mr. Kennedy, on proposals that I believe this committee will have before them shortly for amendments to the TCA, which would require us to go back to the negotiating table. Such amendments obviously would delay the ratification process but also, more importantly, create uncertainty for the business community.

Do you have any comments with respect to that, Mr. Kennedy?

Mr. Trevor Kennedy: Thank you for your question.

Yes, swift ratification is a priority. We understand there are concerns with CETA, and I think there are sector-specific concerns that you've heard from other witnesses and in other settings.

We think that in this context the best thing Canada can do is to provide certainty around this trade relationship. We have built a trade relationship around CETA before Brexit, and after Brexit we want to continue that relationship to the greatest extent possible. That's what the TCA does.

Looking towards the future—and this is the key with ratifying this agreement—we have a clear commitment, and we have a time-line to start negotiating a permanent arrangement. As we've heard from many people, that agreement doesn't have to be based on CETA and the relationship with the EU. We have an opportunity to recreate that relationship.

I get a sense from counterparts in the U.K. that there is a lot of interest in working with Canada and building a new economic relationship, so I would just reiterate that it's very important that we move forward with this agreement, as is, and that we move quickly to start negotiating the next step in our relationship.

(1350)

Ms. Rachel Bendavan: Thank you, Mr. Kennedy.

Let me also say that we, too, are hearing a lot of interest on the part of the United Kingdom to return to the negotiating table, and as a government we certainly look forward to consulting you and the Business Council of Canada before entering into those negotiations

If I can move quickly to Mr. Poirier and the Canadian Manufacturers & Exporters, I did note with great interest some of your recommendations around communications and the importance of supporting the scale-up of our manufacturers in this country. I really do thank you for being so eloquent on those points.

I also heard you mention that you urge the swift passage of Bill C-18. What do you think about the possibility of having to go back to the negotiating table? What effect would that have on the manufacturers you represent? Do they want us to move forward in a way that provides certainty?

Mr. Matthew Poirier: Yes. The transitional agreement is just that. For ultimate certainty, a final agreement is desirable. That's the main outcome.

We get it that the U.K. is trying to sign many free trade agreements in the meantime, so we'll fall into that order at some point with them, but the sooner the better for all involved. The longer it drags on, the less incentive and the less willingness there will be on behalf of businesses to expand and grow, until those fundamentals are nailed down.

Ms. Rachel Bendayan: Absolutely. I certainly concur with your comment with respect to not having this drag on.

If I may turn to the CFIB, I think you can see me coming already. Let me just begin by saying that you were mentioned a few times in question period today. We certainly appreciate your engagement on behalf of small businesses and also your encouragement that we should swiftly pass Bill C-14, which would continue to support our small businesses.

With respect to Bill C-18, which is before this committee today, I note that you would like to see a continued focus on SMEs, that you are happy with the chapter on removing technical barriers to trade in this transitional agreement, but that you would like to see a dedicated chapter for small businesses in a final free trade agreement. That certainly has been noted.

With respect to where we are today and the ratification process, you said that trade will be key to our economic [*Technical difficulty—Editor*].

Would you also urge us to move quickly on the passage of Bill C-18 and avoid any possible return to the negotiation table at this stage?

Ms. Corinne Pohlmann: Thank you.

You did cut out briefly but I think I got the gist of your question.

Absolutely, we'd like to see Bill C-18 ratified quickly. Again, there are lots of ongoing trading relationships that are reliant on the rules that have been in place for the last few years with CETA. At the very least, we need to minimize disruption at a time when things are very challenging for many businesses out there. Moving into a new agreement, relatively quickly, I think, is also really important.

Again, we need stability and certainty when it comes to the trading relationships that are happening. Knowing that something is coming and that it's not going to dramatically change, or if it does, it will be to improve what's already been out there, is going to be an important message that has to be delivered as these negotiations go on. The quicker it can happen, the better, because that certainty is important.

The Chair: Thank you very much.

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

[Translation]

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Mr. Lemire is going to take my turn.

Mr. Sébastien Lemire: Madam Chair, if I may, I will take this turn to speak on behalf of the Bloc Québécois.

My thanks to the witnesses for their testimony.

My colleague Ms. Bendayan, who is in the governing party and whose comments I particularly respect, talked to Mr. Kennedy about consultations.

What consultations have been conducted proactively as part of this strategy?

How do you want to be consulted moving forward? What mechanisms need to be put in place, and when should the consultations be held with the Business Council of Canada, for example?

• (1355)

[English]

Mr. Trevor Kennedy: For this negotiation, our group and other groups have been in regular contact with the team at Global Affairs as well as in the minister's office. There were two stages of the negotiation at one point, dating back to about 2018—I don't want to misquote the year; perhaps it was 2019—when there would have been some of the initial negotiations, and then throughout the summer and fall, engaging with the negotiators.

We had a lot of discussions about the approach that Canada was taking in the negotiation. We understood it was meant to be a transitional approach to the negotiation. The priority was in maintaining and continuing the relationship as is and not so much about reimagining the relationship.

We fully understand in the documents that have been provided and in the standard process that I think the department follows that there's a lot of room for consultation. I've noticed there are many opportunities with the negotiators to interact and to share their thoughts, both in writing and verbally.

[Translation]

Mr. Sébastien Lemire: Mr. Kennedy, if I may, I'm going to ask Mr. Poirier the same question.

Is it important for Canadian Manufacturers & Exporters to be consulted? Were you consulted beforehand? When and how do you want to be consulted on the permanent agreement?

[English]

Mr. Matthew Poirier: At Canadian Manufacturers & Exporters, we always have our nose in these things. We're talking with elected representatives, with ministers and with officials.

For this one we've gone through the same motions as for other free trade agreements. We've also been active with our counterparts in the U.K. at the Make UK association. In coordinating with them, we don't see this as a hostile negotiation, by any means. It's an agreement amongst friends. Everyone has been rowing in the same direction, and we're pleased with where it's going. It could always be faster and it could always be better, but in the grand scheme of things it's moving in the right direction.

[Translation]

Mr. Sébastien Lemire: One aspect clearly stands out, namely the whole issue of mechanisms and the provisions applied to the dispute resolution between states and investors.

Are you concerned about that issue? How concerned are you? Should Canada move towards the permanent agreement?

I'm still talking to Mr. Poirier.

[English]

Mr. Matthew Poirier: I'm sorry. Could you repeat the question?

[Translation]

Mr. Sébastien Lemire: My question was about the mechanisms and the provisions applied to the dispute resolution between states and investors. The current situation is temporary. Should Canada move towards something permanent or should it withdraw, as it did with CUSMA?

What do you think?

[English]

Mr. Matthew Poirier: To the largest extent possible, we want to be able to match our other trade agreements.

Between USMCA, for the most part, and CPTPP, we have mechanisms and structures that we fully support and that give businesses confidence in those structures. To the degree that we can replicate that, we're all for it.

[Translation]

Mr. Sébastien Lemire: So predictability and compliance become important. How important is that in the minds of the people you represent?

[English]

Mr. Matthew Poirier: I would say it's issue number one. Most businesses, business leaders and manufacturers are not trade experts, and it's our job to monitor these things for them.

The more consistency possible between various trade agreements, the better, provided of course that they're matching good things, good elements of the trade agreements. However, we don't have any fundamental clause for our sector in any of our major agreements to date.

[Translation]

Mr. Sébastien Lemire: I would also like to come back to what Ms. Pohlmann from the Canadian Federation of Independent Business said.

The statistics are really interesting. They remind us that our trade balance with the European Union is negative, while giving us a sense of what we need in terms of investors, in relation to taxes, duties, and the complexity of the rules and regulations on non-tariff barriers. That has a huge impact.

Your recommendations focus on communication and predictability with respect to our SMEs. How is the current situation falling short?

● (1400)

[English]

Ms. Corinne Pohlmann: Historically trade agreements have often been focused on the larger firms and their needs, and I think in the last maybe five to 10 years we've been moving a little bit more to understanding that sometimes smaller businesses have very different needs.

They are even less trade experts than I think larger businesses are, when it comes to these particular issues. For smaller companies, you really have to think a little bit more about how to put things into plain language and how to make sure that they have information that is clear and concise. They don't mind if there are rules and duties that have to be paid. They just want to know the pathway to get to where they're going to go.

Frankly, it's rare that I've met a small business that has engaged in trade that has not faced penalties or fines of some kind, because it's such a complicated process. Anything that helps simplify that process for them—from trade facilitation to the customs processes, to the regulations and rules they have to follow, to the duties and taxes they have to pay—is going to help improve the number of small firms getting engaged. The last thing you want to do is make it more difficult for them. You want to make it as easy as possible.

Moving trade agreements to recognize that and to communicate that more clearly, and having governments work together to get that information across, is going to be essential to make sure we get small firms engaged in trade. That's when we are going to have a lot more growth happen, when we get those smaller firms into those trade agreements.

The Chair: Thank you very much.

We now go to Mr. Blaikie, please.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you, Madam Chair.

Mr. Andexser, I'm just wondering if you'd like to take a minute to explain what some of the economic benefits to Canada would be of resolving the issue for U.K. pensioners living in Canada.

Mr. Ian Andexser: Certainly, thank you for the question.

Currently, because of the policy, the fact that there are no pensions being indexed here, we all have to pay taxes in Canada.

With the 136,000 people who have been denied their rightful pension, it means that our incomes are obviously reduced and, therefore, we're not paying the taxes in Canada. This ultimately leaves some people in a situation where they're struggling to survive, and Canada is forced, through offering welfare and GIS supplements, to bail these people out.

The onus for supporting pensioners should not fall on the backs of Canadians. It should be the responsibility of Great Britain, and if this policy was to end, it's estimated it would save close to a half billion dollars to the Canadian economy every year. Pensioners tend to be spenders rather than savers, and it would just stimulate the economy.

Mr. Daniel Blaikie: Thank you very much for that testimony.

Mr. Sawyer, I know we've heard many times at this committee already, and this Parliament, some of the long-standing complaints of cattle producers with respect to access to the European market. We know that our trade deficit with our European trading partners has increased since CETA came into effect.

I know that you continue to be an ardent supporter of CETA, this transitional agreement, and having a new agreement. I'm just wondering, what kind of empirical evidence might cause you to express dissatisfaction and opposition to a free trade deal?

Mr. Doug Sawyer: It would be that it starts going in the wrong direction. Obviously we would not be supportive of a trade deal that would do us harm.

We're very supportive of the opportunities that are presented here. In this particular deal, and the direction we're talking about—working with friendly allies and some understanding because we too have worked closely with our governments, our trade negotiators, our industry, as well as working over there and with them—I see nothing on the horizon that in my view should throw a monkey wrench into it. We're trying to get improvements—better stuff.

● (1405)

Mr. Daniel Blaikie: Not being able to meet your export quotas and having increased competition in the domestic market from our trading partners, then, doesn't do harm to your industry, in your opinion.

Mr. Doug Sawyer: It certainly does do harm, and that's why we're looking forward to the opportunities we can achieve here. The status quo is not acceptable with the non-tariff trade barriers. Certainly I think we have an opportunity to progress through them, but definitely we've been harmed with these non-tariff trade barriers, as we've seen through many years.

The numbers I was putting out there.... We went from a half a million dollars' difference to—what was it?—\$98 million. That's huge. That's damaging to our industry and damaging to the economy here.

Mr. Daniel Blaikie: Despite the harm done, you're not prepared to say that you don't support the agreement. Even if the agreement is one that has been doing harm to your industry, it's one that you continue to support anyway.

One day I may be able to square that circle. We've heard similar testimony from the Canadian Manufacturers & Exporters: that we are getting paper access to markets, but when you look at the numbers, it is not producing for Canadian manufacturers, who still struggle to realize the opportunity of those markets.

What kind of empirical economic evidence might cause you to think that a free trade deal is not in the best interests of Canada, that it's not working out and that we should go back to the drawing board to figure out different kinds of agreements or a different approach to structuring our economic activity—or is there none?

Ms. Fawn Jackson: If I may jump in-

Mr. Doug Sawyer: Thanks, Fawn. I was going to pass it to you, because I'm not getting the answer right.

Mr. Daniel Blaikie: I'd like to go to Mr. Poirier, because I only have a minute and change remaining.

Mr. Matthew Poirier: The way we approach it, manufacturers are free traders. We're one of the industries that don't have any similar protections. We have been free traders for decades now, and our sector has adapted accordingly.

Mr. Daniel Blaikie: That has corresponded with a significant decline in the Canadian manufacturing industry. Is that not true?

Mr. Matthew Poirier: Yes, but they're not necessarily associated. With NAFTA, the value of what we produce is infinitely bigger than what it could ever have been. Canada's market is simply too small to have a domestic, non-trading manufacturing market. We need to have access to global markets.

Mr. Daniel Blaikie: To be fair, I don't think anybody's talking about not having any trade. The choice isn't between the kinds of free trade deals that Canada has in fact been signing over the last 30 years and not trading with the world. Canada traded with the world prior to these kinds of free trade agreements and would have continued to trade with the world in their absence. These agreements aren't about whether we trade or not. They're about the terms of trade.

Is there any empirical economic evidence that would convince you that these kinds of agreements aren't working well for the Canadian economy? If so, what kind of evidence is it?

Mr. Matthew Poirier: I would view it more as whether we are trading with like partners around the globe. Are our economies similar? Do we have similar legal structures? As long as all those elements are in place, we can do business. You start to run into trouble when you're looking at making trade deals with countries that are not similar to us in those respects.

With the U.K., we have the same head of state, so we don't have those issues whatsoever.

Mr. Daniel Blaikie: In that case, then, there's no economic evidence that would convince you that a trade deal isn't working out for Canada with the U.K., regardless of its content. Because we

have similar legal structures, there would be no reason to think that the deal was poorly structured.

Am I hearing you right?

Mr. Matthew Poirier: Yes. Never say never, but we don't foresee any of those types of economic problems. We're a good match, which is why we have a trade agreement with them now anyway.

Mr. Daniel Blaikie: You don't think we could be significantly out-competed, despite some of the evidence coming out of your industry and your earlier testimony—

Mr. Matthew Poirier: No, not if we address....

Mr. Daniel Blaikie: —about us not being able to realize the opportunities of the agreement.

Mr. Matthew Poirier: No, I think we're trying to maximize a good thing already. That's what I'm here to talk about. We do have some big challenges, but they're not insurmountable. It's more to draw the attention internally, here, within Canada, to start to get serious about addressing those business challenges.

Mr. Daniel Blaikie: Then trouble with outcomes couldn't mean anything but that Canada should promote its exports more. In your opinion, there couldn't ever be a problem with the structure of the agreement as long as we have a similar legal framework as the other country.

(1410)

The Chair: Mr. Poirier, please provide just a short answer.

Mr. Matthew Poirier: That's right.

The Chair: Thank you very much.

We'll go on to Ms. Gray for five minutes.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): Thank you, Madam Chair, and thank you to all the witnesses for being here today.

I want to ask a couple questions to Mr. Andexser, from the Canadian Alliance of British Pensioners.

Thank you for mentioning the all-parliamentary group for MPs both in Canada and the U.K. that's led by Sir Roger Gale. I have participated in that, and I know that other MPs have as well, regarding this inequity in pensions.

Were you aware of any consultation process that occurred as we led up to this agreement?

Mr. Ian Andexser: Just recently, basically since Brexit has happened, Canada has made an official request again to the British government that this situation with the frozen pensions be addressed. As it sits at the moment, the British government has not responded, which is, as was pointed out the other day in the U.K.-Canada MP discussion, rather rude on behalf of Britain.

I think it behooves all aspects in Canada that we use every facet that we can to encourage Britain to officially respond to that request.

The matter has been raised formally and informally for many years at all levels. Stephen Harper raised the matter with his counterparts at every G7 meeting during his time as PM. The matter has just continually been ignored by Britain using, for many years, the argument that they were not signing any new agreements. Of course, as we discussed this morning, that has just completely gone out the window because of Brexit, where they've had to sign 23 new agreements.

They're basically ignoring Canada's request. It's time that Canada, as a Commonwealth country, stood up and said, "We should not have to support your pensioners any longer."

Mrs. Tracy Gray: Thank you.

One of the parts of this agreement is that, after it's ratified, the countries have to get to the table to start discussing a new successor agreement, and then come up with the new agreement within three years. However, it's not binding. Is that a concern to you?

Mr. Ian Andexser: Anything that would not bring this into a level playing field for all pensioners around the world is going to be a concern. The situation that exists right now under the European Union, where they've agreed to continue to index pensions, was basically to save face. For most of the people living in Europe, who are much closer to the United Kingdom, if they found out their pensions were going to be frozen, it would be very easy for them to return to the U.K. and put an awful lot of pressure on the health system, because we are seniors, and on housing and everything else. They couldn't let that happen; therefore, they've made this agreement that they will continue to index pensions.

That's only in existence for those people who are in Europe at the moment. I feel that it is extremely unlikely that they will not make the policy that all pensioners in the European Union will continue to receive an indexation.

They should be encouraging people to leave the country. It has been proven that every pensioner in the United Kingdom costs 1,700 pounds to the state every year, with health care costs, subsidies for bus licences, and so on. Therefore, rather than discourage emigration, they should be encouraging it.

Mrs. Tracy Gray: Thank you.

I have a question for Ms. Pohlmann of the CFIB.

Thank you very much for sending your document ahead of time.

One of the parts you had in here, and you mentioned it briefly in your opening address, was around ensuring favourable trade conditions for small businesses, and specifically internally, so presumably that would be within Canada. That was part of the survey you did

Can you outline what some of those issues are and what some of those recommendations might be?

Ms. Corinne Pohlmann: Obviously, trade for small businesses is both international and domestic, so internal trade is another very big area that needs to be worked on. Probably the issues are similar. In fact, what we found is that a lot of small businesses will start trading within Canada, and if they have trouble with that, they think, "Well, if that's going to be tough, I'm not going to bother going international." Therefore, fixing internal trade is also, I think, a

stepping stone to getting more firms involved in international trade. That means reducing barriers between provinces. That means aligning our regulations a lot more easily across provinces, which is very similar to what we need to do when we start negotiating trade agreements with other countries.

The other added feature, of course, in an international trade agreement is the trade processes, the customs processes, that you have to go through, which can be extremely complicated. That's another key piece of all of this that, I think, is now starting to be addressed more and more, but is often forgotten because the duty is sort of at the top echelon of the issues. Sometimes, for our members, duties are important, but at least they understand them, whereas the trade processes can be very complicated.

Those are some of the things that need to be really looked at in order to make it easier for small businesses to get involved in international trade. Within Canada, it's really about making sure that those trade barriers between provinces—so, the regulations, the weird standards that can happen from province to province—start to be eliminated across the country.

• (1415

The Chair: You have time for a short question, Ms. Gray.

Mrs. Tracy Gray: Thank you very much. I appreciate that.

They are certainly integrated. As we're looking at this particular agreement—and we do know that we'll be working on a successor agreement that's actually part of the agreement—do you have any really quick thoughts on that? You have said that you want this agreement to go forth. Then maybe really quickly you could give us what your top priorities would be moving forward.

Ms. Corinne Pohlmann: For us, it's really to make sure that there is a small business chapter incorporated into the U.K. trade agreement with Canada, because that is something that was missing in the CETA agreement. While they did some work on small business as part of a joint committee, there was never a specific mandate within the actual trade agreement to look at the unique nature of small businesses and trade. To us, that would be a very important aspect, and it would be sort of building on what's already been done in CUSMA and CPTPP—which are good, but they're stepping stones.

Every time a new SME chapter is included in a trade agreement, we'd love to see that it goes that much further to address the actual issues that are confronting small businesses.

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

Now we'll go on to Monsieur Savard-Tremblay for two and a half minutes.

[Translation]

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

I would like to ask Mr. Poirier the following question.

Earlier, he answered my colleague's question about the investor-state dispute resolution mechanism. On behalf of his members, he mentioned that it is preferable to replicate the mechanism in a form similar or identical to what has been put in place in previous trade agreements.

However, the Canada-United States-Mexico Agreement abolished the mechanism. It is one of the first in a very long time to do so. It has been in effect since last July.

Have you seen any major economic problems? Have you seen problems with predictability? Have you seen a decline in investment? In short, in your opinion, have there been any visible consequences since CUSMA came into effect?

[English]

Mr. Matthew Poirier: These mechanisms are meant to protect.... This hasn't been a big concern for our membership yet. The loss of these mechanisms hasn't been felt yet. Mind you, there's been a lot of preoccupation with just trying to meet business operations during COVID, so that might be masking a lot of problems there.

However, the world hasn't ended. It doesn't mean that we won't run into problems down the road, but it's not a major preoccupation at the moment.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: You nevertheless expressed a preference for this mechanism, while mentioning that there have been no major problems without this mechanism in our relations with the United States and Mexico, for example.

Is that a good summary of what you said?

[English]

Mr. Matthew Poirier: Yes, and I also would add that it's certainly not a deal breaker for us as well.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I'm sorry, even if the interpretation is always very good, I would like to make sure that I understand one thing.

Could you clarify what you mean by deal-breaker, please? [English]

Mr. Matthew Poirier: There's a give and take in any negotiation. We certainly understand that there were some changes in NAFTA, if we're talking about that. In the grand scheme of things, the few concessions that we made overall didn't affect our sector tangibly. To us, in our final analysis, that doesn't mean that we should not pursue a trade agreement because of those things.

• (1420)

The Chair: Thank you very much.

We'll go on to Mr. Dhaliwal.

You have my apologies. I skipped over you, Mr. Dhaliwal.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): No problem, Judy. You always do great work. I'm always proud of you.

Thank you to all the witnesses.

Mr. Poirier mentioned small businesses. I look at my fellow members here and my friends. In Surrey, I know most of the businesses are small businesses and some of them are into manufacturing as well. Some of them have disappeared over the past many years.

You mentioned the cost of doing business is too high. That's number one. Number two is finding new workers.

I look at this tax policy for small businesses going from 11% to 9%, which is probably one of the lowest tax brackets that we have had for small businesses. For workers, we have one of the best immigration systems, where we are bringing in a million people over the next three years. With all these things in place, where do you think government can improve, particularly when it comes to this agreement with U.K.?

Mr. Matthew Poirier: On the exporting side there are sort of two tracks. There's the domestic business capacity. If we make that bigger, better and more efficient, there will be more items that we can manufacture and export as value-added goods. On the trade side, there are a lot of excellent programs that the government currently offers through the various agencies, like EDC, BDC, etc.

The problem is that, especially for SMEs, they don't know that these things exist. It's not a default setting to think to access them. The government used to leverage trade associations like mine and CFIB and others to great effect, to try to leverage our networks and our members to help them connect to government services.

In this trade agreement, on the export side, specifically, if we could apply that, it would just be good generally for all exporters for all our trade agreements, not just exclusively the Canada-U.K. one. That would go a long way to helping link people. Then you can connect them into the larger global supply chains and the supply chains of larger Canadian companies as well. It sort of snowballs after that, so it's all positive in our view.

Mr. Sukh Dhaliwal: Ms. Pohlmann, can you comment on that? You mentioned that some of your clients will be affected as well.

Ms. Corinne Pohlmann: They certainly are.

I would agree. Our research has found the exact same thing as the CME, which is that small business owners are very unaware of all the supports that are out there that governments provide. I think an important part of all this is to somehow find better ways to connect the two. Very few small business owners know about the trade commissioner service in particular. Those who have used it think it's great and really think it has done some good work, but only a fraction of a percentage of them actually know it exists and what it can do to help.

It's the same thing with many of the different programs that are out there. For example, the SME export program provides subsidies to help businesses with their exporting. I don't know if that many are actually aware of it. We have certainly tried to push it out the door, but I think there's more work that can be done in getting smaller firms aware of the supports that already exist.

I don't know if that's getting at the question you were asking, but I would certainly say that it's a big part of it.

Mr. Sukh Dhaliwal: Certainly.

When you say government should leverage, is it that you're looking for man resources or financial resources? Can you tell me tangible things? When I look at the agencies around here that help with the employment overall, they put a proposal in, the government makes a decision and they give the grants to them so they are able to help new immigrants or others who are looking for jobs.

I just want to know what kinds of resources the government should put it in.

Ms. Corinne Pohlmann: Not wanting to repeat what Mr. Poirier said, the fact is that business associations, trade associations, that have that direct connection with business owners are probably one of the better ways to get that. I think the program that Mr. Poirier was talking about—where we used to have embedded trade commissioners, for example, in our associations who could directly speak with our members about trade issues—was actually something that worked quite well in many trade associations. I think there's still maybe the odd one that exists, but many of them have been pulled in the meantime.

Those are some of the ways that it can be better connecting.... The thing is that, for a lot of small businesses, they don't always know what government can offer. They don't always trust they'll get information, but they do trust their business associations a lot more. I think that's a big, tangible way there can be a better connection made between small businesses and some of the resources that are out there.

That would be the first thing I would try, but there are other things that governments can do as well. There are agencies like the CRA that touch every single small business that is out there, and they could potentially be leveraged in different ways. For example, the CRA could give information beyond just taxes. There are things that can be done that can be super-creative, but—

• (1425)

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

Mr. Blaikie, you have two and a half minutes, please.

Mr. Daniel Blaikie: Thank you very much, Madam Chair.

Mr. Andexser, I'm just wondering.... Obviously, we're talking about trade agreements today. Many times there is a lot of non-tariff content in trade agreements. Is it your position that you would prefer to see the expat issue for U.K. pensioners resolved in the context of a trade agreement, or do you think that the coming negotiations for a new agreement are simply a nice leverage point to try to get an independent agreement on the state of U.K. pensioners?

How do you see this playing out, and what advice would you offer to the committee or to government on how best to secure a resolution to this long-standing issue?

Mr. Ian Andexser: The answer to that rests with the people who are involved in the discussions.

Yes, we would love to see you include this as part of any trade negotiation. However, I listened to all the other witnesses, and basically what I'm hearing is that every one of these witnesses this morning is trying to get a level playing field for their association. The whole purpose of a trade negotiation is to get economic benefit for Canada. By pointing out that the frozen pensions here are costing Canada a half a billion dollars, I would look for you, as a trade committee, to suggest, "Yes, if you can, include this."

It's an excellent opportunity for you to level the playing field, and it's financially beneficial for you to do so. If you can include it in trade, that's great. Use it as a bartering process or a negotiating deal—however we can get it resolved. It's just been going on far too long. For Britain to continue to penalize the Canadian economy.... It has to stop. You have the opportunity as you're going into these negotiations now to use your power to do so.

Mr. Daniel Blaikie: Thank you very much.

Mr. Kennedy, Ms. Bendayan talked about some of the amendments that are proposed not for the agreement but for this enabling legislation. One of those is a standard non-derogation clause that simply recognizes the existing rights of indigenous peoples in Canada. It's been recommended by the Assembly of First Nations. If it were to pass today, it wouldn't require an [Technical difficulty—Editor] any more time than the time that's already been allocated.

Does the Business Council of Canada have any objections to recognizing the existing rights of indigenous peoples in the legislation?

Mr. Trevor Kennedy: I, frankly, don't know anything about the subject. However, I can say that, looking toward the future negotiations, like we did for the USMCA, I believe there could be a special focus on the rights of indigenous peoples in trade. That was a focus in that negotiation, and it's something that we could carry over into our next negotiation.

Mr. Daniel Blaikie: Nobody in your group has raised concerns about a delay in the implementation of Bill C-18 because of a non-derogation clause with respect to indigenous rights. That hasn't come to your attention.

Mr. Trevor Kennedy: It has not come to my attention.

Mr. Daniel Blaikie: However, you have talked about other issues with Bill C-18. Is that true? People have brought issues to your attention about the bill and the concerns about delay?

Mr. Trevor Kennedy: Concerns about the implementation of the trade continuity agreement as I have read it and understood it.... Yes, we want to continue the trade relationship.

Mr. Daniel Blaikie: Okay. I'm glad to hear that it wasn't one of the concerns about delay.

The Chair: Thank you, all, very much.

Thank you to the witnesses.

We will suspend now so that the witnesses can leave and our departmental people can come forward so that we can start our legislative agenda section of the meeting. We will suspend for just for a few moments while they do the witness check and sound check.

Thank you very much to the witnesses. That was valuable testimony.

• (1425) (Pause)_____

• (1440)

The Chair: I'm calling the meeting back to order.

Let me introduce our witnesses. We have Doug Forsyth, director general for market access and chief negotiator, Canada-United Kingdom trade continuity agreement—

Mrs. Tracy Gray: I have a point of order, Madam Chair.

The Chair: Yes, there's something that's....

Mrs. Tracy Gray: Can you hear that as well?

The Chair: Yes, I was beginning to think it was just me for a second.

Madam Clerk, we're having a problem here. We're hearing ourselves in our mikes.

The Clerk of the Committee (Ms. Christine Lafrance): I'm hearing myself, too. The technician is looking into that.

Thank you.

• (1440) ____(Pause)_____

• (1440)

The Chair: I'll call the meeting back to order for clause-by-clause consideration of Bill C-18.

With us for witnesses, from the Department of Foreign Affairs, Trade and Development, we have Doug Forsyth, director general for market access and chief negotiator, Canada-United Kingdom trade continuity agreement; Allison Trenholm, deputy chief negotiator, Canada-United Kingdom trade continuity agreement; and Torsten Ström, general counsel, trade law bureau. We also have Brad Norwood from the Department of Finance. I believe he is going to be joining us as well.

Thank you all very much.

As we move forward on this, let's all be patient and go slowly.

We have our analysts with us. We have all of our advisers there to make sure we're going in the right direction with this, too, if we have any questions.

Pursuant to Standing Order 75(1), consideration of clause 1, the short title, is postponed.

I will now call the clauses.

Do I have unanimous consent to group the clauses when there are no suggested changes?

Is everyone in favour of that? All right, I will—

Ms. Jenny Kwan (Vancouver East, NDP): I'm sorry, Madam Chair, if I may just jump in. I have my hand up.

The Chair: Yes, you do.

Ms. Jenny Kwan: Thanks very much.

The Chair: Welcome, Ms. Kwan.

Ms. Jenny Kwan: I'm just subbing in, of course, for my colleague Daniel Blaikie.

Can I propose that we do everything on division, with the exception of clause 30, for which I would like to ask for a recorded vote? Then, of course, when we get to the amendments, I would like to propose a recorded vote as well on the appropriate amendments that I'll be moving.

Is that okay? That way I don't have to raise it at every clause as we go through.

• (1445)

The Chair: I have to ask if the committee has any comments or thoughts about that.

You're suggesting that we move all of the clauses.... Do you want to repeat that again? Go slowly, Ms. Kwan, so the whole committee absorbs it all.

Please go ahead.

Ms. Jenny Kwan: I'm sorry. I'm proposing that we record the votes on division as you go through clause-by-clause, with the exception of clause 30, to which I would like to get a recorded vote. Then when we get to the amendments, we will decide how we want to proceed on those.

It's just for efficiency so that I'm not raising it at every clause and saying, "On division".

The Chair: Does anyone on the committee have any concerns or suggestions?

All right, we'll still group them. They'll just be on division.

Ms. Jenny Kwan: Thank you.

The Chair: I'm moving clauses 2 to 6.

Are there any comments?

(Clauses 2 to 6 inclusive agreed to on division)

The Chair: We move to clause 6.1, an amendment by Mr. Blaikie of the NDP.

Ms. Jenny Kwan: Madam Chair, I'd like to move that amendment for clause 6.1, which I believe all the committee members have a copy of. The amendment is to add, after line 20 on page two, the following new clause 6.1:

This Act is to be construed as upholding the rights of Indigenous peoples recognized and affirmed by section 35 of the Constitution Act, 1982, and not as abrogating or derogating from them.

The reason I would like to propose this amendment is that I think it is important for Canada's trading partners to know and understand the inherent treaty rights of Canada's indigenous peoples. I believe we have a moral and legal obligation to respect those rights. The AFN has asked for clauses like this to be included in trade deals, and this is part of what reconciliation means.

The NDP, of course, are disappointed to see that the Liberals voted down a similar amendment for the CUSMA trade deal, but with that being said, I hope we can learn from that situation and move forward. I hope that committee members will support this amendment.

The Chair: Ms. Bendayan, please go ahead. **Ms. Rachel Bendayan:** Thank you, Madam Chair.

I'd like to thank my colleague Ms. Kwan for moving this proposed amendment, but I believe that she and all members understand that the Constitution holds primacy over all other domestic legislation that we implement, including Bill C-18, and that the Constitution does recognize exactly what is being proposed in this amendment, so it is unnecessary. I would mention as well the importance of not including unnecessary additions into our agreements, because at that point, you can ask yourself the question, "Why aren't other constitutional rights, which are similarly important to all Canadians, not also mentioned specifically?"

I would also note that I did just this week speak to the Canadian Council for Aboriginal Business. I am working hand in hand with indigenous groups in order to ensure that their voices are heard in all trade negotiations, and have specific requests from that association to move forward on our negotiation of a comprehensive free trade agreement with the United Kingdom.

Thank you very much, Madam Chair, and while I appreciate the intent of my colleague's proposed amendment, I will not be voting in favour of it.

The Chair: Thank you, Ms. Bendayan.

Ms. Gray.

Mrs. Tracy Gray: Thank you, Madam Chair.

We definitely have heard from the business community that is affected by trade that it is very important for them to have this agreement move forward. They absolutely want certainty and stability, and reopening up negotiations in this agreement could hinder that. There are a number of other amendments that we have copies of here that would require fulsome study, so in order to move this forward—as we have heard, it is really important to Canadians in the business community—we wouldn't be looking at supporting them.

• (1450)

The Chair: Thank you very much. Is there any further discussion?

Ms. Jenny Kwan: Madam Chair, may I jump in?

The Chair: Yes, Ms. Kwan.

Ms. Jenny Kwan: I'll be very quick.

It is just to say that, as we know from Canada's history, the Constitution explicitly recognizes the rights of indigenous peoples, but

it hasn't quite worked out for them very well. Has it? We don't have to look very far with the most recent situation in respect to the Mi'kmaq and the fishing issue.

In any event, I do think that this language is important to make clear to our trading partners where we stand as Canadians with respect to the rights of indigenous peoples.

The Chair: Thank you.

Monsieur Savard-Tremblay.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: As a result of this amendment, the many commitments to First Nations listed in many speeches would have a real and legal impact. At first glance, I see no legal problems with such a small addition that maintains the recognized and confirmed rights of indigenous peoples; it does no harm.

I will therefore be voting in favour of the amendment.

[English]

The Chair: Is there any further discussion?

I think at this point I'm going to ask the departmental officials if they have any comment before I call for a vote, or further discussion.

Mr. Doug Forsyth (Director General for Market Access and Chief Negotiator, Canada-United Kingdom Trade Continuity Agreement, Department of Foreign Affairs, Trade and Development): Thank you, Madam Chair.

I don't think we have a comment, unless you're looking for our opinion on it, but I think we have indicated that it's legally unnecessary due to the fact that the Constitution is always upheld and the proposed clause appears to add an additional legal requirement where none is required.

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

Not seeing any other hands up, I'm going to call for a vote on NDP-1.

Ms. Jenny Kwan: Could I get a recorded vote, please?

The Chair: Yes. There will be a recorded vote, please.

(Amendment negatived: nays 5; yeas 2)

The Chair: I am going to group clauses 7 to 15. Do I have unanimous consent from the committee to group clauses 7 to 15 on division?

Is everybody okay with that?

Ms. Jenny Kwan: I vote against on division.

(Clauses 7 to 15 inclusive agreed to on division)

• (1455)

The Chair: Mr. Manly, welcome to the committee. We are glad to have you here.

Would you like to speak to your proposed amendment, PV-1?

Mr. Paul Manly (Nanaimo—Ladysmith, GP): Thank you, Madam Chair.

I want to briefly put on the record that the Green Party MPs object to the larger parties in this House reducing our rights. The motion passed by this committee under the terms of which I appear today is not a favour to us. It is not an opportunity we requested. But for this motion, we would have the right under House of Commons procedures to move substantive amendments at report stage, subject to a vote of the House as a whole. The motion passed here and in every committee is the first time in the history of the Canadian Parliament that large, recognized parties acted to reduce the rights of a national party with fewer than 12 seats.

Further, we are the only Westminster-style Parliament that sets a minimum number of seats for a party to be recognized as a party in the Parliament. Our rights are restricted by this motion that this committee has passed. That motion obliges us to bring amendments here with no right to move the amendments, vote on the amendments nor speak to our own amendments other than in a proscribed and limited fashion.

With that, I will bring forward my amendment.

This amendment to Bill C-18 adds a sunset clause to ensure that the new agreement is negotiated and that the Canada-U.K. trade continuity agreement does not just continue on with all of the provisions of the EU Comprehensive Economic Trade Agreement, or CETA. In the view of the Green Party, there are many flaws in the EU CETA that we would not like to see carried over in this Canada-U.K. agreement. If this agreement is extended by resolution, then a comprehensive and transparent review will be triggered and must include local communities, indigenous peoples and civil society organizations.

I propose that Bill C-18 be amended by adding after line 2 on page 6 the following new clause, clause 15.1:

- (1) Sections 1 to 15 cease to have effect at the end of the 15th sitting day of Parliament after the third anniversary of the coming into force of this subsection unless, before the end of that day, the operation of those sections is extended by resolution—whose text is established under subsection (6)—passed by both Houses of Parliament in accordance with the rules set out in subsection (8).
- (2) The related amendments enacted by sections 16 to 49 also cease to have effect upon sections 1 to 15 ceasing to have effect.
- (3) A comprehensive review of sections 1 to 15 and their operation must be undertaken by any committee of the Senate, of the House of Commons or of both Houses of Parliament that may be designated or established by the Senate or the House of Commons, or by both Houses of Parliament, as the case may be, for that purpose.
- (4) The comprehensive review of sections 1 to 15 and their operations must
- (a) take into account the perspectives of various groups, including local communities, Indigenous peoples and civil society organizations such as registered charities, non-governmental development organizations, labour unions, environmental organizations, community groups, human rights organizations and advocacy groups; and
- (b) include an assessment of their impact in relation to Canada's sovereignty, the economy, jobs, trade balances, regulatory capacity, human rights, labour and environmental standards, the conduct of foreign investors in Canada and of Canadian investors in the United Kingdom, as well as on the rights of Indigenous peoples recognized and affirmed by section 35 of the Constitution Act, 1982.
- (5) The committee referred to in subsection (3) must, within a year after a review is undertaken under that subsection or within any further time that may be authorized by the Senate, the House of Commons or both Houses of Parliament, as the case may be, submit a report on the review to both Houses of Parliament, including its recommendation with respect to extending the operation of sections 1 to 15.

The Chair: Mr. Manly, excuse me for interrupting. The committee does have a copy in its entirety, so it's not necessary to read it all out. The committee does have all that information.

Mr. Paul Manly: Okay. Basically I'm asking for the same thing as the way that the European Union does trade agreements by including civil society and all levels of government and ensuring that there is transparency in the process. This is something that we don't have in Canada, and I've seen both parties when they're in opposition, the Liberals and the Conservatives, complaining about a lack of transparency in the debates.

I would find it humorous except that it undermines our democracy, and I think that the people in civil society organizations I've mentioned should be involved more thoroughly in our trade agreements. We need a much more transparent process that involves parliamentarians and the levels of government that are affected by these agreements.

I'll leave it at that.

(1500)

The Chair: Ms. Bendayan.

Ms. Rachel Bendayan: Thank you, Madam Chair.

I would just like to start off, because I will be referring to some of the important testimony that we've heard, including the very important testimony today relating to the importance of moving forward with Bill C-18 and not going back to the negotiating table, which, unfortunately, the amendment proposed by our colleague from Green Party would require us to do.

It comes back, of course, to his initial opening statement that he is not present at committee. Just speaking for myself personally, I think that is unfortunate, and I certainly would have welcomed, and I believe all the committee members on this committee would have welcomed, his participation through our the debate and witness testimony period of this study.

In order to complete the point on the reason why I will be voting against this amendment, to sum up, we have heard very convincing testimony from business community leaders and from civil society as well, that this transitional agreement needs to move forward in order to provide predictability and certainty to Canadians, especially Canadian exporters.

We've also heard from officials and others that there are many incentives to bring the United Kingdom back to the negotiating table. The United Kingdom has also indicated that it is looking forward to coming back to the negotiating table, and there is a clause in the TCA that requires the parties to come back to the negotiating table.

We will, in the context of negotiating that free trade agreement, be conducting extensive negotiations. We've already had exchanges with witnesses on how they would like to see those negotiations move forward. We have already indicated, as has the minister, that she plans on making this as broad a consultation as possible, and that is something entirely within the control of Canada. It does not need to be added into the agreement itself.

I would invite the colleague opposite to contact me if he has specific civil society organizations that he would like us to consult prior to the negotiation of the comprehensive free trade agreement.

For all of the above reasons, I will be voting against the proposed amendment.

The Chair: We'll go to Mrs. Gray.

Mrs. Tracy Gray: Thank you, Madam Chair.

I just wanted to say that we do share concerns about not having a sunset clause in this. However, we right now absolutely do not want to be punishing exporters.

The last thing that businesses and workers need is any kind of uncertainty. We are still in a pandemic.

When we look at the wording that is in the agreement getting back to the table and having negotiations within a timeline, the government of the day, which would be three to four years from now, will be held to account at that time. We don't know what the implications of this are. We did want to get on record that it is a concern as well. However, we don't want to do anything that could jeopardize our exporters right now.

The Chair: Ms. Kwan.

Ms. Jenny Kwan: Thank you very much, Madam Chair.

The NDP will be supporting the amendment. We have a similar amendment to move should this one fail.

I think it is very important to actually have a sunset clause in the deal, because without a sunset clause it is not a temporary or a transitional agreement. It actually, in effect, becomes a permanent trade deal.

That's really what it means to not have a sunset clause within the trade deal, so we are going to be supporting this amendment.

The Chair: Mr. Savard-Tremblay.

[Translation]

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

I would like to acknowledge that our Green Party colleague is joining us.

We have heard your message and, if we have the opportunity to invite you again, we will certainly do so. Thank you also for your contribution with the proposed amendment.

I want you to know that I fully agree with a number of points in your proposal, including the need for transparency. The lack of transparency in reaching this agreement has caused a real scandal. However, I'm afraid of the sunset clause for the sole reason that we don't know what will happen next. I am immensely afraid, especially for our farmers. As we know, we managed to save supply management at the last minute in this agreement, with no breach opened. But we know that British cheese manufacturers want more exports. I feel that we narrowly escaped this time, but I wouldn't want us to impose an end date and be forced to accept a lesser agreement in three years.

Even if I completely agree with the other considerations, since I see pros and cons, I will abstain from voting for the proposal.

• (1505)

[English]

The Chair: If there's no further discussion, we will call the vote on PV-1.

Are we getting a recorded vote on this one as well?

The Clerk: A recorded vote will be clearer.

The Chair: Go ahead, Madam Clerk.

(Amendment negatived: nays 5; yeas 1 [See Minutes of Proceedings])

The Chair: We'll go on to PV-2.

Mr. Manly, did you want to speak to PV-2, briefly?

Mr. Paul Manly: Yes, please, Madam Chair.

This amendment ensures that there will be full public consultations before negotiations begin on the new agreement during that negotiation process and after the agreement has been signed. Again, this amendment is modelled on the European Union's process for trade negotiations and the transparency that is provided to elected representatives in civil society. This is not going to affect this agreement, but it is the process for going forward to negotiate this next deal.

It's important that we build transparency into our process. This was something that was promised in the House when we were negotiating the CUSMA. At the time, the minister said that we would have full transparency in our trade agreements and more transparency going forward.

I think that's what we need to be doing, so I'm moving this one.

The Chair: Thank you, Mr. Manly.

I have Mr. Savard-Tremblay next.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I think this proposal is full of common sense. We have to be consistent and, if we are committed to being more transparent, we have to take action. I think that goes without saying. Honestly, I don't understand why we would reject something that makes so much sense.

I'm going to vote in favour of it.

• (1510)

[English]

Ms. Rachel Bendayan: I have a point of order, Madam Chair. It's my understanding—

The Chair: I think I need to make a ruling before we get into this. The *House of Commons Procedure and Practice*, third edition, page 770 says, "An amendment to a bill that was referred to a committee after second reading is out of order". Therefore, I will call this amendment inadmissible and we will move on.

Thank you very much.

Mr. Manly, do you want to speak to PV-3, briefly?

Mr. Paul Manly: The purpose of this amendment is to provide transparency in the negotiating process by holding meetings to promote dialogue between trade officials and representatives of civil society organizations. Again, this amendment is modelled on the European Union's process for trade negotiations and the transparency that is provided to elected representatives and civil society.

This is, again, something that the Deputy Prime Minister had promised during the CUSMA agreement in the House of Commons and said very clearly that we would have a transparent process going forward.

The Chair: Thank you, Mr. Manly.

It's the same issue as in the previous amendment, PV-2. It's an amendment to a bill that was referred to committee after second reading. It would be out of order if it is beyond the scope and principle of the bill, and I would rule that the amendment is again inadmissible

The next one is amendment PV-4.

Mr. Manly, again, if you want to speak briefly.... It's the same issue as previously. It will be ruled inadmissible, as it is an amendment to the bill that was referred to the committee after second reading. It's out of order because it's beyond the scope and principle of the bill, but if you want to speak to it briefly, please go ahead.

Mr. Paul Manly: Thank you, Madam Chair.

The purpose of this amendment is to provide transparency in the negotiating process by publishing the negotiation mandate and the initial agreement text. This amendment is modelled, again, on the European Union's process for trade negotiations and the transparency that is provided to elected representatives and civil society, something that's been promised in the House of Commons and something I would like to see, going forward.

The Chair: Thank you, Mr. Manly.

Again, an amendment to a bill that was referred to the committee after second reading is out of order if it is beyond the scope and principle of the bill. Therefore, I rule that the amendment is inadmissible.

Thank you, Mr. Manly.

We move on to amendment NDP-2.

The Clerk: It's amendment PV-5. We need to do PV-5.

The Chair: Did I miss PV-5? I thought I just did it.

I'm sorry. I have to go back to amendment PV-5, to Mr. Manly, again.

Mr. Paul Manly: Thank you for the opportunity to speak to this and then to reiterate, again, that the purpose of this amendment is to provide transparency in the negotiating process for the new agreement by publishing assessments of the economic, social, human rights and environmental impacts of any new agreement.

This amendment is modelled on the European Union's process of trade negotiations and the transparency that is provided to elected representatives and to civil society—something that was promised in the House of Commons during the CUSMA negotiations and the debate in the House of Commons on the new CUSMA agreement,

and in a commitment made by the Deputy Prime Minister and the government to transparency.

Thank you.

The Chair: Thank you, Mr. Manly. As I indicated earlier, I believe that your amendment goes beyond the scope and the principle of the bill, and I rule it inadmissible.

We go on now to amendment NDP-2.

Ms. Kwan.

Ms. Jenny Kwan: Madam Chair, it's too bad that all the other amendments were ruled inadmissible. The NDP would have supported that scheme.

Notwithstanding, I'd like to bring back the issue surrounding the importance of a sunset clause. I think all members will understand that without the sunset clause, the trade deal in effect is not really a temporary or a transitional one.

The public and parliamentary process around the deal has really been a bit of a train wreck. The government's opinions, of course, change, and we should recognize that. We need to ensure that future U.K. and Canadian governments do not decide to walk away from talks for a successor agreement and leave us with this deal as our permanent trading framework.

One reason, the government has said, that we can be certain that the U.K. will come back to the table is that access to the Canadian cheese market will expire in 2023. They have said, however, that they won't provide any more access to our cheese market in future agreements. Either the Liberal government is misleading Canadians and Canadian dairy producers again, as they did in the CUSMA negotiations, or we need stronger assurance that Canada and the U.K. will be compelled to supersede this agreement.

To that end, Madam Chair, I'm moving an amendment with a sunset clause provision under proposed section 15.1. It would add the language that has been provided to the clerk after line 2 on page 6, a new clause, which is the sunset provision.

There are 10 parts to the sunset clause provision that I'm proposing by way of an amendment. I will only put on the public record, Madam Chair, subclause 15.1(1) with respect to that, and then committee members can follow with respect to the other nine subclauses.

It would amend the bill by adding a sunset provision, clause 15.1, which reads, "15.1 (1) Sections 1 to 15 cease to have effect at the end of the 15th sitting day of Parliament after the third anniversary of the coming into force of this subsection unless, before the end of that day"—

• (1515)

[Translation]

Mr. Simon-Pierre Savard-Tremblay: A point of order, Madam Chair.

The interpreter is telling us that she was unable to interpret the last part.

[English]

The Chair: Ms. Kwan, the interpreters are having difficulty being able to interpret. Could you slow it down a bit please?

Ms. Jenny Kwan: I can. I apologize.

Back to the amendment, just to put it on the record, the first subsection on the sunset provision would read:

15.1 (1) Sections 1 to 15 cease to have effect at the end of the 15th sitting day of Parliament after the third anniversary of the coming into force of this subsection unless, before the end of that day, the operation of those sections is extended by resolution—whose text is established under subsection (5)—passed by both Houses of Parliament in accordance with the rules set out in subsection (7).

The rest of the amendment related to the sunset provision has been provided to the clerk in both languages. Instead of reading each part into the record, I ask committee members to refer to that document. Effectively, it simply stipulates clearly what the sunset provision would look like and how it would apply.

The Chair: Thank you very much.

Ms. Bendayan.

Ms. Rachel Bendayan: Thank you, Madam Chair. I just want to speak again briefly on this point, because it is a very important one.

Adding a sunset clause would require us to go back to the negotiating table with the United Kingdom, leaving our business community, particularly our Canadian exporters, without the certainty that they need or, quite frankly, the access to the U.K. market that they require in this, the middle of a pandemic.

I would also mention that adding a sunset clause further reduces predictability and stability because we do not know how the negotiations will go with the United Kingdom on a comprehensive free trade agreement. I do not think that it is in the interest of Canadian businesses to have the possibility of a gap between the time when the sunset clause should end and when the negotiations should be finalized on a full free trade agreement. I would note that it would provide extra pressure on our negotiators to perhaps cede things that we wouldn't normally cede in negotiations were we to have a finite end date.

I would also like to add, with respect to the member's comments regarding the consultations that were done in advance of this transitional agreement, there were 10 years of negotiations under CETA. This is a rollover of CETA. It is what we have been saying for quite some time now. Members now have in front of them the text of the agreement and the enabling legislation, and they can see quite clearly that it is a reproduction of CETA until we have a full and comprehensive free trade agreement.

I would be remiss if I did not add that those consultations were commenced by the Conservative government at the time and that those consultations were very effective.

Thank you very much, Madam Chair.

• (1520)

The Chair: All right.

Mr. Blaikie, you have your hand up. Ms. Kwan has spoken to your amendment.

Mr. Daniel Blaikie: Yes, thank you.

I just want to respond to the parliamentary secretary's comments. It is wrong to say that, because there were consultations on CETA, there have been consultations on this agreement. I think the process here was a train wreck, and it's really important to note that, if we don't end up with a successor agreement, this is not a transitional or temporary agreement. This is a permanent agreement. What kind of process was this, to have a permanent trade agreement with the United Kingdom, frankly?

Therefore, no, in terms of the consultations on CETA, which I maintain and the New Democratic Party maintains was a bad deal anyway, and we've heard testimony even in the hearings on this bill that there are serious problems with CETA, those consultations don't count for this agreement because this is about a permanent agreement with another country. This is only not permanent if we replace it.

The government has said that there are three things that are going to get the U.K. back to the table. One is a good faith commitment to a new agreement, which in no way means that we will conclude a successor agreement. Canada has had intentions to sign agreements with other countries that we haven't in fact signed agreements with. One is around rules of origin. There may be some substance to that. The other one is around cheese. They say, the U.K. will want to come back to the table and get a new agreement because the cheese TRQs under the WTO are going to expire, except that they also say that they're not going to make any concessions on cheese. Therefore, why would the U.K. be incentivized to come back to the table on the issue of cheese, if the Canadian government has no intention of making concessions on cheese?

Which is it? Are they prepared to create further access to the Canadian cheese market under a future agreement, in which case I could see the U.K. wanting to come back to the table for that, or are they not, in which case that's not a leverage point to come back?

One of the things we can do is sunset this legislation so that this is something that has to come back before Parliament, so that there's internal pressure on our government to make sure that we get back to the table, and so that we don't end up, by inertia, having created a permanent and long-lasting trade deal with the United Kingdom today, by passing this legislation, that doesn't ever get to the stuff that the government continues to say is going to come up in a successor deal, which we have no guarantee will actually be negotiated, never mind concluded.

I just find this whole idea of a transitional agreement, frankly, preposterous. I've said it many times, but the more the government brings it up, the more irritating I find it, because as this whole process has gone on, what we found is that in fact we're signing a permanent agreement. Nobody signed up for that. Nobody was consulted about that. The government didn't even let on that was what was going on until they had already signed the deal. It's preposterous

Let's stop pretending that somehow we have this temporary transitional agreement. It's a permanent agreement until another one is concluded, and there's no guarantee of that happening. Parliamentarians should be doing what they can to ensure that we get back to the table in a meaningful process that issues something other than CETA, which has not been great for Canada.

We've heard in many different sectors how our trade deficit has increased as result of CETA and that Canadian producers and Canadian manufacturers continue to struggle to get entry into markets that they might have access to on paper, but they don't actually have any real access to.

The Chair: Thank you, Mr. Blaikie.

Mr. Daniel Blaikie: That's why we should be supporting this amendment.

The Chair: Thank you. That was well done.

Ms. Gray.

Mrs. Tracy Gray: Thank you, Madam Chair. I'll just reiterate what I had mentioned earlier, that we also have concerns that there is not a sunset clause and that the wording that is in here is not binding. However, that said, now is not the time to be punishing exporters. We've heard very clearly from within the business community and from labour and workers that it's really important to have stability and certainty, and we are still in a pandemic. There is wording in here that can be utilized to get back to the table and it will be up to the government of the day, at that time, to be held to account in order to fulfill the obligations that are in the agreement.

I just want to get that on record.

Thank you, Madam Chair.

• (1525)

The Chair: Thank you, Ms. Gray.

We'll go back to Ms. Bendayan, and then I'm going to call the vote.

Ms. Rachel Bendayan: Thank you, Madam Chair.

I don't mean to belabour the point, but there are a few corrections to be made to my colleague Mr. Blaikie.

The witnesses who testified regarding CETA's implementation and the consequences of CETA on their businesses were specifically referring to technical barriers to trade and not to the text of CETA. I could pull up the quotes from our witnesses.

Today we heard from the manufacturers association, from the Business Council of Canada and from the CFIB, which represents an enormous portion of our business community here in Canada. They have all told us that going back to the negotiating table is not in the interests of Canadian businesses at this time and that we need the stability in order to move forward. I would remind all members that we have a duty to our Canadian entrepreneurs to provide them with that stability. It is reckless to ask the United Kingdom to come back to the negotiating table in order to add a sunset clause, when what we want is to continue our productive relationship and return to the negotiating table for a full and comprehensive trade agreement.

Thank you, Madam Chair.

The Chair: Mr. Savard-Tremblay, your hand is up now. It was not up before, but please go ahead.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I will be very brief.

Once again, as with the Green Party's proposal earlier, I will have to abstain. I think it is a good idea, and I understand the idea behind the sunset clause. I agree with most of the criticisms made by my NDP colleague. But, for the same reason I mentioned earlier, I am more concerned about the potential aftermath.

I would, however, like to point out that I am very surprised to hear today from our Liberal colleagues that the idea is not to reopen the negotiations. We were assured that having an agreement that would be renegotiated in the next year was enough and that there was no need for binding provisions. I think it's actually quite a flip-flop of the official message.

My position stays the same on that, but I would like to know whether there will be a return to the negotiating table within the year or not. We had that guarantee and, in the end, we are being told that it is not in the interest of Canadians.

Ms. Rachel Bendayan: Madam Chair, I know you want to proceed with the vote, but can I respond to my colleague?

[English]

The Chair: Yes, go ahead, Ms. Bendayan. That's important.

[Translation]

Ms. Rachel Bendayan: Thank you, Madam Chair.

I was saying that it's important to be able to provide our entrepreneurs and our exporters with predictability and stability at this time. We are going back to the negotiating table for a comprehensive agreement.

If we go back to the negotiating table with this transitional agreement, we will have nothing to protect our exporters and to ensure that 98% of tariffs are eliminated. That's the difference. We will return to the negotiating table within the year, as the agreement calls for, but we absolutely must ratify this agreement or we will really be putting at risk the exporters who depend on the UK market.

[English]

The Chair: Thank you, Ms. Bendayan.

I will call the vote on NDP-2.

Ms. Jenny Kwan: Could I get a recorded vote, please?

The Chair: We'll do a recorded vote, Madam Clerk.

(Amendment negatived: nays 5; yeas 1 [See Minutes of Proceedings])

● (1530)

The Chair: Thank you very much.

We're on now to BQ-1.

Mr. Savard-Tremblay, would you like to speak to your amendment, please?

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Yes. You have the text. It is very short. I will not read it.

It's simply a proposal that is also along the lines of having more transparency and encouraging a level of accountability and explanation to be able to look at what we want to put forward in a future permanent agreement. It is simply a call for transparency and accountability.

[English]

The Chair: Thank you, Mr. Savard-Tremblay.

Before we go any further, it's 3:32. Do I have permission from the committee to complete the agenda we have for today?

Is everybody good? Okay. Thank you.

Madam Bendayan.

[Translation]

Ms. Rachel Bendayan: Has my colleague finished introducing his amendment?

Mr. Simon-Pierre Savard-Tremblay: For the time being, yes. I will add comments if necessary.

Ms. Rachel Bendayan: Thank you, Mr. Savard-Tremblay.

Here's why I will be voting against this amendment. Our committee already has the authority to undertake such a review if it so wishes. The parliamentary report foreseen in this amendment includes recommendations. With all due respect, I am not sure how we could implement the recommendations without amending the bill. This would require that the negotiations with the United Kingdom on the transitional agreement be reopened after its ratification, when we are in a position to negotiate the main comprehensive agreement.

We have all the tools we need to ensure that, in the next step, we consider the recommendations of the committee and, of course, of Canadians as part of a truly comprehensive consultation process. We have everything we need to complete the negotiations within one year.

[English]

The Chair: Thank you.

Mrs. Gray.

Mrs. Tracy Gray: Thank you, Madam Chair.

I'll just comment that this committee does have the authority to do reviews and studies at any time. It's something that is fully within the authority of this committee.

The Chair: Thank you.

Mr. Blaikie.

Mr. Daniel Blaikie: Despite the fact that it seems fashionable today to abstain on votes for things that we support, I will in fact be voting yes for this amendment.

The Chair: Thank you, all.

Seeing no further discussion on BQ-1, I will ask the clerk to please call a recorded vote.

(Amendment negatived: nays 5; yeas 2 [See Minutes of Proceedings])

(Clauses 16 to 29 inclusive agreed to on division)

The Chair: Mr. Blaikie, Ms. Kwan mentioned that she wanted a recorded vote on clause 30.

(1535)

Mr. Daniel Blaikie: That's correct.

The Chair: Madam Clerk, would you please call for a recorded vote on clause 30?

(Clause 30 agreed to: yeas 4; nays 3)

(Clauses 31 to 50 inclusive agreed to on division)

(Clauses 51 and 52 agreed to on division) **The Chair:** Shall the short title carry?

Some hon. members: Agreed.

(Schedule 1 agreed to on division)

(Schedule 2 agreed to on division)

(Schedule 3 agreed to on division)

The Chair: Shall the title carry?

Some hon. members: Agreed.

The Chair: Shall the bill carry?

Mr. Daniel Blaikie: This might call for a recorded vote, Madam

Chair, if we're doing the bill as a whole.

The Chair: We'll have a recorded vote on the bill itself.

(Bill C-18 agreed to: yeas 10; nays 1)

The Chair: Shall the chair report the bill to the House?

Some hon. members: Agreed.

• (1540)

The Chair: We don't need a reprint because there were no amendments adopted. That's wonderful.

Thank you all very much. Congratulations. We have moved C-18 through our committee and into the House.

I want to thank all of our witnesses and everybody who helped us get through this afternoon. It's very much appreciated.

For the interest of the committee, when we return on March 8, I'm going to suggest that we have the WTO reform for that week and committee business at our first meeting as well so that we can further discuss any other upcoming studies we want to do.

Thank you all so much for your co-operation today and your help. We got another bill through, so we're pleased.

Mrs. Tracy Gray: I have a quick point of order, Madam Chair.

The Chair: Yes.

Mrs. Tracy Gray: I think we should thank the negotiating team, the clerk and everyone who was involved.

The Chair: Exactly.

Mrs. Tracy Gray: We didn't get to do that at the beginning.

Thank you.

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

Ms. Rachel Bendayan: Hear, hear!

Thank you, Madam Chair.

The Chair: Thank you, Ms. Bendayan, for your help and your assistance.

Have a wonderful weekend. Enjoy the sunshine.

The meeting is adjourned.

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