



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

TRADE BETWEEN CANADA AND THE UNITED KINGDOM: A POTENTIAL TRANSITIONAL TRADE AGREEMENT AND BEYOND

Report of the Standing Committee on International Trade

Hon. Judy A. Sgro, Chair

**MAY 2021
43rd PARLIAMENT, 2nd SESSION**

Published under the authority of the Speaker of the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Standing Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website
at the following address: www.ourcommons.ca

**TRADE BETWEEN CANADA AND THE UNITED
KINGDOM: A POTENTIAL TRANSITIONAL
TRADE AGREEMENT AND BEYOND**

**Report of the Standing Committee on
International Trade**

**Hon. Judy A. Sgro
Chair**

MAY 2021

43rd PARLIAMENT, 2nd SESSION

NOTICE TO READER

Reports from committee presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

STANDING COMMITTEE ON INTERNATIONAL TRADE

CHAIR

Hon. Judy A. Sgro

VICE-CHAIRS

Tracy Gray

Simon-Pierre Savard-Tremblay

MEMBERS

Ziad Aboultaif

Chandra Ayra

Rachel Bendayan

Daniel Blaikie

Sukh Dhaliwal

Randy Hoback

Ben Lobb

Randeep Sarai

Terry Sheehan

OTHER MEMBERS OF PARLIAMENT WHO PARTICIPATED

Francis Drouin

Peter Fragiskatos

Xavier Barsalou-Duval

CLERK OF THE COMMITTEE

Christine Lafrance

LIBRARY OF PARLIAMENT

Parliamentary Information and Research Service

Offah Obale, analyst

Bashar Abu Taleb, analyst

THE STANDING COMMITTEE ON INTERNATIONAL TRADE

has the honour to present its

SIXTH REPORT

Pursuant to its mandate under Standing Order 108(2), the committee has studied trade between Canada and the United Kingdom: a potential transitional trade agreement and has agreed to report the following:

TABLE OF CONTENTS

LIST OF RECOMMENDATIONS	1
TRADE BETWEEN CANADA AND THE UNITED KINGDOM: A POTENTIAL TRANSITIONAL TRADE AGREEMENT AND BEYOND	3
Introduction.....	3
The Past: Bilateral Trade under the <i>Comprehensive Economic and Trade Agreement</i>	4
A. Trade between Canada and the United Kingdom as a European Union Member	5
B. Brexit and its Implications.....	5
C. Consultations about a post-Brexit Canada–U.K. Trade Agreement	7
The Present: Bilateral Trade under the Trade Continuity Agreement	9
A. The Scope and Nature of a Transitional Trade Agreement.....	9
B. The Importance of the Trade Continuity Agreement.....	11
C. Implementation of the Trade Continuity Agreement.....	13
The Future: Bilateral Trade under a Subsequent Canada–U.K. Trade Agreement.....	13
A. The Need for a Subsequent Canada–U.K. Trade Agreement.....	14
B. Public Consultations prior to Negotiations and Support Thereafter	14
C. Priorities for a Subsequent Canada–U.K. Trade Agreement.....	15
The Committee’s Concluding Thoughts and Recommendations	17
APPENDIX A LIST OF WITNESSES	21
APPENDIX B LIST OF BRIEFS.....	25
REQUEST FOR GOVERNMENT RESPONSE	27
SUPPLEMENTARY OPINION OF THE CONSERVATIVE PARTY OF CANADA	29

SUPPLEMENTARY OPINION OF THE BLOC QUÉBÉCOIS	31
SUPPLEMENTARY OPINION OF THE NEW DEMOCRATIC PARTY OF CANADA	35

LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. The recommendations related to this study are listed below.

Recommendation 1

That, to enable Canada’s federal parliamentarians to study the potential impacts of any subsequent Canada–U.K. trade agreement on Canadians in a complete and expeditious manner, the Government of Canada take timely action in accordance with its Policy on Tabling of Treaties in Parliament. In particular, the Government should table—in the House of Commons—a Notice of Intent to enter into negotiations for such an agreement at least 90 calendar days before those negotiations begin..... 18

Recommendation 2

That the Government of Canada make a commitment to respecting the timelines outlined in the Canada–United Kingdom Trade Continuity Agreement (TCA) concerning a subsequent trade agreement between the two countries. Specifically, the Government should enter into negotiations with the United Kingdom on a subsequent trade agreement within one year of the TCA’s coming into force, and should conclude these negotiations within three years. If either timeline is not met, the Minister of Small Business, Export Promotion and International Trade, alongside relevant departmental officials, should appear before the House of Commons Standing Committee on International Trade for at least two hours to provide an update on the status of the negotiations for a subsequent Canada–United Kingdom trade agreement, and to answer questions from Committee members. 18

Recommendation 3

That the Government of Canada launch comprehensive and dedicated consultations on the topic of non-tariff barriers affecting Canadian businesses, particularly those in the agriculture and agri-food sector. The goal of these consultations should be to gather input from business stakeholders on ways to address non-tariff barriers during negotiations for a subsequent Canada–United Kingdom trade agreement..... 19

Recommendation 4

That, to maximize the use by Canada’s small and medium-sized businesses of the country’s trade agreements with a view to increasing their access to international markets, the Government of Canada consult these businesses about the potential addition of a “small business” chapter to a subsequent Canada–United Kingdom trade agreement. 19



TRADE BETWEEN CANADA AND THE UNITED KINGDOM: A POTENTIAL TRANSITIONAL TRADE AGREEMENT AND BEYOND

INTRODUCTION

On 23 October 2020, the House of Commons Standing Committee on International Trade (the Committee) adopted a [motion](#) to undertake a study to “a. receive an update on the federal government’s progress in negotiations of a Canada–United Kingdom transitional trade agreement; b. hear from stakeholders affected by the implementation of a new Canada–United Kingdom transitional trade agreement; c. study the impacts of a lack of a transitional agreement with the United Kingdom being in place by December 31, 2020, when the application of the Comprehensive Economic and Trade Agreement (CETA) to the United Kingdom ends.”

During five meetings on this study, the Committee’s witnesses comprised the Minister of Small Business, Export Promotion and International Trade and government officials, as well as representatives of: nine trade associations focused on businesses generally, or on businesses in a particular sector; one business; one organized labour group; and one civil society organization. As discussed below, some spoke to the Committee before negotiations for a Canada–U.K. transitional trade agreement were concluded, while others appeared after an agreement had been announced. The Committee also received two written briefs.

On 21 November 2020, while the Committee’s study was ongoing, Canada and the United Kingdom concluded negotiations for the [Canada–United Kingdom Trade Continuity Agreement](#) (TCA). On 9 December 2020, [Bill C-18](#), An Act to implement the Trade Continuity Agreement between Canada and the United Kingdom of Great Britain and Northern Ireland, was introduced in the House of Commons. With the expectation that Canada would not have completed all required procedures by 31 December 2020, Canada and the United Kingdom [signed](#) a [memorandum of understanding](#) on 22 December 2020 “to ensure continued preferential tariff treatment for goods” from the date that CETA ceases to apply to the United Kingdom until the TCA is ratified and implemented.

On 10 December 2020, the Committee presented an [interim report](#) on this study to the House of Commons. The interim report, which contained four recommendations, considered the witnesses’ comments and a brief received by the Committee until



23 November 2020. This final report also summarizes the points made in a brief submitted to the Committee and comments made by witnesses—including the Minister of Small Business, Export Promotion and International Trade—after that date.

Like the interim report, this final report references both a Canada–U.K. transitional trade agreement and the TCA. Often, the Committee’s witnesses appeared before the TCA had been announced and, consequently, their comments reflect a “transitional trade agreement” as a theoretical notion. The use of that term in relation to them reflects that they spoke to the Committee without knowledge of what the provisions in any such agreement would be. In other instances, witnesses appeared after the TCA had been announced, and their comments reference the TCA and reflect their understanding – at that time – about the TCA and its provisions. Both reports use the term that, from a timing perspective, is relevant for the appearance by each witness and helps to provide context for remarks to the Committee.

This final report provides background information about trade between Canada and the United Kingdom, the United Kingdom’s withdrawal from the European Union (EU) or “Brexit,” and the TCA, the text of which had not been made public by the day on which the Committee completed consideration of the interim report. It also summarizes some of the comments received by the Committee on these topics and on any subsequent Canada–U.K. trade agreement. The first section discusses the past, including selected Canadian and U.K. actions that preceded the conclusion of negotiations for a Canada–U.K. transitional trade agreement. With a focus on the present, the second section considers the TCA, while the final section is future-oriented and examines certain issues relating to any subsequent Canada–U.K. trade agreement.

THE PAST: BILATERAL TRADE UNDER THE *COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT*

Until recently, Canada’s trade relationship with the United Kingdom had been governed by the provisions of the Canada–EU *Comprehensive Economic and Trade Agreement* (CETA), which was signed on 30 October 2016 and entered into force provisionally in 2017. Witnesses made comments to the Committee about Canada–U.K. trade, the implications of Brexit and of not having a Canada–U.K. transitional trade agreement in force by 31 December 2020, and consultations concerning any Canada–U.K. trade agreement post-Brexit.

A. Trade between Canada and the United Kingdom as a European Union Member

According to the [Minister of Small Business, Export Promotion and International Trade](#), two-way merchandise trade between Canada and the United Kingdom totalled \$29 billion in 2019. The [Business Council of Canada](#) and the [Canadian Chamber of Commerce](#) highlighted the importance of the United Kingdom as a trading partner for Canada, indicating that—in 2019—the United Kingdom accounted for 40% of Canada's merchandise exports and 36% of its services exports to the EU. The [Business Council of Canada](#) also noted that approximately one-third of its members have a “meaningful presence” in the United Kingdom.

With a focus on trade in beef products, the [Canadian Cattlemen's Association](#) mentioned that the value of Canada's exports to, and imports from, the United Kingdom totalled \$19 million and \$16 million, respectively, in 2019.

B. Brexit and its Implications

On 23 June 2016, the United Kingdom held a referendum on its membership in the EU; consistent with the [Withdrawal Agreement](#) concluded between the two jurisdictions on 24 January 2020, it left the EU on 31 January 2020. Pursuant to that agreement, until 31 December 2020 and despite not being a member state, the United Kingdom continued to be subject to the EU's rules, remained part of its single market and customs union, and was a party to CETA.

On 24 December 2020, the United Kingdom and the EU announced the conclusion of negotiations for their [Trade and Cooperation Agreement](#), which has been applied provisionally since 1 January 2021. This agreement addresses a range of topics, including: trade in goods and in services, digital trade, intellectual property, government procurement, aviation and road transport, energy, fisheries, social security coordination,¹ law enforcement and judicial cooperation in criminal matters, cooperation concerning health security, information security and cybersecurity, and participation in the EU's programs in such areas as environmental protection and regional development.

1 The European Union—United Kingdom *Trade and Cooperation Agreement* contains provisions to protect, after 1 January 2021, the entitlements of European Union citizens who are temporarily staying in, moving to or working in the United Kingdom, and of United Kingdom nationals who are temporarily staying in, moving to or working in the European Union.



During the Withdrawal Agreement’s [transition period](#), which ended on 31 December 2020, the United Kingdom was able to conclude trade agreements that would come into force after that date. To provide continuity with trade and investment relationships governed by EU agreements, during the transition period, the U.K. government concluded [trade agreements](#) with more than 20 non-EU countries and trading blocs; negotiations on a trade agreement with such countries as the United States and Australia are ongoing. As well, the United Kingdom has [expressed](#) its intention to pursue membership in the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership*.

The [Canadian Chamber of Commerce](#), [Canadian Manufacturers & Exporters](#) and the [Business Council of Canada](#) stressed the importance of maintaining Canadian access to the U.K. market beyond the end of the Withdrawal Agreement’s transition period, with the [Business Council of Canada](#) characterizing this continuity as “critical” for Canadian businesses. As well, [Canadian Manufacturers & Exporters](#) described the Canada—U.K. trade relationship as a “doorway to the European market.”

Without a trade agreement between Canada and the United Kingdom, beginning on 1 January 2021, the two countries’ trade would have been subject to the World Trade Organization’s rules. Furthermore, since 1 January 2021, the United Kingdom’s new tariff regime that was published in May 2020—the [U.K. Global Tariff](#)—would have applied to Canada. It is being applied on all merchandise imported by the United Kingdom from countries with which it does not have a trade agreement.

In speaking to the Committee prior to the TCA being announced, [Global Affairs Canada officials](#) clarified that—without an agreement with the United Kingdom—approximately 80% of Canadian exports would enter the United Kingdom duty-free under the U.K. Global Tariff regime, with certain sectors—especially agriculture and seafood—facing duties. In that context, the [Lobster Council of Canada](#) noted that a 20% tariff would be applied on lobster meat after 31 December 2020, and the [Fisheries Council of Canada](#) said that Canadian fish and seafood exports to the United Kingdom would have higher tariffs applied on them under the U.K. Global Tariff regime than under CETA. The Fisheries Council of Canada explained that, without a new trade agreement in place by 1 January 2021, the application of “non-CETA [tariff] rates” would require its members to pay about \$11 million more on their top four exports to the United Kingdom.

C. Consultations about a post-Brexit Canada–U.K. Trade Agreement

On 28 July 2018, a notice in the Canada Gazette indicated the potential for Canada to discuss “a transitional agreement with the United Kingdom that will allow a seamless transition of CETA.” Global Affairs Canada officials said that negotiations for a Canada–U.K. transitional trade agreement “aimed at substantively replicating the CETA on a bilateral basis as an interim measure in response to Brexit” started shortly after the notice was published.

In March 2019, the United Kingdom published a temporary tariff schedule that would have been applied if the country had left the EU without a Withdrawal Agreement. Under that schedule, approximately 95% of tariff lines would have been duty-free. Global Affairs Canada officials explained that, as a result of the schedule’s publication, Canada “paused” its discussions with the United Kingdom about a trade agreement. In highlighting that some other countries “also paused” their discussions with the United Kingdom, the officials mentioned that these countries “didn’t do it officially but they certainly took a step back and then looked at what’s in their interests.” The officials commented that the Minister of Small Business, Export Promotion and International Trade agreed with the recommendation “not [to] continue the negotiations at that time.”

The Minister of Small Business, Export Promotion and International Trade stated that Canada “had to pause negotiations” when the United Kingdom “abruptly announced a new tariff rate schedule that would have wiped out any benefit Canada would gain from a trade deal” with that country. The Minister underscored that the Government of Canada “wanted to be sure [to obtain] an agreement that was always in the best interests of Canadians.” The Canadian Association of Importers and Exporters Inc. said that it was not consulted about the Government’s decision to pause the negotiations for a Canada–U.K. trade agreement.

Furthermore, the Minister of Small Business, Export Promotion and International Trade contended that she and the United Kingdom’s Secretary of State for International Trade decided to “re-enter negotiations” for a bilateral trade agreement in June 2020, after the United Kingdom’s announcement that it would not “extend [its] membership” in the EU. Global Affairs Canada officials reported that negotiations resumed in August 2020.

The Minister of Small Business, Export Promotion and International Trade observed that she “heard a lot” from Canadian businesses about the importance of ensuring that the “provisions of CETA are maintained,” and of concluding an agreement with the



United Kingdom so that those businesses have the “continuity and the predictability that they need.” Moreover, the [Minister](#) asserted that “there was seven years' worth of stakeholder engagement to conclude and reach CETA.” Global Affairs Canada [officials](#) pointed out that the consultation network that was developed for the CETA negotiations was used when negotiations for a Canada–U.K. transitional trade agreement were conducted. According to the [officials](#), because some CETA chapters “could be converted to bilateral provisions in a straightforward manner,” a limited number of areas required intensive negotiations and there were “targeted consultations with implicated sectors,” mostly in the agricultural sector.

Agriculture and Agri-Food Canada [officials](#) spoke about the “robust suite of consultative tools that [it uses] to engage with agriculture stakeholders in the context of all ... trade negotiations.” The officials reported that they pursue their consultations through the Agricultural Trade Negotiations Consultation Group, and noted that they “also engage closely with groups like the Canadian Federation of Agriculture, the Canadian Agri-Food Trade Alliance [as well as] individual industry associations and individual companies,” which they did “consistently throughout the discussions with the United Kingdom on a potential transitional [trade] agreement.”

In distinguishing between the Canada–U.K. trade negotiations and those for such other agreements as the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership*, the [Canadian Chamber of Commerce](#) and the [Canadian Agri-Food Alliance](#) noted that there had not been a formal notice in the *Canada Gazette* to initiate a consultation process concerning the former. The [Canadian Chamber of Commerce](#) characterized its consultation with the Government of Canada regarding a Canada–U.K. transitional trade agreement as being “a bit more by industry initiating some of those contacts.”

In referring to the consultation process for a Canada–U.K. transitional trade agreement as a “two-way street,” the [Canadian Agri-Food Trade Alliance](#) said that it was “closely engaged” in this process, and underlined that it had “conversations with the negotiators and the minister's office as well.” The [Canadian Cattlemen's Association](#) described the consultations as being “different from previous [trade agreement] consultations,” but clarified that there was regular engagement.

The [Canadian Chamber of Commerce](#) maintained that “there has not been any formal [Canada] Gazette notice for the [consultation] process [concerning a Canada–U.K. transitional trade agreement],” but added that “both the minister's office and departmental officials at Global Affairs Canada have certainly been responsive whenever [they have been] contacted [for] an update on the file.” The [Business Council of Canada](#)

characterized the officials as “very accessible,” mentioned the information received “throughout the [negotiation] process,” and acknowledged the ability to “reach out and receive an answer” if questions arose.

In commenting on the consultations for a Canada–U.K. transitional trade agreement, the [Fisheries Council of Canada](#) stated that it was “comfortable with the level of consultation,” and “stayed engaged” with governmental officials “as soon as [it] saw that Brexit was indeed going to happen.” [Canadian Manufacturers & Exporters](#) described the consultations as “satisfactory.” The [Canadian Cattlemen's Association](#) emphasized that it had a “voice” and a “good working relationship with all parties in the entire government” regarding discussions about a Canada–U.K. transitional trade agreement. The [Canadian Cattlemen's Association](#) mentioned that it started these discussions “when Brexit was clearly moving forward.”

In providing a different perspective, [Livingston International](#) and the [Lobster Council of Canada](#) remarked that they were not aware of any federal consultation process about a potential Canada–U.K. transitional trade agreement. The [Canadian Labour Congress](#) stressed that “there has not been outreach [from the Government of Canada] just yet.” As well, the [Canadian Association of Importers and Exporters Inc.](#) observed that it was not consulted or made aware of export-related requirements that will exist on 1 January 2021 if a Canada–U.K. transitional trade agreement is not ratified by that date, which reduces “predictability and transparency.”

THE PRESENT: BILATERAL TRADE UNDER THE TRADE CONTINUITY AGREEMENT

On 21 November 2020, while the Committee was studying a potential Canada–U.K. transitional trade agreement, Canada’s Minister of Small Business, Export Promotion and International Trade and the United Kingdom’s Secretary of State for International Trade [announced](#) the conclusion of negotiations for the TCA. In their appearance before the Committee, witnesses commented on the scope and nature of a Canada–U.K. transitional trade agreement, the importance of the TCA and that agreement’s implementation.

A. The Scope and Nature of a Transitional Trade Agreement

Prior to the TCA being announced, Global Affairs Canada [officials](#) said that a number of the chapters in CETA—including those on institutional arrangements, definitions, exceptions relating to transparency, trade remedies, customs and trade facilitation, and mutual recognition of professional qualifications—could be replicated in a Canada–U.K.



transitional trade agreement. According to the [officials](#), other issues—such as sanitary and phytosanitary measures, technical barriers to trade, government procurement and financial services—would require some minor technical changes to transform the CETA provisions into Canada–U.K. obligations. Furthermore, the officials pointed out that such issues as market access for goods, rules of origin and investment would require more substantive discussions. The [Minister of Small Business, Export Promotion and International Trade](#) underscored that the TCA is “not a cut and paste” of CETA.

During the 20 November 2020 appearance by Global Affairs Canada officials, the Committee [requested](#) a definition for two terms: “transitional trade agreement” and “comprehensive trade agreement.” According to the response provided to the Committee on 30 November 2020, there is “no set definition of a transitional trade agreement,” and “the discussions between Canada and the U.K. that led to the announcement of [the TCA] were based on the Canada–European Union [CETA], and were intended to replicate and preserve the current preferential terms of trade between Canada and the U.K. under CETA.” The response also noted that “comprehensive trade agreement is not a defined term, and therefore no single definition exists.” As well, it indicated that, “in the context of Canada’s international trade agenda, a comprehensive trade agreement is one that covers a majority of trade between the parties to the agreement. This includes a broad set of chapters and disciplines that address a range of trade issues including, but not limited to, trade in goods, trade in services, investment, intellectual property rights, government procurement, State-owned enterprises, competition policy, environment, labour, and electronic commerce.”

Global Affairs Canada [officials](#) described the negotiations with the United Kingdom for a transitional trade agreement as “unique,” adding that Canada’s trade negotiators have not “had one like this ever, ... where we’re looking at trying to replicate something that is already in place.” The officials characterized the approach that was taken as the only option available to “mitigate the potential damages to businesses” that could arise in the absence of a trade agreement.

As well, Global Affairs Canada [officials](#) said that both Canada and the United Kingdom have a “keen interest ... to make sure that [they] have a bilateral [trade] agreement in a timely manner.” The [officials](#) also commented that the Canada–U.K. transitional trade agreement’s clauses “will more or less compel the United Kingdom to have a strong interest in wanting to move forward and then finalize a new bilateral agreement with Canada.” The [Minister of Small Business, Export Promotion and International Trade](#) contended that, because of the TCA’s provisions regarding “subsequent negotiations,” Canada and the United Kingdom “commit” to enter into negotiations for such an agreement “within a year” of the TCA’s coming into force, and noted that the two

countries are seeking to conclude those negotiations “within a three-year period.” Concerning the “binding” nature of the TCA, the Minister asserted that “it will be in the agreement that we will enter [into negotiations] within a year and that we [will] seek to conclude it within three.”

Regarding the existence of a sunset clause in a Canada–U.K. transitional trade agreement, Global Affairs Canada [officials](#) pointed out that they “don’t recall ... anybody talking about a sunset clause, per se,” and the [Minister of Small Business, Export Promotion and International Trade](#) confirmed that the TCA does not contain such a clause. The [Fisheries Council of Canada](#) indicated its preference for a “fixed review,” with [Canadian Manufacturers & Exporters](#) supporting “healthy reviews and agreeing to review” rather than a sunset clause. The [Canadian Cattlemen's Association](#) stated that it would be “extremely disappointed” if the TCA were a “forever agreement.”

B. The Importance of the Trade Continuity Agreement

In focusing on the TCA, the [Minister of Small Business, Export Promotion and International Trade](#) mentioned that its full implementation would: preserve CETA's elimination of tariffs on 98% of Canadian exports to the United Kingdom; “fully protect” Canadian producers of supply-managed goods; maintain “priority access” for Canadian service suppliers to the United Kingdom’s market, including in relation to government procurement; continue to balance investor protections with Canada's right to regulate in the public interest; and both “uphold and preserve” CETA's provisions relating to women, small businesses, the environment and labour.

In supporting the announcement about the TCA, the [Fisheries Council of Canada](#) voiced its belief that “Canadian seafood products [will] continue to enjoy tariff-free access” to the United Kingdom and that Canadian producers of such products will have an advantage over those from countries that lack such a bilateral trade agreement. The [Canadian Agri-Food Trade Alliance](#) characterized the TCA as an important first step in ensuring that Canadian exporters are able to preserve the access and benefits that currently exist because of CETA.

Concerning the potential impacts if the TCA is not in force by 1 January 2021, the [Fisheries Council of Canada](#) underscored that the impacts “would last much longer than just a month or two” because, with a trade disruption, “customers will go elsewhere and might not come back,” which “could be very problematic” for Canadian businesses that “really depend on the U.K. market.” Similarly, [Canadian Manufacturers & Exporters](#) contended that “not having [a Canada–U.K.] transitional [trade] agreement in place would be bad, especially in a year where we can least afford it, economically.”



As well, the [Canadian Cattlemen's Association](#) observed that Canadian beef producers would have been “in trouble” without the TCA because cattle used to produce beef for export “start very young” and the animal must be “follow[ed] ... through the entire system” to meet the United Kingdom’s requirements. The Canadian Cattlemen's Association asserted that having such an agreement “in place, in particular now and by January 1,” is “paramount” to Canadian beef producers to avoid being “left in limbo without it.”

Regarding supply-managed goods, [Les Producteurs de lait du Québec](#) emphasized that, given provisions in CETA, the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* and the *Canada–United States–Mexico Agreement*, “any additional concessions would threaten the future of family farms, of Quebec's and Canada's dairy producers, of rural communities and of hundreds of thousands of people whose livelihoods depend on that sector.” In supporting the TCA, [Les Producteurs de lait du Québec](#) mentioned that the United Kingdom does not have additional access to Canada’s dairy market. In a brief submitted to the Committee, the [International Cheese Council of Canada](#) proposed that the Government of Canada’s “approach to supply management [should] be streamlined to a single overarching policy: a specific limit to the amount of foreign product allowed into Canada.” The [Minister of Small Business, Export Promotion and International Trade](#) underlined that the TCA “fully protects Canada's dairy, poultry and egg sectors, and that there is no new incremental market access for cheese, or any other supply-managed sector.”

According to the [Canadian Agri-Food Trade Alliance](#), “the temporary certainty and stability [the TCA] provides is welcome news.” However, the [Canadian Agri-Food Trade Alliance](#) also cautioned that “there remains a real fear that a transitional agreement will simply reinforce a situation that remains unacceptable under CETA due to the persistence of trade obstacles that continue to hinder Canadian agri-food exports.” The [Canadian Cattlemen's Association](#) also expressed its concern about “EU obstacles being carried over” to the TCA.

The [Minister of Small Business, Export Promotion and International Trade](#) said that the TCA provides for a Canada–United Kingdom Joint Committee, modelled on the CETA Joint Committee, that will work bilaterally to address such challenges as non-tariff barriers and to ensure that the TCA is successfully implemented.

The [Canadian Association of Importers and Exporters Inc.](#) supported the TCA, and proposed that CETA’s rules of origin and certification requirements should be included in that agreement. Similarly, the [Lobster Council of Canada](#) described the TCA as “good

news” and, with a focus on opportunities for exporters, urged a seamless transition from CETA’s certification requirements to any similar provisions in the TCA.

C. Implementation of the Trade Continuity Agreement

The [Minister of Small Business, Export Promotion and International Trade](#) commented that “negotiators are working diligently to finalize the [TCA’s] legal texts in both official languages,” and noted that “preparations are under way to seek the [Government of Canada’s] approval” to sign the TCA expeditiously so that “Parliament may consider the [implementing] bill.” The [Minister](#) underscored her commitment to introducing that bill “as soon as possible” while ensuring that “the important process around cabinet and parliamentary process is followed.” As well, the [Minister](#) contended that, although the TCA “is a replication of CETA,” the Government of Canada wants to ensure that Canadian and U.K. officials do the “proper work” concerning it.

According to the [Minister of Small Business, Export Promotion and International Trade](#), the Government of Canada is “also preparing for all scenarios, including mitigating measures that would ensure business flows are not temporarily disrupted under any circumstances” if Parliament does not pass the implementing legislation by 31 December 2020. The [Minister](#) stated that she is “committed” to ensuring that the Government of Canada takes a “planned approach” to minimize disruption for Canadian businesses that might be affected if the TCA is not in force by 1 January 2021.

With a focus on the TCA being in effect on 1 January 2021, the [Fisheries Council of Canada](#) urged “all parliamentarians to swiftly ratify” the agreement, and [Canadian Manufacturers & Exporters](#) called on the Government of Canada and parliamentarians to “work together to move [the TCA] through Parliament as quickly as possible.”

THE FUTURE: BILATERAL TRADE UNDER A SUBSEQUENT CANADA–U.K. TRADE AGREEMENT

While the study is focused on a Canada–U.K. transitional trade agreement, which—as noted earlier—was announced on 21 November 2020, a number of witnesses spoke to the Committee about the future. They highlighted the need for a subsequent Canada–U.K. trade agreement, the public consultations that should occur prior to the negotiations for such an agreement and support thereafter, and their priority issues to be addressed in such an agreement.



A. The Need for a Subsequent Canada–U.K. Trade Agreement

The [Minister of Small Business, Export Promotion and International Trade](#) remarked that Canada and the United Kingdom are “very committed to entering into negotiations on a new [free trade agreement].” The [High Commission of Canada to the United Kingdom](#) said that the United Kingdom is interested in having a trade policy that is independent of the EU, and noted that this possibility exists beginning on 1 January 2021.

In characterizing the United Kingdom as the “highest value market” for a number of Canadian agricultural and food products, the [Canadian Agri-Food Trade Alliance](#) emphasized the need to conclude a subsequent Canada–U.K. trade agreement. Moreover, the [Lobster Council of Canada](#) expressed its belief that such an agreement would provide the country’s lobster exporters with a “multi-year agreement for planning,” and “not just a one-off or a one-year agreement.” The [Canadian Cattlemen's Association](#) underscored the importance of the Government of Canada’s commitment to “return to the negotiating table within a year.” As well, the [Canadian Cattlemen's Association](#) observed that, while it recognizes the “importance of the transitional agreement in not creating a large gap in the [bilateral] trading relationship,” its “focus is really on that long-term [trade agreement between the two countries].”

B. Public Consultations prior to Negotiations and Support Thereafter

Global Affairs Canada [officials](#) described a Canada–U.K. transitional trade agreement as an “interim measure,” and—in their 20 November 2020 appearance—stated that Canada and the United Kingdom intend to begin new trade negotiations “sometime next year.” According to the officials, “full-scale consultation with all interested stakeholders” will likely occur in the first half of 2021, following which “a mandate” from Cabinet will be sought and negotiations will begin “shortly thereafter.” The officials also indicated that “any policies in place for the notification of Parliament” concerning trade negotiations would be followed. The [Minister of Small Business, Export Promotion and International Trade](#) maintained that she will be “speaking with Canadians and businesses about what is important for them so that [the Government of Canada] can include their input in those negotiations” for a subsequent Canada–U.K. trade agreement.

The [Canadian Agri-Food Trade Alliance](#) mentioned that it expects “engagement and consultations” with the Government of Canada and Canada’s negotiators not only during the “design stage” and negotiation of future trade agreements, but also in the “enforcement and implementation” of such agreements. As well, the [Canadian](#)

[Cattlemen's Association](#) stated that it is seeking “broader consultation in the future on the impact this trade agreement ... could have on [Canadian] farms.”

The [Minister of Small Business, Export Promotion and International Trade](#) mentioned that the Government of Canada has many “tools” in its “trade toolbox” to support Canadian businesses that are seeking to “grow into” international markets, including the United Kingdom. According to the Minister, this “toolbox” includes the Trade Commissioner Service, Export Development Canada, the Business Development Bank of Canada and the Canadian Commercial Corporation, as well as such programs as CanExport. The [Minister](#) added that ongoing updates to the “Canada Business” app ensure the availability of information that can support Canadian small business exporters.

C. Priorities for a Subsequent Canada–U.K. Trade Agreement

When discussing their priorities for a subsequent Canada–U.K. trade agreement, witnesses mainly focused on three issues: trade barriers; enforceable labour rights and labour mobility provisions; and investor–state dispute-settlement (ISDS) clauses. That said, they also made brief comments about a range of other issues.

Concerning trade barriers, the [Canadian Chamber of Commerce](#) said that agricultural non-tariff trade barriers have been “quite problematic in the EU context,” and noted its hope that the United Kingdom will “eventually take a different approach.” Similarly, the [Canadian Agri-Food Trade Alliance](#) highlighted that trade barriers are preventing Canada from reaching its full trade potential with the EU under CETA, and speculated that these barriers—particularly those in relation to beef—could be “carried over” to a subsequent Canada–U.K. trade agreement. The [Canadian Agri-Food Trade Alliance](#) urged the Government of Canada to “go back to the negotiating table” with the United Kingdom in 2021 to conclude a “meaningful agreement that will remove non-tariff barriers.”

In advocating “full systems approval” that would give Canada and the United Kingdom confidence in each other’s protocols and compliance measures, the [Canadian Cattlemen's Association](#) asserted that—in both the TCA and a subsequent Canada–U.K. trade agreement—the “factors currently limiting the growth of Canadian beef exports” to the United Kingdom must be removed. The [Canadian Cattlemen's Association](#) believed that the tariff rate quotas relating to beef that could be carried over from CETA to the TCA are “very limiting” concerning expansion into the U.K. market. According to the [Canadian Cattlemen's Association](#), the United Kingdom should also “remove the EU-imposed requirements to raise cattle without the use of modern technologies, such as hormone implants and feed additives.”



On the topic of labour, the [Canadian Labour Congress](#) stressed that a subsequent Canada–U.K. trade agreement should include “robust and fully enforceable provisions for labour rights.” Moreover, a brief submitted to the Committee by the [Canadian Chamber of Commerce](#) suggested that, in future discussions with the United Kingdom, Canada should pursue measures that would facilitate Canadian firms’ ability to “move skilled talent into the U.K. to service their foreign investment operations.” The brief also stated that Canada and the United Kingdom should work to “facilitate easier temporary entry under the contractual service supplier route to minimize burdens related to sponsorship requirements.”

Regarding ISDS, the [Canadian Labour Congress](#) asserted that Canada’s future trade agreements should not contain such provisions. Similarly, the [Trade Justice Network](#) contended that Canada should “never sign another [trade] agreement with an ISDS clause in it.” The [Minister of Small Business, Export Promotion and International Trade](#) mentioned that she will have “an opportunity to engage” parliamentarians and Canadians on the issue of ISDS provisions.

Finally, witnesses identified priorities for a subsequent Canada–U.K. trade agreement pertaining to women, small businesses, digital commerce, the environment, supply-managed goods, regulatory cooperation and customs processes.

The [Minister of Small Business, Export Promotion and International Trade](#) underscored that the Government of Canada will work toward a subsequent Canada–U.K. trade agreement that “best serves Canada's interests over the long term, including through strong provisions on women, the environment, small businesses and the importance of digital trade.”

On the topic of digital commerce, the [Canadian Chamber of Commerce](#)’s brief noted that Canada should try—in a subsequent Canada–U.K. trade agreement—to replicate the provisions that are contained in the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* and in the *Canada–United States–Mexico Agreement*. The [Minister of Small Business, Export Promotion and International Trade](#) said that the Government of Canada will consider how to ensure that such an agreement includes digital trade provisions.

In speaking about the environment, the [Canadian Labour Congress](#) emphasized that trade’s impacts on the environment should be addressed in Canada’s future trade agreements. The [Canadian Cattlemen's Association](#) pointed out the environment is a “key priority” for its members.

Regarding supply-managed goods, [Les Producteurs de lait du Québec](#) asserted that a subsequent Canada–U.K. trade agreement should “not give additional access to the Canadian dairy market,” and underscored that the TCA’s dairy-related provisions “must be reproduced in their entirety” in such an agreement.

Concerning regulatory cooperation, the [Canadian Labour Congress](#) suggested that relevant trade agreement provisions should be characterized by transparency and accountability.

In relation to customs processes, the [Canadian Chamber of Commerce](#)’s brief mentioned that Canada should seek to “modernize” such processes in a subsequent Canada–U.K. agreement.

THE COMMITTEE’S CONCLUDING THOUGHTS AND RECOMMENDATIONS

The United Kingdom is one of Canada’s largest trading partners. In the Committee’s view, maintaining and improving this bilateral trade relationship is of paramount importance, particularly as Canada attempts to recover from the economic impacts of the COVID-19 pandemic. With the United Kingdom’s exit from the EU, Canada—like some other countries—identified a need to conclude a bilateral trade agreement to govern its trade relationship with the United Kingdom after 31 December 2020.

While the Committee’s study was under way, negotiations for the TCA were concluded; the text of the agreement was released, and—after the Committee’s 7 December 2020 adoption of the interim report on the study—Bill C-18 was introduced in the House of Commons. The Committee recognizes that the TCA helps to ensure continuity in the Canada–U.K. trade relationship, and notes that the TCA addresses issues identified by certain witnesses in a way that generally meets their priorities. For example, the TCA does not contain concessions regarding Canada’s supply-managed goods that go beyond those in CETA. However, it seems that some trade barriers remain, and could continue to limit Canadian exports to the United Kingdom. For instance, such is the case concerning Canadian beef. In the Committee’s opinion, addressing existing trade barriers at the earliest opportunity could help Canada to increase and diversify its exports to the United Kingdom.

The Committee recalls the Global Affairs Canada officials’ characterization of the negotiations for a Canada–U.K. transitional trade agreement as “unique,” and is mindful of witnesses’ views that the consultation process for this agreement differed from that undertaken for at least some of Canada’s other trade agreements. The Committee hopes



that fulsome and timely public consultations will occur in advance of negotiations for a subsequent Canada–U.K. trade agreement to ensure that the challenges Canadian exporters are currently facing are addressed and that a solid foundation for their growth exists. These types of consultations should occur for all of the Government of Canada’s future negotiations for new or modified trade agreements.

Finally, in the Committee’s view, trade agreements—as they are negotiated, or reviewed and modified, as required—should reflect current and evolving trade-related developments, trends and opportunities. For example, such agreements should address issues that become more important over time, such as digital commerce, and should contain targeted provisions for particular groups, such as small and medium-sized businesses, women and Indigenous peoples. From that perspective, the Committee feels that any subsequent Canada–U.K. trade agreement should contain provisions that are at least as beneficial as those included in Canada’s recently signed trade agreements.

In the context of the foregoing, the Committee recommends:

Recommendation 1

That, to enable Canada’s federal parliamentarians to study the potential impacts of any subsequent Canada–U.K. trade agreement on Canadians in a complete and expeditious manner, the Government of Canada take timely action in accordance with its Policy on Tabling of Treaties in Parliament. In particular, the Government should table—in the House of Commons—a Notice of Intent to enter into negotiations for such an agreement at least 90 calendar days before those negotiations begin.

Recommendation 2

That the Government of Canada make a commitment to respecting the timelines outlined in the Canada–United Kingdom Trade Continuity Agreement (TCA) concerning a subsequent trade agreement between the two countries. Specifically, the Government should enter into negotiations with the United Kingdom on a subsequent trade agreement within one year of the TCA’s coming into force, and should conclude these negotiations within three years. If either timeline is not met, the Minister of Small Business, Export Promotion and International Trade, alongside relevant departmental officials, should appear before the House of Commons Standing Committee on International Trade for at least two hours to provide an update on the status of the negotiations for a subsequent Canada–United Kingdom trade agreement, and to answer questions from Committee members.

Recommendation 3

That the Government of Canada launch comprehensive and dedicated consultations on the topic of non-tariff barriers affecting Canadian businesses, particularly those in the agriculture and agri-food sector. The goal of these consultations should be to gather input from business stakeholders on ways to address non-tariff barriers during negotiations for a subsequent Canada–United Kingdom trade agreement.

Recommendation 4

That, to maximize the use by Canada’s small and medium-sized businesses of the country’s trade agreements with a view to increasing their access to international markets, the Government of Canada consult these businesses about the potential addition of a “small business” chapter to a subsequent Canada–United Kingdom trade agreement.

APPENDIX A LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
Business Council of Canada Trevor Kennedy, Director Trade and International Policy	2020/11/16	5
Canadian Chamber of Commerce Mark Agnew, Senior Director International Policy	2020/11/16	5
Canadian Labour Congress Chris Roberts, Director Social and Economic Policy Hassan Yussuff, President	2020/11/16	5
Trade Justice Network Larry Brown, President, National Union of Public and General Employees	2020/11/16	5
Department of Agriculture and Agri-Food Aaron Fowler, Chief Agriculture Negotiator and Director General Trade Agreements and Negotiations	2020/11/20	6
Department of Foreign Affairs, Trade and Development Doug Forsyth, Chief Negotiator for the Canada-United Kingdom Transitional Trade Agreement Steve Verheul, Chief Trade Negotiator and Assistant Deputy Minister Trade Policy and Negotiations Sara Wilshaw, Chief Trade Commissioner, Assistant Deputy Minister International Business Development, Investment and Innovation	2020/11/20	6

Organizations and Individuals	Date	Meeting
<p>High Commission of Canada to the United Kingdom</p> <p>Janice Charette, High Commissioner for Canada in the United Kingdom of Great Britain and Northern Ireland</p> <p>Nathalie Dubé, Minister-Counsellor (Commercial/Economic) & Senior Trade Commissioner</p>	2020/11/20	6
<p>Canadian Agri-Food Trade Alliance</p> <p>Claire Citeau, Executive Director</p>	2020/11/23	7
<p>Canadian Association of Importers and Exporters Inc.</p> <p>Kim Campbell, Chair of the Board of Directors</p>	2020/11/23	7
<p>Livingston International</p> <p>Robert Closner, Senior Vice-President and General Counsel</p> <p>Candace Sider, Vice-President of Government Relations</p>	2020/11/23	7
<p>Lobster Council of Canada</p> <p>Geoff Irvine, Executive Director</p>	2020/11/23	7
<p>Canadian Cattlemen's Association</p> <p>Fawn Jackson, Director</p> <p>International and Government Relations</p> <p>Doug Sawyer, Chair, Foreign Trade Committee</p>	2020/11/27	8
<p>Canadian Manufacturers & Exporters</p> <p>Matthew Poirier, Director, Trade Policy</p>	2020/11/27	8
<p>Fisheries Council of Canada</p> <p>Paul Lansbergen, President</p>	2020/11/27	8
<p>Les Producteurs de lait du Québec</p> <p>François Dumontier, Director</p> <p>Communications, Public Affairs and Trade Union Life</p> <p>Daniel Gobeil, President</p>	2020/11/27	8

Organizations and Individuals	Date	Meeting
Department of Foreign Affairs, Trade and Development	2020/11/30	9
Hon. Mary Ng, P.C., M.P., Minister of Small Business, Export Promotion and International Trade		
Doug Forsyth, Chief Negotiator for the Canada-United Kingdom Transitional Trade Agreement		
Steve Verheul, Chief Trade Negotiator and Assistant Deputy Minister Trade Policy and Negotiations		

APPENDIX B LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

Canadian Chamber of Commerce

International Cheese Council of Canada

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* (Meetings Nos. 5, 6, 7, 8, 9, 10, 11, 22, 27) is tabled.

Respectfully submitted,

Hon. Judy A. Sgro
Chair

SUPPLEMENTARY OPINION OF THE CONSERVATIVE PARTY OF CANADA

The Conservative Party of Canada is grateful for the work of the staff of the International Trade committee, including its clerk and analysts, in helping prepare this report on trade between Canada and the United Kingdom. The Conservative Party would you also like to thank the witnesses who appeared during this study, as well as the study on Bill C-18, *An Act to implement the Agreement on Trade Continuity between Canada and the United Kingdom of Great Britain and Northern Ireland*, to share their thoughts and views on this important trading relationship and what a successor trade agreement with the United Kingdom should look like.

As stated in our supplementary opinion on the interim report of this study, Conservatives had been pushing the Government of Canada to get to work on a Canada-UK trade agreement for years. While we are pleased to see the Canada-UK Trade Continuity Agreement come into effect on April 1, 2021, we are disappointed the government was not able to meet the initial deadline of December 31, 2020 – when the Comprehensive Economic Trade Agreement (CETA)'s application to the United Kingdom ended. The government left this critical trade agreement to the final sitting week of the final month of the final year before the CETA's terms no longer applied to the UK. Instead, just a few days before said deadline, the government had to sign a temporary Memorandum of Understanding (MOU) with the United Kingdom for three months to ensure trade could still flow and our Canadian exporters would not be affected – due to being unable to meet legislative ratification deadlines. With the MOU set to expire at the end of March 2021, Canada's Conservatives showed leadership and sought unanimous consent, which we received, in order to move the enacting legislation for this trade agreement along in the House of Commons so that our Canadian businesses and workers were not again left with uncertainty.

Now, with the Canada-United Kingdom Trade Continuity Agreement in place, Conservatives emphasize the need for the Canadian government to work with its counterparts in the United Kingdom to meet the timelines in the agreement to begin negotiations, and then conclude, a successor comprehensive agreement between Canada and the United Kingdom which addresses needed improvements we heard about at the Standing Committee on International Trade. We cannot forget that the Canada-United Kingdom Trade Continuity Agreement is primarily a rollover of the terms in CETA, bringing an agreement which was negotiated in the context of Canada and the European Union, into the context of Canada and the United Kingdom. A successor agreement brings opportunities to negotiate a new agreement which better reflects the Canada-UK relationship. We are pleased to see that the committee recommends to the government that they meet the set deadlines, and to have the International Trade Minister and relevant officials appear at the committee to answer questions if the deadlines are not met.

We are also pleased to see the committee agree to recommendations to help a successor Canada-United Kingdom trade agreement be better utilized and maximized by Canadian businesses, especially our small businesses and those in the agriculture and agri-food sectors.

- We hope to see the Government of Canada follow the committee’s recommendation to “launch comprehensive and dedicated consultations on the topic of non-tariff barriers affecting Canadian businesses, particularly those in the agriculture and agri-food sector.” We heard from those in the agriculture and agri-food sectors both during this study and the study on Bill C-18 on the need to address these barriers, so that our producers can use our trade agreements to their full potential.
- The recommendation that the “Government of Canada consult [small and medium-sized] businesses about the potential addition of a ‘small business’ chapter to a subsequent Canada–United Kingdom trade agreement” is also an important one. Trade agreements must work for our small and medium sized enterprises, and the government should have comprehensive consultations with SMEs to see how our trade agreements can be improved and negotiated to better help them scale up and expand to new markets.

In conclusion, the Conservative Party of Canada supports the recommendations made in the report, and we look forward to the Government’s response. The Conservative Party is also mindful of the extensive witness testimony the committee heard from stakeholders during the committee’s study on Bill C-18. While testimony from that study is not included in the scope of this report, we hope to see the Government of Canada work with their counterparts to address issues which were raised, including the issue of the United Kingdom’s (UK) non-indexation policy on pensions.

SUPPLEMENTARY OPINION OF THE BLOC QUÉBÉCOIS

THE DEMOCRATIC DEFICIT IN NEGOTIATIONS

Blatant transparency problems

The Canada-UK Trade Continuity Agreement (Canada-UK TCA) is designed to ensure that Canada and the United Kingdom do not lose their trade flow. Canada and the European Union are bound by a free trade agreement, the Canada-European Union Comprehensive Economic and Trade Agreement, or CETA, and the United Kingdom's decision to leave the European Union ended the provisions that bound London and Ottawa.

The lack of transparency in the negotiations that led to this transitional agreement with the United Kingdom was glaring, which is unfortunately representative of a general lack of transparency in the negotiation of many of Canada's recent international trade agreements.

Members of the Standing Committee on International Trade discussed the transitional agreement with directly involved stakeholders without seeing any of the text. It was a theater of the absurd. We were being asked to study an agreement without knowing its content. We were given witnesses who offered comments and recommendations about the agreement, but we had no real information about the content of the agreement. We were only given to understand that the deadline was coming up very quickly because the agreement had to be passed by December 31.

We might as well say that we were being asked to sign a blank cheque to the government, when it is the same government that has sacrificed supply management three times and that, during the last free trade negotiations, abandoned fundamental Québec sectors such as aluminum and softwood lumber. For these reasons, we are not spontaneously inclined to trust him blindly.

The Committee even had to submit its report on the transitional agreement the day we received the text and before we could even read it. The Bloc Québécois was very clear on the fact that we were not going to agree to stamp an agreement without having read it or without having had the time to study and analyze it, that is, without having been able to do our work as parliamentarians.

The elected members of the House of Commons, who are responsible for defending the interests and values of their fellow citizens, must therefore be satisfied with approving agreements at the end of a process in which they will ultimately have been mere extras, despite the efforts of the Bloc Québécois, which introduced several bills on this subject between 2000 and 2004.

The agreement between the Liberal Party and the New Democratic Party in 2020, in which the Deputy Prime Minister committed to providing more information to elected officials, is a step in the right direction. However, as the example of the recent agreement shows, it is clearly not enough.

Inform and consult parliamentarians and the provinces

There must be mechanisms to involve parliamentarians and the provinces in the next round of talks. It is essential that the government keep parliamentarians informed at every stage of the process. Such a requirement will reduce the risk that parliamentarians will have to vote on agreements without all the information necessary to make an informed choice. This will bring transparency to the negotiation process.

As the Bloc Québécois is calling for, Parliament must adopt procedures to increase the level of democratic control over agreements. The minister responsible for ratifying an agreement should be required to submit it to Parliament, along with an explanatory memorandum, within a sufficient timeframe. Parliamentary approval must precede any ratification.

As part of the negotiations with Europe leading to the ratification of the CETA between Canada and the European Union in 2017, Québec was able to send its representative. However, this participation in the discussions was the result of a request from the European Union, not the will of Canada. The process has never been repeated since, but it should be.

We believe it is essential that Québec and the provinces also be invited to the negotiating table, since they have the formal capacity to block the implementation of an agreement in their own jurisdictions. Québec's jurisdiction extends beyond its borders, as the Privy Council in London itself recognized in a decision rendered several decades ago that led to the establishment of the Gérin-Lajoie doctrine in Québec.

It is not perfect, of course.

During the CETA negotiations, the Québec representative stated that the role of the Québec delegation was to offer a "*billet-doux*" to the Canadian delegation and that its action was similar to corridor diplomacy. In other words, its role counted, but not at the table, where decisions were made.

The Bloc Québécois also regrets that a recommendation to consult the provinces before the final adoption in the House of Commons of the bill on the agreement referred to in this report was rejected by the members of the Standing Committee on International Trade. This would have allowed the government to demonstrate its commitment to transparency by implementing these consultations.

In the end, only Québec's independence will allow us to really assert our positions internationally, since the Canadian negotiator will always tend to protect the various Canadian economic sectors to the detriment of those in Québec.

Brexit, Canada-UK TCA and the future of Québec

Beyond the agreement, the process itself holds lessons for Québec and its independence project. The cases of the United Kingdom and Québec are of course very different. Nevertheless, the Brexit represents a first in history. It involves a state that has left a customs union to which it belonged and is therefore no longer part of certain trade agreements. In this respect, the situation is comparable to Québec. Opponents of the project, who have always played on economic fears, claimed that Québec would not automatically be a member of the

trade agreements signed by Canada, and that it would be left with nothing and would have to start from scratch in terms of its partners.

Constitutional scholar Daniel Turp, a former member of the House of Commons and the Québec National Assembly, once argued that countries would apply a presumption of continuity if the new country expressed its intention to remain bound by a given treaty. However, Mr. Turp's demonstration was limited to multilateral agreements. The issue remained with respect to trade treaties.

The only precedent for a trade treaty dates back to 1973, when Bangladesh left Pakistan to become independent. Since Pakistan was bound by the General Agreement on Tariffs and Trade (GATT), Bangladesh automatically joined overnight. However, the GATT was a multilateral treaty whose wording did not need to be renegotiated to allow for a new member. What about a bilateral treaty? The British answered this question.

In summary, Canada is already a signatory to an agreement with the European Union, the CETA. In order to prevent the departure of the United Kingdom from the European Union from creating a vacuum in the relationship between London and Ottawa, an interim agreement is quickly concluded between the two countries, which incorporates the content of CETA and which will remain in force in the short term until the two partners renegotiate a permanent agreement. So stability is assured until then.

The Brexit shows Québec the way forward when a trading nation gains or regains its sovereignty. A newly independent Québec would, of course, emulate this approach and quickly conclude interim agreements to ensure our businesses have access to markets while we renegotiate permanent agreements with our partners.

Far from being caught off guard, the U.K. already has trade agreements with 60 of the 70 countries with which the European Union has trade agreements. And it now has an agreement with Japan, with which the EU had no agreement.

Because they are provisional, transitional agreements do not exempt newly independent countries from returning to the negotiating table, preferably sooner rather than later. But there is no major problem with renegotiating what someone else has negotiated for us. That is what the UK would normally do this year with Canada. If we were to do so as well, we would avoid weakening sectors that are dear to Québec, such as its agriculture, its aluminum or its softwood lumber. There are many more advantages than disadvantages to defending only your own interests at the negotiating table.

SUPPLEMENTARY OPINION OF THE NEW DEMOCRATIC PARTY OF CANADA

The government of the United Kingdom does not currently index the public pensions of British expats living in Canada, despite indexing similar pensions for British expats living in a number of other countries.

This discriminatory policy costs the Canadian economy an estimated half a billion dollars every year. It also results in many British expats in Canada living in poverty.

The committee heard these facts in testimony from Ian Andexser Chairman for the Canadian Alliance of British Pensioners, during its study of Bill C-18, An Act to implement the Agreement on Trade Continuity between Canada and the United Kingdom of Great Britain and Northern Ireland. New Democrats are disappointed that the committee did not choose to incorporate that testimony into this study, as it could have done with a simple motion.

We believe that negotiations toward a successor agreement to the Canada-UK Trade Continuity Agreement (Canada-UK TCA) affords an excellent opportunity for Canada to seek to right this wrong. New Democrats saw this report as offering a rare cross-partisan occasion for parliamentarians to formally urge the government to adopt this issue as a priority in future negotiations with the United Kingdom. We are disappointed that the committee did not share that view.

We therefore make this recommendation in our supplementary report:

- 1. That the Canadian government address the indexing or freezing of British pensions for expats residing in Canada as a key objective in negotiations toward a successor agreement to the Canada-UK TCA.**

We have also heard the many warnings against Investor-State Dispute Settlement (ISDS) clauses in trade agreements in this study and others at the committee in this parliament. We are particularly mindful of the cost to the public purse and the chilling effect these provisions can and do have on public interest regulation. With these warnings in mind, we further recommend:

- 2. That any successor deal to the Canada-UK TCA not include ISDS provisions.**

