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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. Welcome to meeting number 10 of the House of Commons Standing Committee on International Trade. Today's meeting is taking place in a hybrid format, pursuant to the House order of September 23. The proceedings are available via the House of Commons website.

To ensure an orderly meeting, I would like to outline a few rules that we've heard many times. Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have the choice, at the bottom of your screen of the floor or English or French.

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

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

Pursuant to Standing Order 108(2), the committee will now proceed with the study of Canada's recovery plan for exporters after COVID-19.

We welcome our witnesses today. From the Canadian American Business Council, we have Maryscott Greenwood, chief executive officer; from the Trade Justice Network, Angella MacEwen, co-chair; and Eddy Pérez, international policy analyst, Climate Action Network Canada.

We're very glad to have you with us today.

Ms. Greenwood, you may proceed.

**Ms. Maryscott Greenwood (Chief Executive Officer, Canadian American Business Council):** Good afternoon, Madam Chair, and members of the committee.

[*Translation*]

It is a great pleasure to join you today.

[*English*]

It has been a while since we last met.

When the pandemic arrived 10 months ago, it triggered a powerful mix of emotions and instincts. It's just human nature. Individually, we scramble to protect ourselves and our families, and then have to cope with the isolation and fear that resulted, and our governments went into protective crouches. They began competing with one another for personal protective equipment and other crucial supplies, and ultimately began to turn inward. It was all understandable enough. The coronavirus disrupted entire sectors of the economy and robbed millions of their livelihoods, not to mention lives. In those circumstances, it was natural for governments to resolve that the health and jobs of their own citizens came first and to fashion arrangements accordingly, but it was ultimately counterproductive, especially where the United States and Canada are concerned. I don't have to explain to any members of this committee the extent to which our economies are integrated. In many ways, we are now one economy, and it's a fantastically successful model.

If Ontario were a sovereign nation, it would be America's third biggest trading partner, and it's the number one trading partner of 19 states. Alberta provides nearly half of America's crude oil imports, and more than 87% of U.S. aluminum imports come from Quebec, and those, by the way, are low carbon. I could go on.

I got together with the Quebec delegate general in New York, Catherine Loubier, and we came up with a North American rebound campaign. Our message was pretty simple and, we think, pretty effective. It was that we are in this together, and we need each other to get through it.

If the New England states can get together and form a co-op of sorts to secure personal protective equipment, why couldn't Quebec be part of that group? For that matter, why not the whole of Canada and the U.S.?

We started contacting like-minded people in Canada and the U.S. to support us. As the CEO of the Canadian American Business Council, my rolodex, if I can still use that term, is full of people who understand the profound need for mutual reliance.

Since we launched the North American rebound campaign in May, we've signed up over a thousand Canadian and American business leaders and 140 prominent business and industry associations in both countries, from Kansas to California and from Arizona to Atlanta. We've reached 150,000 people on social media, and we've managed nearly 113 million impressions in print media so far.

The people who signed on to the North American rebound believe that both countries must maintain a strong common cross-border manufacturing response until this pandemic is brought under control, and, in fact, in the economic recovery that will follow, we need to collaborate on securing personal protective equipment.

We must design Canada-U.S. solutions to maintain and replenish strategic stockpiles of medical equipment. The common border must remain open to essential business, our supply chains cannot be interrupted, and we have to find smart, safe, risk-safe ways to re-open the border ultimately.

We have to continue what we've been doing now for decades, expanding market opportunities for each other. That is crucial for recovery and to complete globally once we move past this pandemic. We will continue to work with the new Biden administration and the 117th Congress and, of course, this Parliament.

There's a lot of talk these days about building back smarter. For our two countries, rebounding together is the smartest move of all.

Thank you very much.

• (1310)

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

We go to Ms. MacEwen, please.

**Ms. Angella MacEwen (Co-Chair, Trade Justice Network):** Thank you very much.

I would like to thank the committee for inviting me to appear here on behalf of the Trade Justice Network. We are a coalition of environmental, civil society, student, indigenous, cultural, farming, labour and social justice organizations. We came together in 2010 to call for a new global trade regime founded on social justice, human rights and environmental sustainability.

Our members include the Canadian Labour Congress, Unifor, the Canadian Union of Public Employees, the United Steelworkers, the Climate Action Network of Canada, the National Farmers Union and many other groups who represent people in Canada from all walks of life.

I will focus my remarks on the role we see international trade deals and policy playing in a just recovery from COVID-19 and ensuring that Canada is well prepared to cope with a future crisis.

First, we have seen the importance of maintaining domestic manufacturing capacity in Canada for a number of essential goods, such as personal protective equipment and vaccines. Buy Canadian procurement policies may be necessary to recover and promote existing companies in Canada with that capacity, so it will be important for federal legislators to keep this mind as they engage in any bilateral trade negotiations or as they have talks within international trade organizations, such as the World Trade Organization.

We also want to make sure that we have the capacity to bring back publicly owned businesses, as in the case of vaccines, that could do this work and make sure our hands are not tied behind our backs because we didn't take this possibility into account.

Regulatory harmonization is a key part of the new NAFTA and CETA, two of our major trade deals. We should be particularly cautious as we proceed here so that we are able to maintain the freedom to respond appropriately to future crises in health, climate and the economic fallout that comes from these crises.

Right now the federal government is exploring what it means to have a feminist foreign policy, and we congratulate it for this. We want to note, though, that it doesn't simply mean token exclusions for women-owned businesses in trade agreements. We want to remind you that gender equity, especially in terms of education and employment, contributes to economic growth. However, the reverse is not true. Economic growth does not, on its own, contribute to gender equality or to improvements in health, welfare or basic rights.

Finally, we think that as we're planning our future in trade, it's important to think about how our trade policy fits with other international commitments, such as the sustainable development goals and the United Nations Declaration on the Rights of Indigenous Peoples.

If we take our commitments to the SDGs seriously, we would do an impact assessment, before finalizing any deal, of the social and economic consequences the agreement will have on participating nations' ability to progress toward the SDGs. Also, in implementing UNDRIP, we should consider what that means for including first nations, Inuit and Métis people at the bargaining table during international trade negotiations.

I'd like to turn the remainder of my time over to Eddy Pérez from Climate Action Canada.

**Mr. Eddy Pérez (International Policy Analyst, Climate Action Network Canada, Trade Justice Network):** Thank you so much, Angela, and thank you to the committee.

[Translation]

Thank you very much for this invitation to appear today.

I would first like to acknowledge that I am currently in Tiohtià:ke, commonly known as Montreal.

I would like to begin by telling you that, in 2020, as we experience this devastating crisis, we are also celebrating the fifth anniversary of the adoption of the Paris Agreement and 30 years, almost 31 now, of climate action.

I would like to complete my colleague's remarks by adding some climate-related factors.

COVID-19 has weakened us to the extent that we have discovered the vulnerability of the system that governs us. It has also shown us that, in terms of climate fairness and the ecological transition, it is not a matter of deciding whether or not we want to make that transition. The only decision to be made is how ambitious the actions we undertake will be, and the level of risk that we are imposing on future generations through policies such as those, for example, that the Parliament of Canada is adopting.

As for free trade, COVID-19 has a direct impact on the industries that depend on international supply chains. More specifically, energy exports have been affected simultaneously by COVID-19 and by geopolitical conflicts that have led to a decrease in the price of oil, a decrease that reached 21% in March 2020 over the same month a year earlier. Overall, we have seen a drop in exports and imports of automotive products, machines and material for electronics.

This leads me to an important factor, namely Canada as an energy exporting country.

• (1315)

[*English*]

COVID-19 has heavily impacted the fossil fuel sector. Restrictions in economic and social activity and travel triggered the biggest shock to global fossil fuel consumption in seven decades. Oil prices plunged to historic lows in some places. Countries reliant on oil revenues found themselves saddled with additional hardship in the midst of the health crisis. That fact shows that in the context of Canada, we continue living under the impression that we could both meet Paris Agreement goals and increase coal, oil and gas production. Accepting that reality is not something I see this Parliament doing now as it oversees the future of Canada's trade policy during the recovery.

Canada has already committed to global net-zero emissions in 2050, though we are a country that has never met its emissions target. We feel that it is the role of Parliament to analyze and address the incoherent approach that suggests that Canada could meet its climate goals while at the same time projecting an increase of 6.4 million barrels per day, or 187 billion cubic metres of gas through fracking in 2030.

The trend of decarbonization is moving rapidly, with economies around the world committing to stronger climate ambition. That means that trade and foreign policy will be impacted both by climate action and climate impacts, and will particularly impact oil-producing countries like Canada.

The IEA has said that producers could lose up to \$7 trillion U.S. by 2040 as economies decarbonize. Economies unwilling to diversify will face higher economic and geopolitical instability.

**The Chair:** May we have your closing remarks, Mr. Pérez, please?

**Mr. Eddy Pérez:** Yes, I'm going to the closing remarks.

I think the role of Parliament, as we look forward to modernizing and transforming Canada's trade and responding to the COVID pandemic, is to help us understand how trade can be used as a tool

for responding to global threats, enhancing climate action and protecting those key non-negotiable priorities that we saw during COVID: health, social safety nets, the rights of workers, gender equality and the rights of indigenous people.

Thank you.

**The Chair:** Thank you, Mr. Pérez.

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

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Chair.

Thank you, all witnesses, for being here on a Friday; it's nice of you to attend.

When we starting looking at this, we thought this was an area where the WTO was possibly going to fall apart; we weren't sure who was going to be elected president of the United States; we were seeing issues with PPE and protectionism around that. We were hearing of issues with countries grouping together, where Canada wasn't part of those groups, and making sure they took care of each other.

One of the things I've been curious about during this COVID-19 crisis and in the future as we progress down this vaccination path, and knowing that COVID-19 is going to be with us even once we're vaccinated, is how do we proceed? In terms of structural changes because of COVID—including the election of a new president in the United States, which will also structurally change things there—what are the things we should look for?

Ms. Greenwood, you talked about your North American rebound. How do we take something that should have been done in the last CUSMA agreement, which was bringing us closer together, but unfortunately the minds weren't at the table to do that...? I think we can do that now. What are the types of things we should be looking at, and I'll use the example of PPE? Should there be an agreement, not necessarily that it all be built in Saskatchewan, or all be built in Canada, but maybe certain things like this should always be built in North America?

• (1320)

**Ms. Maryscott Greenwood:** I think we could look at a number of specific models. We've been promoting them, but they're more poignant now.

For example, Canada and the United States have a memorandum of understanding with respect to defence procurement. We've had it since the 1960s. It's part of the U.S. defence production sharing agreement, and it says that for the purposes of Pentagon procurement, Canada should be treated domestically and vice versa. So, if there are Canadian suppliers for defence contracts, they should be able to bid on an equal playing field with American suppliers.

We think this model, which has worked very well in that sector for several decades now, is a good model to look at for PPE procurement and for everything else in the economic rebuild. In other words, we think that Canada and the United States should treat each other as if we were domestic suppliers for the purposes of government contracts that would apply to infrastructure.

Another way to look at this is that if you go back to 2008 with the economic crisis at that time, there was the investment in the economy to try to prevent economic collapse, and there was a Canadian exemption from the Buy American provisions ultimately. That was hard fought, but we got there. So, I think the idea is that if we can treat each other domestically for the purposes of procurement, that would go a long way to addressing the kind of challenges you identify.

**Mr. Randy Hoback:** Do you think we need to take it to another level? Do we need to look at things such as rare earth elements, things we look at and say, "You know what; we don't want to be beholden to anybody other than the people we really trust"?

Going forward, are those the types of things we should also be looking at?

**Ms. Maryscott Greenwood:** Absolutely, and that's another area that our organization has been talking about quite a lot. Canada's expertise in responsibly developing and producing resources and its infrastructure, whether it's railroads, ports, or things such that, and engineering ingenuity all these years, whether it's uranium, aluminum, oil sands, and so on, could be brought to bear and Canada could be a leading supplier of critical minerals and rare earth processing for the U.S. and world markets.

By the way, that's important when we think about the transition to a low-carbon future, because when you think about electric vehicles and solar panels, those things involve rare earth minerals. We need to be good at recycling them. We need to be good at producing them, and in our opinion, we in North America should not be reliant on the monopoly from China, which is where the overwhelming majority of these resources are produced and in a way that's quite toxic and harmful to the environment.

So, yes, I couldn't agree with you more that rare earth elements would be an ideal area of collaboration for our two countries.

**Mr. Randy Hoback:** How do you see our working together in regard to all sorts of possible barriers being put up, non-tariff trade barriers, with historical trading partners? Is this something where Canada and the U.S. can work together, as we see companies trying to protect their domestic supply and breaking agreements that they've made with us in the past?

How do you see that working? Do you see that as a possibility, or is that just too far out there?

**Ms. Maryscott Greenwood:** With respect to Canada and the United States, this is exactly why we launched the North American rebound campaign. We wanted to talk to chambers of commerce and businesses on each side, civil society on each side, to ask whether they thought we should collaborate, and the answer was yes.

We have 654,400 chambers across the U.S. currently that are telling our political leadership that it's important that we, Canada

and the United States, collaborate on these things. I think there's a willingness and an openness. We have to engage with each other. We have to talk about it. However, I do think what you're talking about is exactly why we launched the North American rebound a few months ago.

• (1325)

**Mr. Randy Hoback:** Can you give me examples of some of the possible new threats we could be facing post-COVID?

**Ms. Maryscott Greenwood:** Well, protectionism is always a concern, and the idea that when the new Biden-elected administration takes office and the 117th Congress comes, the very natural instinct is to say that if we're going to spend a lot of government dollars, a lot of American taxpayer dollars, and let's make sure that we first give those opportunities to American suppliers.

That's understandable and a real possibility, so what we have to do is really continue to talk about how it's great if you can find a domestic source, whether you're Canadian or American, and that's fantastic, but if you don't have in your supply chain the ability to source domestically...

Aluminum is a perfect example. Aluminum is used ubiquitously. Think of all the products that have aluminum. There just isn't the capacity in the United States. In fact, 87% of our Canadian aluminum exports go there.

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

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

**Mr. Terry Sheehan (Sault Ste. Marie, Lib.):** Thank you very much to the presenters for their excellent presentations on this very important work we're undertaking.

As I was doing my sound check I mentioned that I am from Sault Ste. Marie. In the presentations we've been talking about supply chains. Sault Ste. Marie is a resource city, and there are many of them across this country. It is based around steel, and we're the second-largest steel producer in Canada. Therefore, both the upstream and downstream supply chains are absolutely critically important to a lot of cities, including the one that I represent.

Can you tell us how the government's efforts to keep supply chains open throughout the COVID-19 pandemic has helped our exporters? Are there any additional measures you'd like to see the government make for the movement of goods across our borders so it's smoother and more efficient, while ensuring it is still safe for Canadians? At a border town, it's very challenging, because we need to keep that \$2 billion in trade crossing, but obviously when we take a look at what's happening in Chippewa County with the surge, we have to keep it safe and we have to keep the trade moving.

Are there other additional measures we can take to keep our supply chains moving? I'm thinking of things such as the wage subsidy, which originally Algoma Steel and Tenaris weren't eligible for, but subsequently are. They told me it really helped them stay open.

**The Chair:** Thank you.

Who would like to answer that?

Ms. MacEwen.

**Ms. Angella MacEwen:** I can answer briefly, but I think Ms. Greenwood might have some more useful information.

The wage subsidy is quite problematic, because it has been difficult to target it well to producers. Some people who needed it, as you say, weren't eligible for it, and some people are getting it, and we're basically subsidizing businesses that would have been profitable anyway. It's very difficult to make that work, although the CERB has been excellent, because everybody who got it was laid-off for lost time. The CERB was much better targeted than the wage subsidy.

I certainly think that helping any businesses manage their rent is going to be key to helping businesses stay afloat. That's not the supply chain per se, but that's helping businesses make it through here, because I think everybody's having a tough time paying rent.

Obviously, with Biden being elected in the United States that will, hopefully, help health measures in the States, and that will help us have safer trade with them as well. The key thing has been that the numbers in the United States are just so much higher than they are in Canada that it's quite difficult to trade safely.

**The Chair:** Ms. Greenwood, did you want to add something to Mr. Sheehan's question?

**Ms. Maryscott Greenwood:** I'm happy to if you would like me to, but I can yield back. It's up to you.

I think he's saying yes.

● (1330)

**The Chair:** Mr. Sheehan, you're on mute.

**Mr. Terry Sheehan:** Sorry. Thank you.

In particular on the supply chains, from your experience what has worked well, and what potentially could be improved?

**Ms. Maryscott Greenwood:** On supply chains, getting rid of retaliatory tariffs is obviously very important, and Canada and the United States have been working on that. Hopefully, we will not

see threats of steel and aluminum tariffs from the U.S. administration again any time soon. That's a positive.

Keeping the border open for essential commerce has been really important, but it hasn't worked perfectly. It is still difficult and unpredictable getting human beings back and forth across it. It is important to do that in a risk-based way.

I would say that the pilot project that Alberta is looking at for travel is worth considering. By leaning into testing and making sure that if somebody tests negative before they leave and when they enter, we can reduce the quarantine period. This is something that actually helps supply chains, because we're running into people not being able to get across the border to deliver goods that have been ordered, and that sort of thing.

I also think, to Ms. MacEwen's point, the Biden administration just announced that for the first 100 days of its administration there will be a national mask requirement. Hopefully, measures that are taken in the United States, in particular, will be helpful in fighting the virus, and also give leaders' confidence that we can resume and rebound our supply chains in a way that's helpful.

Certain big legacy projects you just can't relocate and reshore. Steel is a good example, and aluminum is another. Canada and the United States do so well together. We should figure out how to keep doing that—not figure out how to pull apart from each other, in our judgment.

**The Chair:** A short question, Mr. Sheehan.

**Mr. Terry Sheehan:** Have you ever reached out to the Canada trade commissioner service for advice, and what were your experiences? Do you have any thoughts for any improvements in that particular organization?

**Ms. Maryscott Greenwood:** We work pretty well with the Canadian trade commissioners based in the U.S. and headquartered in Ottawa. I'm not sure if that's the organization you're talking about.

**Mr. Terry Sheehan:** Yes.

**Ms. Maryscott Greenwood:** They work really hard. I think they are strong advocates for Canadian businesses in the U.S. I don't have experience in other parts of the world with them, but I think they represent a very useful and helpful tool that Canadian businesses have when they come to the United States.

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

We go on to Mr. Savard-Tremblay for six minutes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** Good afternoon, everyone.

My thanks to all the witnesses with us today.

I would like to turn to Mr. Pérez because of the critical importance of the environmental issue. I believe that we have to establish a link between that issue and the world in which we would like to live after the COVID-19 crisis. This is a long pandemic and we have not yet come out of it, but we are beginning to think about what will follow. If we want to avoid others, we must act accordingly. We know that a number of bacteria, viruses and microbes are presently frozen into the polar ice caps. Climate changes are multiplying, which will inevitably lead to the melting of the polar ice caps and the likely release of viruses, causing new diseases. We will probably have to face other pandemics like this one if we do not act as quickly as possible. That is the link that we can establish between these two issues.

When you came to testify about the CUSMA, as I recall, you advocated for the idea that trade agreements should be strictly linked to environmental agreements.

Aside from mentioning that in the text itself, should we establish binding mechanisms or legal mechanisms, for example? How could that all play out in the end?

**Mr. Eddy Pérez:** Thank you very much for your question, Mr. Savard-Tremblay. It is always a pleasure to have these discussions with you.

A very important observation must be made, in terms of including references to climate objectives in trade agreements: that was done in the four most recent, allegedly progressive, trade agreements that Canada signed. However, that did not bring the environmental agenda and the free-trade agenda any closer together.

In fact, it showed us the extent to which current free-trade rules are inadequate in addressing the environmental crisis in a number of ways. That is why we are not succeeding in settling the issue of subsidies for fossil fuels, as a specific example. We feel that border carbon adjustment mechanisms, as they are called, must be added, or perhaps a measure like CEPAM, for example. In addition, states do not apply environmental policies equally. That currently shows the disconnect between the free-trade agenda and the climate agenda. States themselves and their parliaments must focus on this issue and decide how they are going to address it.

I am still quite optimistic, given a new administration in the United States. In that context, I am pleased that Ms. Greenwood is here. First, there can be a discussion on the way in which trade rules can strengthen all the current treaties. Actually, I feel that Canada and the United States have similar approaches to strengthening environmental policies. Moreover, in the context of free trade, there can be discussions on sharing, which could lead to a decarbonization of the economy and thereby, an equitable transition for workers and for communities.

The first thing to do is to determine who can lead us to common trade rules. The United States and the European Union are reflecting on those policies. The second thing to do is to consider carbon blocks, as they are called today. In other words, countries that are ready to use free trade treaties as a way to having more ambitious climate policies.

• (1335)

**Mr. Simon-Pierre Savard-Tremblay:** You were saying that states are not applying environmental policies in the same way. In that context, can we talk about a form of unfair competition? Take as an example goods produced in less eco-responsible conditions than others and put on the market at a much lower price. That could definitely be called unfair competition, could it not?

**Mr. Eddy Pérez:** Absolutely. There is a complete lack of transparency on that. We are talking about border carbon adjustments precisely because of the total lack of transparency on everything behind a product.

One of Canada's major objectives, in fact, is specifically to assess not only the economic aspects of a free trade treaty but also the environmental aspects, as well as human rights and workers' rights.

That is the stage we have reached today. As you said, in the context of a pandemic, those factors are non-negotiable.

**Mr. Simon-Pierre Savard-Tremblay:** Should we—

[*English*]

**The Chair:** Thank you, Mr. Pérez.

I'm sorry, Mr. Savard-Tremblay, but your time is up.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** We will keep that for the next round, then.

[*English*]

**The Chair:** We'll move on to Mr. Blaikie, please.

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

Ms. MacEwen, I understand that there's been a proposal at the WTO by India and South Africa to suspend the TRIPS provisions to allow countries not to have to observe some of the normal restrictions around intellectual property and things like that for the purposes of their domestic COVID response.

I'm wondering if you could talk to the committee a bit about that, if it's something you're familiar with, and could let us know whether or not you think that's an important initiative for the committee to endorse as part of our study on the effects of COVID on Canada's global trade position.



**Ms. Angella MacEwen:** Absolutely, Mr. Blaikie, and if you haven't already, you and other critics will probably soon be getting a letter from CUPE, where I work, and the Trade Justice Network on supporting this goal of making sure that lower-income nations have the ability to afford to make vaccines without paying exorbitant prices.

We absolutely support that. We think it's consistent with Canada's goal in terms of.... I know that the meeting is coming up very soon. It's on December 10. I think it would be fantastic if the trade committee could itself endorse the waiver for certain provisions of the TRIPS agreement, because we know that without this waiver, pharmaceutical companies will be able to prevent manufacturers from producing these vaccines and medicines and scaling up the production.

Since it's a global pandemic, we really need all hands on deck. I think it's a very special moment for us to extend this solidarity to countries that can't afford to pay the pharmaceutical companies, and to make sure they're able to vaccinate.

Through the Doha declaration on public health, I think governments have recognized that it's important to have flexibility in terms of serious public health crises, so I think it's both consistent with our positions in other areas and an important part of our role and responsibility as a global citizen.

• (1340)

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

Just to summarize, this would be a really meaningful way that Canada could assist other countries in the global response to COVID.

**Ms. Angella MacEwen:** Yes. Thank you for being concise and summarizing. That's exactly what it means.

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

Could you confirm what the cost to Canadian taxpayer would be of Canada endorsing this? Would there be any direct cost to the Canadian treasury in order to endorse this?

**Ms. Angella MacEwen:** No. This is something where pharmaceutical companies will forgo profit, but as there's been much discussion about, Canada doesn't have manufacturing capacity for any of those, so there is absolutely no cost to the Canadian treasury or the Canadian people.

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

I also understand that there's been a considerable movement—I know we've received a lot of correspondence about it—of people calling for at least a temporary suspension of investor-state dispute settlement clauses in trade agreements in order to help facilitate government responses to COVID, understanding that some flexibility will be required as states undertake to rebuild their national economies.

I'm wondering if you could speak a bit to that movement, of which I know the Trade Justice Network has been a part, and to the importance of that, and whether you'd like to see this committee endorse that initiative as well.

**Ms. Angella MacEwen:** Yes, that's something we support. In fact, we think that in modern trade agreements, like the new NAFTA that was negotiated, we should be moving away from ISDS in those agreements. It prioritizes one thing above a whole host of other considerations that we think include government's responsibility in terms of public health and being able to respond in crises in ways that make sense without being afraid that they're on the hook for frivolous lawsuits from other companies.

We think that for both. It makes sense right now to temporarily suspend any ISDS measures, but also, as we move forward in negotiations, we were quite upset to see that the U.K. agreement still had something around an investment court in it, when that hasn't actually even been finalized in CETA yet.

We think the way forward in trade agreements is to move away from ISDS, because it's proven to be so much of a barrier to progress on climate, human rights and indigenous rights that there's no excuse for keeping it anymore.

**The Chair:** Ask a very short question, Mr. Blaikie, and we hope for a short answer.

**Mr. Daniel Blaikie:** I would say that I shared your disappointment to learn that there would be an ISDS provision in the Canada-U.K. agreement. We're still, of course, waiting for the details of that, because we haven't seen the text of the agreement. I wonder if you shared my surprise, given the positive comments that Minister Freeland made during the CUSMA debate about removing ISDS and how that was one of the things she was most proud of in the CUSMA negotiation.

**Ms. Angella MacEwen:** Yes, I have to say that I was quite surprised. We worked closely with Minister Freeland as part of the CETA negotiations and Trans-Pacific Partnership when she was the trade minister responsible for those things. Given her personal position on it, which she had voiced repeatedly, I was quite surprised to see that Canada's still pushing forward with this in lots of other agreements like Mercosur and the U.K. deal.

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

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

**Mr. Ziad Aboultaif (Edmonton Manning, CPC):** Thank you to all the witnesses for appearing today.

Ms. Greenwood, you mentioned Alberta energy, Alberta oil, as one of the elements of a great trade relationship with the United States. Do you believe that our government should put energy top of mind to set the stage for an economic rebound?

• (1345)

**Ms. Maryscott Greenwood:** Pardon me. Do I believe the government should do what to energy?

**Mr. Ziad Aboultaif:** Should it have energy top of mind—

**Ms. Maryscott Greenwood:** Oh, top of mind.

**Mr. Ziad Aboultaif:** —when it comes to economic recovery.

**Ms. Maryscott Greenwood:** I think that energy, whether it's traditional fossil fuels, renewable energy or innovative future forms of energy, is a crucial part of the economy regardless, so I do think that, when we talk about economic recovery, we have to think in terms of all forms of energy.

I know that the Biden administration is looking at sustainability in a number of areas, including infrastructure. Just as a quick example, there is some Canadian innovation in carbon capture and utilization, and there's a Canadian company that I'm aware of that captures carbon out of the air and is able to put it into a nanotube that you can mix into cement. Imagine building infrastructure that can help the economy recover while also helping to deal with carbon. I do think it's a top-of-mind issue on economic recovery, yes, sir.

**Mr. Ziad Aboultaif:** Thank you.

I'm a member from Edmonton, and we've always been leaders when it comes to technologies, especially in the oil and gas sector. You mentioned the new administration in the U.S. Do you have any concern about the Keystone XL pipeline? Do you believe that the new administration will sort of cancel the project, especially when energy is most needed for economic rebound?

**Ms. Maryscott Greenwood:** What I do know is that the Prime Minister raised the issue with the president-elect, and the Prime Minister's phone call with him, I think, was the first by a foreign leader with the president-elect. The project, as I understand it, is not the same as it was several years ago. A number of measures have been taken with respect to partnerships with first nations and with respect to carbon reduction, and that sort of thing. I think it's an active conversation between the two governments and an important one.

**Mr. Ziad Aboultaif:** What is your greatest concern with the current government here in Canada as far as the response goes when it comes to rebounding? Where do you think the hardship is going to be? Where is the government not really performing or having difficulty?

**Ms. Maryscott Greenwood:** The biggest risk, I think, for governments, whether they're local, state, provincial or federal on either side of the border, is this tendency to try to go it alone. I think pulling back from each other is a risk, whether it's Canada's pulling back from the United States or vice versa. That's what we really worry about, and that's why we started the rebound effort.

**Mr. Ziad Aboultaif:** You mentioned that protectionism is a problem, and I do agree. In the meantime, we're hearing on the other side that we need to have some kind of protectionism in whatever the campaign is to be able to fight climate change. Basically that's straight. Do you agree with that? What do you think of this kind of statement?

**Ms. Maryscott Greenwood:** I think it's really important to do both. I don't think we can turn away from our interconnectivity

from a trade point of view, but we also, of course, have to work with countries around the world and with civil society to deal with the climate initiatives. I think it's important to do both, and I think you'll see, for example, that president-elect Biden has announced his intention to name John Kerry to deal with global climate issues and to try to bring the U.S. back into the Paris accord. I think that's enormously meaningful.

**Mr. Ziad Aboultaif:** How much time do I have left?

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

**Mr. Ziad Aboultaif:** Going back to Keystone, of course we are very concerned about that. I will repeat the question: Do you believe that we can rebound economically without keeping a focus on energy, at least for the foreseeable time, which is a couple of decades down the road?

**Ms. Maryscott Greenwood:** Labour unions share the view that we have to have infrastructure, energy infrastructure and all sorts of projects in order for the economic recovery to move forward. I do think it's important that Canada and the United States, labour unions, businesses and civil society co-operate on that front.

• (1350)

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

On to Mr. Dhaliwal for five minutes.

**Mr. Sukh Dhaliwal (Surrey—Newton, Lib.):** Madam Chair, thank you to the presenters.

In March, we had new measures to slow the spread of COVID. COVID-19 has significantly impacted how people do their shopping and consumers make retail purchases. Business and retail sales via e-commerce have been going up every day.

I would like to know what some of the different e-commerce strands observed across industries in the retail sector are and the positive impact they've had. Second, how will the businesses, especially the SMEs, adapt to a more digital economy and advance e-commerce to support their products? Third, what can government do to help small businesses take advantage of the online opportunities?

**The Chair:** Ms. Greenwood, did you want to take a shot at that?

**Ms. Maryscott Greenwood:** Thank you so much.

On the question of SMEs, their conversion to digital commerce and what they need to do, I think, is a very important point. First of all, we know that small businesses are the bulk of the economy around the world, so it is very important that we focus on them. There are companies, whether it's a company like Cisco, Microsoft or many others, that have provided this connectivity, which helps SMEs in a—usually—very affordable way to stay connected with their workers, their customers and all of that.

There are some things that still need to be done in person. Digital commerce is an important piece of the modern economy, but we still have manufacturing, for example, and food delivery and things like that where digital connection plays a role in making things more efficient, but doesn't substitute for the entire process.

You asked about the role of government. There is a huge role for government in investing in keeping economies going. We have to keep people afloat, or the economy isn't going to stand. We saw in the United States, the Federal Reserve, the central bank, the U.S. government and Congress—both parties and the administration—take extraordinary steps at the beginning of the pandemic. There's a debate right now about how much more they need to spend. You can bet on the incoming Congress, the new administration, having as their first order of business in January the investment they need to pour into the economy to keep small businesses in particular afloat. That's an enormously important question.

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

My question is for Ms. MacEwen.

You were talking about CERB, and the rental assistance provided by the government and the wage subsidy. You know that this wage subsidy of 75% to the employers has been—and the new rental assistance program that was brought forward that tenants can directly take advantage of—extended to the spring of 2021. Do you see small businesses taking advantage of that program, or are there any modifications that we should make to those two programs that would help small and medium-sized businesses?

**Ms. Angella MacEwen:** Thank you.

It's been really difficult for small businesses. I know that at first you were offering to lend money—\$40,000. It would be to extend any loans, if that hasn't already been done, and extend deadlines. The economy hasn't rebounded fast enough for anybody to be able to remake that principal.

Wherever loans have been extended, you should definitely give people more breathing room on that front, I think. Also, wherever it can be simplified.... There can be more support going through the regional agencies—which was talked about in the recent fiscal update—in order to provide more support because it is quite confusing for a small business to be able to figure out what part works for them, what they need and how they can get that support.

• (1355)

**The Chair:** Thank you, Ms. MacEwen.

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

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** I would just like to continue my discussion with Mr. Pérez.

You mentioned border carbon adjustments. Could we be looking at other forms of control? For example, could the agreements contain a mechanism through which institutions would ensure that breaches of environmental policies would be subject to lawsuits? In other words, can we reverse the logic and move from dispute resolution between investors and states to a mechanism by which the

breaches of environmental policies, rather than the environmental protection measures, would be open to lawsuits?

**Mr. Eddy Pérez:** Clearly, that would be ideal. For it to happen, however, we would have to ensure, as the sections on the environment, on sustainable development and on worker protection are being negotiated, that mechanisms to strengthen those measures be included. Mechanisms to settle certain disputes must be used if states do not live up to those measures.

As we can see in the CETA and the CUSMA, up to now, the so-called progressive chapters are actually extremely weak. The agreements provide for no tools that require compliance with those measures.

We are even seeing an inconsistency. The current text of the CUSMA contains no mechanisms to reinforce the chapters on the environment and on workers' rights. But, at the same time, the European Union is demanding to apply reinforcing measures on the United Kingdom. So the approach is inconsistent.

When we are at the stage of debating the agreement between Canada and the United Kingdom, I hope that we will be more focused on strengthening those chapters.

[*English*]

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

I'm sorry, Mr. Savard-Tremblay. Your time is up.

Mr. Blaikie.

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

I'd just like to follow up with Monsieur Pérez on the question of the environment. It seems that the first agreement Canada is going to have in the post-pandemic world is with the United Kingdom.

When we think about the importance of addressing the ongoing climate crisis even as we combat the pandemic, what kinds of things do you think need to be in a bilateral trade agreement between Canada and the U.K. for it to be an agreement that does not contribute to the problem of climate change?

**Mr. Eddy Pérez:** Thank you so much, Mr. Blaikie.

As a start, the U.K. is a like-minded partner for Canada. We saw this morning that the U.K. has committed to an emissions reduction of 68% below 1990 levels for 2030. It is a partner that you could speak to about climate action in an ambitious manner.

That means there is certainly room for greater enforceability of sustainable development chapters. As Mr. Savard-Tremblay mentioned earlier, don't see that as a protectionist approach, but rather see that as the floor of an economic relation that is respectful of the environment, health and the rights of workers.

For me that's a start. The U.K. is a country that you could speak with about those issues. You have to make it clear that the relationship you build with the U.K. is also one you could pass on to the economic relationships you could have with the EU and the United States, to build a kind of global cohesion when it comes to making sure the climate regime and the trade regime work together to achieve the climate goals.

• (1400)

**The Chair:** Thank you.

Mr. Blaikie, your time is up.

Thank you very much, Ms. Greenwood, Ms. MacEwen, and Mr. Pérez, for your valuable information.

*[Proceedings continue in camera]*

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