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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 the meeting to order. Pursuant to the order of reference of Monday, February 1, 2021, we begin our 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.

Before I go to our witnesses—we're waiting for two others to join us—I would remind the committee that we mentioned we would confirm how many meetings the committee wanted to have on Bill C-18. Does anyone have any suggestions? Do we want to agree to go with three meetings on Bill C-18, or do you feel that more are necessary?

Ms. Bendayan.

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

I'm happy to hear from colleagues from the opposition as to what they would prefer. I recall that at the last meeting a few of them raised an interest to have a full, lengthy study of Bill C-18, so I'm all ears as to what the suggestion will be. For my part, I wanted to confirm to the committee members that the minister is available to appear on, I believe, what will be our next meeting, February 19.

The Chair: Ms. Gray.

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

I think we do want to have some wholesome input from some witnesses, but at the same time we don't want to be delaying this in any way. Your suggestion of three meetings, four meetings.... If the minister is coming, then we should have a couple of meetings where we have stakeholders, so somewhere in that range should fit within the timeline.

The Chair: Mr. Blaikie.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): I'm happy to further defer the question until we've heard from a witness or two and get a sense of some of the extant issues that we want to pursue with respect to the legislation. I wanted to put on the table that I don't personally see a need to decide right now.

• (1310)

The Chair: Okay, not seeing any further discussion then, Mr. Blaikie has suggested that we put off the decision until the next meeting. The next meeting will be on the 19th. If everyone is com-

fortable, we'll hear the witnesses today and at the end of either today's meeting or on the 19th, we'll decide exactly how many meetings the committee would like to have.

Is that all right with everybody? I don't see anybody saying no, so I'm going to assume it's okay.

We'll go on to our witnesses.

From the Department of Agriculture and Agri-Food, we have Aaron Fowler, chief agriculture negotiator and director general, trade agreements and negotiations.

From the Department of Foreign Affairs, Trade and Development, we have Christine Roy, deputy director, services trade policy; Shamali Gupta, deputy director, investment trade policy; Doug Forsyth, director general for market access and chief negotiator, Canada-United Kingdom trade continuity agreement; Allison Trenholm, deputy chief negotiator, Canada-United Kingdom trade continuity agreement; and Lori Di Pierdomenico, legal counsel.

Welcome to our witnesses.

We will turn the floor over to Mr. Forsyth, please.

Mr. Doug Forsyth (Director General for Market Access and Chief Negotiator, Canada-United Kingdom Trade Continuity Agreement, Department of Foreign Affairs, Trade and Development): Thank you, Madam Chair and honourable members, for the invitation to appear before the Standing Committee on International Trade to address Bill C-18, an act to implement the agreement on trade continuity between Canada and the United Kingdom of Great Britain and Northern Ireland.

We thank the committee for its ongoing interest in Canada's trade relationship with the United Kingdom and its attention to this bill to implement the Canada-U.K. trade continuity agreement, TCA.

In my remarks today, I will provide a brief overview of the context for the TCA and the highlights of the concluded agreement. My colleagues and I then look forward to taking your questions.

Turning to the context for the Canada-U.K. TCA, as you are aware, the United Kingdom's departure from the European Union has had a real impact on our bilateral trade relations, because it means that the U.K. can no longer participate in our existing preferential trade agreement, the Canada-EU Comprehensive Economic and Trade Agreement, CETA.

The express aim of the trade dialogue, and the trade continuity agreement that resulted, was to substantively replicate the CETA on a bilateral basis in order to ensure a seamless transition of our trade relations and seek to avoid potential cliff edges for business.

While still an EU member, the U.K. was not legally able to negotiate new trade agreements. However, it could discuss replicating the terms of existing EU agreements as it prepared for Brexit. Therefore, negotiating a transitional trade agreement based on CETA offered the best opportunity for Canada to provide as much predictability and continuity as possible for our stakeholders. However, the exercise to replicate CETA was unlike any other trade negotiation Canada has undertaken. The Brexit process was not straightforward either, as the departure date shifted multiple times and the U.K. contemplated changes in its post-Brexit trade approaches.

For Canada, in order to finalize our trade continuity agreement and discussions with the U.K. and to reach an agreement that was in the best interests of Canadians, we needed as much clarity as possible. In May 2020, the U.K. published its most-favoured-nation applied tariff schedule that would take effect when its departure from the EU was complete. In June 2020, the U.K. provided formal notification to the EU that it would complete the departure by the end of 2020 without opting for a one- or two-year extension where CETA would have continued to apply to the U.K.

These two developments were key to informing Canada's interests in finalizing the trade continuity agreement with the U.K. last November. With the ratification process for the trade continuity agreement ongoing, and seeking to mitigate the effect of a gap in preferential trading terms where possible, we subsequently signed a memorandum of understanding with the United Kingdom on December 22 to provide reciprocal tariff preferences on an interim basis.

It is important to note that these mitigation measures, by way of duty remission orders by Canada and the U.K., cover trade in goods only. Only the ratification and implementation of the TCA will provide the certainty that stakeholders are currently seeking as well as coverage across both goods and non-goods areas, as replicated from CETA.

Turning to the Canada-U.K. TCA texts, in reference to the CETA replication you will see that the TCA incorporates CETA by reference into a short-form treaty format and identifies the necessary modifications to the CETA provisions in the annexes to the short-form treaty. As such, the TCA text needs to be understood in conjunction with CETA. In most areas, the TCA is a replication of CETA, which means it is therefore a known quantity to stakeholders, provinces and territories, exporters and members of Parliament.

A small but important list of chapters required intensive negotiation to turn the CETA obligations into Canada-U.K. obligations. For these areas, we undertook targeted consultations with stakeholders in those implicated sectors and kept them informed of developments. In addition to providing stakeholders with updates on progress throughout the trade dialogue, we have also been keeping provincial and territorial representatives informed via the committee on trade, or, as we call it, "C-Trade". What we heard from both groups was a strong interest in ensuring continuity of our trade rela-

tions with the U.K. and the ability to return to the negotiating table to discuss a future FTA that would be tailored to the bilateral trade relationship.

I'll now outline some of the highlights of the TCA.

In goods market access, the TCA carries forward 100% of CETA tariff elimination commitments, immediately eliminating tariffs on 98% of Canadian exports to the U.K. Canadian exporters across all sectors—agriculture, fish and seafood, and non-agriculture—will benefit from continued preferential access to the U.K. market, with access to the same tariff rates as they have to the EU market under CETA.

For tariff rate quotas, like CETA, Canada maintains duty-free quota access for eight Canadian agriculture and seafood products that are subject to transitional or permanent tariff rate quotas, TRQs. The agreement provides commercially meaningful access for all Canadian products, subject to transitional and permanent TRQs. In addition, under the TCA, the TRQ administration process was streamlined for beef, pork and wheat. These exporters will no longer face import licensing requirements and will have access to the U.K. market through a first-come, first-served system.

- (1315)

With respect to supply management under the TCA, Canada made no new market access commitments for cheese or any other supply-managed products. Canada has agreed to a temporary outcome that will provide continuity to the U.K.'s access under Canada's WTO cheese tariff rate quota until December 31, 2023. The total amount of market access Canada provides for cheese remains unchanged.

With respect to rules of origin, the TCA allows for accumulation with the European Union. In other words, materials sourced from the EU that are used in the production of goods in Canada or the U.K. will count towards the originating status of those goods for purposes of Canada-U.K. trade.

The TCA includes origin quotas with the same volume to CETA for trade, textiles and apparel, and for certain seafood products. The origin quota volumes for certain agriculture and seafood products as well as for motor vehicles have been revised, but remain significantly higher than recent Canadian exports of these goods.

Provisions on accumulation with the EU and the origin quotas are set to expire in three years unless Canada and the U.K. agree to extend them. Without the ability to accumulate with the EU, it would be very difficult, if not impossible, for many U.K. goods to qualify for preferential treatment under the TCA. This provides a real and meaningful incentive for the U.K. to negotiate a subsequent FTA with Canada within three years of entering into force.

The areas I've just covered are currently in effect by the duty remission orders and the MOU that is in place on an interim basis. These provisions are not in place with cross-border trade services.

With respect to cross-border trade services, the TCA fully preserves the benefits of CETA and includes key obligations such as non-discrimination and market access. The TCA will continue to guarantee comprehensive access to the U.K. for Canadian service providers, which remains among the best commitments that the U.K. has ever signed with a trading partner.

As with CETA, the TCA also ensures that Canada maintain flexibility to take measures regarding sensitive sectors such as health, public education and cultural industries.

The investment chapter is a technical replication of CETA. Canadian investors will continue to enjoy the right to establish, acquire and operate investments in the U.K. on an equal footing with domestic and other investors. Investment obligations are carefully formulated such that Canada and the U.K. fully preserve their right to regulate in the public interest, including through exceptions and reservations. However, the replicated investment dispute resolution provisions will be suspended upon the entering into force of the TCA, pending a review by the parties, which is to commence three months after entering into force.

The purpose of the review will be to consider the approach to investment dispute resolution that best reflects the bilateral relationship between Canada and the U.K.

With respect to government procurement, Canadian suppliers will have guaranteed and predictable access to opportunities to supply their goods and services to all levels of government in the U.K., including regional and local governments, bodies governed by public law—for example, hospitals and universities—as well as a number of entities operating in the utility sector and public services. The U.K. market on access commitments, under the TCA, is estimated to be worth approximately \$118 billion.

Looking forward, a subsequent negotiations clause in the TCA commits Canada and the U.K. to enter into new trading negotiations within a year of entering into force, and to strive to conclude a new agreement within three years from the TCA's entry into force.

The government will undertake public consultations with Canadians ahead of any formal launch of subsequent negotiations with the U.K. and fully intends to follow the revised policy on tabling of treaties in Parliament with regard to a new comprehensive FTA initiative.

Along with my colleagues here today, I look forward to your questions and our discussion.

Thank you very much.

• (1320)

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

Mr. Fowler, did you have opening remarks that you wanted to give?

Mr. Aaron Fowler (Chief Agriculture Negotiator and Director General, Trade Agreements and Negotiations, Department of Agriculture and Agri-Food): No, Madam Chair.

I will be here to answer questions, thank you.

The Chair: Thank you all very much. We appreciate that.

We'll move along to committee questions.

Mr. Aboultaif, you have six minutes.

Mr. Ziad Aboultaif (Edmonton Manning, CPC): Good afternoon to all.

Thanks for your presentation, Mr. Forsyth. Have you begun the official negotiation for the comprehensive trade agreement with the U.K.?

Mr. Doug Forsyth: I'm sorry, the new post-bilateral agreement—is that what you mean?

Mr. Ziad Aboultaif: Yes, the comprehensive agreement, which is supposed to be the next chapter after the CUKTCA.

Mr. Doug Forsyth: No, we have not yet begun those negotiations. We need to complete our domestic process in order to ensure that the TCA is in place. After that, we will have consultations with the Canadian public and with others with an interest—stakeholders, provinces and territories etc.—to determine what we would seek in a bilateral negotiation with the U.K.

Mr. Ziad Aboultaif: Speaking of which, since you're doing domestic consultation—if we frame it that way—what were the main concerns of the general stakeholders in Canada as the negotiations began for the transitional agreement? What have you felt from the industry stakeholders and all stakeholders on this whole agreement?

Mr. Doug Forsyth: Certainly, I think one of the things that we've heard from stakeholders for more than a while as we were negotiating the trade continuity agreement was to ensure stability and certainty in the U.K. marketplace. That was goal number one.

Once we got past that, I think what we started to hear more of from stakeholders was the desire to improve our market access, especially for key exports in the agricultural sector. We tend to hear from those stakeholders quite often. It would be no surprise to the committee—I think you've heard from similar witnesses—that there is a desire by agriculture and other stakeholders to see improved access to the U.K. marketplace and to make sure that the access we do negotiate is achievable. That's the other key thing that we have heard from stakeholders thus far.

We haven't started the consultations. I think there has certainly been an increased interest in the U.K. marketplace, but no one has submitted anything formal or in writing as far as what they would like to see in terms of next steps. As I said, I do speak with stakeholders quite frequently. They have indicated that they were pleased with the certainty that we were able to achieve with the TCA. They do look forward to improving whatever market access outcomes we can get in the bilateral context in the next negotiation.

Mr. Ziad Aboultaif: A question that will come at this time is whether any vaccine supplies will be affected by Bill C-18, which we're looking at right now in Parliament. Have you thought of that?

• (1325)

Mr. Doug Forsyth: Certainly, it's top of mind for everyone in government right now. It is a very important issue. We have been thinking about it.

Trade and pharmaceutical products are covered by CETA and will be covered by the TCA when it is in place. I don't foresee any problems one way or another in terms of the trade agreement not covering those goods.

Mr. Ziad Aboultaif: The European Union banned exporting the vaccine although we have CETA in place. Did that decision surprise you at all?

Mr. Doug Forsyth: Did it surprise me?

I think, as was expressed earlier this week by both the minister and my assistant deputy minister, it was disappointing. I think that we're doing our best to work with our European counterparts to make sure that these bans do not go forward. We're also looking at continuing our internal analysis to see what we can do, to see if there are other ways that we can work with the Europeans to mitigate any of these risks.

Mr. Ziad Aboultaif: Can you think of any change or amendment to the future comprehensive agreement to prevent this from happening in the future?

Mr. Doug Forsyth: I don't think there's anything. To the best of my knowledge, to date we have not come up with any provisions that we could put in the agreement that would prevent what they're doing. As was discussed earlier this week, what they are doing seems at least to be consistent with their WTO obligations, as well as their obligations under CETA.

As we look to the future, I think there are ways that we might want to think about things that we could do. I think we're all hopeful that there will not be another pandemic in our lifetimes, but there could well be other means to address that.

The Chair: Thank you, Mr. Forsyth.

It's on to Mr. Sheehan, for six minutes please.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much for your presentation, and an extra thank you for doing such a good job in landing us this far. In December, you were able to get us to this point, where it was just referred to us by Parliament, during this pandemic. I'd be remiss if I didn't compliment you for doing that.

The 98% tariff lift is quite amazing, and you have indicated in your reports that over the next little while, we'll get to 99%.

What kinds of businesses will benefit? Did we do any analysis on potential jobs that will be protected and created because of your work on this agreement?

Mr. Doug Forsyth: We did an analysis that shows where the benefits will flow to the Canadian economy overall from the trade continuity agreement. I'll just remind you that it is about continuing the trade that we had between Canada and the United Kingdom, so it's about preserving those market access gains, preserving those exports, preserving all the employment opportunities that we already had in place.

I think it is clear from that analysis that the trade continuity agreement does exactly that. It provides the kind of continuity that businesses and exporters are looking for. It provides continuity to exporters or companies that produce quality products and export them to the United Kingdom as well as to the European Union. That's the kind of process that keeps people employed in Canada.

Absolutely, the work has been done internally, and the report is there for folks to view.

Mr. Terry Sheehan: On the flip of that question, obviously we have the positive side of it, but I think you kind of referred to it in your remarks, calling it "the edge of the cliff". Could you delve into where? We want to see where the jobs are not only maintained but created, in particular throughout the regions, whether it's ACOA, CED, FedNor, FedDev, WD or the new B.C. regional development agency, and what businesses are supported. We also want to see where there might be businesses that are not covered, that kind of that cliff that you were talking about. We have to make sure that we're able to support any businesses that may be the 1% or the 2%.

• (1330)

Mr. Doug Forsyth: I think it speaks really to the success we've had with our increased exports to the European Union under CETA and that we wish to continue with for the U.K. The "cliff edge" that I referenced was very much around at the end of three years making sure that we have the agreement in place and that we're able to take advantage of it to the fullest extent possible.

As we were approaching the December 31 deadline, I think what we saw was that if there were no TCA in place, the big impact that would have on agriculture exporters, as well as fish and seafood exporters, who would have been subject to the MFN tariff rates that would have been applicable in the event that we had no preferential arrangement in place. We're very pleased that we were able to negotiate that and to get everything finalized.

Then, in order to take advantage of the agreement in full, we have to get past the.... Ideally, we will get the TCA ratified and then an entry into force date in the foreseeable future, so that not only our key goods exporters can take advantage of it, but our service exporters can as well. We can continue to have our business people enter the U.K. marketplace on the service side of things, as well as to create new business opportunities and seek out new investments.

I think that's the key. It's to have the entire agreement in place, and not just the goods aspects applying.

The Chair: You can have a short comment, please, Mr. Sheehan.

Mr. Terry Sheehan: I was going to delve into something a little more.

I guess I would just like to again thank you for your hard work. I'm sure some people will ask the questions that I wanted to ask.

The Chair: Thank you, Mr. Sheehan.

We will move on to Mr. Savard-Tremblay.

[Translation]

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Thank you, Madam Chair.

I'd like to thank all the witnesses for being with us today.

My first question is for the department officials. It's about the implementation of the agreement.

Today we heard a call to ratify the agreement. What is the plan? Will the agreement come into force as soon as both parliaments ratify the agreement or at a later date?

[English]

Mr. Doug Forsyth: The ratification process will follow its domestic course, both here in Canada and in the United Kingdom. The United Kingdom has finalized its ratification process this week. Once Canada has done that, there will be an exchange of letters between both governments to indicate that all of the domestic processes have taken place and that we are ready to agree on an entry into force date.

In order to do that, we will have to finish our domestic process, and this is an important part of it. We'll take the time we need to do that. Then, once we have completed that and Parliament has done its work, we will be able to move forward with the next step, which is very much about indicating to the United Kingdom that we have completed our process. We will formally notify them and then we can decide on the entry into force date.

● (1335)

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I see. The date will be set after the agreement is ratified; the coming into force won't be immediately afterward.

The U.K. recently announced that it was applying to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP. The agreement is between Canada and 10 other countries in the Asia-Pacific.

Will Canada be negotiating its permanent agreement with the U.K. while the U.K. pursues the process to join the CPTPP?

[English]

Mr. Doug Forsyth: Yes, the United Kingdom had indicated that to us, mostly informally, but they had made a number of pronouncements that they would seek to join the CPTPP, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. This week, they made an official announcement, I believe on Monday, that they would be pursuing the application process for that agreement by sending a letter to each and every CPTPP member.

I think we're still in the early days of our analysis, but I think our plan is to, yes, go forward with a bilateral negotiation in parallel with the process for the United Kingdom to go forward with the CPTPP.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Mr. Forsyth.

There won't be any cross-discussions as far as the two agreements are concerned.

As you know, the CPTPP provides access to Canada's dairy market, undermining our dairy industry.

The TCA will result in annual losses. The Union des producteurs agricoles, the Producteurs de lait du Québec and others have estimated those losses.

The TRQs on dairy products are virtually the same in the CPTPP as they were in the TPP, to which the U.S. initially belonged. The country withdrew from the previous iteration of the agreement to potentially rejoin the trading bloc under the new agreement.

The decision to establish the quotas was based on the fact that the U.S. would be part of the agreement. As we all know, the previous administration targeted supply management, trying to drill holes in the system and even eliminate it.

Part of the quotas is currently not being utilized because the U.S. pulled out of the agreement. It's also difficult for countries that are far away to export dairy products. For its part, the U.K. clearly wants to export more cheese and take advantage of the market access that was given up.

If the U.K. joins the CPTPP, is there not a risk that it will take the quotas that have gone unused because the United States pulled out?

[English]

Mr. Doug Forsyth: When the U.K. officially goes through its application process, it will be required to meet the high standards the CPTPP members have already agreed to. There will be a bilateral market access negotiation. In parallel, as mentioned in my previous answer, we would continue bilateral negotiations with the U.K. on a parallel track.

The quotas for the CPTPP have been in place since that negotiation. They would not be expanded with any new members, if they were to come on. The government has been clear that there will be no new market access for supply-managed products coming into the Canadian marketplace.

I will just turn to my colleague from Agriculture Canada to see if he has anything he wants to add there.

• (1340)

Mr. Aaron Fowler: I agree with what's been said so far. I think Canada's commitments with respect to supply-managed products, including dairy products under the CPTPP, is well known. Those commitments were made with an expectation that that market access would be utilized by our trading partners that are in the CPTPP, as was described previously, owing in part to the fact that the United States has not ultimately joined that agreement.

There are dairy products for which the utilization rate of the TRQ is not being fully utilized right now. The expectation was that that volume would be used, and the approach that the government took in its discussions on compensation with the dairy sector assumed full utilization of the commitments that were made in the CPTPP.

While the terms of the U.K. accession would need to be determined with the U.K. and the other CPTPP members, were they to take some portion of that dairy access that Canada provided, that would not fundamentally change the outcome that Canada anticipated when it concluded the CPTPP negotiations.

The Chair: Thank you, Mr. Fowler.

We go now to Mr. Blaikie.

Mr. Daniel Blaikie: Madam Chair, elsewhere on the Hill this week, Minister of Procurement Anand testified that she had asked all of the companies that are producing vaccines for the right to produce domestically, and that she had been told no.

One of the things that CETA did was to reinforce the intellectual property protections for pharmaceutical companies. The TCA does that by extension. I'm wondering if that experience with these companies—that have seen their intellectual property rights protected in many trade agreements, including in CETA and this TCA—refusing Canada the opportunity to produce domestically has caused the government, and you particularly, Mr. Forsyth, to rethink Canada's willingness to use trade agreements to reinforce the intellectual property rights of giant pharmaceutical companies, when they so clearly are not interested in assisting Canada, even in the midst of a crisis like this?

Mr. Doug Forsyth: I think the experiences of this week, as you already noted, have caused a lot of people to turn their minds to different aspects of the procurement process. There has, to date, been no further analysis in terms of what the IP aspects of that are. It doesn't mean that there won't be in the future, but I'm not aware of any that has happened this week as of yet.

Mr. Daniel Blaikie: Generally speaking, isn't the experience sufficient to provide some insight on the wisdom of providing a lot of additional power and leverage to private multinational companies over and above governments that are democratically elected and expected to regulate in the public interest, in the context of these

agreements? I think the vaccine rollout is a clear example of how the additional power that's been conferred on private companies, within agreements like this, can be at odds with the public interest.

Isn't an obvious conclusion from this that Canada should be a lot more wary than it has been in the past about solidifying the power that those companies enjoy within our international trade agreements?

Mr. Doug Forsyth: I think that the IP chapter, both in CETA and here in the U.K., includes the obligations of protection and enforcement. How far we want to go in the future is open for discussion. As we look forward to the consultations for the Canada-U.K. bilateral negotiation, I think that will provide stakeholders and others with all kinds of opportunity for their views. I think it will be an important opportunity for the government to engage on that topic and on others, and I look forward to hearing what others have to say about that.

Mr. Daniel Blaikie: On the same question, as to the ways agreements like this are often used to shore up the power of multinational corporations, as opposed to the powers of democratically elected governments with a responsibility to the public interest, one of the other ways that is done is through investor-state dispute settlement mechanisms. One of the things I note about this agreement—it's been said many times in different ways, and I thank you for the accuracy of your comment today—is that the ISDS provisions of CETA are suspended.

I've heard some members of government say that they're not in there, which of course isn't true, but these do reappear. One of the mysteries about this is that we heard some very strong statements from the Deputy Prime Minister during the CUSMA negotiations about the problems with ISDS provisions and the pride that she felt personally at having them removed from CUSMA.

We have before us a document, this agreement that we're being asked to ratify today, through which, if nothing else is done within three years, provided it's ratified in CETA, we would see similar kinds of investor-state dispute settlement provisions enter into force. Therefore I'm wondering how they even got in here. If this is the position of the Canadian government—and I've heard with some good authority that the U.K. government has not made ISDS provisions a priority or asked for them at all in not just its negotiations with Canada, but generally, as it negotiates a lot of agreements—wasn't this an opportunity for Canada to just move along from the ISDS question? Who is it that wants to see these provisions in here, and why, if Canada is of the view that these kinds of provisions have no place in trade agreements and if the U.K. is not asking for them, would we bother with this three-year review? Why wouldn't we just get rid of these in this very agreement, instead of preserving them and continuing to ask the question and having a default mechanism that they come into effect, rather than requiring a proactive affirmation of them by Parliament in order to actuate these ISDS provisions?

• (1345)

Mr. Doug Forsyth: I think one of the key reasons why these provisions are in the agreement is that this was a replication exercise, so we were looking to replicate what we had in CETA. There were a number of discussions that we had with our counterparts from the U.K. about changes to the agreement. It was clear, I think from fairly early on in the process, that we were talking about replication, that we needed to replicate the agreement in whole. That is what we did.

As the MP rightly pointed out, there are provisions that ISDS will not enter into force once the TCA is in place, and there will be the opportunity for both parties to discuss what could replace the ISDS provisions. There will be opportunity for that discussion. I think one of the opportunities would be certainly to decide in a bilateral context how or if the ISDS provisions could apply, but that will be part of the ongoing process.

The Chair: Thank you.

We'll go to Ms. Gray.

Mrs. Tracy Gray: Thank you, Madam Chair.

Thank you, Mr. Forsyth, for being here in front of this committee again, and thank you to the other witnesses.

I wanted to expand on my colleague Mr. Aboultaif's questioning. As we know, the EU has put in these export measures on COVID-19 vaccines. If Canada were to sign a contract to procure COVID-19 vaccines produced in the U.K., would this Canada-U.K. trade continuity agreement ensure these contracts were honoured? Or is there still a risk of export controls to prevent vaccines, PPE or other types of medicines from getting onto Canadian soil?

Mr. Doug Forsyth: Once we have the TCA in place, it is, as I have noted a couple of times, a replication of the CETA, so the CETA provisions would apply. There's nothing in the TCA that...though we continue to examine both the CETA and the WTO to review what recourse we might have for the export restrictions, but there does not appear to be any...we have not yet seen anything in either of those agreements that would prevent what has taken place, no.

• (1350)

Mrs. Tracy Gray: We have known for a while that the U.K. was interested in joining the CPTPP. You've alluded to that. A few days ago, on January 30, it formally applied to join. We know that this could change timelines for tariff reductions compared to the Canada-U.K. trade continuity agreement.

Specifically, in the U.K.'s press release about joining the CPTPP, they cite that for cars they would reach 0% tariff rates for Canada by 2022 in the CPTPP, which is two years faster than under the Canada-U.K. trade continuity agreement.

Can you table for the committee any side-by-side comparisons of differing tariff rate schedules between the Canada-U.K. trade continuity agreement and if the U.K. joins the CPTPP?

Mr. Doug Forsyth: Yes, I think we certainly could table that. One thing I would just caution you on in terms of comparing the two, especially around automotive goods, but not necessarily exclusive to automotive goods, is that in order to qualify for a zero duty or preferential duty rate you would have to meet the rules of origin for those products. I haven't examined it in detail, but it's not clear to me that the United Kingdom would be able to meet those rules of origin under the CPTPP requirements.

There are provisions within the Canada-U.K. TCA that allow for European materials and labour from the European Union to count as originating in the context of Canada-U.K. Those provisions do not apply in the context of the CPTPP so, as I said, it's not clear to me that automotive production in the United Kingdom would be able to pass the test for the rules of origin in this context of the CPTPP and qualify for that zero duty rate.

Mrs. Tracy Gray: Okay. Thank you.

You mentioned the public announcement but also that you had heard earlier that the U.K. was looking at joining the CPTPP. On what date were you or your department notified that the U.K. was formally applying to join this agreement?

Mr. Doug Forsyth: We have heard on a number of occasions, informally, both at my level and at the level of my colleagues who deal exclusively with the CPTPP, about the U.K.'s interest in joining. My understanding is that Secretary of Trade Truss has mentioned it and noted it a few times as well to Minister Ng. I'm not sure of the exact date, but it has been mentioned more than a few times, and as you pointed out, there was the official announcement on that.

The Chair: Thank you very much.

We go now to Mr. Arya for five minutes.

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

Last year, we heard concerns from Canadian exporters that the final destination of most goods landing in the U.K. was somewhere else within the European Union. Since December 31, have you heard of any issues faced by Canadian exporters whose goods are landing in the U.K. but for which the final destination is somewhere else in Europe?

Mr. Doug Forsyth: Yes, we had heard that could be a concern for Canadian exporters. The logistics route for many Canadian shipments involved them first landing somewhere in the United Kingdom and then being broken up and transshipped on throughout the European Union. Similarly, a number of Canadians would ship to Rotterdam and then break up the load and send it on to the U.K., depending on the product and where it would ship from.

What I can say about that is that we are discovering that you can't do that anymore. Logistics routes will have to change. I haven't heard it directly about Canadian companies, but certainly the challenges that exporters are having with regard to trade between the United Kingdom and the European Union are well known in the press. Once a good lands in the United Kingdom and enters the customs territory of the United Kingdom, that's where it belongs, and if you were to ship it from there into Europe, you would have to pay duty on it.

I would just add that our trade commissioners in London and elsewhere in the United Kingdom are working closely with Canadian exporters to mitigate any of those challenges and difficulties that they might be having, but we have not heard directly about any to date.

• (1355)

Mr. Chandra Arya: The bilateral trade agreements are good for any Canadian exporter exporting to that particular country or for any Canadian importer importing from that particular country; however, for Canadian companies that are part of the supply chain, the U.K. may be separate from the European Union but it's still geographically part of Europe, and it is part of the supply chain. So for a Canadian company that is part of the supply chain, with the goods travelling back and forth between the U.K. and other parts of the European Union, has having to deal with a separate bilateral agreement and a multilateral agreement with the European Union added to the complexity? Have you heard about any issues faced by any Canadian company on this?

Mr. Doug Forsyth: We have not heard directly from any Canadian companies about this as of yet, but, yes, there is no question that the supply chains into Europe or for goods coming out of Europe or coming out of the U.K. have been directly impacted by Brexit and by all of the challenges that the U.K. leaving the single market and the customs union have caused. There is no doubt about that. Paperwork has increased. The complexity of transactions has increased as well. We're following it very closely to see if there are any impacts on Canadian companies and what those might be, but again, to date, I'm not aware of any direct impacts.

Mr. Chandra Arya: With the U.K. coming out of the European Union, we are in a separate agreement. Has it made an impact on any investments, if they are inflows or they are outflows?

Mr. Doug Forsyth: Again, it's a month in. I haven't heard directly about any impacts on investments, either here in Canada or in the U.K., but it's something that we'll follow closely and will continue to follow closely, and maybe at some point in the future we could be able to report on that.

The Chair: Thank you very much.

We're on to Monsieur Savard-Tremblay for two and a half minutes, please.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I'd like to follow up on my last question. The witnesses weren't able to provide details because they ran out of time. According to Mr. Forsyth's and Mr. Fowler's answers, the negotiators have a clear mandate not to allow any new holes in supply management.

I am nevertheless going to press the matter. Previously allocated quotas have not been utilized. We were lucky in our misfortune: the other countries opted not to make the investment. The U.K., however, has made clear its intention to do so. Doesn't that pose a risk to our market?

What can we expect?

What impact could it have on our market?

[*English*]

Mr. Doug Forsyth: I think I might turn to my colleague at Agriculture Canada to respond.

Mr. Aaron Fowler: Again, the market access that Canada committed to provide in the context of the CPTPP was a negotiated outcome of the CPTPP and TPP members that negotiated that agreement. Our expectation at the time that we made those commitments was that this market access would be available for our trading partners to pursue and that we could anticipate imports on the lines that we made commitments on.

Ultimately, the countries that have moved forward with implementing and ratifying the CPTPP are not identical to the countries with which we negotiated the agreement. In practice, some of the products for which we made market access commitments in that negotiation have not been fully utilized thus far under the agreement, which is not to say they will not be utilized in the future, but our assumptions have been from the outset that utilization of the TRQs was a likelihood that comes with opening up that market access.

In the event that the United Kingdom were to accede to the CPTPP in a way that allowed them to access Canada's supply management tariff rate quotas, then there is a possibility that they would export on those lines, and that either those exports would replace the exports of other CPTPP countries that are currently selling into Canada or, for products that are not fully utilized right now, it might result in additional incremental access into the Canadian market, but not beyond the commitment we've already made within the commitments we've already made.

I think the situation you're describing is one we've anticipated. We would work closely with our sector stakeholders, as we always do, to identify any particular concerns arising as a result of the U.K.'s ability to access those particular TRQs, but from the standpoint of today, I think the situation is one that is well within the scenario that was contemplated by the government at the time that agreement was concluded. We will continue to work with our sector to make sure the impact on them is also what was anticipated at the time the negotiations were concluded.

• (1400)

The Chair: Thank you very much.

We'll go on to Mr. Blaikie, please.

Mr. Daniel Blaikie: The Canada-U.K. trade continuity agreement is about a five-page document. Article V is the article that deals with the investor-state dispute settlement mechanism and represents about 20% of the work done in order to conclude the agreement. Am I really to believe that if we charge out all the hours people on both sides of the pond spent negotiating this full page of text that represents, as I say, about 20% of the agreement.... It sounds to me like taxpayers in Canada and Britain will have paid thousands of dollars to keep the door open to being sued for millions of dollars just because of the inertia of a previous agreement, when neither government sitting at the table wanted investor-state dispute settlement clauses in the agreement. Does that sound like good value for money?

Mr. Doug Forsyth: Again, I would come back to my earlier answer. The goal of the exercise we completed with the United Kingdom was to replicate what was in CETA. Changes were not made for the most part, except in areas, for example, of goods TRQs, which could not be replicated—

Mr. Daniel Blaikie: If I may interrupt, some changes were made. This document is 25% longer in order to talk about a provision that I understand neither government cares to include in a successor agreement. Our government has said clearly that it doesn't support ISDS provisions. The U.K. government hasn't asked for ISDS provisions, so why would we have an agreement that's 25% longer, just to include something that neither government wants?

Mr. Doug Forsyth: I might turn to my colleague who worked on the ISDS provisions to follow up on that.

Ms. Shamali Gupta (Deputy Director, Investment Trade Policy, Department of Foreign Affairs, Trade and Development): Sure. The investment chapter outcome that we have in the CUSMA is really a reflection of the unique North American context. While under CUSMA we don't have ISDS with the U.S., we still maintain ISDS with Mexico under the CPTPP.

Mr. Daniel Blaikie: How does that square with the Deputy Prime Minister's comments? She said she was really proud that the government got rid of ISDS in CUSMA. Is it the position of the government that it wants ISDS chapters in future trade agreements, or is it the position of the government that it doesn't?

Ms. Shamali Gupta: Canada maintains the flexibility to negotiate variable outcomes with respect to our various partners on ISDS, and we would determine whether or not we would be seeking ISDS on a case-by-case basis.

• (1405)

The Chair: Thank you very much.

We'll now move on to Mr. Lobb, please.

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

Thank you to everybody for being here today.

My first question is in regard to edible beans—white beans. It's a bit of a sharp turn from what we've been talking about today, but we have quite a bit of success here in southwestern Ontario, shipping white beans to the U.K. Is this the status quo, going forward? Could we do any better? Are we looking at anything else going forward in the long-term free trade deal?

Mr. Doug Forsyth: Our exports of pulse crops in general have been excellent. I'm not sure of the exact HS code that is in question right now, but I can say for sure that the exports to both Europe and the United Kingdom, as well as around the world, have been outstanding over the last few years. Certainly what was available to us in CETA is now available to us in the context of the CUKTCA, so I would expect that those strong exports would continue.

I'll just ask my AAFC colleague if he wants to add anything there as well.

Mr. Aaron Fowler: I agree with what's been said so far. That is an important export crop into the United Kingdom. It was one of our top two or three agricultural exports into the United Kingdom in 2019, and the CETA outcome for that product was carried over into this TCA.

Mr. Ben Lobb: What about in pork? The access into Europe has been dreadful, and it mainly hinges on testing for trichinella. What are our prospects of trying to gain some access into the U.K. for pork? Are they zero, or do we have great prospects here if we can get over trichinella? How do we get past this?

Mr. Doug Forsyth: The pork outcome that we were able to achieve in the Canada-U.K. TCA is reflective of the potential of the bilateral trade. There's no question that there have been more than a few challenges in accessing the European Union marketplace, both on the pork side and on the beef side. Those are key outcomes. A number of our key agriculture stakeholders are very concerned with the inability to access those markets, and we share their concerns. Those were important outcomes that we negotiated in both agreements.

On the pork side we have a TRQ similar to what we have with the EU, except it's resized, so it's a bit less than 6,000 tonnes of duty-free pork.

Mr. Ben Lobb: I'm sorry, Mr. Forsyth. Fair enough, but the issue hasn't been the TRQ, as you well know. It's the issue around trichinella, I'm pretty sure. Are there any discussions on the fact that there are no cases, there have been no cases and that there is no risk to the British population about this? Is there any hope in sight for us to get over this issue?

Mr. Doug Forsyth: Thank you for the question and clarification. That's where I was going with some of the SPS issues that we have to deal with in the EU that may not necessarily be translated over to the U.K. It will take some time for them to get their own domestic SPS provisions in place, to perhaps modify them as they do their own domestic consultations and move forward. I think there are some opportunities there. They won't be in the short term. It will take a little bit longer. We'll have to see.

My colleague from AAFC might want to add to that.

Mr. Aaron Fowler: I agree with what's been said. I think the outcome on pork is a positive one for the sector. We have had non-tariff challenges to accessing markets in Europe in the past. This agreement maintains outcomes that will allow Canada to work with our partners in Europe and to improve the access beyond the tariff for Canadian red meat exporters. Pork is an important one. We have exports—more than 300 metric tonnes went to the U.K. in 2019—and we're confident that this agreement maintains the market access conditions that will allow the pork sector to build on that.

Beyond what my colleague said, I would just note that the first-come, first-served methodology for the administration of TRQs has been in the past a key ask of the pork sector. It's something we pursued in the CETA negotiations and we're happy to have as an outcome in the TCA.

● (1410)

Mr. Ben Lobb: Thanks.

I have one quick question—

The Chair: I'm sorry, Mr. Lobb, but your time is up.

Ms. Bendayan, you have five minutes, please.

Ms. Rachel Bendayan: Thank you, Madam Chair.

My first question relates to the memorandum of understanding we signed with the United Kingdom. From having spoken to some of our exporters and of course to our team in the Minister of International Trade's office, it seems that everybody is quite happy with the terms of the MOU that was agreed to.

Can you give us an indication of what you're hearing from our exporters and how smooth the exporting is for our Canadian companies to the U.K. right now?

Mr. Doug Forsyth: I think the MOU was seen as very helpful by businesses, because it eliminated some of the uncertainty that would have happened as of December 31 as a result of not having the TCA in place as of that day. From that point of view, it was very positive.

We have heard from Canadian companies exporting goods into that market that things are going well. There have been a few glitches, but they're not necessarily trade-related glitches. I think it's part of the overall challenges the U.K. is having in terms of importing goods, which they might not have had when they were part of the European Union. I think those are kinks that will work themselves out.

One thing that is important to note with respect to the MOU is that it covers only goods. It doesn't cover the services, as I mentioned earlier. We don't have the entire agreement in place, but from a goods perspective I think it is working very well thus far.

I might just ask my services colleague—

Ms. Rachel Bendayan: Thank you very much. That's very helpful. Of course, that is one of the reasons that it's important for us to act quickly in order to ratify the agreement.

My next question for the panel of witnesses is with respect to the industries that are here in Canada that might be able to benefit from this U.K. agreement. What opportunities do you see for some of our industries that might not have previously exported to the U.K.? Can you perhaps identify some of those industries for us today?

Mr. Doug Forsyth: The United Kingdom is our third-largest export market. We have had a strong and stable bilateral trade relationship with them for a great number of years. I think it's more likely the case that we will see ongoing opportunities in that marketplace. We are certainly seeing them in the agriculture space but also in other commodities, wood products and industrial products as well.

I think from an opportunity standpoint what we have heard from stakeholders is that the automotive sector remains very interested in the U.K. marketplace, especially as we turn now to electric vehicles. I think that there is a real opportunity for our automotive sector, not just in the U.K. but also in the EU and around the world. There's a lot of opportunity there for growing the bilateral relationship and continuing to make sure that it stays strong.

I'll turn to my colleague from AAFC to see if he wants to add anything.

Mr. Aaron Fowler: I would agree. I think this is largely an exercise in preserving the opportunities for access to the United Kingdom market that our exporters have enjoyed in recent years, including since the provisional application of CETA. We see it as an important market. Our stakeholders see it as an important market.

The European Union is the world's largest importer of agriculture, food, fish and seafood products, and fully 20% of Canada's recent exports of those products to Europe were destined for the United Kingdom—over \$550 million worth of agricultural food and seafood products in 2019—and I think that—

• (1415)

Ms. Rachel Bendayan: I understand that. I was asking for opportunities that the government could perhaps explore for new industries to be exporting to the U.K.

The Chair: Sorry, Ms. Bendayan, but your time is up. Maybe the witnesses could try to include that in an answer to some other member who might be interested in the same thing.

We go now to Mr. Hoback.

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

Witnesses, I'm kind of curious. How vulnerable are our trades going into the U.K. at this point in time when we are without a formalized agreement in place?

Mr. Doug Forsyth: Again, from a goods perspective, I don't think they're vulnerable. I think we are covered by the memorandum of understanding, which provides for duty remission on Canadian exports into the U.K. marketplace for goods that would qualify under the TCA. So I think we're—

Mr. Randy Hoback: So that MOU then, legally, has standing in a court?

Mr. Doug Forsyth: That's correct. It does.

Mr. Randy Hoback: Is there anything in the agreement that legally forces both sides back to the table?

Mr. Doug Forsyth: There are provisions in the agreement that will strongly entice, as opposed to compel, both countries back to the table. The cumulation provision, a very important provision, before the United Kingdom, will expire after three years, so on December 31, 2023, unless it is renewed.

Similarly, the United Kingdom has expressed strong interest in cheese access to Canada. We have provided them with the ability to continue to access the European Union pool of our WTO quota, and that will expire after three years. There is a provision in the agreement for the launching of negotiations within a year and then best efforts to finalize them within three years. So—

Mr. Randy Hoback: I'm sorry, and I don't mean to cut you off, Mr. Forsyth, but five minutes is very short.

So the MOU expires at the end of March. Is there any way to get that extended if this should take longer to get through the Canadian Parliament? I understand the U.K. has finished.

Mr. Doug Forsyth: That's correct.

The U.K. has finished, and the MOU does expire at the end of March. It does allow for it to be extended if necessary, and so we do retain that as a possibility.

Mr. Randy Hoback: So we have some time.

I'm just kind of curious. With the CPTPP now coming into the lines of sight here for both countries, what types of things would we like to get out of the U.K. in a bilateral agreement that we wouldn't necessarily achieve in the CPTPP?

Mr. Doug Forsyth: I think we will see what happens, certainly, in the interests of our stakeholders vis-à-vis the CPTPP versus the bilateral negotiations. Are there certain areas? I think there are other areas in the bilateral where we could go farther than we would have under the CPTPP—for example, with respect to small businesses, digital trade, trade and gender, and the environment.

The one thing about the CPTPP is that, as a plurilateral agreement, some of the provisions don't go as far as you might see in a bilateral agreement. Since we have completed the CPTPP negotiations, we have also completed CUSMA negotiations. The world has changed a bit in the last three years, so are there areas where we would want to go further in the bilateral? I think we'll discover some of that as we do our analysis and as we hear from stakeholders through the consultative process.

Mr. Randy Hoback: Are things like labour mobility, financial taxation treaties and education opportunities the types of things you'd look at in more of a services-style bilateral agreement?

Mr. Doug Forsyth: All of those things are certainly possible and will certainly be looked at before we launch negotiations, absolutely.

Mr. Randy Hoback: Okay. There are some opportunities, then, in a bilateral agreement, which we wouldn't necessarily see in the CPTPP. There's a reason to do that.

I understood that they have to do a bilateral with us before they can actually go into the CPTPP. Is that correct?

Mr. Doug Forsyth: Yes, that's correct. We have made it clear that the TCA is not sufficient to complete the bilateral negotiations in the context of the CPTPP. They would need to do more.

• (1420)

Mr. Randy Hoback: As far as gaining market access for other ag commodities goes, what are the things we're going to be looking at that will allow us to gain that market access?

Mr. Doug Forsyth: I think that in the context of the CPTPP that the U.K. wants to join, they will need to prepare a market access offer for CPTPP members, on which they would base their bilateral negotiations with other CPTPP members. They will have areas where they could potentially go farther.

We are certainly interested from a goods perspective in increasing some of the areas on the agriculture side of things where we did not achieve that in a bilateral context. We talked earlier about beef and pork. Certainly, those would be at the top of my list, but again, we would want to hear from all of our stakeholders before we were to finalize an overall negotiating strategy.

The Chair: Thank you very much.

We'll go on to Mr. Dhaliwal for five minutes, please.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Madam Chair.

As you know, Madam Chair, you've been here in beautiful British Columbia long before I got elected. I represent the riding of Surrey—Newton, and for most of the businesses here, if you look at the communities, they are very diverse. My question will be from the perspective of British Columbia to see which sectors in particular will be able to take advantage of this new continuity agreement.

What are some of the provisions in that agreement that will help British Columbians prosper?

Mr. Doug Forsyth: British Columbia produces some of the best products in Canada, including especially on the commodity side, whether it is timber and wood or whether it is fresh berries and other agricultural products. The B.C. regions will have opportunities to export products like that, similar to other regions across Canada.

I think it's just a matter of recognizing that the U.K. market is an important market for British Columbia. It's my understanding that they have done a very good job of exporting into that market for the last number of years. Our trade commissioner service has helped to connect companies from B.C. with their U.K. counterparts to help open up some of those opportunities. I expect that will continue. As I said, the U.K. market is our number three export market for Canadian exports. This means that companies all across Canada benefit from that marketplace.

Mr. Sukh Dhaliwal: Madam Chair, I would like to thank Mr. Forsyth for giving the outlook for British Columbia.

Another question raised during the debate on Bill C-18 in Parliament was that this agreement, or our other agreements in general, would not help with small and medium-sized businesses. In Surrey, for instance, I think Randeep would agree that most of the businesses here are small and medium-sized businesses.

I would like to know how this will help small and medium-sized businesses, and particularly how it will help female entrepreneurs.

Mr. Doug Forsyth: In terms of the agreement, there are no specific provisions for small and medium-sized enterprises, but it does allow them to access the provisions, as it does other companies. The other part of that, though, is that the government does open up the access, but then we need to help. We need to do as much as we can to help small and medium-sized enterprises, help women-owned businesses and help aboriginal businesses access what we have negotiated. I think that's the bigger challenge we are facing. It's not so much that the access is now open; it's how to get businesses to that access.

We've been able to do that through our trade commissioner service, both here in Canada and around the world, linking them to opportunities and doing our best to help companies. We'll continue to do that. Our website is there. Our folks are in the regions. Our folks are "in-market". We are doing our best to make those connections and to make sure that Canadian companies, both small and large, are successful.

• (1425)

Mr. Sukh Dhaliwal: Our goal in the next three years is to achieve bilateral trade between the U.K. and Canada. What are some of the specific steps the negotiators can take so that women, the LGBTQ community and minority communities can take full advantage of this forthcoming agreement?

Mr. Doug Forsyth: I think the best way to approach that is through the consultative process. We really need to hear from small businesses, from LGBTQ businesses and from aboriginal businesses some of their concerns on how we can help out. I think we will do that through the consultative process. We will consult far and wide to make sure we have all of the appropriate information available to us. It certainly will help us help inform our negotiating position as we move on to the next steps with the Canada-U.K. bilateral agreement.

The Chair: Thank you very much.

Monsieur Savard-Tremblay, you have two and a half minutes, please.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I'd like to get some clarification.

Of all the supply-managed products, only cheese is covered in the agreement, namely in a side letter.

Why is that?

[English]

Mr. Doug Forsyth: The Canada-U.K. agreement is a replication agreement of CETA. Under CETA, the only supply-managed product that was part of the agreement was in fact cheese. Canada was very clear about this, that no other supply-managed product would be part and parcel of that agreement. That's why, given that it is a replication exercise, we're only talking about cheese in the context of Canada-U.K. trade continuity.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Could we see an increase in cheese imports from the U.K. under Canada's WTO cheese TRQ? Have you looked at that?

[English]

Mr. Doug Forsyth: There won't be any increased amount of cheese in the Canadian marketplace as a result of the Canada-U.K. TCA. Will there be more U.K. cheese? That is very much for Canadian importers to decide. They are the ones that have the quota and they will make their own business decisions in terms of deciding what they import. The total amount of imported cheese coming into Canada will not change, but the makeup of it may.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I see, so the makeup of the cheese imports may change.

Still, the British told you quite clearly that it was just a matter of time because it was a priority for London in future negotiations. Isn't that right?

[English]

Mr. Doug Forsyth: Yes, we have heard on many occasions from our U.K. counterparts that cheese is an important export for them, not just in the Canadian context but around the world.

The Chair: Thank you.

Next is Mr. Blaikie.

• (1430)

Mr. Daniel Blaikie: Thank you very much.

When the agreement was announced, it came as a surprise to many of us that what had been touted as a transitional agreement didn't have any kind of sunset clause in it. I know we've had this discussion at committee before, but now that the text of the agreement is public and the legislation is public, I wonder if you could delineate for the committee today, as well as you can in the very limited amount of time that I have—and perhaps you could also table those in a letter to the committee—the aspects of the agreement that the trade department believes will ensure that a successor agreement will be concluded by the end of the three-year period, and if our trading partner decides that it is not content with the provisions of the TCA, which otherwise operates as a permanent trade agreement?

Mr. Doug Forsyth: I'm certainly happy to do that.

Madam Chair, we can certainly table what I have said today, in terms of outlining some of those provisions.

Mr. Daniel Blaikie: Thank you.

Do you want to provide a little bit of comment today, just in terms of what you think those major points of leverage are and then table something more detailed subsequent to today?

Mr. Doug Forsyth: Thank you for the clarification, yes. Sorry, but I heard the second part of the question and not the first.

I would just emphasize that there are the provisions. There's the provision to go back to the negotiating table within one year, and for the consultations to be part of that. I fully expect that we will go back to the negotiating table in 2021 with our U.K. counterparts.

In addition to that, there are best efforts to complete the negotiations within three years, so by the end of 2023. We are certainly working toward that on the Canadian side. I can't speak necessarily to the U.K. side, but certainly the Canadian side is gearing up to do that. When I speak with my U.K. counterparts, I'll see what they are going to say.

In addition, as I mentioned previously, there are the other provisions within the agreement that don't necessarily force the U.K. back to the table, but there are certainly strong reasons for them to come back to the negotiating table, as I said, on cumulation. That was a key ask for the U.K. Those provisions will expire at the end of three years, so at the end of three years they will not be able to use the EU materials. The EU materials will not count as material in the rules-of-origin context and so they will lose preferential access. They will lose the ability to claim preferential duty under the Canada-U.K. TCA.

Mr. Daniel Blaikie: Thank you very much.

The Chair: Next is Mr. Lobb.

Please go ahead for five minutes.

Mr. Ben Lobb: Thanks again to our guests.

I want to throw out a question to Mr. Forsyth. We had the minister in on Monday. Of course, we were talking about a different topic. We were talking about the vaccines and so forth. For someone in your position, do you ever get to see the contracts with Pfizer, Moderna or AstraZeneca?

Mr. Doug Forsyth: No. I have never seen the contracts that exist between the drug companies and the Government of Canada.

Mr. Ben Lobb: Okay. That's way off topic for today, but I was just curious to know if you would ever get a crack at it.

This is in regard to beef. With pork, I think we still have some long-term issues with trichinella. You've heard me say this before, I think; it's very frustrating for somebody who lives in rural Ontario to know that we have a trade deficit with the European Union and the U.K. for beef. What do you see in terms of how can we address this situation? To me, it's ridiculous.

Mr. Doug Forsyth: I share your frustration and I share the sector's frustration with the inability to export to the European marketplace. There are a couple of issues around being able to export more beef.

First of all, in order to export more beef to the European marketplace, we need to grow more hormone-free beef here in Canada in order to have a larger supply to access that market. The Europeans are not going to take non-hormone-free beef. That's number one.

Number two, we have to work with the sector. We have to figure out a way on the processing side of things in order to have the Europeans understand some of the provisions that we use to process our beef. I think we're working on that. We're working very closely with the sector on those aspects. I'm hopeful that those will come to fruition in the not-too-distant future—

• (1435)

Mr. Ben Lobb: Also, hopefully... I'm sorry to cut you off a bit there. I would just hope that as a committee we would put those in as recommendations to encourage the governments of the day on processing capacity, to encourage the beef growers and so forth to go for it, if they're interested in that sector.

Mr. Doug Forsyth: Yes. Thank you. I would agree with that. I think it's an important sector.

It's an important market for the beef sector, and it has its challenges. I think what you see is that as a result of that, where does the beef go instead? It goes to the United States. It goes to Japan. It goes to other easier markets. As my colleague said, the European market is the largest importer of food products. We need to do a better job of accessing that and making sure that our Canadian exporters can do that.

Mr. Ben Lobb: All right.

I just want to go back to the beans and pulses, as we discussed at the beginning of my first round. The Hensall Co-op ships about 40 containers a week, I believe—about 40 twenty-foot containers a week—of white beans and other crops. I know that through the years they've shipped different corn and wheat through there. Are there any opportunities for growers who would be listening today to take a look at what they're doing and kind of tailor their market to what the U.K. is needing right now?

Mr. Doug Forsyth: I wonder if I might turn to my colleague from Agriculture Canada.

Mr. Aaron Fowler: I think this agreement preserved important opportunities for producers of those commodities into the United Kingdom market following its exit from CETA. In many cases, those opportunities had been explored during the period that CETA has been provisionally applied.

It is a market that is relatively well known, I think, to our agri-food exporters. They work closely with our agricultural trade com-

missioners in the market to examine and pursue opportunities, and I would encourage them to continue to do so. I think this agreement maintains the access they need to be successful in the United Kingdom, and the government is there to help them along the way.

Mr. Ben Lobb: I have maybe one last quick question. It's in regard to labour and certification recognition.

Obviously, Canada has a very strong nuclear energy sector, and I know the U.K. has many qualified nuclear workers as well. Many of them are actually living in my riding right now, I'm sure.

Is there any way that we can make work visas, etc., easier? Is there anything we can do in a new agreement whereby nuclear workers or other workers that are highly skilled would be able to have an easier way for an employer to bring them to Canada or vice versa?

Mr. Doug Forsyth: I think the new agreement would provide an opportunity to negotiate that. I would encourage folks in your riding and others to make sure that through the consultative process they make their views known.

I would like to clarify one thing. I might turn to my colleague in temporary entry/services to see if I missed anything on that answer.

Ms. Christine Roy (Deputy Director, Services Trade Policy, Department of Foreign Affairs, Trade and Development): Thank you.

This is my first intervention today, so I'm glad you asked a question relating to services. As Mr. Forsyth was saying, in the eventual negotiations with the U.K. we'll have the opportunity to certainly raise this issue with the U.K. on a reciprocal basis and seek to achieve greater market access for these very important and highly skilled professionals.

Yes, we'll have an opportunity in the context of the FTA, but in the meantime, if there are associations or people who want to participate in the consultations coming up and to express their views, that would be really appreciated. It would facilitate our work to make sure that these people are on the list of professionals for whom we will facilitate access in the future with a Canada-U.K. FTA.

• (1440)

The Chair: Thank you very much.

Mr. Sarai, you have five minutes, please.

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

I'm going to take a little different turn. I think it's pretty conclusive here that we're protected under this interim agreement. What we had before in CETA is what we have now. We have 98% access, going towards 99% free trade access, so I think things are well.

I would like to know how can we increase export of products, particularly those farmed here in Surrey or in British Columbia, such as blueberries and cherries. These are very high value-added agricultural products that we can export to the U.K. under this agreement. How much are we exporting right now? Are there possibilities to increase those, either under this agreement or in general?

Perhaps Mr. Forsyth or someone else can answer that.

Mr. Doug Forsyth: I would say there are always opportunities to increase our Canadian exports.

I will turn to my colleague from AAFC on specifically blueberries and cherries.

Mr. Aaron Fowler: Madam Chair, I'm afraid I'll have to get back to the member with an answer to that question. I don't have with me the export statistics broken down by commodity. As I mentioned before, I think we exported about \$550-million worth of agri-food products to the United Kingdom in 2019.

I'd be happy to provide more details on the product breakdown of those exports following this meeting.

Mr. Randeep Sarai: Is there any initiative where Export Development Canada or other federal government agencies that promote trade would go to Canadian businesses after to highlight the importance of this agreement or to highlight the opportunities that perhaps Canadians have not taken advantage of before? I'm thinking particularly of procurement, perhaps, or other issues that were gained in CETA that maybe were not taken advantage of by Canadian companies.

Are there initiatives going on to increase that flow of trade or services from Canada?

Mr. Doug Forsyth: Absolutely. I guess there are two issues there. One is the trade promotion issue. In my department, Global Affairs Canada, we do have a team in place to promote not just the Canada-EU agreement, the Canada-U.K. agreement, the CPTPP...and elsewhere around the world in order to enhance the opportunities for Canadian companies to export. As I said earlier, it's especially for the small businesses that may not have all the information at hand, may not have the expertise and may not know the best way or route to export.

What we see is that a lot of our companies export to the U.S. It's not a surprise that around 80% of our exports go to the United States. It's the easiest market, right? But if we're going to diversify our trade and increase our exports, we'll have to reach beyond the United States market. That's why the government is negotiating the free trade agreements. We have CETA, Canada-U.K., CPTPP and others that we're working on. Once those negotiations are completed, we need to make sure that businesses, exporters and producers all know about them. We need to do a better job of promoting. As I said, we have a team from Global Affairs in place to do that.

Then we need to help them too, and that's our trade commissioner service. As I said, they work regionally across Canada but then in-market to help "pathfind" for companies, help identify opportunities and help make business connections.

So I thank you for the question and recognize that we need to do more to work with companies to make sure that the opportunities are available to them.

• (1445)

The Chair: It will have to be a very short question, Mr. Sarai.

Mr. Randeep Sarai: Really quickly, as I think you've already stated, there are no provisions in this agreement that prevent or could on an emergency basis lock out any vaccine delivery to Canada.

Mr. Doug Forsyth: That's correct. What we had said and what witnesses said earlier this week is as true for this agreement as it is for the other ones, CETA and WTO.

Mr. Randeep Sarai: We're protected for deliveries under this agreement.

Mr. Doug Forsyth: The agreement doesn't... The trade agreement in itself neither protects nor stops the deliveries from happening. It provides for the duty-free flow of goods between the two countries. To the extent that vaccines are covered by that, yes, it's covered.

The Chair: Thank you.

We'll move on to Mrs. Gray for five minutes, please.

Mrs. Tracy Gray: Madam Chair, of course we know that as we go into a successor agreement, there aren't any penalties if Canada and the U.K. do not begin negotiations within a year.

The last time you were in front of the committee, Mr. Forsyth, you mentioned that there may be specific parts of the agreement that the U.K. would want to get back to the table on as soon as possible.

Would each of those still apply if the U.K. is successful in joining the CPTPP, or will some of those be addressed through that?

Mr. Doug Forsyth: I would have to give it some further thought, but I think the reasons for the U.K. to come back to the table on a bilateral basis would continue to apply regardless of whether the CPTPP negotiations were ongoing or not.

Mrs. Tracy Gray: Thank you. Would you be able to table that information, in terms of what specifically each of those topics would be? I don't believe you've mentioned what they are.

Mr. Doug Forsyth: I'm sorry. What I was referring to was that the reasons for them to come back to the agreement are the same ones that a previous questioner asked me about: the commitment to do so within three years, the accumulation provision and the cheese provision.

Those are the three reasons they would want to come back to the table, because they will lose access to those provisions if a future agreement is not in place.

Mrs. Tracy Gray: I see. Has the government named the chief negotiator for when Canada and the U.K. begin talks on the successor agreement?

Mr. Doug Forsyth: No, it has not—not to my knowledge.

Mrs. Tracy Gray: Do you have any indication of when this person might be named?

Mr. Doug Forsyth: I'm not sure. There will be some internal discussion on that. It could well be me, but I haven't been informed of that yet.

Mrs. Tracy Gray: Fair enough.

I wanted to ask a little about the MOU. You mentioned earlier that the MOU could be extended if for some reason it's not ratified by March 31. When were you first notified that Canada would not be able to ratify the Canada-U.K. trade continuity agreement by the end of the CETA application to the U.K.?

Mr. Doug Forsyth: If I understood the question correctly, when did I first...?

Mrs. Tracy Gray: When were you first notified that we weren't going to meet the timeline of December 31?

Mr. Doug Forsyth: It became clear to me that we were not going to be able to meet that timeline probably around the first time I came to appear before this committee. It was made clear by more than a few members that there would not be enough time to review the agreement and provide the work that you needed to do. What was that, towards the end of November?

Mrs. Tracy Gray: That was the first indication you had that we weren't going to meet the timeline of December 31. You're saying it would have been towards the end of November.

• (1450)

Mr. Doug Forsyth: I think so. Whenever it was—I can't recall the exact date—I was here. It was when I first appeared before the committee.

Mrs. Tracy Gray: Previous to that, would you have expected that we would meet the timeline by having ratification by the end of December?

Mr. Doug Forsyth: I don't know if I would have expected it; I think I would have hoped.

I think the Canadian Parliament needs to review the legislation. It needs to review the bill. It needs the time to do that. All I can do is negotiate the agreement and present it as completed. Parliamentarians need to take the time. Committee members need to take the time to do their work.

The Chair: Make it a very short comment, Ms. Gray.

Mrs. Tracy Gray: I don't think we have enough time for a question, so I'll just say that as we go into the next negotiations, it will be really imperative to have a wholesome consultation process with the public, with businesses and with workers.

Thank you.

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

We will go to Ms. Bendayan.

Go ahead, please.

Ms. Rachel Bendayan: To pick up on that point, with respect to a ratification process, in your experience working in trade, how long could a ratification process take for a given Parliament? I would imagine that it does fluctuate, but do you have any—

The Clerk of the Committee (Ms. Christine Lafrance): Ms. Bendayan, unfortunately we have a sound problem.

The Chair: Hold on one second. We seem—

Ms. Rachel Bendayan: I think it's a boom problem, so my apologies, especially to our hard-working translators.

The question to the witnesses was simply this: In your experience, how long does a ratification process last? I appreciate that it could take a different amount of time, depending on the agreement, but I imagine, given the process that a Canadian Parliament has to go through, that it would take several weeks if not months. Is that your experience?

Mr. Doug Forsyth: It definitely has been my experience that it varies. Certainly a Canadian Parliament, each Parliament, in fact, needs to do its due diligence. It needs to do its proper review of the agreements. It very much varies.

We have our process in Canada. Other trading partners have their own processes, and those also vary. I think it's important that each country's parliamentarians do their own review and take the time needed to do that. Once that work is complete, then it can be ratified and moved to entry into force.

Ms. Rachel Bendayan: Thank you.

I know it doesn't pertain directly to Bill C-18, but a number of other members have raised questions related to the U.K.'s interest in joining the CPTPP. I am wondering if you can clarify for all of us the process involved for our country to join that multilateral agreement. It's my understanding that it is complex. I am wondering if you can take us through that process.

Mr. Doug Forsyth: Sure. Thank you for the question. I will do my best with it.

There is a formal process, and I think it starts with the application, the formal indication. A number of countries have indicated informally that, yes, they want to join or they might want to join or they're exploring, which is great. Once the country formally applies, then a working party of all of the CPTPP members that have signed the agreement is formed. At this time that does not include Chile, Peru and Malaysia. They're not part of the working party.

The terms and conditions for how things will proceed are laid out in the agreement. Once the application has been submitted, they are.... I think I'll have to get back to you with the exact steps. There is a process. I just don't have it at my fingertips or know it off the top of my head. We can get back to you with that process.

• (1455)

Ms. Rachel Bendayan: Thank you. I would appreciate that.

Madam Chair, do I have time for one more question?

The Chair: You do. Please continue.

[*Translation*]

Ms. Rachel Bendayan: Thank you.

I have a question on behalf of businesses in my riding, Outremont, in Montreal.

Mr. Forsyth, many of them are technology start-ups. As far as expanding our exports to the U.K. goes, do you see any opportunities for tech start-ups and the like further to the TCA or the subsequent negotiations?

[*English*]

Mr. Doug Forsyth: I sincerely hope so. I sincerely hope that small businesses like that would want to take advantage of the Canada-U.K. trade agreement and the bilateral agreement that will follow. We need to hear from them. We need to hear about some of the challenges they face and the opportunities they see out there.

I think we'll certainly be reaching out to companies and to people through the consultative process. If you are aware of any businesses, please let us know so that we can flag them, put them on our list and reach out to them.

The growth of small and medium-sized enterprises is key to ensuring that our export diversification continues to happen and our exports continue to grow. The start-ups in not only your riding but elsewhere around the country are an important part of that, so I am looking forward to hearing from them.

[*Translation*]

Ms. Rachel Bendayan: Thank you.

Indeed, if any Canadians watching us today want to participate in the consultations ahead of the negotiations for a subsequent agreement with the U.K., what should they do?

[*English*]

Mr. Doug Forsyth: I'm happy to clarify that.

There will be a website, and an official launch process through Canada Gazette, but there will be a web link, etc., that will come out following that, which provides an address for folks. At the end of the day, if anybody wanted to call me, they could call me and I'd be happy to talk to them about that as well—that is, assuming I am named the chief negotiator.

The Chair: Thanks very much, all of you.

It being 2:58 p.m., I want to thank all of the witnesses for their very valuable information. We no doubt will be in touch in the next while, as we have additional witnesses coming before the committee. Thanks, all of you, and thank you to committee members.

I will work with the clerk to send out a proposed working schedule for how we might want to deal with Bill C-18 over the next several weeks. Please respond to it. If you're okay with it, please let us know. If you feel that you would like to have additional meetings, please communicate that to us. If that's all right with everyone, the clerk will be sending that out shortly, and I would appreciate your comments back to us.

Thank you again to all the committee members and to our translators and our clerks. Take a few days' rest now and come back better, stronger and ready for the continued work that we do on behalf of all Canadians. Thanks very much, all of you.

I move adjournment.

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