



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

---

# Standing Committee on International Trade

EVIDENCE

**NUMBER 006**

Monday, February 14, 2022

---

Chair: The Honourable Judy A. Sgro





## Standing Committee on International Trade

Monday, February 14, 2022

• (1540)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I'm calling the meeting to order.

This is meeting number six of the House of Commons Standing Committee on International Trade.

Today's meeting is taking place in a hybrid format. The Board of Internal Economy requires that committees adhere to the following health protocols, which are in effect until February 28, 2022.

Anyone with symptoms should participate by Zoom, and not attend in person. Masks must be worn in committee rooms, except when members are at their place. All those inside the committee room should follow best practices of maintaining a physical distance of at least two meters from each other. As the chair, I will enforce these measures and I thank you for your co-operation.

Here are a few rules for today. Interpretation is available, and you may speak in the official language of your choice. At the bottom of your screen, you have the choice of floor, English or French. If there is any problem with interpretation, please get my attention and we will stop the meeting and get it corrected immediately. The “raise hand” feature is on the main toolbar should you wish to speak.

When speaking, please speak slowly and clearly. I remind you that all comments are to be made through the chair. The committee clerk and I will maintain a speaking list for all members.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, January 31, the committee is beginning its study of the modernization of the Canada-Ukraine Free Trade Agreement.

With us today by video conference, from the Department of Foreign Affairs, Trade and Development, we have Jay Allen, director general of trade negotiations; Darren Smith, acting director general of trade in services, intellectual property and investment; Andrew Turner, director of the eastern Europe and Eurasia division; Dean Foster, director of trade negotiations, Africa, Americas, Europe, India, Middle East; and Sean Clark, director of the trade agreements secretariat. Also, from the Department of Finance, we have Sven Linkruus, director.

Welcome to you all. I apologize for being delayed a few minutes this afternoon.

We will start with five minutes of opening remarks, after which we will proceed to rounds of questions.

Mr. Allen, I invite you to make an opening statement of up to five minutes. Please go ahead.

**Mr. Jay Allen (Director General, Trade Negotiations, Department of Foreign Affairs, Trade and Development):** Thank you, Chair.

Good afternoon, committee members, and thank you for the opportunity to provide an update on the status of the modernization of the Canada-Ukraine Free Trade Agreement, or as you'll hear me refer to it, CUFTA.

To begin, I will provide an update of our trade relations with Ukraine before delving into the modernization of CUFTA.

In 2020, total bilateral merchandise trade between Canada and Ukraine was \$305 million, with Canadian exports valued at \$161 million, led by fish and seafood, vehicles and machinery. Canada's imports from Ukraine stood at \$144 million, led by electrical machinery, fats and oils, and machinery. Canadian investment in Ukraine stood at \$81 million in 2020.

Preliminary data for 2021 shows that overall bilateral trade between Canada and Ukraine saw significant growth, with an increase of over 25% from 2020, surpassing \$400 million in total bilateral trade for the first time.

CUFTA was negotiated between 2010 and 2015 and entered into force on August 1, 2017. Upon its entering into force, Ukraine immediately eliminated tariffs on approximately 86% of Ukraine's imports from Canada, and Canada immediately eliminated tariffs on 99.9% of imports from Ukraine. The balance of tariff concessions is to be implemented by January 1, 2024.

While CUFTA is a comprehensive free trade agreement from a trade-in-goods standpoint, it does not cover services or investment due to significant differences in positions at the time. CUFTA includes a review clause that committed the parties to review the agreement within two years of its entry into force with a view to expanding it. The review clause specifically identifies cross-border trade in services, financial services, investment, telecommunications and temporary entry, but does not restrict parties from exploring other areas.

We're going to work with Ukraine not only to include the provisions covered in the review clause, but also to expand the agreement into new areas. We will seek to update some of the existing chapters, too.

Provisions covering cross-border trade in services, financial services, investment and temporary entry of business persons would increase transparency and predictability, reducing uncertainty to service providers. Updated disciplines on domestic regulation and mutual recognition agreement guidelines for professionals would also facilitate services trade.

The Canada-Ukraine foreign investment protection and promotion agreement, or FIPA, which entered into force in 1995, provides a baseline of protection to Canadian investors in Ukraine, but it is an older FIPA based on an earlier model agreement, and there is scope to modernize it.

The CUFTA review clause also offers an opportunity to pursue a more comprehensive and inclusive agreement. Canada will seek to add new provisions on good regulatory practices, trade and gender, trade and indigenous peoples, and trade and SMEs, among other updates. The modernization of CUFTA offers an opportunity to increase the agreement's benefits for Canadian workers, entrepreneurs and small businesses while advancing fair, inclusive and transparent trade with Ukraine.

This review process formally started in July 2019, when Prime Minister Trudeau and Ukrainian President Zelenskyy announced that they had agreed to expand the agreement. Following our respective internal preparations and a pause due to COVID-19, Ukrainian officials confirmed in September 2021 that they were ready to proceed. On January 27, 2022, Minister Ng and Ukraine's minister of economy, Yulia Svyrydenko, announced the launch of negotiations.

The modernization of CUFTA is a clear demonstration of Canada's steadfast commitment to Ukraine. Modernization of the agreement will help build commercial ties and contribute to long-term security, stability and broad-based economic development in Ukraine. Indeed, our Ukrainian partners welcomed the launch of our negotiations last month through the same lens.

Thank you.

• (1545)

**The Chair:** Thank you very much, Mr. Allen. I very much appreciate the information.

We move to questions from the committee members.

Mr. Martel, you have six minutes, please.

[*Translation*]

**Mr. Richard Martel (Chicoutimi—Le Fjord, CPC):** Thank you, Madam Chair.

Thank you to the witnesses for being here today.

My first question is for the officials from the Department of Foreign Affairs, Trade and Development.

It's clear that opinions differ on whether a Russian attack is imminent. President Biden seems certain that Russia could attack in

the very near future. President Zelenskyy, however, doesn't appear to be as certain, even calling on western leaders to adopt a more cautious tone in their rhetoric on Russia.

Are we fanning the flames? Can this conflict be avoided?

[*English*]

**Mr. Jay Allen:** Thank you for the question.

With respect, I would say no, I don't think so.

What we are doing is signalling our strong and continuing support for Ukrainian people. The Prime Minister, Minister Ng and Minister Joly have been very clear that we stand with the people of Ukraine. This is an opportunity to demonstrate that.

We absolutely abhor the situation of the buildup at the border. Fundamentally, we think this is a signal of our continuing confidence in the government.

I will turn to my colleague Andrew Turner, who is our expert on relations with Ukraine, to see if he has anything he'd like to add.

[*Translation*]

**Mr. Andrew Turner (Director, Eastern Europe and Eurasia Division, Department of Foreign Affairs, Trade and Development):** As my colleague clearly explained, we have confidence in Ukraine. The Ukrainian government has asked us to start the discussion around modernizing the Canada-Ukraine Free Trade Agreement. Ukraine is not to blame for the current crisis. Russia is the one deploying its armed forces in the region.

We are very pleased to take part in discussions aimed at modernizing the agreement, as requested by Ukraine's government.

**Mr. Richard Martel:** Very good.

France and Germany seem to be much more in favour of using diplomacy to avoid a conflict. In fact, the two countries' leaders are in Moscow today and will be in Kiev tomorrow in an effort to defuse tensions.

Does the fact that Germany and France have come to rely heavily on Russian oil affect the diplomatic and military choices they make in this conflict?

[*English*]

**Mr. Jay Allen:** With respect, Madam Chair, as a trade negotiator, I feel unqualified to respond to that question.

I can ask my colleague Mr. Turner if he has any thoughts.

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

We're here to discuss trade. We have the trade officials. Naturally, members are going to raise other concerns as well, given the situation.

[*Translation*]

**Mr. Richard Martel:** I'll move on to my next question.

In March 2021, Canada announced that it was signing an energy agreement with Germany. Under the agreement, Canada would send more natural gas to Germany so that it could reduce its reliance on Russia.

How does Canada intend to live up to its end of the agreement and increase its production of liquefied natural gas, or LNG, available for export?

• (1550)

[*English*]

**Mr. Jay Allen:** Madam Chair, again I find myself at a loss to answer that question.

Again, I'll turn to Mr. Turner to see if he has any information.

[*Translation*]

**Mr. Andrew Turner:** We are continuing our discussions with allies and partners to encourage LNG exports and identify other strategies to reduce their energy dependence on Russia.

Not only have Germany and France stated formally that they are prepared to pursue serious action should Russia launch a military invasion of Ukraine, but so too has every country in the G7 and North Atlantic Treaty Organization, or NATO. They have all made that clear.

As far as economic and energy ties go, that does not diminish the need to continue working together to avoid a conflict and find a diplomatic solution.

[*English*]

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

I'm sorry, but I think your time is almost up.

[*Translation*]

**Mr. Richard Martel:** Thank you.

[*English*]

**The Chair:** Thank you.

I'd like to acknowledge that we have Mr. Baker with us as well today, at least later on in the question period.

Mr. Virani, go ahead.

**Mr. Arif Virani (Parkdale—High Park, Lib.):** Thank you very much, Madam Chair.

As a member of Parliament in Toronto who represents a large number of Ukrainian Canadian constituents, let me just say that they've been communicating with me extensively over the past six and a half years, but never more so than now. They've been indicating appreciation for some of the things that you just mentioned in terms of the efforts by Minister Joly, the Prime Minister and Minister Ng—things such as Operation Unifier, Operation Reassurance and the sanctions that we have imposed. They've also taken note of things such as the sovereign loan of \$120 million that was provided about two weeks ago.

I want to pick it up there. It seems to me that there's some consistency between a sovereign loan to meet immediate economic needs and what we're trying to do with a new and modernized CUFTA.

I'm wondering if you could help us understand, as committee members, how a modernized CUFTA—that is, reopening what was already a successful document—helps to embrace some of that economic liberalization and economic empowerment, which, therefore, leads to a situation where Ukraine is reinforced in terms of its own sovereignty and security. Perhaps you could help us connect those two dots, please, Mr. Allen.

**Mr. Jay Allen:** Sure. Thank you for the question.

Fundamentally, a trade agreement is about establishing and building a relationship. In the case of Ukraine, one of the fundamental purposes of this agreement was to help the economic development in Ukraine. The original agreement was based around tariffs, and it allowed trade in goods to flow between us.

This offers an opportunity to help integrate Ukraine into the international trade and services. It will also help make Ukraine a more attractive investment location.

When a country moves in a direction of adopting the types of commitments that we put into our FTAs, this allows it to show the international community that it is rising to that level, and it's that level of predictability and certainty that these sorts of agreements will inspire within its government. Those changes are what will attract trade and what will attract investment, and ultimately that trade and investment will lead to development, which leads to more tax revenue and more jobs, which ultimately lead to better institutions and the stability that provides.

Fundamentally, it is about creating opportunity, and it's opportunity not just for economic growth but also for stability.

**Mr. Arif Virani:** Thank you very much, Mr. Allen.

I'll just note in passing that it's interesting because it's that kind of institutional stability that's part and parcel of applications that all international nations make to join global compacts, global agreements, for example. It's even in things such as NATO applications. People are looking at a certain stability for certain member nations, and this contributes part and parcel to that good governance sort of model.

Let me ask you something very specific. I'm also a Muslim Canadian member of Parliament, and I've been quite taken by the Crimean Tatar situation because of what it represents in Ukraine, a minority group that has been the subject of aggression, including very recent aggression, on the part of Russia. We know there is an annexation, and that annexation has not been accepted by Canada or many other nations.

I ask this because of the connection potentially to inclusive trade, because I know what we've tried to do with things such as CUSMA and other agreements going forward—including women, indigenous voices and Black entrepreneurs.

Could you speculate about different ways in which we might be able to empower economically what has been a targeted minority in Ukraine, the Crimean Tatars who might be living in Kyiv or other parts of the country, for example? When we're dealing with CUFTA 2.0 and we're expanding it out to hitherto unrepresented businesses, how might we broach this idea of how the Crimean Tatar voice could come to the fore? In the same way we could be accentuating indigenous voices here in Canada, the Tatar voices and Tatar business perspectives might be accentuated on the Ukrainian side of the ledgers.

Could you explore that with us, please?

• (1555)

**Mr. Jay Allen:** Sure. In fact, inclusive trade is fundamental to our approach to trade in Canada. We design our trade agreements so that they do offer explicitly the opportunity for groups that have traditionally been under-represented in trade to enjoy the benefits of these agreements.

You're absolutely right. We're going to seek to include modernized provisions on labour to prevent discrimination. We're going to seek commitments to the International Labour Organization's fundamental codes. We're going to seek provisions on gender and trade with SMEs, and certainly in terms of indigenous rights. That's going to be fundamental to what we are seeking.

You are absolutely right. That constellation of tools that will be put into an agreement not only highlights for these specific communities what's in the agreement for them, but it usually comes along with an agreement to share information, to have dialogues with the groups and between the economies so that we can exchange best practices, so that we can work together to improve the lot of these groups. They're important parts of society. Our trade agreements—you're absolutely right—are designed to encourage their growth.

**Mr. Arif Virani:** Thank you very much.

Madam Chair, how much time do I have?

**The Chair:** You don't have any. You have 15 seconds left, sir.

**Mr. Arif Virani:** Okay. Thank you very much for your work, officials, and thank you very much, Madam Chair.

**The Chair:** Thank you.

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

[*Translation*]

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

I appreciate all the witnesses being with us today.

I'd like to draw on your expertise as negotiators and your experience in engaging in trade talks with Ukraine. How do you explain the fact that, since the signing of the agreement, we have seen marginal, if not zero, impact. Canada's exports to the Ukraine haven't increased.

Where should we look to understand why this has been a zero-sum game?

[*English*]

**Mr. Jay Allen:** Well, in fact, the numbers appear to be a zero-sum game, in the sense that they haven't gone up dramatically. What has actually decreased is our exports of coal. Our exports of things like manufactured products and other products have actually increased quite dramatically. I believe it's 28% growth in those products.

We've stopped selling them things like coal, but we've started selling others. Overall, our trade is up, and it's growing. It's certainly on the right path to continued growth.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Correct me if your figures show otherwise, but, as far as I can tell, Ukraine's exports to Canada have gone up 6.5%. Meanwhile, Canada's exports to the Ukraine haven't really increased.

From 2016 to 2020, merchandise trade between the two countries was pegged at an average of \$340 million per year. That is very little.

[*English*]

**Mr. Jay Allen:** Ukraine is about our 71st trade market in terms of bilateral trade. It's definitely not our largest market, but there is lots and lots of room to grow. It's a market that sits at a really critical place in Europe. It has agreements with the European Union. Its economy is growing, and we have to have confidence that it will continue to grow.

With respect to Canadian trade, as I said, Canada's non-coal exports to Ukraine grew by 28.5% between 2016 and 2019. That's significant growth. While our overall exports are roughly the same, the composition of those exports is changing. We're moving away from export purely of coal to exporting other things, including machinery, equipment and some of these other manufactured products, which make it a more valuable type of export for us.

• (1600)

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you.

According to the Ukrainian government, it has made some necessary reforms to stimulate growth and address corruption, in order to foster a more favourable business environment.

Can you give us an update on the progress Ukraine has made through such policies?

[*English*]

**Mr. Jay Allen:** You're absolutely right. One of the things we've been very impressed with is their efforts to continue to fight corruption. I know we've been specifically involved with training judges and we've done a number of other programs. I will turn to my colleague Andrew Turner to give a few more details, but overall, the perception of Ukraine as a business environment certainly appears to be one that is improving.

Adding the types of predictability and the types of certainty that this modernization will produce will encourage more people to do business there and it will encourage them to continue making changes in their system. The more you attract investment, and the more you attract trade, the more interest there is domestically in terms of making those changes. It's a self-reinforcing thing to a certain extent.

If we have a moment, I'll maybe ask Andrew Turner to tell us a bit about the anti-corruption programs that we're working with them on.

[*Translation*]

**Mr. Andrew Turner:** Ukraine has undertaken a number of anti-corruption reforms in its decentralization efforts, which support local services. That said, I think it would be more important to reform the legal system.

Two very significant laws were passed in July. We continue to support them, including through the participation of Canadian judges. The initiative is aimed at encouraging the selection of qualified judges and continuing to fight corruption.

**Mr. Simon-Pierre Savard-Tremblay:** In other words, you have seen real progress since these discussions began.

Do I have any time left, Madam Chair?

[*English*]

**The Chair:** You have 50 seconds.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** I will leave it there. I do have another topic I'd like to discuss, but I'll wait until my next turn.

Thank you.

[*English*]

**The Chair:** Thank you.

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

**Mr. Brian Masse (Windsor West, NDP):** Thank you, Madam Chair, and thank you to our witnesses.

Mr. Allen, the first question I have is with regard to businesses surrounding telecommunications and cybersecurity. I think that's one of the underestimated places where Canada can actually help Ukraine in a significant way.

I wonder whether there has been growth in those industries, especially given the fact that Russia and other states even outside of Russia have taken such an aggressive stance on this. This is where I would hope we could actually provide some inroads as a country.

**Mr. Jay Allen:** You're absolutely right, Mr. Masse. Telecommunications is certainly a very big area for potential growth. It's one of the chapters that we're looking to add to the agreement. The agreement doesn't cover telecommunications at this point.

We would be looking to put in provisions that would facilitate trade in telecommunications equipment and facilitate trade in services relating to telecommunications, including with respect to security services.

I'll turn to my colleague Darren Smith, who is the acting director general responsible for services and is a long-time services negotiator. Maybe Darren will have something that he might want to add.

**Mr. Darren Smith (Acting Director General, Trade in Services, Intellectual Property and Investment, Department of Foreign Affairs, Trade and Development):** Thank you.

Good afternoon, everyone.

Effectively, I'll just echo what Jay has just remarked on. In terms of the Ukrainian market, there certainly is strong potential for the expertise and excellence of Canadian services in relation to cybersecurity and, broadly speaking, telecommunications services to expand into the Ukrainian marketplace. At this point in time, I would say that is more on the potential side.

We are looking at the FTA, of course, as an opportunity to provide, as has been noted, further transparency and opportunities for greater certainty and predictability to help facilitate greater Canadian commercial interests into this marketplace, but I think we can confirm that it is definitely one of the areas where we see some commercial opportunity, at the same time as having downstream effects and positive benefits for broader security and other interests in this particular jurisdiction.

• (1605)

**Mr. Brian Masse:** That's really interesting. It would seem that it should actually be a priority, at least in my opinion, on the surface of where we would find.... At least, the Ukrainian population that I represent has been very concerned about this, and this has also been targeted at the industry committee. We studied, for the first time ever, fraud prevention. Part of that was the international component, because I'd been pushing for international agreements, not just about fraud in India but in other countries. I would suspect.... Wouldn't that be the same thing? If we were able to augment those types of initiatives, it would also stop some of the harassment and challenges that some of our own Ukrainian citizens face when they're engaged on social media, and also stop the fraud attacks.

**Mr. Jay Allen:** Certainly. One of the interesting things about being in a trade negotiating session is that you get to cover a lot of new areas and new ideas. As things like this come to the fore, we can certainly talk about them at the table.

You're absolutely right. Telecommunications and services associated with it are a big interest for Canada. We will certainly make use of these opportunities to talk about how we can protect our citizens and what we might be able to do in that context.

**Mr. Brian Masse:** Mr. Smith, did you have an answer on that too?

**Mr. Darren Smith:** Yes, thank you.

I would just add that in addition to a robust cross-border trade-in-services chapter, as well as telecommunications, we're also looking at expanding the e-commerce chapter, although it would really be broader in terms of digital trade. There, I would say that we have three baskets of activity. We're facilitating trade and we're looking at dealing with market access impediments, but we're also trying to build greater trust and confidence on the part of users on online platforms and such.

Indeed, I'll point to the fact that although the FTA won't be the panacea for the myriad of challenges that exist within the cybersecurity realm, it does provide another platform for us to engage with a trading partner on these important issues and to reinforce efforts that were undertaken in other forums, including the WTO.

In that respect, in that forum, we do have a proposal from Canada dealing with the protection of personal information that relates to people who could be subject to persecution from authorities for nefarious reasons—people of ethnic minorities, people who belong to LGBTQ+ communities, etc. We're trying to introduce these types of protections into our trade agreements so that governments are not using or demanding access to the personal information of users within the online realm to undertake activities that would be detrimental to them and certainly contrary to Canadian values.

**Mr. Brian Masse:** That's really good to hear. I've had Ukrainian interns for probably about 14 of my 20 years in Parliament; just the last couple of years have been interrupted, and other than that it's been due to elections. I find that some of the younger people who come from the universities have very good skill sets in the digital economy. They also have some international experience, beyond just Canada and Ukraine. I just see that as a natural fit to bolster entrepreneurship and confidence in investment if the digital aspect is rectified.

Even in Canada people are concerned. We've had our own challenges with Russian interference on that. For investing in Ukraine, it would make a lot of sense to bolster the relationship by enhancing safety and security through the digital lens.

I think that's my time, Madam Chair.

**The Chair:** It is. Thank you, Mr. Masse.

Mr. Hoback, you have five minutes, please.

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

Thank you, witnesses, for being here this afternoon.

I'm just curious: With what's going on in the environment in Ukraine, how do you conduct negotiations in this type of environment? It must be rather tenuous.

**Mr. Jay Allen:** Indeed. We are going to be very pragmatic about this. We are making it clear that we are interested in working with them on a schedule that will suit them.

As Mr. Turner said earlier, they've asked us to continue to move ahead with these negotiations. At this point, we will work with them on the pace that they are able to meet.

Right now, thankfully, they seem ready to move ahead.

• (1610)

**Mr. Randy Hoback:** Okay.

**Mr. Jay Allen:** We will very likely do our negotiations virtually, but if there's an opportunity for a face-to-face negotiation either in Ukraine or in Canada or in a third country location, we can take advantage of that as well. Obviously, we are sensitive and we're not going to push them very aggressively in terms of timing. We will be cognizant of the situation—

**Mr. Randy Hoback:** I don't mean to interrupt, but I have lots of questions, so we'll have to have quicker answers, if that's okay.

**Mr. Jay Allen:** Sorry.

**Mr. Randy Hoback:** In the situation that we have in our agreement right now... Have you found situations where we've seen products going into Ukraine duty-free and all of a sudden ending up in Russia and places like that? Has there been any evidence of that in our existing agreements?

**Mr. Jay Allen:** Not that I'm aware of. We haven't heard anything about that.

**Mr. Randy Hoback:** Okay.

Will this agreement deal with money laundering and issues surrounding money laundering? Again, as we look at oligarchs trying to take advantage of what's going on in Ukraine, what are we doing for safeguards for that?

**Mr. Jay Allen:** We're looking to add a financial services chapter, which could have some tangential role to that.

I'll turn to my colleague Sven Linkruus, from the Department of Finance, who can talk more about money laundering and how we're fighting against that.

**Mr. Randy Hoback:** It will have to be fast.

**Mr. Jay Allen:** Sure.

**Mr. Sven Linkruus (Director, Department of Finance):** Thanks, Mr. Allen.

The financial services chapter doesn't deal directly with it, but it does include a prudential carve-out that would allow all regulatory authorities to take measures to protect the integrity of the financial system, which would include measures against money laundering that agencies such as FINTRAC would implement in conjunction with Finance Canada and the government more broadly.

**Mr. Randy Hoback:** Okay, thank you.

As we look at the agreement now, and as we see what is happening in Ukraine, we know the Canadian government is not providing armaments to Ukraine at this point in time. If a company wanted to sell into Ukraine, or if the Ukrainian diaspora here wanted to purchase some armaments to ship to Ukraine, is there anything in the trade agreement that is restricting that?

Do we need to have any sign-off from the federal government, or can the private citizens just go ahead and do that?



**Mr. Jay Allen:** Do you mean armaments?

**Mr. Randy Hoback:** Yes.

**Mr. Jay Allen:** We do have an export control regime for arms and dual-purpose goods. With respect to Ukraine in particular, we are following the situation very closely.

However, I'll turn it over to Mr. Turner to, again, very quickly, respond to the question generally.

**Mr. Andrew Turner:** It would go through the export control regime. However, Ukraine is a close partner. We have not had any significant concerns with issues, so it would go through the process normally.

**Mr. Randy Hoback:** So there's a process in place that's no different than that for any other ally of ours.

As far as EDC and CDC are concerned, what's happening there in regard to their activity in Ukraine?

I used to get really frustrated when we were doing business in Ukraine in the early 2000s. EDC would say they have this huge line of credit, but it was set up in such a way that nobody could ever access it. Whoever did use it wouldn't have needed it because a bank would have done the same type of deal. Have we seen more aggressiveness in the EDC?

In light of the environment that's going on in Ukraine, how much is at risk with EDC and CDC with the investments in Ukraine?

**Mr. Jay Allen:** My understanding is that EDC has changed its risk profile for Ukraine. Beyond that, I can't go into what's at risk there, what they have invested there. It's just beyond my scope.

**Mr. Randy Hoback:** Okay, thanks.

I'm assuming I'm done.

**The Chair:** You have 45 seconds.

**Mr. Randy Hoback:** I'm going to take my 45 seconds.

Going back to money laundering and hard currency, that was one of the big issues in the early 2000s, trying to sell something and get paid for it in U.S. dollars. We were shipping sunflowers, for example, into Poland to get paid for our product we shipped into Ukraine.

Are we seeing the IMF involved in Ukraine? Are we seeing a very stable exchange in regard to currency exchanges and things like that?

**Mr. Jay Allen:** I'll turn to Mr. Turner.

**Mr. Andrew Turner:** The IMF has been supporting Ukraine through a standby arrangement, and we're continuing to see good progress.

Obviously, the current uncertainty is making things more challenging, but that's one of the reasons Canada has stepped up to provide economic support, as have more and more of our G7 and NATO allies.

• (1615)

**Mr. Randy Hoback:** I have one last quick question.

We've committed a certain amount of funds, a couple of hundred million dollars, into Ukraine. Does it actually go to Ukraine, or is it

there to shore up EDC and investments that are at risk in Ukraine and make sure they're covered off?

**Mr. Andrew Turner:** The sovereign loan being negotiated right now will be directed to the areas that the Government of Ukraine requests. That's currently under discussion.

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

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

**Mr. Yvan Baker (Etobicoke Centre, Lib.):** Thanks very much, Madam Chair.

I'm not a regular member of this committee, so I thank the members of the committee for studying this important issue, which I think is a potential win for Ukraine, but also a great potential win for Canada as well.

I thank the officials who are here with us today and working on this really important issue and these negotiations. Thank you for all your work.

Mr. Virani led off from the government's side. I share Mr. Virani's views about what he said at the outset about Ukraine. Mr. Virani and I also share a border. Our ridings border each other, and both have very large Ukrainian Canadian communities. Thank you, MP Virani, for your comments at the outset. I echo those.

Mr. Allen, in response to a prior question, you spoke a bit about a more valuable type of export for us in terms of the mix of exports that are going from Canada to Ukraine and vice versa. Could you explain why you said that?

**Mr. Jay Allen:** It's about the type of export. It's not necessarily more valuable in terms of what is sold, because the dollar value tends to be roughly the same. We're moving more into a finished, processed product, as opposed to something like coal, which is still a very strong export for Canada. It's changing the mix and it's the value-add element that is really substantially going up.

As I said, non-coal exports went up by 28.5%. Not all of that is a manufactured product, but a significant portion is.

**Mr. Yvan Baker:** Sure.

There's a value-add component. Is it fair to say that this product mix offers greater long-term potential as well, in terms of just the volume of exports?

**Mr. Jay Allen:** It's hard to say. There are obviously long-term prospects in being able to export commodities as well as finished products. We have major industries that are involved in that. Anything that increases our capacity to export, anything that increases our linkages, is going to be good for our long-term prosperity.

This agreement, as it stands, allows us to have really substantial market access for goods. The modernization is going to take the extra part, which is going to bring in the other part of our economy, the services side of things. I think overall it's going to be a very positive story for us.

**Mr. Yvan Baker:** When I speak to people who are really familiar with this issue, who do business in Ukraine or want to do business in Ukraine, many of them are also excited about the potential for this agreement to cover services, which you've alluded to several times in this meeting.

Could you expand a bit on which services we are talking about? Where is the greatest potential in services here?

**Mr. Jay Allen:** Overall, because the agreement doesn't cover services right now, it's about creating an environment that will be conducive to the services. We have to remember, when we talk about services, that it's about creating an enabling environment. It's about a set of rules and a set of understandings that create transparency and predictability.

With respect to particular industries, I'll turn it over to Darren Smith again. He's our expert on this.

**Mr. Darren Smith:** Thank you, Chair, for the question.

Canada does indeed have a diverse spectrum of services-based interests in terms of the Ukrainian market. You're looking at a range of professional services, such as engineering or architectural services. The area of environmental services is certainly one where you have Canadian expertise and potential in the Ukrainian market. Real estate services are an area that shows potential. Of course, my colleagues at the Department of Finance look after issues in relation to financial services, whether it be banking or insurance.

Some of these areas are perhaps not in the present context but more in the future. However, as Mr. Allen alluded to as well, with the increase or the potential for more goods-related trade, you also see a corresponding possibility for more services, with expertise being sold as well.

A good example would be that Canada has a lot of expertise in the area of simulation equipment, flight simulators and the ilk. Aside from the hardware itself, it's also the after-sale services that have strong potential, whether it be on the training component or on other elements that deal with the use of the equipment.

These are the kinds of things that we think the FTA can achieve in its modernization phase, expanding and diversifying the types of economic activities. As a services-based economy, we have a diverse capability that can be advanced in the Ukrainian context.

• (1620)

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

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

[*Translation*]

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

The Canada-Ukraine Free Trade Agreement contains rules of origin, as do a number of free trade agreements. Accordingly, in order to receive favourable treatment, or a preferential tariff, the product has to be made in Ukraine or Canada. The port of Odessa is Ukraine's largest seaport.

Do you think the port is still under Ukraine's control, or is Russia interfering in the operation of the port? In other words, how can we be sure the rules of origin are being adhered to in the midst of a crisis?

Have you observed any irregularities as far as the port is concerned?

[*English*]

**Mr. Jay Allen:** I'm not aware of any irregularities with respect to the main port. With respect to the rules of origin, they're pretty specific. It's clear what those rules are, and the need to respect them is there.

Right now, with respect to this situation, from what I'm aware of, things are flowing normally and relatively well. The situation in Crimea is obviously a bit of a different element.

Maybe Mr. Turner can add a bit to the port issue.

**Mr. Andrew Turner:** You're quite correct. There are no indications of any issues with regard to Odessa.

We are seeing the challenges of Russia's illegal occupation and attempted annexation of Crimea, as well as its destabilizing activities in the Donbass. There are those challenges, but not at the moment with Odessa.

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

It's on to Mr. Masse for two and a half minutes, please.

**Mr. Brian Masse:** Thank you, Madam Chair.

I'd like to follow up on some of the infrastructure that we could help with. With regard to border services, is there any part of a future agreement that we could do to help and assist with that? It could be everything from...facilitating or assisting with best practices for working on contraband and processing services that might be more efficient for trade to happen, not only for our benefit, but also for Ukraine's, with regard to their infrastructure on customs and immigration matters, especially related to trade.

**Mr. Jay Allen:** There are a couple of things there.

With respect to customs and trade facilitation, the actual border process for goods, there are procedures in every one of our FTAs about how it's meant to be done. We look at reducing red tape, but we also look to add co-operative elements to these agreements where our experts can talk to their experts and talk about best practices and the way we see things and the way we do things.

The second element, processing visitors and immigration, is typically not covered by our FTAs, except to the extent that it is covered by temporary entry for business people. That is something that we're looking to add in and then to refine through the modernization.

**Mr. Brian Masse:** It's good to hear about that component too.

You mentioned here—and it was good testimony—the shifting type of trade between our two countries on the physical component. However, I also look toward the procedural and more intellectual component to it, because that will also underpin confidence, trust and so forth, and deepen the relationship with those.

Those are my questions, Madam Chair.

Thank you very much to the witnesses.

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

It's on to Mr. Lewis, for five minutes, please.

**Mr. Chris Lewis (Essex, CPC):** Thank you very much, Madam Chair.

Hello, colleagues.

Thank you, witnesses, for your testimony this afternoon. It's been a very interesting and busy day, to say the least.

Through you, Madam Chair, my first question is for Mr. Allen, about the auto trade.

I did some quick research this morning. I believe that, back in 2019, exports from Canada to Ukraine were \$8.15 million with regard specifically to auto. Also in 2019, imports to Canada were \$3.81 million. I have not been able to find any more recent numbers.

For my first question, sir, can you tell me if those were domestically built products specifically for our exports, or would they have been European products that came to Canada and were exported to Ukraine?

• (1625)

**Mr. Jay Allen:** Madam Chair, that's a good question.

Based on the rules of origin, I would have to expect they were Canadian-made vehicles.

I'll have to turn to Dean Foster, who's up here with me, to see if he has any information about that. Right now, unfortunately, I don't have a breakdown of what vehicles we sold. I will say that last year, it was the third-largest component of our trade. It was 13.5% of our trade.

Dean, do you have any more recent numbers?

**Mr. Dean Foster (Director, Trade Negotiations – Africa, Americas, Europe, India, Middle East, Department of Foreign Affairs, Trade and Development):** I agree that it's a significant growing traded good.

I don't have any reason to believe it would be European-origin cars that would be exported from Canada, as they're collected in the trade statistics through Statistics Canada. My assumption is that they are, indeed, Canadian.

**The Chair:** Mr. Foster, excuse me for interrupting, but could you please turn your camera on?

**Mr. Dean Foster:** My apologies. I lost my video at some point during the meeting. It appears I'm not able to turn it back on.

**The Chair:** Okay. My apologies for the interruption.

Please continue.

**Mr. Chris Lewis:** Thank you, Madam Chair.

Thank you, Mr. Allen and Mr. Foster. I appreciate that.

I'll just build on that, if I could. Obviously, in Essex, along with Mr. Masse in Windsor West, we are very much automotive-driven, not only with jobs, but with the industry itself. I know we're going to be working very hard with regard to electric vehicles.

With regard to Ukraine, are they also heading in that direction? Is there an opportunity here that we could be looking at to ensure that with all the fantastic work that Canadians do and the industry does, we can export EVs across the ocean over to Ukraine?

**Mr. Jay Allen:** As somebody who grew up in Windsor and whose parents still live in Windsor, I can tell you I'm keenly in touch with the auto industry.

Absolutely, this agreement is designed to allow us to sell things like EVs. It's designed to allow us to have partnerships with respect to developing technologies, using technologies and commercializing technologies.

**Mr. Chris Lewis:** Thank you, Mr. Allen.

I know this is going to be a question that nobody really can answer, but I'm going to ask it anyway. It really has to do with with the elephant in the room, which is whether they are going to go to war or whether they are not going to go to war. But I won't ask that question.

What I will ask, because I think it's really important in the conversation today, is this: What risk management is put in place today with regard to our trading with Ukraine? Do we have a plan to deal with this, or does this need to be a conversation going forward? I'm just very curious if we have a plan today to deal with our trade with Ukraine.

**Mr. Jay Allen:** Obviously, our trade with Ukraine is already established. We have export controls for any products that would be sensitive, which are things that we would not want to go. Thankfully right now, we're not in a situation where that's a reality.

I don't want to speculate too much about where we would go with this. Suffice it to say, we are monitoring the situation very closely and we would provide advice to the government based on the situation on the ground and what's in the best interests of Canadians.

**Mr. Chris Lewis:** Thank you, Mr. Allen.

Madam Chair, thank you very much.

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

You have 30 seconds. I don't think you can get a question in there in 30 seconds. Well, you might be able to.

Mr. Miao, go ahead.

**Mr. Wilson Miao (Richmond Centre, Lib.):** Thank you, Madam Chair.

Thank you to all the witnesses attending today.

Mr. Allen, you mentioned in your opening remarks that CUFTA included a review clause that commits the party to review the agreement within two years of entry into force. Is that a standard clause to include in an FTA?

What were the intentions, and from which parties, when negotiating that clause?

• (1630)

**Mr. Jay Allen:** Madam Chair, we wouldn't typically include a review clause, but it's something we often include.

In this case, we included it because there are such fundamental elements of the agreement that weren't included. We didn't include services or investment, for example. Cross-border trade in services and investment are fundamental to our FTAs, so we included that provision, with the full support of the Ukrainian government, because we recognized that at the time their regulatory system was in such flux that they weren't sure what they were going to be able to agree to. We didn't want a situation where we potentially came away from the negotiations with an agreement that walked back even the protections we had in our 1995 foreign investment protection and promotion agreement.

We put in the review clause with the idea that within two years we would look to see how we could deal with cross-border trade in services, financial services, investment and a number of other areas. It was fully anticipated this would happen, and it was fully supported by both parties at the time.

**Mr. Wilson Miao:** In 2020, Quebec, Ontario and British Columbia were Canada's three highest-value exporters of goods to Ukraine. You mentioned in your opening remarks that fish and seafood, vehicles, and machinery are a good part of Canada's export to Ukraine.

What would be some of the sectors that could potentially grow and benefit the most from a modernized agreement?

**Mr. Jay Allen:** From a goods perspective, once we hit 2024, we will have the full tariff elimination. Over the next couple of years, we will see tariffs eliminated, which will allow further growth, including in exports like pork, which currently still has tariffs.

From a goods market access perspective, we're not looking to reduce tariffs in any other places, because there really aren't that many tariffs left to reduce once we hit 2024. Where we're looking for growth is going to be on the services side. As Mr. Smith highlighted earlier, there are things like environmental services, financial services, insurance and education. Those are some of the real growth areas that we see.

**Mr. Wilson Miao:** If any provinces or territories have expressed support or opposition to the modernization of CUFTA, have they identified particular areas of concern in the existing agreement?

**Mr. Jay Allen:** No. In fact, in 2020, we consulted Canadians, and what we found was that, broadly speaking, Canadians were

supportive. During that consultation—I apologize, the number escapes me—we heard from five or six provinces and they were all supportive.

The types of concerns we hear about an agreement like this.... When we're doing a modernization, we hear concerns about supply management. People don't want openings for supply management, and that is absolutely not on the table. We will not provide any more market access, or any market access, for supply-managed goods.

We didn't hear negatives about this. There was a lot of support. People saw that adding services and investment completes the picture.

**Mr. Wilson Miao:** Thank you very much, Mr. Allen.

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

We're now moving on to Mr. Patzer, please.

**Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC):** Thank you very much.

Could you update us right now as to where we are at for trading agricultural products to Ukraine under the current agreement?

**Mr. Jay Allen:** Sure. I'll turn to Dean Foster.

Dean, do you have some numbers on agriculture products?

**Mr. Dean Foster:** Sure, Jay.

Again, I apologize that my video is no longer working.

We are indeed seeing growth in various products in the ag sector. One that I would mention is pet food. It's looking to be toward \$9 million in 2021, up from \$6 million in 2019. Frozen fish, which is not ag but is food, looks like it is up to over \$50 million for 2021, based on preliminary numbers. We also see chilled and frozen pork up to nearly \$6 million in exports in 2021. That was one of the big tariff elimination items for Ukraine in the FTA.

Those are a few examples.

**Mr. Jeremy Patzer:** Thank you.

What about the manufacturing side? I've been talking to a few different groups in my riding, and there's some concern about certification between countries. Is there a chance to update or modernize this agreement so that we have certainty in the certification between Canada and Ukraine within the context of manufacturing?

• (1635)

**Mr. Jay Allen:** Our technical barriers to trade chapter facilitates that exact thing. It's about looking at regulations and harmonization—or, if not harmonization, looking at compatibility of regulations—and putting in place systems so that regulators can talk to one another, specifically to avoid regulatory hurdles.

I'm very happy to say that it is in the agreement already. I don't know that there was a meeting of the minds in terms of updating that chapter. We have a WTO agreement that underpins the technical barriers to trade chapter. I don't know that there's a lot more that can be done, but suffice it to say that we do have the facility under the agreement—it's only been in place for a couple of years—to help reduce those barriers for people, because certification is a very big issue. You're absolutely right.

**Mr. Jeremy Patzer:** I'm asking specifically about agricultural manufacturing again. I do know that there are quite a few manufacturers in Saskatchewan that ship products over there. How much room for growth is there for that in Ukraine? I'm hearing reports that their equipment is 30, 35 or 40 years old over there and that there's a great market opportunity there to try to help out.

Are there any proactive clauses or parts to the trade agreement whereby we can actually try to help boost and increase their use of more modern machinery and even, quite frankly, agricultural practices?

**Mr. Jay Allen:** We typically don't do that within an FTA. In Canada, we work with the trade commissioner service, Export Development Canada and BDC to help sell our products there. The trade commissioner service is really excellent in terms of promoting Canadian goods there and facilitating entries into various things, whether it's trade shows or going to meet with industry associations.

That's typically how we will help industries get their products into a market. It's through the trade commissioner service and some of these other services, rather than putting it directly into a trade agreement, because it's pretty difficult to negotiate something that's that specific in an agreement.

**Mr. Jeremy Patzer:** Thank you.

Lastly, just in looking around the regions, what would be the ramifications if Canada were to, say, impose Magnitsky sanctions? What would that do to potential trade or the general atmosphere over there if we were to use Magnitsky sanctions?

**Mr. Jay Allen:** For that, I will turn to my colleague Andrew Turner.

**Mr. Andrew Turner:** Canada has been very clear, along with our allies and partners, the G7 and the G20, that we are all collectively prepared to impose sanctions that will have massive economic consequences and impose severe costs on Russia if they choose to invade Ukraine.

Again, we continue to pursue diplomatic options so that this will not be necessary, but in support of that, we are also pursuing the path of deterrence to make it clear that Russia will face these costs.

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

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

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

My question is for Mr. Allen.

Mr. Allen, we talk about inclusive trade objectives. We include gender and indigenous peoples, etc. Is it something that used to be considered previously? For other countries, such as the United States or the United Kingdom, that have very extensive trade across the world, do they include any provisions related to the so-called inclusive trade practices?

**Mr. Jay Allen:** I'm very happy to say that a growing number of countries are including them, maybe not to the extent that Canada is, but certainly some of our partners, such as New Zealand and Chile, have partnered with us in terms of the global trade and gender initiative.

There are quite a number of countries that are starting to do it, and more and more, and it's seeing its way into a number of things. For example, the U.K. is putting a real emphasis on labour. We're seeing it in the United States, where they're putting a big emphasis on labour. In terms of seeing gender and some of the other elements, it maybe hasn't caught on quite to this extent, but I'm very happy to say that it is catching on.

I have my colleague Sean Clark with us. Maybe I'll ask Sean if he wants to add anything on inclusive trade. He's our director responsible for inclusive trade.

• (1640)

**Mr. Sean Clark (Director, Trade Agreements Secretariat, Department of Foreign Affairs, Trade and Development):** Thank you, Mr. Allen.

We do have quite a bit of work going on. Canada is leading in international forums, including the WTO, to promote women's economic empowerment, and it is promoting opportunities for SMEs at the WTO as well. The work is spreading. It's taking some time, but there are more and more countries coming on board.

**Mr. Chandra Arya:** Okay. Thank you.

When it comes to the modernization of this agreement, am I correct in saying that basically we are negotiating part of the trade agreement that was not concluded that year in the areas of services and investment?

**Mr. Jay Allen:** That's correct.

We're looking to add a number of things, such as services and investment, telecommunications and temporary entry. We're also looking to update some of our existing chapters like e-commerce, transparency and government procurement. The labour chapter is one that we're looking to update, as well as our environmental commitments under the agreement. We will be seeking to add inclusive elements.

Sorry, I don't want to take up too much of your time.

**Mr. Chandra Arya:** One particular thing you mentioned is that it will cover temporary entry of business persons. Is that normally part of a trade agreement?

**Mr. Jay Allen:** Yes, it is.

We will typically make commitments on a reciprocal basis where we will work with the other country to facilitate the entry of certain categories of business people to make it easier for them to come in, whether it is to provide after-market service for goods that they've sold, to provide consulting services or a number of different areas. It absolutely is a feature of our agreement.

Maybe I'll ask if Darren Smith wants to add anything on temporary entry.

**Mr. Darren Smith:** Yes, thank you for the question.

I'll just quickly add that it includes areas like business visitors, inter-company or inter-corporate transferees, other specialists and potentially spouses. Basically, we're providing for greater certainty and predictability.

In this case, it is really a market access change where we're seeing liberalization take effect, so it is definitely an area that we see as being conducive to facilitating work in goods exports, investment, services, government procurement and other areas. It will be a feature of the agreement.

**Mr. Chandra Arya:** Mr. Allen, you mentioned that this modernization will increase the benefits for Canadian workers, entrepreneurs and small business. Can you just highlight how it can increase the benefits?

**Mr. Jay Allen:** Sure. The existing agreement is really focused around goods trade. These other elements that it will open up to our services providers are services that relate to goods trade. In a lot of cases, you sell a product, but then you want to do the services afterwards. We're looking to modernize the government procurement provisions, which will allow more Canadians to sell more product into Ukraine.

It really is about creating more opportunities.

**Mr. Chandra Arya:** Lastly, I know the situation is quite fluid and dynamic over there. We have said we are going to launch it.

Typically, if there are no issues on the ground, how much time does it take to conduct a review in this case, which is basically adding service investments to the existing agreement?

**The Chair:** Can we have a brief answer, Mr. Allen?

**Mr. Jay Allen:** Yes.

Typically, a trade negotiation takes a long time, in part because goods are very sensitive. This should be a much shorter timeline,

assuming we can get there to do it, but I can't give an exact figure for how long.

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

Monsieur Savard-Tremblay, do you have any additional questions?

• (1645)

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** I'd like to ask a quick question, if I may, Madam Chair.

[*English*]

**The Chair:** Yes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** On the Government of Canada's website, the words "security" and "stability" are used in reference to the effort to strengthen and modernize the Canada-Ukraine Free Trade Agreement.

In spite of this, Canada has more trade with Russia than it does with Ukraine. Seemingly, a new bilateral agreement would have a punitive—arguably, even aggressive—objective vis-à-vis Russia. Doesn't such an agreement play into the hands of our adversaries by isolating Russia, provoking it further and pushing it closer to China?

[*English*]

**Mr. Jay Allen:** We have an existing trade agreement with Ukraine. It's been in place for a number of years. We've been working on it since 2010. It was a long time in the making, so I don't think this addition will change anything. I think it is a very clear signal of our support for Ukraine and our continued belief in their integrity and their sovereignty.

I don't look at it from the perspective that it's going to hurt relations with Russia or have any geopolitical effect from that standpoint. I think it's emboldening the people of Ukraine. It's us standing with them, not against somebody else.

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

Mr. Masse, do you have any additional questions?

**Mr. Brian Masse:** I have just one quick one, Madam Chair.

Aside from the energy sector and the obvious dependency between Ukraine and Russia there, are there any other sectors that have that type of dependency between the two nations that would become even more complicated should hostilities continue to ramp up?

**Mr. Jay Allen:** I'll turn to Mr. Turner on that one.

**Mr. Andrew Turner:** As with any neighbouring countries, there are many economic ties between the two countries. The reality is that, should Russia proceed with military action, that will have massively destabilizing consequences for the entirety of the economy, and much beyond that, of course, for Ukraine. Likewise, because of the very severe and significant reaction that there will be from the international community, the same will occur for Russia as well.

**Mr. Brian Masse:** Yes, but is there something like grain or something else that sticks out larger? Obviously, energy is one, but is there some other trading component for which there might be some strategic requirement for allied nations to try to enhance that trade? I just threw out grain because it's just another example of local produce.

**Mr. Andrew Turner:** Certainly Ukraine's exports of grain are quite significant, but I must confess I'm not sure if they are specifically to Russia. That is something I can look into and get back to the committee on.

**Mr. Brian Masse:** That's fine. That's fair enough. I just was curious about that.

Thank you, Madam Chair.

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

We move to Mr. Martel. He has one question.

[*Translation*]

**Mr. Richard Martel:** Madam Chair, the witnesses seemed a bit confused in response to my questions earlier. What I was trying to get at was this: one of the central elements of the conflict is independence, not only for our allies, but also for Ukraine in terms of energy.

This time, my question is straightforward. Could increasing our LNG exports to our allies, including Ukraine, reduce their reliance on Russia, while giving them more latitude in a possible conflict?

[*English*]

**Mr. Jay Allen:** Madam Chair, I would expect so, yes. If we were to increase our LNG exports, it would certainly reduce dependence on Russian natural gas.

[*Translation*]

**Mr. Richard Martel:** Thank you.

[*English*]

**The Chair:** Mr. Hoback, you may ask one last question.

**Mr. Randy Hoback:** Thank you, Chair. I have a very quick question.

I'm just seeing—it's breaking news here now, colleagues. The PM has confirmed 7.1 million dollars' worth of lethal equipment to Ukraine and a new \$500-million loan to Ukraine. I'm just kind of curious when I see something like this happen.

To the negotiators, how's the process in regard to this lethal equipment being confirmed? How does that go about? Does it impact our trade processes in your negotiating of a new deal? Does it come into consideration?

• (1650)

**Mr. Jay Allen:** No. In fact, something like that would be squarely outside of the trade agreement.

I would turn to Mr. Turner for more information on that, but I will simply say that's not the type of thing that's included in an FTA.

**Mr. Randy Hoback:** Mr. Turner.

**Mr. Andrew Turner:** Again, as we've seen with the other agreements that have been discussed previously on the sovereign loan, this would be something that would be done bilaterally between the two governments rather than through the trade process.

**Mr. Randy Hoback:** So there is nothing that would stop this in a trade agreement.

**Mr. Jay Allen:** Not that I'm familiar with, no.

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

**The Chair:** Mr. Sheehan, do you have any questions?

**Mr. Terry Sheehan (Sault Ste. Marie, Lib.):** I have just one very quick one. I was reading some information on the website about steel and iron ore. How might this agreement or process we're undertaking affect the steel and iron ore industry in both countries? That's through you to Jay, perhaps, or Mr. Turner.

**Mr. Jay Allen:** Madam Chair, I would expect that it wouldn't have a great impact at this point, because tariffs on these traded products have already been reduced. In fact—I'm just checking my list here—I believe steel products and certain iron products have already had their tariffs eliminated by Ukraine for Canadian export. We're already exporting those to them duty-free, and I believe coming back this way as well. I don't think any modernization would have an impact, because it's not touching tariffs.

**Mr. Terry Sheehan:** Thank you. That's all I had.

**The Chair:** Mr. Baker, you have the last question.

**Mr. Yvan Baker:** Thanks very much.

I want to quickly allude to what Mr. Hoback raised—which is excellent news—about the government's announcement that Canada is sending lethal weapons to Ukraine to help deter an invasion by Russia, but also to help the Ukrainians defend themselves. They're supporting that, as well, with a \$500-million loan. That's an excellent sign of Canada's support for Ukraine. That, to me, reinforces what we've heard from our witnesses today—I think it was Mr. Allen who said it—that we stand with the Ukrainian people.

The free trade agreement is part of that package of things we're doing to stand with the Ukrainian people. Today's announcement is very important, obviously in the short term, and I look forward to seeing our officials continue their work with their Ukrainian counterparts to see CUFTA modernized, because it offers tremendous benefits for Ukraine and Canadians in the long term.

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

I think everybody asked the questions they wanted to today, as we begin to take a look at the Canada-Ukraine trade deal and where we can go with it, so thank you very much to all of our witnesses.

The meeting is adjourned.

---









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

---

### SPEAKER'S PERMISSION

---

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

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

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

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

---

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

Publié en conformité de l'autorité  
du Président de la Chambre des communes

---

### PERMISSION DU PRÉSIDENT

---

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

---

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :  
<https://www.noscommunes.ca>