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Chair: The Honourable Judy A. Sgro



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• (1100)

[English]

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

Welcome to meeting number 80 of the Standing Committee on International Trade. Today's meeting is taking place in a hybrid format pursuant to the Standing Orders; therefore, members are attending in person in the room and remotely using the Zoom application.

I would like to make a few comments for the benefit of witnesses and members.

Please wait until I recognize you by name before speaking. When speaking, please speak slowly and clearly. For those online, please mute yourself when you are not speaking. This is a reminder that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members online, please use the “raise hand” function.

For interpretation online, you have the choice at the bottom of the screen of floor, English or French. Those in the room can use the earpiece and select the desired channel. If interpretation is lost, please inform me immediately, and we will ensure that interpretation is properly restored before resuming the proceedings. I ask all participants to be careful when handling the earpieces in order to prevent feedback.

Before we start with the work of today, I think everyone was circulated a copy of the project budget for this prestudy. Is everybody in favour of the budget?

Some hon. members: Agreed.

The Chair: Thank you very much.

I will be leaving the chair at 11:45 this morning, and Mr. Seeback will be assuming the chair.

Thank you, Mr. Seeback.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, October 17, 2023, the committee is beginning its study of the subject matter of Bill C-57. We have, appearing with us, the Honourable Mary Ng, Minister of Export Promotion, International Trade and Economic Development.

We are very happy to have you visiting us today.

From the Department of Foreign Affairs, Trade and Development, we have Bruce Christie, assistant deputy minister and chief

trade negotiator; Karl Van Kessel, deputy director, investment trade policy; Kati Csaba, executive director, Ukraine bureau; and Dean Foster, director, trade negotiations—Africa, Americas, Europe, India, Middle East. We also have Adam Douglas, senior counsel and deputy director, investment and services law.

Welcome to all of you. We appreciate your finding the time to come in and share information with us.

We will start with opening remarks.

Minister Ng, I invite you to make an opening statement of up to five minutes, please.

[Translation]

Hon. Mary Ng (Minister of Export Promotion, International Trade and Economic Development): Thank you very much, Madam Chair.

[English]

Good morning, colleagues. It's really good to see you.

Let me begin by acknowledging that I appear before you today on the traditional and unceded territory of the Algonquin Anishinabe people.

I'm pleased to be here today to discuss Bill C-57, an act to implement the 2023 free trade agreement between Canada and Ukraine, or CUFTA.

[Translation]

As you know, Bill C-57 continues to be considered by the House of Commons. I am pleased that the committee is beginning preliminary discussions on this important piece of government legislation.

[English]

I recently returned from the G7 trade ministers' meeting in Japan. Multilateral institutions like the G7 helped to establish an era of unprecedented global stability and prosperity. That stability, however, is now under threat from autocratic and illiberal regimes abroad. Of course, nowhere is the threat to liberal democracy more obvious than in Ukraine.

Let me be very clear. Our government will stand with Ukraine until they win this war, and we will be there to help Ukraine recover from the devastating impacts of Russia's illegal invasion. A modernized CUFTA will play a crucial role in that process. Canada and Ukraine have a unique and storied shared history. This modernized trade agreement represents a historic milestone in the Canada-Ukraine relationship. While the original CUFTA was comprehensive from a trade-in-goods perspective, it did not include chapters on services, investment, inclusive trade and other areas that Canada now often seeks in our comprehensive FTAs.

In July 2019, Prime Minister Trudeau and President Zelenskyy announced plans to modernize the agreement, and following the delays of COVID-19, my Ukrainian counterpart, First Deputy Prime Minister and Minister of the Economy Yuliia Svrydenko, and I announced the launch of modernization negotiations in January 2022.

As we all know, less than a month later Russia began its illegal full-scale invasion of Ukraine. This caused another few months of delay until May 2022, when Minister Svrydenko conveyed to me her government's readiness to initiate and indeed expedite negotiations to strengthen the bilateral relationship and support Ukraine's long-term economic and trade interests.

This is no minor detail, and I'm sure the committee is aware that the Conservative member for Cumberland-Colchester has suggested that Canada somehow took advantage of our Ukrainian allies as part of the FTA negotiations. In fact, this is precisely the opposite. It was our Ukrainian friends who set the pace for these negotiations. They did so with conviction, and they did so in the face of significant, even existential challenges and threats.

In conversation with my Ukrainian counterpart, she stressed time and again the value Ukraine places on its relationship with Canada and how important it was that Canada proceed with these negotiations as a sign of confidence to Ukraine. Canada will always be an unwavering ally to a sovereign and independent Ukraine.

In June of 2022, Canadian and Ukrainian officials set to work. The conclusion of these negotiations was announced on April 11, 2023, and recently this landmark initiative came full circle when Prime Minister Trudeau and President Zelenskyy signed the final modernized CUFTA in Ottawa in September.

• (1105)

[*Translation*]

This agreement will provide Canadian businesses with access to an important and dynamic market and it will support Ukraine's long-term recovery and trade interests.

[*English*]

Some members of the opposition have characterized this agreement as “woke”. Honestly, I don't know what they mean by that. This is a high-standard trade agreement that is good for Canadian businesses and for Ukrainian businesses.

For Ukraine, the agreement is much more than that. It is a manifestation of Ukrainian territorial and economic sovereignty. It's an expression of the values of openness and democracy, and it's made possible by an international rules-based order. Vladimir Putin, of course, despises all of these things and when members of the offi-

cial opposition grasp at straws to criticize this agreement, I'm left to wonder if they realize that it's Putin's agenda that they're advancing when they do so.

In fact, by serving as a demonstration of Ukraine's ability to adhere to ambitious commitments in a range of areas, this agreement will serve as a model for Ukraine's efforts to advance economic integration with other partners around the world. This agreement will be a strategic advantage and show confidence in a free and democratic Ukraine. In two weeks' time, I will be participating in the second annual Rebuild Ukraine Business Conference in Toronto, where Minister Svrydenko and I have both been invited to speak about a modernized CUFTA.

I have yet to write my remarks for that event, but I know, for sure, that those in attendance and those following the conference across Canada and Ukraine expect and deserve results. They don't want to hear me talk about partisan politics. They don't want to hear me talk about Conservative procedural games. They want to hear about our progress. They want to hear about how we're on track to pass this bill. They want to hear about what our Parliament can do when we work together and when we show our unwavering support for Ukraine. That's the message I want to deliver.

Colleagues, I'm confident we can meet the moment that is before us.

[*Translation*]

The incredible officials who are with me and I are ready to speak to the committee members and answer their questions.

[*English*]

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

We move on to Mr. Seeback for six minutes, please.

Mr. Kyle Seeback (Dufferin—Caledon, CPC): Thank you, Madam Chair.

First of all, Minister, I find your comment in your opening remarks that criticizing or finding things to criticize within a trade agreement is somehow helping Vladimir Putin to be somewhat despicable. I think that's an unacceptable comment to make about other members of Parliament.

Secondly, Conservative members of Parliament unanimously support Ukraine and your insinuation that somehow we don't, I also find somewhat contemptuous.

Turning to the trade agreement itself, can you tell me which section in the Canada-EU free trade agreement has a mention of carbon pricing or a carbon tax?

• (1110)

Hon. Mary Ng: Let me begin on your comments around my opening remarks.

To suggest that the Government of Canada took advantage of Ukraine, when exactly the opposite was done, is something I think I should put on record and clarify.

When a member calls this legislation “woke”, I would like to ask, “What would ‘woke’ mean?” Is it because there are progressive elements in it that protect the environment, because it provides opportunities for small and medium-sized businesses or because, for the very first time, it has a chapter for indigenous trade opportunities?

To your question around the EU free trade agreement, we're so proud of CETA because of its standards—

Mr. Kyle Seeback: Minister, there's a proportional time for the question and response.

What section in CETA has a carbon tax or a carbon price?

Hon. Mary Ng: CETA has provisions that protect the environment.

Mr. Kyle Seeback: It does not have anything in there on a carbon tax or a carbon price.

What section of CPTPP talks about a carbon tax or a carbon price?

Hon. Mary Ng: I respect those questions, but I thought I was here talking about Canada-Ukraine free trade agreement.

Mr. Kyle Seeback: If you don't know the answer to the question, you can just say that, Minister.

What section of CPTPP has a carbon price or a carbon tax in it?

Hon. Mary Ng: What I would say is that in those agreements, CPTPP and CETA, there are strong provisions to protect the environment. In fact, it's in those very provisions that you are seeing reports from the chief economist that exports by Canadian exporters, particularly around environmental goods, have actually increased, so there are good benefits for Canadian businesses.

Mr. Kyle Seeback: But there's no actual section that mentions a carbon price or a carbon tax in either of those agreements. Is that correct?

Hon. Mary Ng: Both of those agreements have strong environmental provisions, and we're really proud of that.

Mr. Kyle Seeback: Okay. If you can't answer the question, that's fine.

What about in CUSMA? What section in CUSMA has a carbon tax or a carbon price in it? You can just tell us the section.

If you don't know, you can say, “I don't know,” rather than talking about other aspects of that agreement.

Hon. Mary Ng: I like to talk about the other aspects of the agreement because they are really good for Canadian businesses. They provide us the strength of being able to build towards economies that are going to increasingly fight climate change but also create opportunities for those businesses.

Mr. Kyle Seeback: No one's disputing the value of trade agreements. I'm asking you what sections in those trade agreements include a carbon price or a carbon tax. If you don't know the answer, which you seem not to, I will tell you. None of them have that in those trade agreements. Absolutely zero.

Therefore, why would you include a carbon tax in a trade agreement with a country in the midst of a war? How can that possibly help Ukraine?

You talked about aiding Vladimir Putin. Putting a carbon tax into a trade agreement absolutely aids Vladimir Putin.

Hon. Mary Ng: Let me share with you, as I think you know and would agree, that the energy sector is really important to the Canadian economy. In fact, it was on the signing of the completion of this agreement by the two leaders of the countries that Aecon Group, here in Canada, along with Ukrhydroenergo signed a co-operation agreement to develop a partnership agreement on the construction of hydroelectric power plants in Ukraine.

It's an agreement like this that enables companies to do exactly that around providing energy security and to work with Ukraine as they are rebuilding so that they are not only fighting climate change but actually dealing with the energy security of the country.

Mr. Kyle Seeback: That's interesting. You didn't answer my question, which is fine, but that's interesting on energy security.

You have absolutely nothing in this trade agreement on energy security—do you? There's no chapter on it, but there's a chapter that puts in a carbon tax. Am I correct there?

Hon. Mary Ng: This agreement is a terrific agreement because it provides the conditions for businesses to be a part of that rebuild effort in Ukraine. You saw that with this really important Canadian company that builds all around the world. Certainly to do a hydroelectric power plant in Ukraine, I think, is something quite remarkable, so I congratulate that company and the Ukraine company.

Mr. Kyle Seeback: Where's the section in the agreement that talks about electrical capacity generation or natural gas development? Ukraine has some of the largest natural gas deposits in Europe. You talk about confronting Vladimir Putin. The best way to do that is to take away the energy money that he gets.

Where's the section to develop the LNG resources for Ukraine in this agreement?

• (1115)

Hon. Mary Ng: The agreement itself, which actually provides greater certainty, and the new chapters on services, which are engineering services that will come from the ancillary work for those companies to be in that space, are a good thing.

Mr. Kyle Seeback: So there's no section on that.

Effectively, in Canada, you and the Prime Minister are pausing the carbon tax on certain parts of the Canadian population, while at the same time imposing a carbon tax in a trade agreement on a country in the middle of a war. I think your priorities on this trade agreement are absolutely wrong.

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

We're on to Mr. Miao, please, for six minutes.

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

Minister, thank you for being here today to discuss this important legislation alongside your impressive group of officials from Global Affairs.

I've been following this debate in the House very closely. It was my honour to speak to Bill C-57 during the second reading. I'm quite troubled to hear that the Conservative member for Cumberland-Colchester suggested that Canada was taking advantage of Ukraine by working with them on negotiating this so-called “woke” free trade agreement.

You've served as the minister responsible for international trade since 2019, and you have been around the table and shown leadership as part of these negotiations. I'd like to know, based on your experience, if you could respond further to the suggestion made by the Conservative member.

Hon. Mary Ng: I want to thank my honourable colleague for that question.

I too was troubled by the comments, because it simply hasn't matched anything I heard at every step of the negotiation. Time and again, Ukraine signalled that they were committed to seeing these discussions through to the point where we could land a modernized agreement.

I heard from my Ukrainian counterparts but also directly from President Zelenskyy, when he was here, that the free trade agreement will help form the basis for the reconstruction of Ukraine, following Russia's illegal invasion. I've also heard from business leaders and community leaders in Canada that they want to play an important role in the rebuilding of Ukraine, once they have won this illegal war, and how important a modernized trade agreement will be in helping them to do exactly that.

I'm proud of the fact that this legislation is both comprehensive and ambitious. If Conservatives want to throw around terms like “woke” to try to undermine the relationship with Ukraine, they might want to explain to Canadians why they want to do that.

Mr. Wilson Miao: Thank you.

To your point, Minister, I believe our Ukrainian counterparts have signalled how beneficial this free trade agreement will be for Ukraine as well as in their trade discussions with other countries. Do I have that right?

Hon. Mary Ng: It's absolutely true. Ukraine has told us that this comprehensive trade agreement, which has what they call in trade circles “high standards”, will really serve as a model for them as they pursue agreements with other countries.

This isn't new. Canada has taken a lead on supporting Ukraine right from the get-go. When we say we're going to stand shoulder to shoulder with Ukraine, it isn't just in humanitarian assistance or supporting their military efforts. It really is also supporting the economic reconstruction when that is able to happen.

I hope we can really demonstrate a team Canada approach. As I said in my opening remarks, I think we can rise to this challenge and collaborate in support of Ukraine. It would be terrific if we work very hard to get this bill through the House and into the Senate for ratification.

Mr. Wilson Miao: Thank you, Minister.

You just mentioned in your comment the trade circle talking about CUFTA as a “high-quality” agreement. What factors have helped to make this the case, from your perspective?

Hon. Mary Ng: This agreement is comparable to the agreements we have with the United States and Mexico in CUSMA, with the European Union in CETA, and with countries along the Pacific Rim in CPTPP. It has some best practice provisions in there to protect the environment, to have standards to protect workers and to allow small and medium-sized businesses to benefit from the trade agreement. I think it's an agreement that Canadians and Ukrainians can really be proud of.

• (1120)

Mr. Wilson Miao: Thank you very much, Minister.

Through the chair, I'd like to ask my next question to Mr. Christie.

You have served as a Canada's chief trade negotiator for other trade agreements, and I thank you and your team for that important work. Could you provide our committee with an overview of how the process was different from past negotiations and how you worked with your Ukrainian counterpart to advance this treaty to where it is today?

Mr. Bruce Christie (Assistant Deputy Minister and Chief Trade Negotiator, Department of Foreign Affairs, Trade and Development): Thank you very much for your question.

In this case, compared to other free trade negotiations, which tend to be more labour intensive and drag on for a longer period of time, first of all, when Ukraine approached us somewhat surprisingly in May of last year indicating that they were ready to launch modernization negotiations, we of course were dealing with the after-effects of the COVID-19 pandemic but also with a negotiating partner who found themselves in situations where they often didn't have electricity or power.

They didn't have access to the Internet. This was a negotiation where we had to be very creative in how we could engage with our opposite numbers. I remember having a call with my Ukrainian counterpart who was taking the call from his car because he felt that was the most secure place for him to be at the time. It was one where we kind of threw out the rule book, and we engaged with a very formidable partner who was committed to the process. We put forward options in terms of negotiating templates, and Ukraine continued to advise us that they wanted to meet Canada's high standards. We pursued that avenue. It was a different experience, but I have to tell you I walked away from the experience feeling very inspired from dealing with my Ukrainian counterparts.

Thank you.

The Chair: Thank you very much.

It's on to Mr. Savard-Tremblay for six minutes please.

[Translation]

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

Do not blame me, Minister, for asking questions.

Like any agreement, it has its positive sides and some less positive. Some agreements are good while others are not. I think it is also part of the opposition's job to talk about it.

Overall, unlike some colleagues, I welcome several elements of this agreement that could be described as progressive. We seem to have turned the corner and left behind the free trade agreements from the triumphant neoliberalism era, when negotiations were much more aggressive.

However, I find it hard to understand why, after a health crisis and after removing such provisions from the Canada-United States-Mexico Agreement, an investor-state dispute settlement mechanism, or ISDS, is part of the proposed agreement with Ukraine.

Why was this mechanism revived, after it was excluded from the agreement with the United States and Mexico? It is especially difficult to understand after we experienced a health crisis that showed us the importance of public services.

Why should this mechanism that puts multinationals and states on an equal footing be used again?

Hon. Mary Ng: Thank you very much for the question.

[English]

Let me begin by saying how much I respect the work that you and the committee do, particularly around this agreement. You may remember that last year, on a couple of occasions, officials appeared here at the committee just as we were launching the process for negotiations. That, indeed, provided opportunities for our colleagues to ask questions of each other as Parliamentarians and for officials to provide answers.

Maybe I can ask for clarification, because I'm not sure I understood the question fully around the provisions that are there. We undertook to modernize it because there were just some provisions that weren't in this agreement, which was what it needed for modernization. We had a really terrific goods agreement with Ukraine, but it didn't have provisions for services, for investments—

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Let me clarify my question to avoid using up all my time.

There is an investor-state dispute settlement mechanism in this agreement. There was none in the Canada-United States-Mexico Agreement. We could hope that such a mechanism would never be back in future agreements.

Why did you negotiate the inclusion of such a provision?

[English]

Hon. Mary Ng: Through the course of negotiations... I think you heard the chief negotiator talk about the approach that we took with Ukraine, which really, on the one hand, protects and, in fact, I would say, even improves upon the agreements we already have. This agreement has some of the strongest environmental protections of any of the agreements that Canada has with any other country right now. There's also, for the first time, an indigenous chapter. The course of improving agreements is very much what we do—

• (1125)

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Why include provisions that allow foreign companies and foreign investors to sue the state?

[English]

Hon. Mary Ng: On the question around ISDS, which I think is the question—and thank you very much for asking it—it was indeed the Ukrainians who actually asked for that. The reason is that, at this juncture, they realize how important it is for Ukraine to be able to attract investment.

I know, certainly, that in the Canadian business community, it's an investor community. They do want to make investments in Ukraine. They're looking for a chapter like this around investor protection so that they can have the certainty they want, and they will have, in order to incentivize that investment.

That's actually the reason. The Ukrainians actually asked for it because they understood that it would help, but I want to also assure you that we—Canada—have retained the right to regulate and to maintain our policy flexibility, particularly around issues around the environment, around labour and around indigenous rights. We've protected that piece, but we also responded because the situation here for Ukraine, particularly at this time, is to create assurances for investors who wish to invest in Ukraine. They believed that having this chapter was actually going to be helpful.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Let us use an example that goes beyond intentions. I do not know if the idea came from Ukrainians or from Canada, since I was not at the negotiating table. So let us talk about facts and actual consequences.

The ISDS mechanism protects foreign investors from expropriation or, as formerly provided for in the North American Free Trade Agreement, or NAFTA, it protects investors from measures equivalent to expropriation. For example, the Ukrainian regime has sanctioned several of its own citizens and in some cases seized their property. It expropriated their assets because they collaborated with Russia.

If these Ukrainian citizens also had investments in Canada, could their assets be seized by Canada? Could these investors invoke the ISDS mechanism?

[English]

Hon. Mary Ng: The goal always is to negotiate agreements in the best interests of Canadians—always. That's certainly our job. In fact, if there are any tensions around the negotiating table, it's always because we're pushing for what is the best for Canadians.

You talked about CUSMA and when we renegotiated that. In that instance, it made perfect sense—

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Back to my question.

Let us look at the case of a Ukrainian citizen who would have investments in Canada, but who would be collaborating with Russia.

Could the Government of Canada seize their assets, as Ukraine did on its territory?

Could these Ukrainian citizens, who would have investments in Canada, use this mechanism against the Government of Canada?

[English]

The Chair: Is it possible to have a brief answer? I gave Mr. Savard-Tremblay the extra time to repeat his question.

Hon. Mary Ng: Yes.

Let me take the opportunity to get better information and return to you on your question. I think that's the best thing to do.

[Translation]

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

[English]

The Chair: Thank you.

Mr. Cannings, you have six minutes, please.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you.

Thank you, Minister and everyone else, for being here.

We're doing this prestudy because we're told that this is a "hurry up" situation. We want to get this done before Christmas or something.

I think Mr. Foster described this as a brick or something. It's a thousand-page document. It's very difficult for us to quickly assess what's in these agreements when we're told this is a "hurry up" situation.

We have policies that help us with that. First of all, there's a policy regarding parliamentary oversight before starting negotiations that stems from a letter the NDP got from Chrystia Freeland back in 2020, when we were doing CUSMA. It said that there was going to be a new government policy that there should be a notice of intent to start negotiations sent out 90 days before those negotiations start. That notice should come to this committee. There should be a notice of the objectives for negotiations, which should be sent out 30 days before negotiations start. That should come to this committee. There should be an economic assessment tabled with the implementing legislation. I don't think any of that was done for this. I can't find any record of this committee receiving these notices.

There's also a policy in writing on tabling treaties in Parliament, under which "the Minister...will table all agreements [with an] Explanatory Memorandum...twenty-one sitting days before taking any action to bring the agreement into force" or otherwise implement legislation.

The explanatory memo I have here was apparently written on September 22, but it was tabled in Parliament on October 17, when the treaty was tabled as well. We had no heads-up and no way of assessing the treaty before—boom—the implementing legislation was tabled. This is what we're debating here today.

I'm just wondering if you can comment. If you wanted this to be hurried up, there were stakeholder consultations back in 2020, but this committee wasn't involved in those at all. If it's so important to

have real feedback from the opposition, then give them time to prepare for something as big as this. I'm just wondering why this was not done.

• (1130)

Hon. Mary Ng: Thank you very much.

I always appreciate the member's good feedback and comments to me and the government on this and on other matters. I want to thank you and your party for supporting this FTA in the House.

On this agreement in particular—particularly since the negotiations—Global Affairs and the officials were here in February 2022 and April 2022 to have full and ample conversations and discussions, giving colleagues an opportunity to ask the officials any questions they would like to on this particular agreement, in addition to the regular consultative processes that it has with stakeholders and others. I agree with you that the work parliamentarians do is utterly important.

With respect to the obligation to provide the notice, there is a provision that allows for some ability to not do that in some instances. In this case—I'll be candid—we elected to do that because my Ukrainian colleagues asked for the expedited method for this trade agreement because they wanted to take it through their legislative process. That's what we did in this instance. The officials came here.

I would also say that, with respect to the economic impact assessment, it's not required unless it's a new agreement. This one is not a new agreement. This is an existing agreement that's been modernized. What we did do—and this has been published fully—is in-depth environmental and gender-based analysis, GBA+, assessments. Those were both conducted and published for this agreement.

Mr. Richard Cannings: Okay, but again, I just wondered.... One of the main things in this policy says that there should be 21 working days—that's a month or more—between the tabling of the text of the treaty and the enabling legislation. We got those on the same day. Ukraine wanted to speed this up, you said, so you would think that would speed it up. I just want to express my disappointment, I guess, that you're making it difficult for us here.

• (1135)

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

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

Mr. Kyle Seeback: Minister, do you consider CO2 pollution?

Hon. Mary Ng: Yes.

Mr. Kyle Seeback: Yes...?

Hon. Mary Ng: I'm sorry. Is the question air pollution?

Mr. Kyle Seeback: No. The question is, do you consider CO2 emissions to be pollution? Do you not know?

Hon. Mary Ng: I don't know.

Mr. Kyle Seeback: Okay. You don't know. That's interesting.

You've put in this trade agreement article 13.3(3)—“that those who pollute the environment should bear the cost of that pollution”—but you don't know what constitutes pollution. In your mind, are CO2 emissions pollution under this trade agreement?

Hon. Mary Ng: What I think is really—

Mr. Kyle Seeback: The carbon emissions you guys talk about all the time—is that pollution?

Hon. Mary Ng: What's in this agreement are some of the highest environmental standards, which Ukraine and Canada agreed to because we both agree that fighting climate change is good and that, as they're going to rebuild their economy, rebuild their industries and rebuild from this illegal war, what they should be able to do is fight climate change but also build out their economy, so that's what's in here. I'm really proud that the officials here in Canada but also in Ukraine negotiated the highest environmental standards that we've had in a trade agreement.

Mr. Kyle Seeback: Minister, I'm not going to let you talk out the clock on things not related to the question. You put a section in this trade agreement that says people who pollute the environment should bear the cost of that pollution. You and your colleagues always say carbon emissions are a pollutant. That's why you have a carbon tax in Canada.

You're reinforcing the Canadian carbon tax in a trade agreement with a country at war, and I'll explain why this is such a problem. Fifty per cent of Ukrainian electricity generation has been destroyed by the war, and you're suggesting that Ukrainians who use carbon.... Sixty per cent of their electricity is from coal and gas, and you're suggesting that it is pollution and that they should pay for the pollution. If you want to support Ukraine, why would you put something like that in a trade agreement as they're going to struggle through a winter?

Hon. Mary Ng: I think that's your reading of how this trade agreement is going to work.

The intention—and, in fact, what happened at the negotiating table—was to negotiate an agreement that has high standards. Do you know why that's important? It's because if I look at the investments that have come into Canada for electricity generation, for battery production, it's precisely because Canada has a competitive regime that puts a price on pollution. If you look at that internationally, that's actually creating confidence among investors—global investors—and I think Ukraine wants to attract global investors, and I think that they want to fight climate change.

Mr. Kyle Seeback: You want to impose a carbon tax on Ukraine through trade.

It's interesting. Are you aware Ukraine has difficulty importing natural gas due to the financial strains of the war? They actually have trouble getting it. Winter's coming. Where's the section in this agreement to help develop Ukraine's natural gas? You probably don't know this because you seem to not have been able to answer

any of my questions: Ukraine has the second-largest natural gas deposits in all of Europe.

Rather than putting in a section to say that we're going to use Canadian expertise—we're very good at this—to help develop Ukrainian natural gas so that they could also export it and defund Putin's war machine, which is critical.... Instead of doing that, you put in a section saying that the Ukrainian person heating their home with coal-fired electricity or LNG electricity is a polluter. Is that your priority?

Hon. Mary Ng: Our priority is to stand with Ukraine. Our priority is to create an agreement so that it creates confidence for Canadian businesses to invest. Our priority is to meet the aspirations of Canadian companies who wish to export. Our—

Mr. Kyle Seeback: Ukraine doesn't need aspirations. They need to develop their LNG. That's what they need. It's not in this agreement. Why not?

Hon. Mary Ng: This agreement provides the conditions to actually enable that to happen, sir.

The Chair: Thank you very much.

We will move on to Mr. Sidhu, please.

Mr. Maninder Sidhu (Brampton East, Lib.): Thank you, Minister, and thank you to the officials from Global Affairs Canada for joining us here today.

I've heard from many stakeholders and they're looking forward to this. They know this agreement will provide them that basis to make investments in Ukraine and to make investments in Canada, so we can continue to grow industries in both of our countries. Whether we're talking about clean technology or the environmental impacts that businesses can have, I think this agreement really strives to promote that.

Minister, when you introduced this bill, you also mentioned your intention to lead a business delegation to Ukraine. I know those trade delegations and business delegations that are sent abroad are very impactful and very resourceful for many businesses. Could you share more of your hope of what impact leading a business delegation to Ukraine would have?

● (1140)

Hon. Mary Ng: Thank you very much.

I always say that agreements are only one part of the work. The other part of the work is why they are there in the first place. They're there to create the conditions for businesses to be able to export and to invest. When businesses do well, then workers benefit as well, because they create great jobs for workers.

I am very thrilled to lead a business delegation. I'm going to look forward to working with Canadian business organizations like the Ukrainian chamber of commerce and the many others that talk to me about wanting to be there in Ukraine, to be a part of that rebuilding effort, whether it is in rebuilding infrastructure or partnering on the range of digital and e-commerce types of businesses or the range of services such as the engineering services or design services that are so necessary as part of, let's say, an infrastructure build.

I am looking forward to working with Canadian businesses and investors who have said to me that they want to be there and that they want to see their government lead a delegation and create that environment and conditions. I'll work with my Ukrainian counterpart so that we can put customers to buyers to really facilitate that team Canada trade.

Mr. Maninder Sidhu: Thank you for that.

To follow up on that with officials, we hear from business leaders and organizations on how they can get involved in some of these trade delegations. I am hoping to learn more about how they can potentially participate.

Is there information you can provide on how they can get involved in this process of going on a trade delegation?

Hon. Mary Ng: Yes, absolutely.

I mean, I just returned from a business mission. It was the first team Canada mission into the Indo-Pacific—a large-scale one. I've done several of them to Japan, but not at this scale. We had about 250 people, making up about 150 businesses. We utilized the network of what I call “team Canada trade”. We have very strong capabilities in Canada to support the work of businesses that wish to go there.

No question, we will advertise the date on which we will plan this mission. We're going to do that in collaboration with business organizations here in Canada—but also in Ukraine—that want to see a range of businesses, whether it's agri-food, infrastructure, energy, digital services, e-commerce, engineering services and likely many more.

I will always do the work of listening to them and where they see the opportunities, and we'll be there to support them and to facilitate that work.

Mr. Maninder Sidhu: Thank you, Minister.

In the CUFTA, I was happy to see a chapter dedicated to small and medium-sized businesses.

What is the objective of this chapter, and how will it help businesses in my riding of Brampton East benefit from further opportunities?

Hon. Mary Ng: In all of our provinces, small and medium-sized businesses make up about 95% plus of all of our businesses. Our most innovative businesses are those very entrepreneurs.

We have certainly made it a priority in our government to ensure that the benefits of trade are accrued as broadly as possible. Some of those small and medium-sized businesses are also women-

owned, indigenous-owned and new immigrant-owned, or they are businesses that have often been under-represented in our economy.

Programs like the trade accelerator program, which gives businesses that capacity building so that they are looking at new markets and how they might grow their businesses through export, is what we have been doing, along with programs like CanExport, which helps businesses take advantage of opportunities in the international marketplace.

SMEs are absolutely crucial. Why? It's because they make up such a big part of our economy. When they do well in our communities, they're creating incredibly wonderful jobs. When those small businesses are also those that have often been under-represented in our economy, like women-owned businesses or indigenous businesses, that's when inclusive trade really works to grow our communities, grow our economy and create jobs that are great jobs.

• (1145)

The Chair: Thank you very much, Minister.

We go now to Mr. Savard-Tremblay.

Go ahead, please, for two and a half minutes.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Did you get the information I asked of you earlier?

[*English*]

Hon. Mary Ng: I do not, but maybe at next round we will try.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Okay.

Chapter 15, “Transparency, Anti-Corruption and Responsible Business Conduct” has been added to the agreement.

The government is very proud of this chapter. However, it includes voluntary measures, that only encourage companies to adopt internationally recognized guidelines and principles on responsible conduct and social responsibility. Ultimately, these are only voluntary codes. There is no follow-up or verification mechanism included in this chapter.

How will you ensure the guidelines are followed?

[*English*]

Hon. Mary Ng: In Canada, we have a policy on responsible business conduct. We expect Canadian companies, when they operate here or abroad, to do so following the highest standards of corporate social responsibility and certainly to exercise responsible business conduct. Through that policy, there are mechanisms and recourse as well. It's in the trade agreement to ensure that we have a broad trade agreement that covers both goods and services but also the manner in which businesses do business.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: What are those accountability mechanisms?

[English]

Hon. Mary Ng: Canadian businesses operating abroad are subject to responsible business conduct, and for businesses that use the services of either Export Development Canada or the trade commissioner service, there is an expectation of that. Not only is there an expectation of that, but if concerns are raised, we look into them and, in some circumstances, withdraw those very important services of the Canadian government.

[Translation]

The Vice-Chair (Mr. Kyle Seeback (Dufferin—Caledon, CPC)): You have 10 seconds.

Mr. Simon-Pierre Savard-Tremblay: With respect to my previous question, can you commit to providing us with a written response before the committee has completed its work?

[English]

Hon. Mary Ng: I'll commit to getting you an answer.

The Vice-Chair (Mr. Kyle Seeback): That's great.

We'll now go to Mr. Cannings for two and a half minutes.

Mr. Richard Cannings: Thank you.

I'm just going to turn now to the investor-state dispute mechanism section. As you know, these are mechanisms that the NDP has had trouble with in all the trade agreements that have come before us in recent years. The first CUFTA didn't have one because it was contained in a separate foreign investment protection agreement dating back to the 1990s, I think.

In this new revised version, it's been rolled into the actual trade agreement. I hear comments from you and other people during the debate that it's new and improved, that it's bigger and better, and I'm just wondering how it is different. You mentioned the agreements, and there's a non-derogation clause that outlines how they can't instigate these disputes with that in mind.

Has this been tested? How sure are you that this will protect Canadians from these sorts of disputes?

Hon. Mary Ng: Thank you for that.

The Canada-Ukraine foreign investment promotion and protection agreement—FIPA—that was in place in 1995 is what has kind of come into this agreement. I think, as I said earlier in response to another question, this provision was very much requested by my Ukrainian colleagues, because they understood what's in front of them, which is a very high need on their part to attract investments. Canadian investors and businesses look to this as a mechanism that will give them that certainty, so it's a certainty going the other way.

To address the last part of your question, we've had no ISDS cases under our FIPA with Ukraine since 1995. We've had that with them for over 20 years or 30 years now, and there has not been one. I think that gives us a degree of confidence from that standpoint. There's that, but there's also Canada's retaining of the right to regulate—non-derogation—so this is not about an agreement that is a race to the bottom. This is about the ability to have the policy flexibility to maintain our ability to deal with issues like the environment or labour or indigenous rights.

I hope that answers that.

• (1150)

Mr. Richard Cannings: I haven't—

The Vice-Chair (Mr. Kyle Seeback): Unfortunately, that's it.

Mr. Richard Cannings: That's it. Okay.

The Vice-Chair (Mr. Kyle Seeback): I gave you a little extra time there.

We'll now turn to Mr. Baldinelli for five minutes.

Mr. Tony Baldinelli (Niagara Falls, CPC): Thank you, Chair.

Thank you, Minister, for being here, although I must say I'm extremely disappointed and, essentially, insulted that during your opening remarks, you chose to open up with criticism of me and my colleagues on this side, members of His Majesty's loyal opposition, for asking questions with regard to this trade agreement. Somehow, you said—and this was astounding—that we're somehow advancing Putin's agenda by asking questions with regard to a free trade agreement.

I want to bring some factual information forward. It must be remembered that it was a Conservative government in 1991 when Canada became the first western country to recognize Ukraine's independence from the Soviet Union, and it was a previous Conservative government led by Stephen Harper when Canada undertook Operation Unifier to bolster Canadian military training of the armed forces of Ukraine. It was the same Conservative government wherein the original CUFTA was negotiated between Canada and the Ukraine.

Minister, again, somehow your comments were not only extremely disappointing but also on the verge of insulting. You claim in your comments that somehow we're looking to delay second reading debate on this, yet your government failed to call it forward for almost two weeks. I see that Bill C-57 is not even on the House agenda for this week. Again, it is rather disappointing when you question us. The government controls its legislative agenda, not members of His Majesty's loyal opposition.

Minister, in the briefing note that was provided by staff, it says that Global Affairs Canada, in its March 2023 initial environmental assessment, concluded that modernization is “unlikely to result in significant negative environmental impacts.” However, within this agreement, on chapter 13, it talks about carbon pricing, a carbon tax, and measures to mitigate carbon leakage.

Are those types of provisions included in the CUSMA, CETA and CPTPP agreements that currently exist?

Hon. Mary Ng: Let me thank the member for Niagara Falls for this question.

Because you are right near the Canada-U.S. border, you understand and you're very familiar with how important trade agreements are. Of course, it is the work of all of us as parliamentarians to be able to ask questions.

I think you misunderstood when you said that I was critical of your asking questions about this free trade agreement. Actually, to the contrary, I think it's the appropriate work of parliamentarians, like you and this committee, to be doing that.

What I would say around delays is that we've seen, on two occasions, when this bill was before the House, that Conservatives moved concurrence debates instead of talking about Bill C-57. I hope we can rely on you to support this bill. As I said in my opening remarks, I'm actually very confident that we can meet the moment that's before us, and I think we all can and should support Ukraine.

Mr. Tony Baldinelli: Madam Minister, again, your government controls the legislative agenda. For a two-week period, Bill C-57 somehow was not a priority. Somehow this week, it is not a priority.

As to my rights as a parliamentarian to discuss it at second reading, to debate it at second reading, I have yet to have that right, yet we're here. Building out what Mr. Cannings says, we are undertaking.... There seemed to have been a rush to get here for this prestudy, yet we have not even allowed our analysts the time. We were provided a briefing note the day before this meeting on a 700-page agreement, over 700 pages, and that briefing note was two pages.

Again, to Mr. Cannings' point, I think we're doing a disservice not only to our analysts but also to all parliamentarians, so that we can't provide the needed input and so that we can't get to the best agreement, one that benefits not only Canada but also Ukraine.

Again, talking about some of the comments earlier from my colleague, 60% of Ukrainian energy is coal and gas, and nuclear is a huge aspect and leadership position for Canada, as well as natural gas. How come there is no discussion of energy security within this agreement—energy co-operation and energy security?

• (1155)

The Vice-Chair (Mr. Kyle Seeback): Mr. Baldinelli, that's your time.

Minister, try to answer that quickly. The time is up.

Hon. Mary Ng: I'm so thrilled that this agreement has the highest environmental standards of all the agreements that we have with our trading partners.

The Vice-Chair (Mr. Kyle Seeback): We'll go to Ms. Fortier

[*Translation*]

Ms. Fortier, you have the floor for five minutes.

Hon. Mona Fortier (Ottawa—Vanier, Lib.): Thank you, Mr. Chair.

Good morning, Minister.

I am pleased to ask you questions this morning.

You mentioned that, for the first time, an agreement contains a chapter on indigenous entrepreneurs. In my riding of Ottawa—Vanier, there is a large Inuit and aboriginal population. Today is International Inuit Day.

How can we support indigenous communities? How does the new paragraph enhance the agreement?

[*English*]

Hon. Mary Ng: Reconciliation with indigenous peoples has been a priority and continues to be for this government, and that includes economic reconciliation. I have met, as we all have, many indigenous, Inuit and Métis entrepreneurs and businesses.

Working to support businesses to start and to grow in Canada is terrific, but to get access and to grow into international markets is another thing. I think that to have a specific chapter dedicated to this for the first time in a trade agreement is a real testament to the ambitions not only of us here in Canada but also of our Ukrainian counterparts. That's a really strong recognition.

I've often talked in other fora where.... You know, in Canada, indigenous people were the first traders of this country, the very first. To work alongside indigenous entrepreneurs and businesses who can see an opportunity in this rebuild effort to export a service or to provide, trade and do business with Ukraine at the appropriate time is what the long-term benefit of this agreement will be.

[*Translation*]

Hon. Mona Fortier: Thank you.

Another paragraph is interesting to me. It is about promoting equal access for women and men to the opportunities created by this agreement and improving the conditions to promote women's full participation.

What does that mean, really? In what sense is the word “promoting” used? How will equality be attained?

[*English*]

Hon. Mary Ng: There was a GBA+ analysis done as part of this agreement. That's now something standard that we do that's really excellent, but I was also the minister who had something to do with the women's entrepreneurship program, which is about creating opportunities and supports for women-owned businesses and leaders to start and to grow their businesses today. As part of the women's entrepreneurship strategy, some tens of thousands of women either have started businesses or have seen their existing operations and businesses grow.

That's the commitment of this government and has been. It isn't just being able to provide business supports for women entrepreneurs. Remember that \$10-a-day and affordable early learning and child care is the prerequisite but also a really important support to help women stay in the workforce, stay in their businesses and work to grow their businesses. Parental leave is something this government did right at the very get-go.

When I talk to businesses across the world, they look at what Canada has done. It's not social policy. It's supportive economic policy, in our view, and it has worked, because it allows women leaders and businesses to continue to grow their businesses, should they wish to, and to be a mom at the same time.

• (1200)

[Translation]

Hon. Mona Fortier: I understand that very well. Thank you very much for the answer.

The existing agreement is also being modernized with respect to the cultural industry. How will it protect Canadian culture?

[English]

Hon. Mary Ng: Culture is at the very heart of nation building for all countries. Canada is no exception. Like you, I'm very proud of our unique Canadian culture. CUFTA, this agreement, contains a cultural exemption or exception that will preserve the parties' flexibilities to pursue cultural policy objectives.

I want to assure all members of this committee that Canada's ability to support our vibrant and flourishing cultural industries will not be affected or diminished by CUFTA. Having just returned from a trade mission in Japan with a very large contingent of cultural industries, I see first-hand not only the excellent cultural businesses in Canada but what they do when they grow into international markets. I think this agreement provides those long-term benefits for those particular categories of businesses.

The Vice-Chair (Mr. Kyle Seeback): That brings us to the end of our time.

Thank you for attending, Minister.

We will briefly suspend and then resume rounds with the department officials.

• (1200)

(Pause)

• (1205)

The Vice-Chair (Mr. Kyle Seeback): Welcome back.

Welcome to our officials.

We will now begin our rounds of questioning. We will start with Mr. Jeneroux for six minutes.

Mr. Matt Jeneroux (Edmonton Riverbend, CPC): Thank you, Mr. Chair. It's good to see you.

Thank you, officials, for taking the time to come.

I want to get a few things on record first before I go to some of the questions, just so all of us in the room are clear.

It was under former Conservative prime minister Stephen Harper that Canada undertook Operation Unifier and the Canadian Armed Forces mission to bolster the capabilities of the armed forces of Ukraine through the provision of critical military training. It was under a Conservative government that on December 2, 1991, Canada became the first western country to recognize Ukraine's independence from the Soviet Union.

Conservatives will always work to ensure that trade agreements are in the interest of Canada and all Canadians, and nobody is debating whether or not we should have a free trade agreement with Ukraine. The current agreement, as you would know here at the table, the 2017 CUFTA negotiated by the Conservative Party of Canada, will remain in effect if this new agreement is not ratified.

I also want to just quickly indicate that Conservatives support Ukraine 100%.

That being said, I do want to get comments from whoever at the table here can best answer this: Is there a carbon tax provision within CETA?

Mr. Bruce Christie: I don't have the direct answer to your question, but there are always areas in a free trade agreement in which you can expand and improve upon the provisions.

There isn't a carbon tax provision in CETA, but we have an environment committee that can regularly—

Mr. Matt Jeneroux: Sir, I have another follow-up question to that.

Is there a carbon tax agreement in CPTPP?

Mr. Bruce Christie: No, there is not.

Mr. Matt Jeneroux: Is there a carbon tax portion within CUSMA?

Mr. Bruce Christie: No, there is not.

Mr. Matt Jeneroux: No. That's fair.

All of that being understood, there's also Ukraine's insistence on being a part of CETA as well, which we understand. Is that correct?

Mr. Bruce Christie: Are you saying CETA?

Mr. Matt Jeneroux: I'm saying CETA, yes.

Mr. Bruce Christie: Ukraine has indicated an interest in acceding to the CPTPP. They also have expressed interest in joining the European Union, but to my knowledge they have not expressed interest in the CETA.

Mr. Matt Jeneroux: With there being nothing on carbon tax agreements in any of the other agreements, there's a competitive nature then, I would think, to having a carbon tax limited to just this agreement.

Do you not agree that there should be a portion of this agreement on nuclear co-operation or a section on LNG? Would that not be of benefit to Ukraine during their time of war?

• (1210)

Mr. Bruce Christie: As I mentioned earlier, the provisions of a trade agreement are constantly being updated. In terms of those issues, nuclear co-operation or LNG co-operation, we can discuss those issues within the committee—the environment chapter. There aren't specific provisions in the agreement to allow the development or promote the development of Ukraine's LNG sector. Those provisions aren't typically included in a free trade agreement, but there's nothing stopping us from engaging in discussions as they pertain to trade obligations.

Mr. Matt Jeneroux: You can put in a carbon tax element in a trade agreement, but you can't put in anything that would support LNG co-operation.

Mr. Bruce Christie: The difference for the client... First of all, on the carbon tax point, this is a co-operation-based discussion in the agreement. There aren't binding provisions on carbon taxes or climate change. What we've included in this trade agreement is an ability for the parties to discuss, to ensure that any trade initiatives don't hinder parties' abilities to promote climate change initiatives, and that would include the imposition of a carbon tax. However, those are not binding provisions; they are co-operation provisions.

On the development of the LNG sector, that usually is found outside of a trade agreement. There are no binding provisions in that regard. That's not to say that Canada couldn't work with Ukraine to further develop its LNG sector, but it is not found in this trade agreement.

Mr. Matt Jeneroux: We just clarified at the beginning of my comments that usually—in your words—there has not been mention of a carbon tax in previous agreements, and now you say that usually there is not the inclusion of LNG in agreements.

Again, what would stop the ability to put LNG co-operation into this particular agreement?

Mr. Bruce Christie: Nothing would stop us, although typically in a trade agreement, you deal with the rules of trade and provisions to support derogation from those rules. In terms of promoting LNG co-operation, it typically wouldn't be something found in a trade agreement, but it's not to say we couldn't discuss it within the environment committee of this agreement to look for further co-operation.

Most of that work I believe would be found outside of a typical trade agreement.

Mr. Matt Jeneroux: Could you put an LNG co-operation into this trade agreement now?

Mr. Bruce Christie: The text is finalized. The text has been signed by our leaders. It would be too late to amend the agreement, but down the road, further to implementation, we could look at improving any aspect of the agreement.

The Vice-Chair (Mr. Kyle Seeback): Thank you.

We'll now move to our next round of questioning.

Mr. Miao, you have six minutes.

Mr. Wilson Miao: Thank you, Mr. Chair.

Thank you again to the officials for being here today.

I understand that recently the Minister of Justice tabled the charter review statement for Bill C-57, which is an important part of the legislative process. Could you share with the committee the determination from the Minister of Justice on this bill?

Mr. Bruce Christie: I'm sorry, but I don't have that determination at hand. I will certainly provide it to you.

Mr. Wilson Miao: Can you submit that to the committee?

Mr. Bruce Christie: Absolutely.

Mr. Wilson Miao: Great.

I understand that here in Canada we have our own legislative process. The committee is part of that process. I'm sure, on the other side, Ukraine also needs to go through their parliamentary motions to pass this agreement.

Can any one of you share with the committee what the legislative process will be in Ukraine compared to that of Canada?

Mr. Bruce Christie: Thank you for the question.

I know this committee will be meeting with or hearing from Ukraine's ambassador to Canada on Thursday. She will be in a better position to provide the details of Ukraine's parliamentary ratification procedures. What I can share with you today is that both parties are committed to have this free trade agreement enter into force as quickly as possible.

Ukraine's parliamentary system is different from Canada's in the sense that, first, we have obviously two chambers of Parliament; Ukraine has only one. Also, where we have three readings of the legislation here in Canada, Ukraine's process allows for up to three readings, but they have more flexibility in how they can streamline their ratification process. They can also table legislation in Parliament that's deemed for "urgent consideration". It's up to the president to make that determination. Even though Ukraine's process is similar to Canada's, they have more flexibility in how it can be streamlined.

• (1215)

Mr. Wilson Miao: What other committees or other institutional bodies will exist under the Canada-Ukraine free trade agreement?

Mr. Bruce Christie: In addition to the committees that already exist, there's a new labour committee. There's a new committee on financial services, and there are obviously the new chapters on trade and gender, trade and SMEs, and trade with indigenous peoples. We will establish committees to monitor the implementation of those provisions as well.

Mr. Wilson Miao: Thank you.

I can see the potential of this free trade agreement benefiting my riding of Richmond Centre, since there is a good group of Ukrainians settled in the community. Will the provinces or territories need to sign the CUFTA to make that happen? If not, why is that?

Mr. Bruce Christie: No, they will not. This is a federal treaty. This is a treaty signed by Canada, but on the obligations in the treaty itself, although Canada is responsible for those, some of those obligations fall within provincial-territorial jurisdiction. We work closely with the provinces to ensure consistent application of the obligations in the free trade agreement.

Mr. Wilson Miao: This modernized CUFTA includes an updated chapter, which you mentioned earlier could fall under labour or finance, with comprehensive and enforceable labour obligations. Could you provide our committee with an update on how this chapter will benefit workers and their working conditions?

Mr. Bruce Christie: Absolutely, and thank you very much for the question.

One of the provisions of the labour chapter is that, first of all, it uses the text from Canada's gold standard labour chapter found in both the CUSMA and the CPTPP. That labour chapter and the provisions therein are fully subject to dispute settlement procedures.

Also in the chapter, there are provisions that aim to improve labour standards and working conditions by building on the international labour principles found in the ILO conventions. There's also a non-derogation provision that prohibits parties from weakening or reducing the protections offered or...any goods or services provided through forced labour. Also, there's a stand-alone article on violence against workers. These are some of the new provisions we've included in this trade agreement that build on CUSMA and the CPTPP.

Mr. Wilson Miao: Thank you.

Let's talk about the financial service chapter. On the current comprehensive and progressive financial services commitment, could you share with our committee how this chapter will help to provide a level playing field between Canada and Ukraine?

Mr. Bruce Christie: Yes. What it does in this chapter, building on some of our previous agreements, is that it includes core obligations such as market access, national treatment and most favoured nation treatment to Canadian financial service providers, along with our Ukrainian counterparts.

It also provides new commitments on electronic payments and the processing of applications, but also includes, as we would typically seek in a free trade agreement, a robust prudential exception that allows our financial service regulators to take measures to maintain the integrity and stability of the financial system, and when—

The Vice-Chair (Mr. Kyle Seeback): I'm going to have to cut you off right there. We're already over time.

Just for everyone in the committee, I would say, if you're asking questions and you happen to have your earpiece on, please don't lean in too close to the microphone. Doing that is causing some challenges for our translators.

I would now like to turn it over to Monsieur Savard-Tremblay for six minutes.

[Translation]

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

Thank you to all the witnesses for being with us today.

Perhaps I will ask again some questions that I previously asked the minister. However, I will not ask the question for which no answer was readily available. We will wait for the written explanation. But I would like to go back to the investor-state dispute settlement mechanism.

Why is Canada willing to accept that mechanism and using a defensive strategy? Why is Canada promoting such provisions, in spite of the precedent set by the Canada-United States-Mexico Agreement, where the mechanism was abandoned?

● (1220)

Mr. Bruce Christie: Thank you very much for your question.

[English]

Just to clarify, as Minister Ng mentioned earlier this morning, when we look at our obligations on investor-state dispute settlement, when we sat down with Ukraine to expand and modernize the agreement, it was Ukraine that asked us to include provisions on ISDS. They did so because they realized that, during the negotiations and during the illegal war, they were going to have on their hands a major project to rebuild and reconstruct their country. They were going to have to rely on foreign direct investment to facilitate that reconstruction. They wanted to provide foreign investors with the additional comfort of knowing they could invest in large-scale infrastructure projects in Ukraine and knowing that they were protected by the rule of law and subject to dispute-settlement mechanisms between the investors and the state government.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Before NAFTA, things were very simple: a company that thought it had been wronged had recourse, but it had to ask the government of its country of origin to act on its behalf. Right now, in the proposed agreement, multinationals and states are on an equal footing.

According to the report of the United Nations Conference on Trade and Development, or UNCTAD, which dates back to 2013, states won their case 40% of the time, and businesses won 31% of the time. The rest of the time, out of court settlements took place. This means that in about 58% of the cases, for-profit companies have been able to successfully oppose the democratic will of the people, or the will of lawmakers, in whole or in part.

How can Canada justify this position?

[English]

Mr. Bruce Christie: Thank you for the question.

Maybe I'll start by reiterating the point that, under the current CUFTA agreement that came into force in 2017, neither party has brought an ISDS case forward. We don't anticipate a flurry of ISDS challenges by investors against the government as a result of a modernized agreement. What the ISDS provisions seek to accomplish is to provide investors with that protection in the event, as was mentioned in the earlier session, that a government makes an arbitrary decision to expropriate an investment. Then there will be protections in the agreement.

Also—and I wouldn't make this specifically about Ukraine—in some cases, we tend to include ISDS provisions in our foreign investment protection agreements and in our trade agreements with developing countries that don't always have the same standards that we do on the rule of law or their legal systems. In this case, it was at the request of Ukraine that we included these provisions. We're not anticipating that they will lead to a dramatic increase in challenges against states regarding investments. This agreement does build significantly on the 1994 foreign investment protection agreement.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: You say that you do not anticipate this, but I asked you a rather simple question earlier: would a Ukrainian citizen with investments here be allowed to sue the Government of Canada if his assets are expropriated for having supported Russia, for example, as we saw in Ukraine?

I was told we do not have an answer to that question, so how do you know what to anticipate?

[English]

Mr. Adam Douglas (Senior Counsel and Deputy Director, Investment and Services Law, Department of Foreign Affairs, Trade and Development): Let me caveat by saying that it's hard to answer these things in the abstract without a concrete fact pattern. There are protections within the treaty, though, that do allow for Canada to protect its essential security interests, and there are exceptions to the obligations that Canada has undertaken when it needs to protect its essential security interests.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Let us take the example of a Ukrainian citizen who does business and has investments here in Canada. In addition, he also does business in or supports Russia. If the Government of Canada wanted to expropriate that Ukrainian citizen's property, do you think it could be done using the national security exemptions? Could that citizen use the dispute resolution mechanism?

• (1225)

[English]

Mr. Adam Douglas: I know the time is limited.

Again, it's very difficult to answer questions in the abstract without a specific fact pattern. The rule for protecting national security is stipulated in the free trade agreement. It wouldn't be as specific to address the situation that you are referring to, but the provisions are broad enough to allow Canada to protect its essential security interests, so if the fact pattern you are explaining would create that type of situation, Canada would have the policy flexibility to do so.

The Vice-Chair (Mr. Kyle Seeback): We'll now turn to Mr. Cannings for six minutes.

Mr. Richard Cannings: Thank you, again, for continuing to be here, and thank you for your response to my colleague's question about ISDS, because I was a bit confused by the minister's answer, which seemed to think that Ukraine was worried about investment situations in Canada. If it's the other way around, I can, perhaps, understand that.

We have this FIPA agreement with Ukraine that's been there for 30 years. There were no ISDS disputes in that time. How different is the version in this treaty versus the FIPA from 1995? How is it improved or whatever from a Canadian standpoint?

Mr. Bruce Christie: The previous foreign investment promotion and protection agreement, FIPA, with Ukraine was one of our older-generation agreements, so almost 30 years later, we've applied our new FIPA model, which came into effect a few years ago. In this new FIPA model, it includes new drafting to ensure that parties are able to maintain the right to regulate and provide the policy flexibility in areas such as environment, culture, indigenous, gender and cultural diversities.

It also includes a more updated, modernized dispute settlement system, as my colleague was addressing earlier. One of the important updates is that it's not encouraging that parties or investors in ISDS cases or state-to-state cases rush to launching disputes. It provides strength and alternatives, options to consider to avoid arbitration. That would be the key: to allow the parties to sit down with the investor to discuss the injury that they claim to have faced and find a way forward without going forward, ultimately, to litigation.

The last point I would say is that, under the modernized ISDS provisions, we also streamline the litigation procedures and make them more accessible to our SMEs, which found themselves outside of being able to take advantage of disputes because they just simply weren't funded to pay for lawyers and whatnot. It's more inclusive in that regard.

Mr. Richard Cannings: It was mentioned that Ukraine was considering getting into the CPTPP. The U.K. is doing that right now. When the U.K. announced that, New Zealand and Australia signed side letters with the U.K., taking that part of the CPTPP out of their bilateral agreements, but Canada didn't do that. If the ISDS is more, as you said, for countries like Canada that are worried about third world countries and their court systems and practices, why did we not remove that from our agreement with the U.K., as we have with the United States?

Mr. Bruce Christie: Mr. Chair, actually, in the case of the CPTPP, the ISDS provisions were already found in the original TPP agreement that we ratified after the United States left the agreement. Canada chose not to sign additional side letters with the U.K. or any other party to the original agreement that exempted ISDS provisions.

In terms of moving forward with ISDS, since the ISDS provisions were already found in the U.K. accession to the CPTPP, we chose to leave them there. However, as we move forward in negotiations with the U.K. on a bilateral free trade agreement, we are not seeking ISDS provisions in that agreement.

• (1230)

Mr. Richard Cannings: If there are disputes between a Canadian company in the U.K., or vice versa, they won't be able to access ISDS provisions at all, despite what it says in the CPTPP.

Mr. Bruce Christie: They certainly would in the CPTPP, but under an eventual bilateral agreement, they could not. In the case of the Canada-U.K. agreement, they would have to seek recourse through domestic courts.

Mr. Richard Cannings: I have just one final question. With the U.K. accession to the CPTPP, I've been led to believe that it would eventually require a vote here in Parliament. Is that the case, or is it just a done deal?

Mr. Bruce Christie: The Government of Canada would have to table legislation in Parliament, through a bill, for Canada to be able to ratify the U.K. accession to the CPTPP.

Mr. Richard Cannings: Do you have any idea when that might happen?

Mr. Bruce Christie: No, I do not.

Mr. Richard Cannings: Okay.

The Vice-Chair (Mr. Kyle Seeback): You have 30 seconds.

Mr. Richard Cannings: I will cede my time.

The Vice-Chair (Mr. Kyle Seeback): Excellent.

Then we will move on to Mr. Martel for five minutes.

[Translation]

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

Mr. Christie, thank you for being with us.

[English]

I'm going to try to speak slowly because I would like good translation.

[Translation]

First, I would like to reiterate that the Conservatives support Ukraine and free trade. I would also like to say that the first free trade agreement was reached under a Conservative government.

We know that the reconstruction of Ukraine will require a huge amount of energy. In your discussions with Ukraine, did you talk about energy?

[English]

Mr. Bruce Christie: We didn't discuss energy specifically in the negotiation. However, those provisions are covered in both the market access chapter and the services chapter. Those provisions to promote energy security or to ensure market access for any energy services or products are covered by the agreement. However, we didn't discuss energy security specifically.

[Translation]

Mr. Richard Martel: Ukraine currently depends on Russia for its energy needs. For my part, I find it surprising that Canada is not supplying liquefied natural gas, or LNG, when it is in a position to do so.

In Europe, they talk about that all the time. During a trip to Germany and throughout Europe, I was told that Canada is fortunate to have access to liquefied natural gas.

You said that once the agreement is signed, it will be possible to add certain elements to it. For example, if Canada were allowed to export liquefied natural gas to Ukraine, this could be added to the agreement.

Did I understand correctly?

[English]

Mr. Bruce Christie: There's nothing preventing the export of natural gas from Canada to Ukraine or from Ukraine to Canada. We simply don't have the infrastructure in place to facilitate those exports, but there's nothing in the agreement that prevents those exports from taking place.

• (1235)

[Translation]

Mr. Richard Martel: You say that Canada does not have the required infrastructure in place. However, in my riding, we had a great project, GNL Québec; everything was in place to export liquefied natural gas to Europe. Unfortunately, we did not get a strong signal from our government at that time.

You talked about carbon pricing. Have you analyzed the impact of the carbon tax on post-war reconstruction?

[English]

Mr. Bruce Christie: We haven't done that type of analysis in terms of how a potential carbon tax would have an impact on future reconstruction efforts in Ukraine.

[Translation]

Mr. Richard Martel: Do you find it worrisome that 70% of the coal imported by Ukraine is currently coming from Russia? How can you explain the fact that Ukraine is having so much difficulty overcoming this dependence?

[English]

Mr. Bruce Christie: I'm not really in a position to comment on Ukraine's imports of coal from Russia. That's a situation that's obviously changing.

The Vice-Chair (Mr. Kyle Seeback): Thank you, Mr. Martel.

We will move to Mr. Sheehan for five minutes.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you, Chair.

Through you to the panel, first of all, thank you for your work on this extremely important trade agreement.

The updated, modernized CUFTA has some very strong and enforceable provisions related to labour. Can you delve into how this will benefit workers and labour?

Mr. Bruce Christie: Absolutely.

As I think I mentioned in answer to a previous question, as we engaged in these modernization discussions, we explained to Ukraine that Canada had developed more rigorous provisions in our labour chapter, provisions that are subject to dispute settlement. At various points along the road, we asked Ukraine if they were prepared to take on the higher standard provisions that Canada has been negotiating in the labour chapter of the CPTPP, in CUSMA and in CETA, and the Ukrainians continued to demonstrate that they didn't want Canada to weaken our typical standards or rules in order to accommodate them. They were striving for the future and, therefore, they wanted to negotiate a labour chapter based on the higher standard provisions Canada has.

As I mentioned, these provisions are fully subject to dispute settlement with binding obligations. There is a feature of a non-derogation clause that prohibits parties from weakening or reducing protections afforded in their respective labour laws by taking measures to promote trade and investment. There's also a prohibition on any goods produced in whole or in part through forced labour. There's also a commitment to adhere to all of the core conventions of the International Labour Organization. Also, there's a stand-alone provision addressing violence against workers.

Those are the features of this chapter.

Mr. Terry Sheehan: Thank you.

The modernized agreement also updates and improves the financial services section, and I've reviewed that. We have some folks in the Soo who are doing some interesting things over in that region and in Ontario for that matter.

Can you tell us how the updated modernized agreement creates a level playing field for both countries?

Mr. Bruce Christie: The new provisions provide more general rules that are tailored to the unique nature of the financial sectors in both Canada and Ukraine. The chapter includes core obligations such as market access, as I mentioned earlier, and also supports to key trade policy considerations such as affording national treatment and most favoured nation status to financial services crossing both borders. There are also new commitments on electronic payments and the processing of applications. It also includes a more robust prudential exception to ensure our financial sector regulators in order to preserve the integrity and stability of our financial system.

As I believe I mentioned earlier, we've given Ukraine a 10-year period to transition from its existing commitments it took at the WTO in the financial services sector to the proposed commitments in the modernized CUFTA chapter.

• (1240)

Mr. Terry Sheehan: I understand the process we're undertaking here, but obviously the Ukrainian Parliament has, I suppose, a parallel process.

Could you describe to the committee what that parallel process is...or a similar process or a process?

Mr. Bruce Christie: They have, as I mentioned, a similar process as does Canada. The main difference is that, in theory, their process is more streamlined because they have only one chamber in their Parliament, as opposed to Canada's having two. They have

further flexibility in terms of the number of readings and debates that can take place in their Parliament. Also, if the President of Ukraine determines that this is an urgent legislation for consideration by cabinet, then there are additional flexibilities to fast-track or streamline the process.

Again, I'm not really up to date on what Ukraine's plans are to ratify their legislation. It would be a question that I believe this committee should ask when you meet with Ukraine's ambassador to Canada.

The Vice-Chair (Mr. Kyle Seeback): That's your time, Mr. Sheehan.

We'll now turn to Mr. Savard-Tremblay for two and a half minutes.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I would like to go back to a question I asked the minister earlier. The question was about the existing mechanisms for transparency, anti-corruption, and responsible business conduct, which are included in chapter 15 of the agreement. The minister was basically telling me that Canadian laws apply to Canadian businesses abroad.

Is it fair to say that, there is nothing in the agreement to monitor the conduct of businesses?

[English]

Mr. Bruce Christie: Yes, there are core obligations and transparency provisions.

I'll ask my colleague Mr. Foster to address the question more specifically.

Mr. Dean Foster (Director, Trade Negotiations – Africa, Americas, Europe, India, Middle East, Department of Foreign Affairs, Trade and Development): If I understand your question correctly, there is indeed a special dispute settlement provision concerning anti-corruption. It's located inside the dispute settlement chapter. It's outside of the anti-corruption chapter itself to allow for the discussion and resolution of disputes. The chapter does indeed build on our more broad multilateral obligations on anti-corruption, for example, under the UN convention on anti-corruption.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: In reading this chapter, we understand that companies are encouraged to adopt internationally recognized guidelines and principles on responsible business conduct and corporate social responsibility. However, these are only voluntary codes that apply in this area.

[English]

Mr. Dean Foster: There are indeed minimum core standards with respect to anti-corruption located inside the chapter. Those could be discussed in committee or be subject to a dispute. This chapter is but one of the many ways in which Canada is engaged with Ukraine in supporting Ukraine's anti-corruption and transparency reforms.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Has it been shown, through data, studies or research, that voluntary measures work?

[English]

The Vice-Chair (Mr. Kyle Seeback): You have 10 seconds. Good luck.

Voices: Oh, oh!

Mr. Dean Foster: We don't have a specific study on this particular chapter. Indeed, there is a great array of available literature on Ukraine's anti-corruption reforms. We could circulate that after the meeting.

• (1245)

The Vice-Chair (Mr. Kyle Seeback): Thank you very much.

We'll now move on to Mr. Cannings for two and a half minutes.

Mr. Richard Cannings: Thank you.

As I was saying at the start of my comments in the previous hour, we have some concerns here about the timelines around this.

Mr. Christie, you mentioned that this trade deal is signed, and it's too late for us to change anything in it. In some sense, I wonder what we're doing here, but that's another story. We should have had opportunities to have real discussions among parliamentarians before the negotiations started so that we could get an idea of what your department's objectives were and what your priorities were.

In the winter of 2020, the PowerPoint said, you carried out meetings with stakeholders and had consultations, but that wasn't done with parliamentarians until after the negotiations started. As I say, there's a policy that says it should happen well before that.

I'm just wondering, first of all, what your policies and directives are on this. Second of all, if there's any time left, what did you hear from your consultations with stakeholders?

Mr. Bruce Christie: Thank you for your questions.

Just to clarify my previous comment, I was responding to a question on whether we could sit down with Ukraine at this juncture and negotiate new provisions to the agreement. Since the agreement is signed, our leaders have told us that this text is now ready for ratification. I was not suggesting that this committee could not propose amendments to anything they see in the legislation. It is certainly within your purview to do that.

In terms of our engagement with stakeholders, we did follow our usual process before we launched our modernized negotiations. As Minister Ng indicated, after we had the original agreement come into force in 2017, at the time we were trying to negotiate services and investment provisions in separate chapters in the original agreement. At the time, Ukraine was not able to meet Canada's

standards to do so, and we agreed to include a clause that would require parties to expand the agreement within two years, which we've done.

I believe that, in 2022, officials from my team came and appeared before this committee on two occasions. Then, prior to launching our modernization negotiations, we did meet on a few occasions with the provinces and territories, both in meetings designated to discuss the benefits of this agreement and their interest in this agreement and how we would modernize it. We also—

The Vice-Chair (Mr. Kyle Seeback): I'm sorry to interrupt, but we're now almost 40 seconds over. We're going to have to move on to the next round.

Mr. Baldinelli, you have five minutes.

Mr. Tony Baldinelli: Thank you, Chair.

I'd like to thank the witnesses for being with us this afternoon.

I just want to build on some comments that you made earlier, Mr. Christie, when it came to the inclusion of the carbon tax. What we see is that it's included in this free trade agreement, but we can't find it in any other free trade agreement, be it CUSMA, the CPTPP or CETA, for example.

The idea for its inclusion must have been from a government mandate to have these provisions put in. We're looking at article 13.10, which deals specifically with climate change. Specifically, not only does paragraph 8(h) talk about the carbon tax and "carbon leakage", but, earlier, paragraph 8(d) talks about the "rapid transition from unabated coal power to clean energy sources".

If we're going to put in a provision such as 8(h), would you not think that the government would then talk about provisions and put in discussions about energy sources and energy security, so that both nations can work to assist Ukraine to move to the clean energy sources it has? Was it the mandate of the government that it did not want to see that included in this agreement?

Mr. Bruce Christie: Thank you for your question.

The new provisions in the environment chapter do recognize the importance of mutually supported trade and climate change policies and the importance that one doesn't... Climate change or trade and investment promotion measures can't impact on a party's ability to also promote their climate measures, and that would be ultimately to achieve green growth objectives.

We are able to have, after the agreement is implemented—and we review the implementation of the agreement on an annual basis—a discussion on energy sources and energy security. They aren't addressed specifically. These are co-operation-based provisions in the agreement. They're not subject to dispute settlement, but the door is open to discuss any other issue related to environment protection that isn't currently specified in the agreement.

• (1250)

Mr. Tony Baldinelli: There's nothing that precludes, for example, another government from asking for or including chapters to address this type of provision being included.

Mr. Bruce Christie: A party could recommend including new provisions across the agreement or new chapters, but both parties would have to agree before that was established.

Mr. Tony Baldinelli: Thank you, Mr. Christie.

Also during your testimony, in response to a question from my colleague, you indicated that no study of the impact of a carbon tax on Ukraine's reconstruction efforts had been factored in or taken place. Again, I go back to reading that two-page briefing note that was provided to us just yesterday. It mentioned that Global Affairs Canada in its March 2023 initial environmental assessment concluded that modernization is "unlikely to result in significant negative environmental impacts".

If that was the case prior to this agreement coming into force, why would the inclusion of a carbon tax and carbon leakage even be required in this agreement if Global Affairs was already telling the government they're unlikely to result in significant negative environmental impacts?

Mr. Dean Foster: I'll just build on previous comments that the chapter does not require the imposition of a carbon tax in Ukraine. It is very largely co-operation based and based on principles for building on co-operation in this area.

Mr. Tony Baldinelli: It's aspirational in a sense.

Mr. Dean Foster: It's aspirational, yes.

Mr. Tony Baldinelli: If that's the case, would it not be aspirational enough to include provisions that deal with energy security or the assistance that Ukraine is going to need in its reconstruction efforts? If we're going to have aspirational aspects included in this agreement, I think those are some aspects that could have been included, and I think it's a huge missed opportunity on behalf of the Government of Canada.

How much time do I still have left?

The Vice-Chair (Mr. Kyle Seeback): You have about 30 seconds, if you would like to—

Mr. Tony Baldinelli: I'll cede my time.

Mr. Matt Jeneroux: Can I take the 30 seconds, Chair?

The Vice-Chair (Mr. Kyle Seeback): Yes.

Mr. Matt Jeneroux: I know we have a meeting coming up on Thursday. Could we get the list of witnesses for that? It would be helpful.

The Vice-Chair (Mr. Kyle Seeback): That will be provided to all members of the committee.

We will now move on to our final round of questioning.

Ms. Fortier, you have five minutes.

Hon. Mona Fortier: It's actually not me.

The Vice-Chair (Mr. Kyle Seeback): You changed it again.

Hon. Mona Fortier: I switched.

The Vice-Chair (Mr. Kyle Seeback): Okay. I misunderstood.

We'll let Mr. Sidhu go.

Mr. Maninder Sidhu: Thank you, Mr. Chair.

Thanks again to our witnesses for taking the time to be here today.

I understand that the government conducted public consultations on the possible modernization of CUFTA back in 2020, and I know you heard from a wide array of stakeholders. Could you update our committee on the feedback that was received from business stakeholders, and maybe the agriculture sector? How will this agreement benefit them?

Mr. Bruce Christie: Absolutely. Thank you for your question.

Throughout our consultations with Canadian stakeholders, we heard, I would say, complete support for Canada to move forward with a modernized free trade agreement. The specific area that we heard about from the business community was the importance of including provisions on investments and services, as they would have liked to see them included in the original CUFTA. We have strong support voiced to include those chapters.

We also heard through our consultations that there was support for including some of the inclusive trade chapters. These would be trade and gender, trade and SMEs, and trade and indigenous peoples. I wasn't part of all of those discussions.

Dean, I don't know if there's anything else we heard from our stakeholders in terms of what they'd like to see included.

Mr. Dean Foster: I would just add that some of the sectors that have expressed interest in the agreement in the context of Ukraine's reconstruction activities include infrastructure, natural resources, financial services and energy firms. They all see the agreement as supportive of trade expansion.

• (1255)

Mr. Maninder Sidhu: Thank you for that.

What about civil society and labour unions? How will this agreement benefit them? I know there's a chapter on that as well.

Mr. Dean Foster: I understand that labour stakeholders are supportive. Our indigenous groups that we work with regularly are also supportive of the trade and indigenous peoples chapter, as well as our trade and gender advisory group. Those are some examples.

Mr. Maninder Sidhu: Could you provide our committee with an overview on the updated chapter on digital trade, and how it will improve trade between Canada and Ukraine?

Mr. Bruce Christie: Okay. Thank you very much.

In the original CUFTA agreement, we had an e-commerce chapter. An expanded digital trade chapter ensures that customs duties will not be applied to digital products transmitted electronically, so that commitment that Canada has continued to promote at the WTO will be protected in this bilateral agreement.

It also expands on the previous chapter on e-commerce by including commitments related to cross-border data flows, data localization, source code disclosure, open government data and personal data information and protection. It also improves the regulatory certainty for businesses seeking to engage in the digital economy. It's much more expansive in the coverage from the initial chapter on e-commerce.

Mr. Maninder Sidhu: Mr. Christie, you had mentioned that the Ukrainian leadership, Canadian leadership here in Canada and business community stakeholders want us to pass this ASAP to help with the reconstruction. Is that the case that you'd want to amplify here as well?

Mr. Bruce Christie: Absolutely. None of us know how long this war in Ukraine will drag on, but having a free trade agreement implemented, where our service providers, companies and producers can engage on the ground floor to help Ukraine with the reconstruction efforts, positions us well to do so.

Mr. Maninder Sidhu: It's pretty much unanimous—I know the opposition here has to do their job as well—that stakeholders, governments in both countries and the Ukrainian community want this to pass right away. I think that's important for the record and for those who are watching at home.

Thank you so much for your time.

The Vice-Chair (Mr. Kyle Seeback): Thank you, Mr. Sidhu.

I'm going to use the chair's prerogative to briefly ask one question.

What's included in a free trade agreement? In this free trade agreement in particular, what's included and what's not included are decided by two things: one, the government's negotiating mandate and, two, what the other party does or does not want in the agreement. Is that a good summary?

Mr. Bruce Christie: I would think so, Mr. Chair.

Canada holds exploratory discussions at the outset to get a sense of what the scope and parameters of an agreement would look like, whether our sensitive areas can be accommodated in an agreement and how our offensive versus defensive interests align. At the end of the day, those provisions and that flexibility as a negotiator are guided by our cabinet mandate.

The Vice-Chair (Mr. Kyle Seeback): Thank you very much.

With that, ladies and gentlemen, I believe I'll adjourn.

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