

SUPPLEMENTARY OPINION OF THE CONSERVATIVE PARTY OF CANADA

The Conservative Party of Canada would like to thank the Standing Committee on International Trade, its staff and analysts, as well as the number of witnesses who came to speak at the committee to share their thoughts, suggestions, and concerns around a potential transitional trade agreement between Canada and the United Kingdom – now announced as the Canada-United Kingdom Trade Continuity Agreement (CUKTCA) – and the potential timelines for its implementation.

The Conservative Party of Canada has been pushing the Government of Canada to get to work on a Canada-UK trade agreement for years, and are disappointed in the government leaving this critical trade agreement to the final month of the final year before the Comprehensive Economic Trade Agreement (CETA)'s terms no longer apply to the UK.

We are now in a situation where we write this supplementary opinion with the disclaimer that the Conservative Party members of the International Trade committee have yet to see the text of the CUKTCA, nor has the government introduced any enacting legislation in Parliament to get this agreement ratified by year's end. This is with just days remaining in the calendar year before the government's own deadline to get this agreement past the finish line.

The United Kingdom is Canada's fifth largest trading partner, and Canada's third largest export market. Not having a trade agreement in place with them on January 1, 2021 will mean that Canadian exporters and importers begin to face tariffs to conduct trade as set out in the United Kingdom's global tariff schedule.¹ This will result in millions of dollars in tariffs for seafood workers, ranchers, and many others who have benefitted from increased UK access through the CETA agreement.

Furthermore, the Conservative Party expresses disappointment in the patronizing comments made by our Prime Minister about the United Kingdom's government and negotiating team earlier this year. The Prime Minister stating that the United Kingdom's government lacked 'bandwidth' to negotiate a trade agreement and put the blame for delays on the UK. This claim was rejected by the United Kingdom government and its Secretary of State for International Trade.² Further, one UK trade minister stated that the Prime Minister's claims should be taken with a "pinch of salt."³ These comments made by Prime Minister Trudeau about the United Kingdom, one of our oldest and most steadfast allies, are not helpful during a live negotiation on a trade deal which will benefit both our countries.

We also learned through testimony from our negotiating team that Canada walked away from trade negotiations with the United Kingdom in March of 2019, and did not return to the table

¹ <https://www.gov.uk/guidance/uk-tariffs-from-1-january-2021>

² <https://www.ft.com/content/c59ae5ba-c38d-4a4d-a561-93c071f94f27>

³ [https://hansard.parliament.uk/Commons/2020-11-17/debates/E487C967-E237-4C25-B348-](https://hansard.parliament.uk/Commons/2020-11-17/debates/E487C967-E237-4C25-B348-4DDC74C3CE8E/ContinuityTradeAgreementsParliamentaryScrutiny#contribution-28A8675F-0EC2-4597-AE06-20036E21502E)

[4DDC74C3CE8E/ContinuityTradeAgreementsParliamentaryScrutiny#contribution-28A8675F-0EC2-4597-AE06-20036E21502E](https://hansard.parliament.uk/Commons/2020-11-17/debates/E487C967-E237-4C25-B348-4DDC74C3CE8E/ContinuityTradeAgreementsParliamentaryScrutiny#contribution-28A8675F-0EC2-4597-AE06-20036E21502E)

until this Summer with sign off by the Minister of International Trade. All the while, other countries continued to negotiate, secure, and ratify trade agreements with the UK, leaving Canada at the back of the line. To add further, stakeholders from across sectors testified at the committee that the government did not consult with them prior to withdrawing from these negotiations, despite this decision having potential large impacts on these stakeholders and the ability to get a deal done in time.

The Conservative Party of Canada also expresses concerns on the lack of formal consultations as a whole for this trade agreement. We've learned through committee testimony that the government did not proactively reach out to important stakeholders in both business and labour, leaving these stakeholders in the dark about what was going to be included in a Canada-UK trade agreement, or even that one was being negotiated. While government officials were available for questions from these groups, the lack of a formal consultation process and outreach from the Canadian government resulted in a missed opportunity to secure a modern trade deal that is good for Canada and good for Canadians, and go further than a simple rollover of CETA's terms.

In addition, the Conservative Party of Canada is concerned in the lack of any formal sunset clause in this agreement. While officials have stated that the agreement ensures that Canada and the United Kingdom get back to the negotiating table within a year, there were no answers as to what penalties could arise if one side decides not to. Further, we've heard from government officials that there could be potential parts of this agreement which will compel the United Kingdom to get back to the bargaining table, but it is hard to assess how successful these sections could be without members actually seeing the full text of the agreement. A lack of an effective sunset clause makes this 'transitional' agreement no different than a 'comprehensive' one, which could become permanent if one side decides that they are happy with the terms and refuse to negotiate a successor agreement.

The Prime Minister of Canada has stated that the government had been working with the United Kingdom on a trade agreement for several years now, yet it does not appear that there are any improvements to the terms under CETA which are being addressed in the CUKTCA. The government's failure to address concerns raised by stakeholder groups, especially those in the agriculture and agri-food industries, such as non-tariff barriers during Canada-UK trade negotiations is also concerning. Without a sunset clause present to negotiate a successor agreement, this could result in more uncertainty for these sectors looking to expand their presence in the United Kingdom.

In conclusion, the Conservative Party of Canada congratulates our negotiating team for getting an agreement with the United Kingdom done, however, we are concerned with the government's lack of transparency on the details. We are also concerned at the lack of planning to allow parliamentarians both in the House of Commons and Senate proper time to scrutinize the potential legislation. We list the below recommendations for the government to consider in the immediate and long term regarding the next steps in trade between Canada and the United Kingdom:

Recommendations

1. That the Government of Canada release the text of the Canada-United Kingdom Trade Continuity Agreement to Parliamentarians as soon as possible;
2. That the Government of Canada immediately release its plan to mitigate tariffs and other measures which may affect our exporters if the Canada-United Kingdom Trade Continuity Agreement is not ratified and signed by the end of this year;
3. That the Government of Canada expeditiously begin negotiations with the Government of the United Kingdom on a successor trade agreement in 2021, and ensure comprehensive and fulsome consultations with stakeholder groups and the provinces;
4. That the Government of Canada protect Canadian supply managed sectors while gaining new markets for Canadian farmers and companies;
5. That the Government of Canada bring certainty for our Canadian agriculture and agri-food sectors by raising the issues and come to solutions around non-tariff barriers when negotiating a successor agreement; and
6. That the Canadian Trade Commissioner Service develop a robust and proactive plan to maximize opportunities for Canadian businesses in the United Kingdom under the CUKTCA.