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A CANADA-PACIFIC ALLIANCE FREE TRADE AGREEMENT: POSSIBLE IMPLICATIONS FOR CANADIANS

**Report of the Standing Committee on International
Trade**

Honourable Mark Eyking, Chair

**MAY 2019
42nd PARLIAMENT, 1st SESSION**

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Chair**

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NOTICE TO READER

Reports from committee presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON INTERNATIONAL TRADE

has the honour to present its

SIXTEENTH REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied a potential agreement between Canada and the Pacific Alliance: consulting Canadians and has agreed to report the following:

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LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1

That the Government of Canada, during negotiations for a free trade agreement with the Pacific Alliance, prioritize provisions that would minimize tariffs on Canada’s agricultural and other exports, and address non-tariff barriers that limit exports of Canadian products, including pork and cereals. 22

Recommendation 2

That the Government of Canada, during negotiations for a free trade agreement with the Pacific Alliance, endeavour to include provisions that would promote regulatory cooperation between Canada and the Pacific Alliance countries. 22

Recommendation 3

That the Government of Canada, during negotiations for a free trade agreement with the Pacific Alliance, seek to include enforceable provisions designed to protect investments. These provisions should not limit governments’ ability to adopt and maintain measures in the public interest, including those that protect the environment and those that ensure respect for human rights generally and the rights of Indigenous peoples specifically. 22

Recommendation 4

That the Government of Canada work with the Pacific Alliance to facilitate the mobility of businesspersons and professionals in a manner that does not reduce wages or the number of jobs for Canadians. Consideration should be given to including commitments in a Canada–Pacific Alliance free trade agreement regarding the temporary entry of businesspersons and professionals. 22

Recommendation 5

That the Government of Canada, during negotiations for a free trade agreement with the Pacific Alliance, work toward outcomes that would contribute to gender equality, promote labour standards and rights, and protect human rights, including those of Indigenous peoples. 23

Recommendation 6

That the Government of Canada ensure that Global Affairs Canada has sufficient resources to negotiate a free trade agreement with the Pacific Alliance without limiting its ability to negotiate, ratify or implement other free trade agreements. 23



A CANADA–PACIFIC ALLIANCE FREE TRADE AGREEMENT: POSSIBLE IMPLICATIONS FOR CANADIANS

INTRODUCTION

In April 2011, Chile, Colombia, Mexico and Peru signed a [presidential declaration](#) that established the Pacific Alliance as a trade bloc and regional integration initiative. A June 2012 [framework agreement](#) among these countries formalized the Pacific Alliance’s various objectives, which include promoting the free movement of goods, services, people and capital.

According to the [World Bank](#), in 2017, the Pacific Alliance countries had a combined population of 228.4 million people; together, their gross domestic product (GDP) was US\$3.9 trillion, representing 38.9% of total GDP for Latin America and the Caribbean.

Since obtaining observer status¹ with the Pacific Alliance in 2012, Canada has sought to strengthen its relationship with this bloc, notably through the June 2016 [Joint Declaration on a Partnership between Canada and Members of the Pacific Alliance](#) and four [cooperation projects](#) having a combined value of more than \$23 million over five years.

According to [Global Affairs Canada](#), in June 2017, Canada was among the first countries invited to become an associate member² of the Pacific Alliance, a process that involves the negotiation of a free trade agreement (FTA) with the four countries as a bloc. The first round of negotiations for a Canada–Pacific Alliance FTA occurred in October 2017; as of April 2019, seven rounds had been completed. At present, Canada has FTAs with each of the Pacific Alliance countries, and three³ of these four countries are among the

1 Observer countries may participate in meetings to which they are invited by the four Pacific Alliance countries.

2 Australia, New Zealand and Singapore were also invited to become associate members. An associate member is a country that has a trade agreement with the Pacific Alliance that contributes to the bloc’s objectives.

3 The countries are Chile, Mexico and Peru.



11 countries that signed the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (CPTPP).⁴

On 25 October 2017, the House of Commons Standing Committee on International Trade (the Committee) adopted a motion to undertake a study on a potential Canada–Pacific Alliance FTA. During five meetings held between 30 January 2018 and 13 February 2018, the Committee heard from 31 witnesses, including representatives of Canadian firms, trade associations, think tanks, organized labour, and human rights and international development organizations, as well as of foreign diplomatic missions; one individual appeared on his own behalf.

This report summarizes some of the comments made by witnesses and contained in briefs submitted to the Committee. In particular, the first section presents their general views about advancing trade relations between Canada and the Pacific Alliance, while the second provides their observations about minimizing barriers to trade and promoting regulatory cooperation. The third section highlights their suggestions for improving investment relations between Canada and the Pacific Alliance, while—in the context of a Canada–Pacific Alliance FTA—the fourth focuses on their views about contributing to gender equality, promoting labour standards and mobility and protecting human rights. The last section contains the Committee’s thoughts and recommendations.

Some comments made by witnesses or in briefs submitted to the Committee by them and others are not summarized in this report, particularly those that address issues that are not directly related to a Canada–Pacific Alliance FTA and that have been addressed in earlier reports by the Committee. For example, [Canadian Manufacturers & Exporters](#), [Cavendish Farms](#), [Mining Suppliers Trade Association Canada](#), the [Canada West Foundation](#), [Cypher Environmental Ltd.](#), the [Canadian Global Affairs Institute](#) and the [Canadian Chamber of Commerce](#) spoke about existing and desired Government of Canada programs, services and policies designed to assist the country’s firms that either trade internationally or wish to do so. In particular, they mentioned the Trade Commissioner Service, export mentorship, and small and medium-sized firms’ awareness of export opportunities. In recent reports on the [Trans-Pacific Partnership](#) (TPP), [multiculturalism and international trade](#), and [e-commerce](#), the Committee has examined the topic of Government of Canada programs, services and policies that help domestic firms to trade internationally.

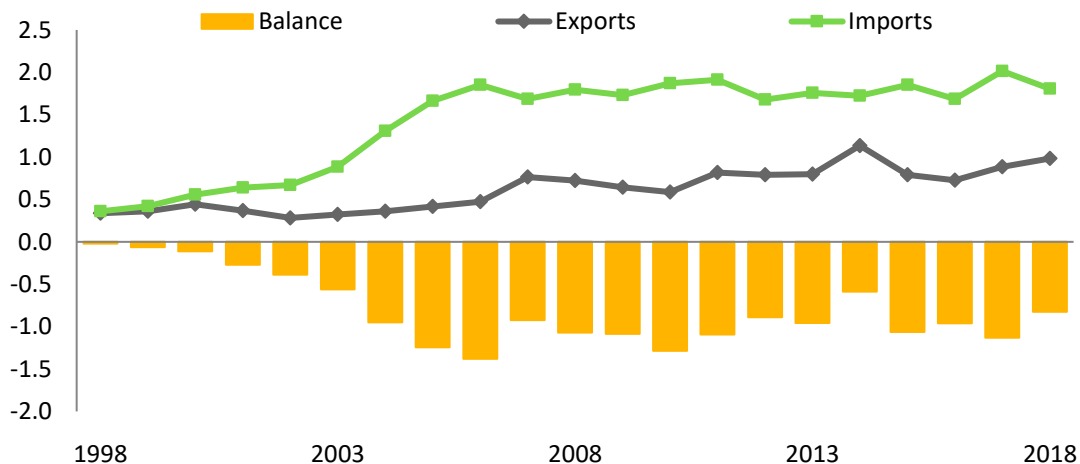
4 The *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* [CPTPP] was signed by the 11 countries on 8 March 2018. On 30 December 2018, the CPTPP entered into force for six countries, including Canada. For Vietnam, the CPTPP came into force on 14 January 2019.

Moreover, [Canadian Manufacturers & Exporters](#), [Mining Suppliers Trade Association Canada](#), [Cavendish Farms](#) and the [Business Council of Canada](#) raised the issue of trade-related infrastructure and related investment priorities, including projects that would increase the efficiency and timeliness of moving Canada’s products to domestic ports for export. The topic of trade-related infrastructure is addressed in the Committee’s reports on the [TPP](#), the [competitiveness of Canada’s steel sector](#), and the [priorities of Canadians having an interest in North American trade](#).

ADVANCING TRADE RELATIONS BETWEEN CANADA AND THE PACIFIC ALLIANCE

Witnesses spoke to the Committee about the Pacific Alliance’s objectives, achievements and relevance for Canada’s firms that either trade internationally or wish to do so. As well, among other issues, they discussed the extent to which a Canada–Pacific Alliance FTA would affect Canada’s ability to diversify and increase its exports, establish effective, modern and harmonized trading rules, and strengthen both its trade with Asia and its ability to influence trade relations in the Americas.

Canada–Chile Merchandise Trade, 1998–2018 (\$ billions)



Source: Statistics Canada, *Canadian International Merchandise Trade Database*, accessed through [Trade Data Online](#) on 11 March 2019.



A. Objectives, Achievements and Relevance for Canada's Firms

Concerning the Pacific Alliance's objectives, the [Embassy of the Republic of Chile](#) mentioned that the bloc would like to develop an international trading system that is "based on clear rules and aimed at building resilient and sustainable societies." The [Embassy of the Republic of Peru](#) remarked that the Pacific Alliance "aspires to become an important bridge—economic and commercial, cultural and political—between Latin America and the Asia-Pacific region through mechanisms of co-operation." As well, the [Embassy of the Republic of Peru](#) thought that the free movement of goods, services, people and capital will help the Pacific Alliance to become an investment and commercial hub that is integrated into the global economy.

In noting the Pacific Alliance's achievements, the [Embassy of the United Mexican States](#) characterized the bloc's regional integration efforts as successful, while the [Embassy of the Republic of Colombia](#) maintained that the Pacific Alliance is "moving towards" financial integration, pension mobility and fiscal transparency among the bloc's countries.

The University of Ottawa's [Carlo Dade](#),⁵ who appeared as an individual, similarly contended that the Pacific Alliance countries have made "remarkable" progress regarding trade integration, and highlighted the bloc's efforts to combine "beyond the border initiatives" and "one-stop shops" for firms that are interested in doing business in the Pacific Alliance region.

With a focus on the relevance of the bloc as a trade partner for Canada, the [Business Council of Canada](#) observed that the Pacific Alliance is "already an important market for many Canadian companies," and pointed out that the value of annual trade in goods and services between Canada and the Pacific Alliance countries collectively is \$54 billion, which is higher than the value of Canada's bilateral trade with such countries as Japan and the United Kingdom.

The [Canadian Global Affairs Institute](#) said that the Pacific Alliance countries have "stable and open economies," while the [Canadian Chamber of Commerce](#) indicated that they have a large and young population. According to [Scotiabank](#), the bloc's GDP, young population and commitment to economic stability are among the factors that make it an attractive place in which to do business.

5 Mr. Dade is also the director of the Canada West Foundation's Trade and Investment Centre.

B. A Canada–Pacific Alliance Free Trade Agreement

In mentioning that Canada and the Pacific Alliance would ideally conclude their FTA negotiations in 2018, the [Embassy of the United Mexican States](#) noted that a Canada–Pacific Alliance FTA would help Canada to diversify its international economic relations, and would provide the country’s firms with a unique opportunity to participate in global supply chains. Likewise, the [Business Council of Canada](#) and the [Canadian Chamber of Commerce](#) thought that such an agreement would diversify Canada’s export markets.

The [Canadian Agri-Food Trade Alliance](#) described opportunities to increase Canada’s agricultural and agri-food exports to the Pacific Alliance countries, but urged that negotiations for a Canada–Pacific Alliance FTA should not reduce the country’s ability to renegotiate the *North American Free Trade Agreement* (NAFTA) or to ratify and implement the CPTPP. Briefs submitted to the Committee by [Cereals Canada](#), and jointly by the [Canadian Canola Growers Association and the Canola Council of Canada](#), suggested that a Canada–Pacific Alliance FTA would create export opportunities for Canada’s cereal and canola products, but emphasized that the country should prioritize negotiations for—and the implementation of—other FTAs.

[Canada Pork International](#) highlighted that a Canada–Pacific Alliance FTA could provide Canada’s pork producers with enhanced market access to Colombia and Peru, and indicated its “trust” that the Government of Canada has sufficient resources to negotiate, ratify and implement the CPTPP, NAFTA and other FTAs.

[Canadian Manufacturers & Exporters](#) thought that Canada’s ratification of new FTAs would not increase the country’s manufacturing exports because of capacity constraints in that sector, while [Connors Bros. Clover Leaf Seafoods Company](#) stated that a Canada–Pacific Alliance FTA would not provide its Blacks Harbour production facility with new export opportunities because of what it characterized as Canada’s “herring resource constraints.”

Concerning effective, modern and harmonized rules in FTAs, the [Canadian Global Affairs Institute](#) said that the Pacific Alliance countries are “business-minded and embrace the rules-based democratic order.” The Canadian Global Affairs Institute contended that, because the United States is no longer “the anchor of trade liberalization,” such “middle power groupings” as the Pacific Alliance need to “sustain the rules-based order that serves [Canada’s] interests.”

In the opinion of the [Business Council of Canada](#), a Canada–Pacific Alliance FTA could harmonize the provisions in Canada’s existing FTAs with Chile, Colombia, Mexico and Peru by creating “one common text with the rules for doing business” in those countries.



The [Canadian Chamber of Commerce](#) commented that such an agreement could include provisions regarding regulatory cooperation and trade facilitation that would be more modern than those in the FTAs that Canada has with each of the four Pacific Alliance countries.

Similarly, [Canadian Manufacturers & Exporters](#) stated that a Canada–Pacific Alliance FTA would provide Canada with an opportunity to “update and modernize existing frameworks that companies are working within with the countries.” In indicating its support for such an agreement, Canadian Manufacturers & Exporters called for the Government of Canada to implement new support measures that would help Canada’s firms, including those that are small and medium in size, to “find new markets and customers in the [Pacific Alliance] region.”

The [Canada West Foundation](#) believed that a Canada–Pacific Alliance FTA would provide Canada with an opportunity to increase its engagement with Asia.⁶ The brief submitted to the Committee by [Mr. Dade](#) indicated that the Pacific Alliance is adopting initiatives aimed improving the bloc’s competitiveness and its attractiveness for trade with Asia, and that “it is in this light that the [bloc] becomes even more important to Canada.”

The [Canadian Chamber of Commerce](#) noted that associate membership would provide Canada with “a very early advantage and an opportunity ... to play a significant role and even a leading role in the trade relationships in the Americas.” Likewise, the [Canadian Global Affairs Institute](#) pointed out that associate membership in the Pacific Alliance would allow Canada to become both “a leader within the Pacific Alliance by virtue of being the biggest economy” and “consolidate [its] position as a first mover.”

According to the [Business Council of Canada](#), participation in negotiations for FTAs, including a Canada–Pacific Alliance FTA, at an early stage allows Canada to shape the negotiations and to be present as other countries join as signatories. [Scotiabank](#), as well as [Cereals Canada](#)’s brief submitted to the Committee, provided a similar perspective.

The [Embassy of the United Mexican States](#) said that Mexico and Canada share common goals regarding gender, the environment and labour standards, and that the two countries are “looking for new chapters in a [Canada–Pacific Alliance FTA] with regard to these issues.”

6 According to the [Council of the Americas](#), the Pacific Alliance was “designed to create a regional gateway to Asian markets.” As well, the World Trade Organization’s [regional trade agreements database](#) indicates that the Pacific Alliance countries have free trade agreements [FTAs] with various Asian countries.

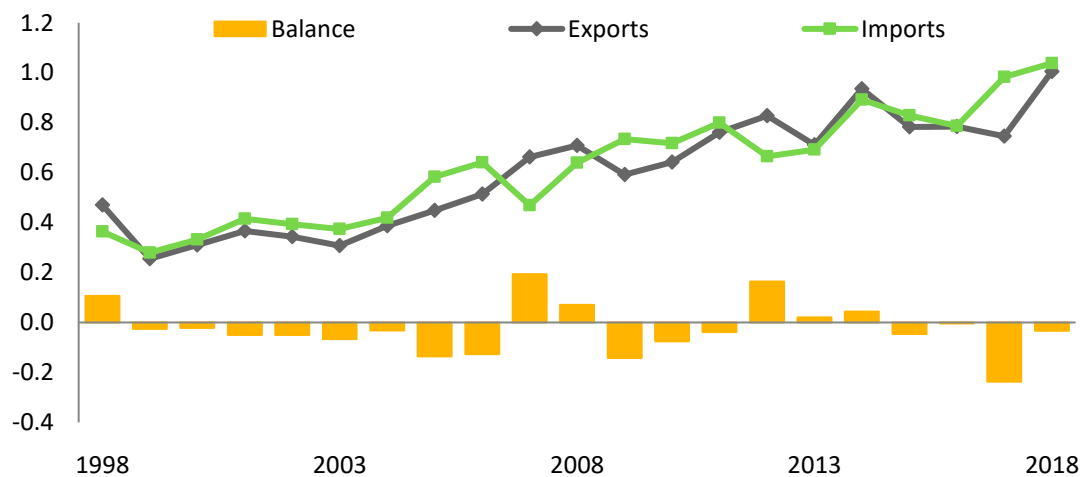
The [Canadian Labour Congress](#) thought that a Canada–Pacific Alliance FTA should have “people's well-being and workers' rights at its core,” and urged the Government of Canada to publish studies of various economic and social impacts of such an agreement.

Regarding negotiations for a Canada–Pacific Alliance FTA, [Oxfam Canada](#) suggested that “civil society [organizations need] more information” so that they can analyze and contribute to discussions about such an agreement and its implementation. In the view of the [Canadian International Council](#), the negotiations should include “meaningful” participation by “marginalized groups.”

MINIMIZING BARRIERS TO TRADE AND PROMOTING REGULATORY COOPERATION

In addressing the manner in which tariffs and tariff-rate quotas (TRQs), as well as non-tariff trade barriers, affect Canada’s trade with the Pacific Alliance, witnesses identified some ways in which a Canada–Pacific Alliance FTA could reduce—if not eliminate—obstacles to enhanced trade. They also described opportunities for Canada and the Pacific Alliance to cooperate when developing regulations.

Canada–Colombia Merchandise Trade, 1998–2018 (\$ billions)



Source: Statistics Canada, *Canadian International Merchandise Trade Database*, accessed through [Trade Data Online](#) on 11 March 2019.



A. Tariffs and Tariff-Rate Quotas

With a general focus on Canada's exports, [Cypher Environmental Ltd.](#) indicated that the elimination of tariffs in a Canada–Pacific Alliance FTA would increase the competitiveness of Canadian goods and services in the Pacific Alliance countries.

The [Canadian Agri-Food Trade Alliance](#) commented that a significant portion of the jobs in Canada's agri-food sector would not exist if Canada did not have "competitive access to world markets," and stated that a Canada–Pacific Alliance FTA would provide opportunities to reduce tariffs, including in relation to Canadian canola and pork products.

Regarding canola, the [Canola Council of Canada](#) noted that Colombia applies "punitive and unpredictable" tariffs on Canadian—but not on U.S.—canola oil, which makes Canada's exports of this product relatively uncompetitive. In suggesting that there is an opportunity to eliminate these tariffs, the [Canola Council of Canada](#) said that a Canada–Pacific Alliance FTA would improve the competitiveness of Canada's canola oil, provide more predictable access to Colombia's market, and enable Canada's canola sector to increase both its exports and its domestic processing activities.

Concerning pork, [Canada Pork International](#) said that Colombia's TRQ on Canadian pork essentially means that "trade pretty much stops" at exports of 6,000 tonnes annually because a 41% tariff is applied on exports above that quantity and suggested that a Canada–Pacific Alliance FTA should eliminate tariffs on Canada's pork exports to make them competitive with such U.S. exports, which are not subject to a tariff or TRQ. In discussing Canadian pork that enters Colombia duty-free because of the country's TRQ, the [Canadian Pork Council](#) urged a simpler process by which the Government of Colombia allocates these imports to Colombian consumers. Regarding Peru, the [Canadian Pork Council](#) believed that the amount of Canadian pork that can be exported to that country tariff-free should be increased, and that the tariff on exports above this amount should be reduced or eliminated. [Canada Pork International](#) made a similar proposal.

With a focus on Canada's imports, the [Saint John Port Authority](#) remarked that, in a Canada–Pacific Alliance FTA, the economies of Canada and of New Brunswick's Saint John region would benefit from reduced tariffs on goods imported from the Pacific Alliance countries.

Regarding rules of origin, the [Embassy of the Republic of Chile](#) observed that a Canada–Pacific Alliance FTA could allow Canada and the Pacific Alliance countries to “accumulate origin,”⁷ which would facilitate entrepreneurs’ ability to trade at preferential tariff rates.

B. Non-Tariff Barriers to Trade

The [Canola Council of Canada](#) maintained that “common restrictions” in three areas affect agricultural exports by Canada and by the Pacific Alliance countries: the misapplication of sanitary and phytosanitary measures; non-tariff barriers; and measures in relation to plant breeding innovation. In the view of the Canola Council of Canada, a Canada–Pacific Alliance FTA could “build momentum for a consistent approach to these issues.” As well, the brief submitted to the Committee by [Cereals Canada](#) pointed out that Peru has issued notices of non-compliance to Canada’s cereals exporters due to the presence of weed seeds.

Regarding trade in pork products, [Canada Pork International](#) noted that Colombia has given the United States’ swine herd a trichina-free designation but has not done so in relation to Canada’s herd, with the result that U.S. producers can sell fresh, chilled pork to Colombia, while Canadian producers can sell only frozen products. Consequently, as a priority outcome for the Canada–Pacific Alliance FTA negotiations, [Canada Pork International](#) and the [Canada Pork Council](#) highlighted the need to ensure that the Government of Colombia provides Canada’s swine herd with a trichina-free designation.

[Cypher Environmental Ltd.](#) described product registration and approval processes as “lengthy and expensive challenges” that can prevent Canada’s small and medium-sized firms from “capitalizing exports when trying to penetrate [the Pacific] Alliance countries.” Similarly, [Cavendish Farms](#) indicated that product registration procedures in Peru and Chile take more than one year to complete, and make it difficult to adapt to changes in the market in a timely way. As additional examples of non-tariff barriers to trade, Cavendish Farms noted these two countries’ inorganic and microbiologic testing requirements, as well as Mexico’s “unique” retail packaging requirements.

C. Regulatory Cooperation

In discussing regulations, the [Canada West Foundation](#) mentioned that a Canada–Pacific Alliance FTA would allow Canada to “take advantage of the harmonization that [the

7 According to the [World Customs Organization](#), “accumulation of origin” allows products from one country that is a party to a particular FTA to be “further processed or added to” products in another country that is a party to that FTA “as if they had originated from the latter country.”



Pacific Alliance countries] have been building among themselves.” As examples of initiatives designed to encourage regulatory cooperation, the [Embassy of the Republic of Peru](#) observed that the Pacific Alliance has a technical working group that discusses “regulatory improvements,” and the [Embassy of the Republic of Colombia](#) stated that a Pacific Alliance committee is “working on a one-stop shop system for regulatory issues.”

The [Embassy of the United Mexican States](#) commented that it is “crucial” for Mexico to ensure regulatory compatibility and standardization with its trade partners, and that associate membership in the Pacific Alliance would provide Canada with an opportunity to share best practices regarding regulations.

According to the [Canadian Global Affairs Institute](#), Canada has significant experience working with trade partners to increase regulatory compatibility, and any regulatory cooperation efforts by Canada and the Pacific Alliance countries would likely result in regulations with which Canada is already comfortable. Similarly, [Cavendish Farms](#) claimed that the Government of Canada could benefit from “being at the table early,” both to influence the manner in which the Pacific Alliance countries regulate certain sectors and to encourage them to adopt Canadian standards.

With a focus on the agricultural sector, the [Canadian Agri-Food Trade Alliance](#) encouraged the Government of Canada to pursue “science-based outcomes in regulatory measures that protect human, plant and animal health and safety,” and indicated that a Canada–Pacific Alliance FTA should include “common low-level presence and maximum residue limit standards and policies.” The [Canadian Agri-Food Trade Alliance](#) also maintained that mechanisms that ensure adherence to “science-based rules” are easier to implement in regional, rather than bilateral, FTAs. The brief submitted to the Committee by [Cereals Canada](#) suggested that a Canada–Pacific Alliance FTA should provide a common regulatory approval framework for new plant breeding techniques and a clear “science-based” process for resolving disputes about sanitary and phytosanitary issues.

The [Canola Council of Canada](#) said that a Canada–Pacific Alliance FTA could help “regulators in different countries talk to each other more often.” As well, the [Canola Council of Canada](#) thought that such an agreement should require committees of regulators to meet when concerns arise and to notify exporters of these concerns.

[Connors Bros. Clover Leaf Seafoods Company](#) indicated that Canadian product quality and safety regulations for the seafood sector differ from those in the Pacific Alliance countries, and commented that eliminating these differences “is critical to our continuing long-term competitiveness, and to ensuring a level playing field for our products....”

Regarding digital technologies, the [Business Council of Canada](#) observed that a Canada–Pacific Alliance FTA that would facilitate cooperation among regulators in Canada and the Pacific Alliance countries could expedite “commercialization of new technologies across a large customer base.” As well, [Scotiabank](#) remarked that a Canada–Pacific Alliance FTA should include provisions aimed at enabling coordinated cooperation on product testing regulations for both creators of fintech⁸ and “established incumbent financial institutions.” Scotiabank pointed out that such provisions would allow Canada’s financial services firms to operate “in an integrated fashion across the [Pacific Alliance] bloc.”

[Mr. Dade](#) believed that Canada would benefit by cooperating with the Pacific Alliance in such areas as customs pre-clearance and “behind the border work” for goods.

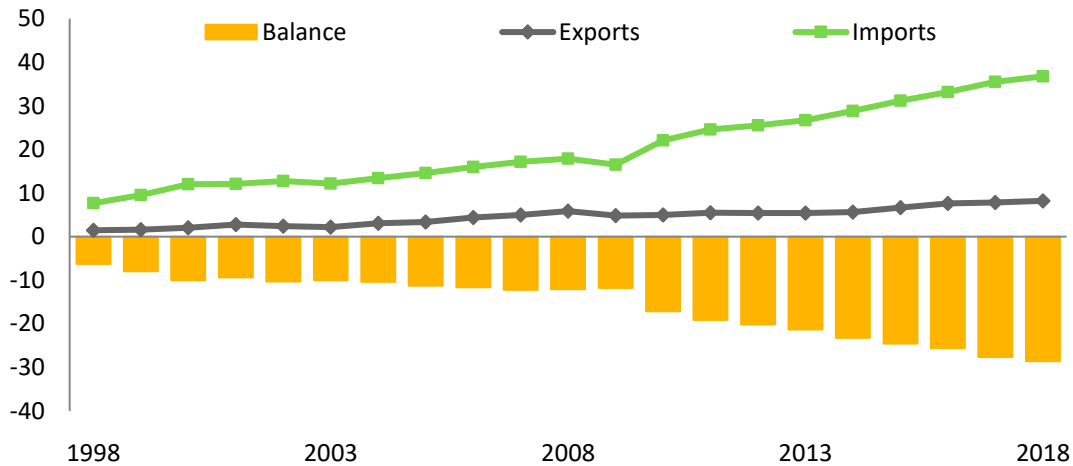
IMPROVING INVESTMENT RELATIONS BETWEEN CANADA AND THE PACIFIC ALLIANCE

Witnesses told the Committee about Canadian investments in Chile, Colombia, Mexico and Peru, either generally or in relation to the mining and financial sectors specifically. As well, in the context of a Canada–Pacific Alliance FTA, they discussed opportunities to improve investment relations.

8 A June 2017 [report](#) by the Financial Stability Board defines the term “fintech” as “technology-enabled innovation in financial services that could result in [certain] new business models, applications, processes or products.”



Canada–Mexico Merchandise Trade, 1998–2018 (\$ billions)



Source: Statistics Canada, *Canadian International Merchandise Trade Database*, accessed through [Trade Data Online](#) on 11 March 2019.

A. Existing Canadian Investments

In mentioning that Canadian investments in the Pacific Alliance countries total approximately \$40 billion, the [Canadian Global Affairs Institute](#) particularly noted investments in Mexico’s mining sector. [Mining Suppliers Trade Association Canada](#) stated that at least 220 of Canada’s firms either operate in, or have an ownership stake in, 43% of the more than 500 active exploration and mining projects in the Pacific Alliance countries.

The [Canadian Global Affairs Institute](#) characterized Canadian investments in Mexico’s mining sector as significant, with the [Embassy of the United Mexican States](#) observing that Canada is the source of 50% of the value of foreign direct investment in that sector in Mexico. According to the [Embassy of the Republic of Chile](#), Canada is the largest investor in Chile’s mining sector, as well as the country’s third-largest investor. With a focus on corporate social responsibility, the [Embassy of the Republic of Peru](#) pointed out that Canada is a major source of investment in Peru’s mining sector, and observed that Canada distinguishes itself by the active participation of its firms in projects that have both “a social development component” and positive effects on Peru’s rural communities.

In referring to itself as the “bank of the Pacific Alliance,” [Scotiabank](#) highlighted that it earns 18% of its total income in the Pacific Alliance countries, which were described as “a strategic focus.” The [Embassy of the Republic of Peru](#) mentioned that Scotiabank’s investments in Peru are “very important,” while the [Embassy of the Republic of Chile](#) noted Scotiabank’s ranking as Chile’s third-largest private bank following a \$2.2 billion investment to acquire a Spanish bank. As well, the [Canadian Global Affairs Institute](#) said that Canadian investments in Mexico’s banking sector are significant. The [Embassy of the Republic of Colombia](#) discussed the significant investments that provincial funds—including the Caisse de dépôt et placement du Québec—have made in Colombia, and remarked that Canada was the largest source of foreign direct investment in that country in 2016.

B. Opportunities to Improve Investment Relations

The [Embassy of the United Mexican States](#) believed that opportunities exist to increase the flow of foreign direct investment between Canada and the Pacific Alliance countries in the natural resource and other sectors, and in “advanced areas” relating to technology. The Embassy further commented that bilateral investment flows between the Pacific Alliance countries and Canada, Australia, New Zealand and Singapore could increase if the latter four countries were to become associate members of the Pacific Alliance.

[Scotiabank](#) outlined the benefits of “deeper integration” between Canada and the Pacific Alliance countries, including more investment opportunities, increased trade and capital flows, and higher returns on Canadian investments in those countries. According to Scotiabank, provisions in a Canada–Pacific Alliance FTA that would protect pension fund investments, particularly through “steps to improve the legal environment” and dispute resolution, would advance Canada’s interests.

In providing a different perspective about investment protection, the [Canadian International Council](#) suggested that mechanisms for settling disputes between investors and states are controversial, partly because there are insufficient data to determine the extent to which these mechanisms attract foreign investment. The Canadian International Council also claimed that such mechanisms can lead to two forms of “regulatory chill”: a government “rolls back” a regulation after it loses a dispute; and a government decides not to introduce legislation because it fears that doing so could lead to a dispute.

The [Canadian International Council](#) stressed the need to ensure that safeguards for women's rights and efforts to promote gender equality are not limited by protections for

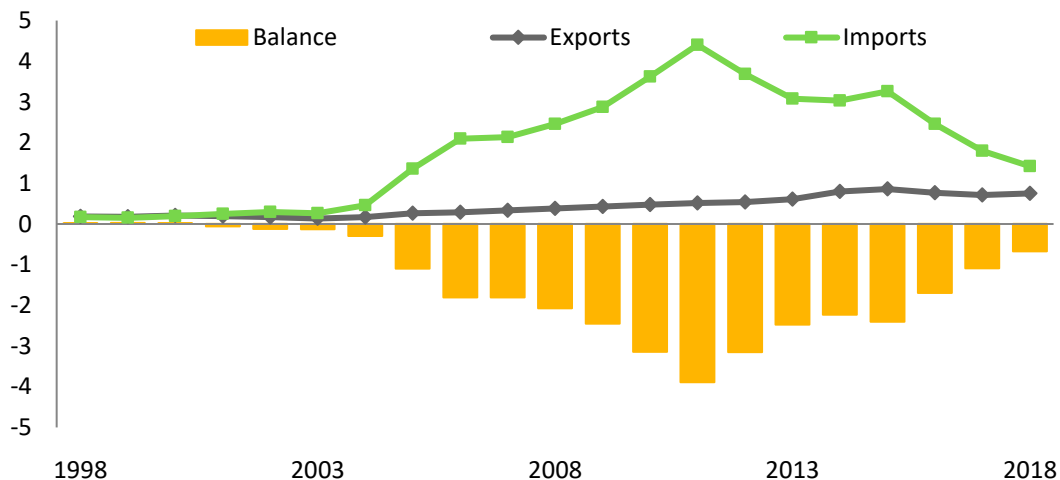


investors, and emphasized that an investor–state dispute-settlement mechanism in a Canada–Pacific Alliance FTA could be considered “socially regressive because of the dangers associated with regulatory chill.” Accordingly, the [Canadian International Council](#) called for two “explicit carve-outs” from any such mechanism: to protect human and environmental rights from the mechanism’s effects; and to provide governments with the “policy space” to allow “positive discrimination” for the benefit of society’s most vulnerable.

ADDRESSING THE PRIORITIES OF CERTAIN GROUPS

In speaking to the Committee about a Canada–Pacific Alliance FTA, witnesses discussed initiatives that could contribute to gender equality, promote labour standards and rights, as well as mobility, and protect human rights.

Canada–Peru Merchandise Trade, 1998–2018 (\$ billions)



Source: Statistics Canada, *Canadian International Merchandise Trade Database*, accessed through [Trade Data Online](#) on 11 March 2019.

A. Gender Equality

The [Canadian International Council](#) believed that the Pacific Alliance countries—all of which have women’s economic empowerment forums—are ahead of Canada in promoting gender equality, and pointed out that the country has neither pay equity nor universal child care. In asserting that Canada should be a leader in “gendering global

trade,” the [Canadian International Council](#) characterized the political will to do so as “strong.” As well, the Canadian International Council stressed that Canada needs to adopt a “holistic approach” to this issue that includes “concrete commitments,” and described the negotiations for a Canada–Pacific Alliance FTA as the “right” opportunity to implement such an approach.

[Oxfam Canada](#) said that—to the maximum extent possible—the Government of Canada should prioritize gender equality during the negotiations for a Canada–Pacific Alliance FTA, which would halt a “race to the bottom” regarding women's rights and precarious work. According to [Oxfam Canada](#), negotiations for a “strong” gender chapter would provide an opportunity to strengthen the analogous chapter in the *Canada–Chile Free Trade Agreement* to incorporate reporting and accountability. [Oxfam Canada](#) specifically suggested that, if an FTA establishes a committee to address gender equality issues, the committee should have a “role and a set of accountability mechanisms” to make recommendations. [Oxfam Canada](#) also said that the committee should be inclusive, and should have “clear targets and a clear mandate.”

The [Canadian International Council](#) emphasized that a “socially progressive, gender-sensitive” Canada–Pacific Alliance FTA should improve “economic opportunities for women entrepreneurs.” Moreover, the [Canadian International Council](#) stated that a gender chapter in a Canada–Pacific Alliance FTA should include “positive differentiation for women,” such as by facilitating licensing for them or by providing women-owned service providers with preferential market access.

As well, the [Canadian International Council](#) stressed the importance of analyzing the impact of a Canada–Pacific Alliance FTA on women’s lives. Likewise, [Oxfam Canada](#) called for a “strong poverty and social impact analysis” of such an agreement in order to understand its potential “differential impact on men and women.” [Oxfam Canada](#) also said that, in order for a gender chapter “to have teeth,” it should be based on sex-disaggregated data and analysis.

Finally, in speaking about the *Canada–Peru Free Trade Agreement* and the *Canada–Colombia Free Trade Agreement*, [Oxfam Canada](#) noted that the Government of Canada helped to ensure that “gender dimensions were realized through capacity-building activities.” The [Canadian International Council](#) expressed a desire to use capacity-building resources, ensure “gender-sensitive coherence” throughout a Canada–Pacific Alliance FTA, and apply a “gender lens” to the entire agreement.



B. Labour Standards and Rights

The [Embassy of the Republic of Colombia](#) indicated that the Pacific Alliance has a working group that is focused on labour standards. The Embassy also observed that, to improve labour standards, the *Canada–Colombia Free Trade Agreement* has established a dialogue between Canada and Colombia, with the countries currently involved in negotiations for an action plan.

The [Canadian Labour Congress](#) remarked that the newly appointed Canadian Ombudsperson for Responsible Enterprise is “far more useful” for addressing labour complaints than is the current labour chapter in the *Canada–Colombia Free Trade Agreement*. As well, the [Canadian Labour Congress](#) mentioned that Mexico does not enforce its labour laws, and described Chile’s “major effort” to reform its labour laws as “a positive step.”

In suggesting that FTAs have never treated workers’ rights and investors’ rights equally, the [Canadian Labour Congress](#) said that the labour chapter proposed during the NAFTA negotiations “marks a significant change” by treating the rights of workers and of investors more equally than is currently the case. The Canadian Labour Congress hoped that the Government of Canada would continue “to build on this effort” during the negotiations for a Canada–Pacific Alliance FTA.

In the view of [Oxfam Canada](#), a Canada–Pacific Alliance FTA should include “strong and binding” labour provisions that would consider the particular needs of working women, including in relation to pay equity and sexual harassment at the workplace. Also, [Oxfam Canada](#) suggested that labour provisions in a Canada–Pacific Alliance FTA should include binding mechanisms for addressing labour rights violations, such as instances of child labour.

The [Embassy of the Republic of Peru](#) said that Canada and Peru have a labour cooperation agreement that provides for periodic meetings to discuss labour issues, and that addresses the development of human resources and the protection of workers’ human rights.

[Connors Bros. Clover Leaf Seafoods Company](#) highlighted that differences in labour costs between Canada and the Pacific Alliance countries “put our continued production at risk in New Brunswick.”

C. Labour Mobility

The [Business Council of Canada](#) maintained that modern and harmonized labour mobility provisions in a Canada–Pacific Alliance FTA could “broaden the regional talent pool” and facilitate the movement of businesspersons between countries. Similarly, in mentioning such provisions in “modern” FTAs, the [Mining Association of Canada](#) emphasized the importance of being able to move professionals in the mining sector “reasonably and fluidly” to work cross-border.

In advocating greater efforts to facilitate the flow of professionals across borders, [Scotiabank](#) called for further removal of visa requirements for business travel between Canada and the Pacific Alliance countries in order to enhance the exchange and flow of knowledge and expertise for Canada’s financial, manufacturing and natural resource sectors. The [Business Council of Canada](#) observed that Canada may not be able to remove all of its visa requirements that apply to the Pacific Alliance countries, and suggested that a trusted traveller program for businesspersons should be established.

The [Embassy of the United Mexican States](#) said that the Pacific Alliance is working to facilitate the mobility of people, which has been beneficial for Mexico. Similarly, the [Embassy of the Republic of Chile](#) contended that Chile has mechanisms with countries in the Pacific Alliance and some other neighbouring countries that allow for the mobility of temporary workers. In stressing the importance of labour mobility for Chile, the Embassy of the Republic of Chile remarked that the country would like to be able to “count on” expert Canadian workers to help in designing and building solar or wind energy projects.

[Mr. Dade](#) said that the Pacific Alliance is constantly updating labour mobility measures, and noted that the Pacific Alliance is considering “a common entry visa to facilitate trade with Asia.” He added that this visa would “give Asian countries wishing to do business on this side of the Pacific a competitive advantage.”

D. Human Rights

In describing human rights violations in the Pacific Alliance countries, [Amnesty International Canada](#) said that human rights defenders endanger themselves by speaking publicly about the environmental impact of business operations, labour leaders are threatened and killed, mining-related contamination and pollution create “serious” and “lethal” health risks, and acts of violence by firms’ or governments’ security forces occur in response to disputes and protests about a firm's operations.



The [Canadian Labour Congress](#) maintained that more trade unionists are killed in Colombia than in any other country in the world, and added that the *Canada–Colombia Free Trade Agreement* has enabled “sustainable” complaints to be filed with the Government of Canada about actions taken by the Government of Colombia. The [Canadian Labour Congress](#) noted that one such complaint revealed that the Government of Colombia “had not met its commitment” under that agreement, and that some of Colombia’s laws “completely contradict” the agreement’s provisions.

The [Embassy of the Republic of Colombia](#) emphasized that the peace process involving the Government of Colombia and the *Fuerzas Armadas Revolucionarias de Colombia*⁹ is important for human rights in Colombia. As well, the Embassy commented that the Government’s efforts to support human rights through that process have focused on adopting a human rights policy, combatting impunity, and providing reparations and protections to victims.

[Amnesty International Canada](#) underscored that a Canada–Pacific Alliance FTA should be subjected to “robust human rights impact assessments,” and urged the Government of Canada to conduct such assessments for all potential FTAs before negotiations are concluded and at regular intervals thereafter. In the view of [Amnesty International Canada](#), these assessments should be independent, comprehensive, transparent and accessible. Moreover, in citing the *Canada–Colombia Free Trade Agreement*, [Amnesty International Canada](#) said that the bilateral human rights impact assessment process has been “problematic,” and indicated that a multilateral process could create “some new mechanisms” to address human rights violations.

The [Canadian Labour Congress](#) stated that all FTAs should include “wide-ranging” and “comprehensive” exemptions relating to Indigenous peoples’ rights and interests. In this regard, [Amnesty International Canada](#) described the human rights provisions in the *Canada–Colombia Free Trade Agreement* as “woefully inadequate,” and noted that the “massive” human rights violations against Colombia’s Indigenous peoples “in an economic, commercial, and trade context” are “overlooked and ignored by the [human rights impact] assessment.”

The [Canada West Foundation](#) believed that trade agreements should focus on trade, and contended that “Canada can do far more” to promote human rights and other elements of its “progressive agenda” through leading by example, rather than through telling other countries “what they need to do.”

9 Revolutionary Armed Forces of Colombia.

THE COMMITTEE’S THOUGHTS AND RECOMMENDATIONS

In the Committee’s view, the Pacific Alliance countries are already significant trade partners for Canada, including because of the FTAs that the country currently has with each of them. However, a Canada–Pacific Alliance FTA could enhance trade and investment relations between Canada and the Pacific Alliance as a bloc. To achieve such a goal, particular attention should be paid to provisions focused on tariff and non-tariff barriers to trade, regulatory cooperation, investment, labour mobility and the priorities of certain groups.

Despite Canada’s existing FTAs with each of the Pacific Alliance countries, tariff and non-tariff barriers continue to limit trade in some Canadian products. The Committee feels that addressing these obstacles in a Canada–Pacific Alliance FTA could help Canada to increase and diversify its exports. Opportunities for export growth might be especially significant for such agricultural products as canola, cereals and pork.

The Committee is aware that the Pacific Alliance has been working to promote cooperation among the regulatory authorities in the four countries. The Government of Canada could build on these efforts by negotiating provisions in a Canada–Pacific Alliance FTA that would improve collaboration among regulators in Canada and the Pacific Alliance countries. Doing so could facilitate trade and investment for Canada’s firms, including those in the agricultural, seafood, financial services and innovation sectors.

In the Committee’s opinion, governments should be able to adopt and maintain policies, initiatives and other measures that are needed to protect the public interest. To this end, if a Canada–Pacific Alliance FTA were to include a mechanism for settling disputes between investors and states, the relevant provisions should ensure that governments in Canada and in the Pacific Alliance countries can legislate and regulate to achieve legitimate public policy objectives.

The Committee notes that measures in a Canada–Pacific Alliance FTA that would facilitate the flow of businesspersons and professionals between Canada and the Pacific Alliance countries could help Canada’s firms that trade with—or invest in—those countries. In particular, access to the human resources that these firms need to compete against their foreign counterparts could be improved.

As well, the Committee believes that, while the benefits of FTAs for firms may be clear, such agreements should also have positive outcomes for other segments of society, including women, workers and Indigenous peoples. In both domestic and international contexts, it is important to create opportunities for women, ensure that Canadian and



foreign workers are appropriately compensated and have safe working conditions, and protect human rights. In this regard, the negotiations for a Canada–Pacific Alliance FTA provide an opportunity to pursue such positive outcomes.

Finally, the Committee highlights that negotiations for a Canada–Pacific Alliance FTA should not limit the negotiation, ratification or implementation of other FTAs. The Government of Canada should ensure that adequate resources are available to enable Global Affairs Canada both to negotiate a Canada–Pacific Alliance FTA and to pursue other trade policy initiatives.

Within this context, the Committee recommends:

Recommendation 1

That the Government of Canada, during negotiations for a free trade agreement with the Pacific Alliance, prioritize provisions that would minimize tariffs on Canada’s agricultural and other exports, and address non-tariff barriers that limit exports of Canadian products, including pork and cereals.

Recommendation 2

That the Government of Canada, during negotiations for a free trade agreement with the Pacific Alliance, endeavour to include provisions that would promote regulatory cooperation between Canada and the Pacific Alliance countries.

Recommendation 3

That the Government of Canada, during negotiations for a free trade agreement with the Pacific Alliance, seek to include enforceable provisions designed to protect investments. These provisions should not limit governments’ ability to adopt and maintain measures in the public interest, including those that protect the environment and those that ensure respect for human rights generally and the rights of Indigenous peoples specifically.

Recommendation 4

That the Government of Canada work with the Pacific Alliance to facilitate the mobility of businesspersons and professionals in a manner that does not reduce wages or the number of jobs for Canadians. Consideration should be given to including commitments in a Canada–Pacific Alliance free trade agreement regarding the temporary entry of businesspersons and professionals.

Recommendation 5

That the Government of Canada, during negotiations for a free trade agreement with the Pacific Alliance, work toward outcomes that would contribute to gender equality, promote labour standards and rights, and protect human rights, including those of Indigenous peoples.

Recommendation 6

That the Government of Canada ensure that Global Affairs Canada has sufficient resources to negotiate a free trade agreement with the Pacific Alliance without limiting its ability to negotiate, ratify or implement other free trade agreements.

APPENDIX A LIST OF WITNESSES

The following table lists the witnesses who appeared before the Committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the Committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
Amnesty International Canada Alex Neve, Secretary General	2018/01/30	95
Canada West Foundation Martha Hall Findlay, President and Chief Executive Officer	2018/01/30	95
Canadian Global Affairs Institute Colin Robertson, Vice-President and Fellow	2018/01/30	95
Cavendish Farms Daniel Richard, Corporate Counsel and Director of Government Relations	2018/01/30	95
Canada Pork International Martin Lavoie, President and Chief Executive Officer	2018/02/01	96
Canadian Chamber of Commerce Adriana Vega, Director International Policy	2018/02/01	96
Canadian Labour Congress Angella MacEwen, Senior Economist Hassan Yussuff, President	2018/02/01	96
Canadian Pork Council René Roy, Vice-Chair Gary Stordy, Director Public and Corporate Affairs	2018/02/01	96
Saint John Port Authority Andrew Dixon, Senior Vice-President Trade and Business Development	2018/02/01	96

Organizations and Individuals	Date	Meeting
Business Council of Canada Brian Kingston, Vice-President Policy, International and Fiscal Issues	2018/02/06	97
Canadian International Council Erin Hannah, Senior Fellow	2018/02/06	97
Cypher Environmental Ltd. Mark Wessel, Vice-President International Business Development	2018/02/06	97
Mining Association of Canada Brendan Marshall, Vice-President Economic and Northern Affairs	2018/02/06	97
Oxfam Canada Kate Higgins, Director Policy and Campaigns Francesca Rhodes, Women's Rights Policy and Advocacy Specialist	2018/02/06	97
Scotiabank Jean-François Perrault, Senior Vice-President and Chief Economist	2018/02/06	97
As an individual Carlo Dade, Senior Fellow School of International Development and Global Studies, University of Ottawa	2018/02/08	98
Canadian Agri-Food Trade Alliance Claire Citeau, Executive Director	2018/02/08	98
Canadian Manufacturers & Exporters Mathew Wilson, Senior Vice-President Policy and Government Relations	2018/02/08	98
Canola Council of Canada Brian Innes, Vice-President Public Affairs	2018/02/08	98
Connors Bros. Clover Leaf Seafoods Company David Lomas, Vice-President Marketing and Business Development	2018/02/08	98

Organizations and Individuals	Date	Meeting
Mining Suppliers Trade Association Canada Phil Cancilla, President of the Board of Directors	2018/02/08	98
Embassy of the Republic of Chile H.E. Alejandro Marisio, Ambassador of the Republic of Chile to Canada Sebastian Molina, First Secretary	2018/02/13	99
Embassy of the Republic of Colombia Juan Camilo Vargas Vasquez, Minister-Counselor Commercial Trade, Mines, Gas and Petroleum, Pacific Alliance Maria Forero, Advisor	2018/02/13	99
Embassy of the Republic of Peru Carlos Gil de Montes Molinari, Minister Deputy Head of Mission	2018/02/13	99
Embassy of the United Mexican States H.E. Dionisio Arturo Pérez Jácome Friscione, Ambassador of the United Mexican States to Canada Yvonne Stinson Ortíz, Representative, Ministry of Economy, NAFTA Office	2018/02/13	99

APPENDIX B LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the Committee related to this report. For more information, please consult the Committee's [webpage for this study](#).

Canadian Canola Growers Association

Canola Council of Canada

Cereals Canada

Dade, Carlo

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 95 to 99, 119 and 145](#)) is tabled.

Respectfully submitted,

Hon. Mark Eyking, P.C., M.P.
Chair

**SUPPLEMENTARY OPINION
NEW DEMOCRATIC PARTY OF CANADA**

INTRODUCTION

The NDP is appreciative to the Committee members, staff, analysts, and the witnesses who participated in this study of the potential Pacific Alliance free trade agreement.

The NDP supports fair and progressive trade relations with key partners on the continent to create new opportunities for Canadian exporters, which would generate job creation and economic growth for Canadian workers and communities. New Democrats have always been very clear that we believe all international trade must be fair, balanced and in the best interests of Canadian industries, our environment, inclusive of Indigenous Peoples and all workers and it must be in line with our fundamental beliefs of social justice, equality, universal dignity and our international obligations.

The NDP heard from many witnesses during this study that a trade deal with the Pacific Alliance nations is not a necessary endeavour and that the trade negotiators and officials at the department of Global Affairs should focus on more urgent trade negotiations and more global opportunities with stronger trading partners.

Claire Citeau, Executive Director of the Canadian Agri-Food Trade Alliance spent the majority of her testimony focusing on other higher priority trade agreements, and said that, “while CAFTA supports an agreement with Canada and the Pacific Alliance in principle, it is essential that negotiations with this alliance do not compromise Canada’s ability to complete other agreements such as NAFTA and our ability to ratify other agreements such as the TPP with our members since we view these as significantly higher priorities.”

And, Mr. Mathew Wilson, Senior Vice-President, Policy and Government Relations, from the Canadian Manufacturers & Exporters also expressed overall support of negotiating a new free trade agreement (FTA), but that the government must focus only on FTAs that increase Canada’s value-added exports, creating wealth and prosperity, not ones that dilute the market with lower-value, cheaper imports from countries that do not have the labour, environmental or quality standards Canada has. Mr. Wilson said, “too often in the past, FTAs have not led to these outcomes. Outside of NAFTA, Canada's export record with other countries has been mixed, including those in the Pacific Alliance with which we have existing bilateral FTAs. That does not stop CME from supporting the new proposed agreement, but it should provide us with a point of inflection for how to make this new agreement more successful for Canadian exporters.”

New Democrats understand the importance of our trading relationship with progressive partners all over the world and believe that progressive trade deals can improve the welfare of everyone. To achieve this, a trade agreement must be transparent, inclusive and forward-looking. It must address important issues like income inequality, sovereignty, climate change

and human rights. We must take all opportunities to change the way we negotiate and view key trade deals and make them about improving the lives of all Canadians.

GOVERNMENT CONSULTATIONS AND TRANSPARENCY

The NDP believes that the Government of Canada can make no meaningful claims to transparency without providing Canadians with information about the subjects of negotiation. The government must lift the veil of secrecy on trade negotiations.

To date, there remains no formal requirements set for the government to engage the public on trade agreements, and as with the previous government, the current government largely negotiates behind closed doors with very little public participation or transparency.

The work of the Standing Committee on International Trade cannot be considered as a government consultation, as the work of the committee is independent and multi-partisan, nor can it act as a substitution of a full and effective consultative process.

The government's continued failure to uphold its commitments to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) when it comes to trade agreements is of deep concern. Article 19 is very clear that Canada must obtain the free, prior and informed consent of Indigenous Peoples before adopting any measures that may affect them, and the Pacific Alliance FTA certainly falls within this classification.

The NDP also believes that for Canada to fulfill its obligations to Indigenous Peoples under the UN Declaration, they must have full representation at the negotiating table.

There is also a need for Canada to perform impact assessments independently and comprehensively. The NDP believes that Canadians need to see full economic, jobs and gender-based analyses of all trade agreements and these analyses must be made public.

In future negotiations, the government should consult Members of Parliament from all Parties who represent the Canadian public, in a meaningful and comprehensive way that includes Canadians from all sectors, regions and backgrounds, and the results of these consultations should be made public. The NDP will continue to push for better as the government embarks on all future negotiations.

THE FUTURE OF TRADE AGREEMENTS

New Democrats believe that in many agreements, Canada has repeatedly opened market access to other countries, but instead of maximizing our exports to these partners, we've seen a decline. The most recent statistics from Statistics Canada show that during the first 9 months under the Comprehensive Economic Trade Agreement (CETA) with the European Union, Canada's merchandise trade deficit with the EU jumped by 46 percent, compared to the same period a year earlier, before the trade deal came into effect provisionally. The opening of

Canada's market access to other countries is desirable, however it cannot be of lesser value than the cost of foreign imports flooding our domestic market. There must be a balance within trade not only in regard to products and services, but also around special privileges given to investors and locking us into regulatory freezes. There must be a balance between the rights of individuals and corporations and the regulatory powers of governments to enforce what is best for them domestically and for their people versus what increases a corporation's profit margin.

Trade agreements going forward must no longer be negotiated to shift the balance of power in the economy from governments and workers to corporations. New Democrats are concerned that by continually giving rights to investors, trade agreements limit the powers of current and future governments and the citizens who elect them. This was the case in the original negotiation of NAFTA and the renegotiation of the USMCA. Any ratcheting of regulations and safety provisions over food, livestock and chemicals must be avoided.

The current government talks about creating progressive trade agreements, however there has been no real socially responsible action in any recently negotiated agreement. We must start with a fundamentally different approach from how we've approached trade deals in the past.

There is a growing social unrest and concern around the rights of working people, our environment, women, and Indigenous people and them not being given the same consideration as the rights of corporate profitability. The creation of more binding and enforceable socially-responsible provisions is the first step forward and a lot of the social conditions of trade must be met before any trade agreement is signed. As was stated by Mr. Alex Neve, Secretary General for Amnesty International Canada, at the committee, "there are serious human rights concerns in each of the four countries of the Pacific Alliance, and those violations very often occur in contexts related to economic and commercial activity associated with the business opportunities that stand to grow and expand with freer trade. There is danger for human rights defenders speaking out about the impact of business operations on the environment, and peril for indigenous leaders seeking to defend their land in the face of powerful economic interests. Labour leaders are threatened and killed. Contamination and pollution from mining and other activity are posing serious, even lethal, health risks, and there are acts of violence by company or government security forces when disputes and protests arise about a corporation's operations. That is why trade agreements and trade policy attracts Amnesty International's attention."

Human rights protection domestically and internationally must be about more than just words on paper and the NDP supports the efforts of Amnesty International to "to commit to carrying out independent expert, transparent, and comprehensive human rights impact assessments of all bilateral and multilateral trade deals, both before a deal is finalized and at regular intervals thereafter, with any potential harms identified by such assessments addressed to ensure compliance with international human rights obligations. Our recommendation with respect to any potential deal with the Pacific Alliance is that it be subject to robust human rights impact assessments."

LABOUR

The current priorities and objectives of any trade deal including a potential agreement with the Pacific Alliance nations must be redefined and must put the rights of working people first.

Currently, it was noted by Angella MacEwen, Senior Economist for the Canadian Labour Congress (CLC) that, “There has never been a successful labour complaint under a free trade agreement that has resulted in the other country having to do anything. It has never been the case that the free trade agreement labour chapter has resulted in concrete change for workers in that other country. We have other venues to do similar things that we're doing in Colombia right now, for example through the ILO, that might result in the same outcomes as this FTA, but the FTA has allowed Canadian companies there to exploit workers right now.”

Any new trade agreement must learn from and address the limitations of those that have come before it and change the way labour is considered. We must include full Labour Chapters into the main text of the agreement to ensure that labour regulations are binding and include penalties and standards for all three countries.

The NDP believes that in order to equally raise labour rights and standards in trade agreements, a fully enforceable and comprehensive Labour Chapter must include requirements from all member states to sign and ratify the International Labour Organization’s (ILO) eight core conventions, adhere to its Decent Work Agenda, sign and ratify the ILO’s convention 81, which is the labour inspection convention and the chapter must include the creation of an independent labour secretariat to oversee a dispute-settlement process for violations of labour rights as there is no current or adequate mechanism to combat the widespread violation of labour rights.

The NDP also agrees with the [CLC](#) that the Government of Canada must, “look at due diligence for Canadian companies and funding agencies... and create a framework for transnational bargaining to allow unions to represent workers in multiple countries.” The NDP believes that trade negotiations, including those with the Pacific Alliance countries should be guided by the principle that no one should be disadvantaged; working people cannot continue to be an afterthought in trade agreements.

MANUFACTURING SECTOR

The NDP believes that integration and trade liberalization has benefitted corporate stakeholders but has not been shared with workers or small and medium sized manufacturing businesses.

There is a pattern, when Canada signs trade agreements that give hundreds of millions of dollars of new incentives for car companies that do not produce any vehicles or manufacturing jobs domestically, that reduces the incentive for our manufacturers to keep producing here and keep employing here.

The Canadian government must defend auto and manufacturing jobs, address the unfair share of wealth and implement a National Auto and Manufacturing Strategy to ensure the strength of these sectors

DISPUTE SETTLEMENT MECHANISMS

The NDP believes investor-state dispute settlement (ISDS) provisions that privilege corporations in a way that conflicts with the public interest do not belong in trade agreements. These provisions allow foreign investors to bypass domestic court systems, thereby undermining our sovereignty. Arbitration tribunals, which lack accountability, can order governments to compensate investors who are allegedly harmed by public policies or regulations.

Regarding the Pacific Alliance, Dr. Erin Hannah, Senior Fellow at the Canadian International Council, and Associate Professor and Chair of the Department of Political Science at King's College at the University of Western Ontario, stated that, "the way the Canadian government has been negotiating investor protections contradicts the spirit of a socially progressive trade agenda. In particular, inclusion of an ISDS in the Canada-Pacific FTA could be viewed as socially regressive because of the dangers associated with regulatory chill. If we do negotiate an ISDS in the FTA—and I think it's quite likely that we will—we need explicit carve-outs in the FTA that shield human and environmental rights from ISDS and give governments the policy space that is necessary to pursue positive discrimination in favour of those who are most vulnerable."

Dr. Hannah continued to point out that, "ISDS is a controversial thing, partly because we have poor data. We have poor data on the impact of ISDS on attracting foreign investment. Conventional wisdom is that ISDS attracts foreign direct investment, but we have very inconsistent information about whether that happens in practice, so that's one issue. The other issue is its impact on regulations. The concept I used was regulatory chill. One form of regulatory chill is when a government rolls back some kind of regulation, because it lost a case. Canada knows about this. We've been the subject of 35 cases in ISDS disputes; we've lost only six. The other kind of regulatory chill, actually, which is more problematic is when governments fear a dispute. It's, again, harder to measure, because people are unwilling to tell us about circumstances where they choose not to introduce new legislation."

ENVIRONMENTAL PROTECTIONS, ENERGY AND WATER

The NDP believe that for a trade agreement to be called progressive, it must, at a minimum, include strong, fully enforceable labour standards. It is also essential to include obligations to ensure that each country enforces high domestic environmental standards while abiding by commitments under multilateral environmental agreements. This can be difficult to achieve in the context of any FTA, including the Pacific Alliance.

The NDP believes any environmental chapter or provisions must be brought into the main text of an agreement to ensure they are binding and fully enforceable. All provisions must also be in line with Canada's already set international environmental obligations such as those held by the

Paris Agreement reached on December 12, 2015. The protection from the disastrous impacts of climate change and the continuing degradation of our environment must be of prime concern.

The NDP also reject any regressive energy proportionality provisions and any attempt to treat water as a tradeable or marketable good instead of as a human right.

GENDER RIGHTS

The NDP calls for a mainstreaming of gender rights throughout the entirety of any trade agreement. It should not be solely limited to one chapter, and gender equality does not concern only issues that women entrepreneurs and business owners face. Labour rights must also address injustices to women like pay inequity, child labour and poor working conditions. The NDP believes that for an agreement to be truly progressive when it comes to gender rights, it must address the systemic inequalities for all women. The NDP believe that both a gender-analysis and a gender impact assessment must be applied to all trade agreements.

Dr. Hannah states that, “Overwhelmingly we've put attention on women entrepreneurs in the gender in global trade agenda. That's important. It's very important. But the lion's share of women in the developing world work in the informal economy. We don't have very good tools for assessing the impact of all sorts of things in the lives of women working in the informal economy, but particularly trade. The OECD has done a great report, on the status of women in the Pacific Alliance. However, they are unable to come up with good methodological tools to study the impact of proposed trade deals on women who are not in the formal economy. That raises much bigger questions, though, about whether the objective of these initiatives is to bring women into the formal economy, to transition women out of the informal economy into the formal economy. It raises a whole host of other issues. I think it's important to think about how that would change these women's lives. We have a data problem, but we also have an ideological problem.”

The NDP believe that like other socially progressive ideals that can be brought forward in trade agreements, words are not enough. For gender, labour, indigenous, environmental or human rights to be truly advanced, there must be the tools in place to achieve progress. As Dr. Hannah rightfully pointed out, “Canada has a lot to do itself on the gender agenda. We don't have pay equity. We don't have universal child care.” It is clear that to move forward globally and negotiate progressive trade agreements international, we must have domestic tools in place that work effectively.

INDIGENOUS RIGHTS

The NDP believes the government must abide by Article 19 of the UN Declaration and obtain the free, prior and informed consent of Indigenous Peoples before adopting any measures that may affect them.

It must be noted that the committee heard from no indigenous witnesses during its study of the Pacific Alliance. However, in a previous study on a potential MERCOSUR FTA, it was noted by Pam Palmater, Associate Professor and Chair in Indigenous Governance at Ryerson University stated that Indigenous rights should be addressed throughout the entirety of a trade agreement, not only relegated to one chapter. She also noted that throughout the Pacific Alliance nations, there are large numbers of Indigenous people, who experience a great deal of violence from transnational corporations involved in trade.

Palmater also noted that Canada was founded on a strong trading relationship between Indigenous nations and colonial settlers, and even though the trade treaties have been recognized by the Supreme Court of Canada and are constitutionally protected, Indigenous people are not seen as equal partners over our shared jurisdiction. The failure to recognize this partnership is unacceptable.

The government's continued failure to uphold its commitments to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) when it comes to trade agreements is also of deep concern. The NDP also believes that for Canada to fulfill its obligations to Indigenous Peoples under the UN Declaration, they must have full representation at the negotiating table.

INTELLECTUAL PROPERTY, DIGITAL AND PRIVACY RIGHTS

There are growing concerns over the level of preparedness of the Canadian government to defend and advance Canada's interest with respect to intellectual property (IP), digital and privacy rights. The Committee heard witnesses raise concerns over potential and extensive changes to IP rights related to copyright, patents and trademarks throughout other trade agreements, which may unfairly benefit big corporations over Canadian consumers or innovators.

Canadian copyright policy must not be sacrificed at the altar of free trade. Maintaining balanced and sensible copyright policy is particularly critical considering the fundamental connection between copyright law and the ability to exercise free expression online—through sharing knowledge, research, and art; participating in public and political discourse; contributing to the cultural commons; and inspiring and building upon creativity. The NDP emphasizes the fact that notice-and-notice is an effective system that achieves objectives with respect to copyright infringement, while mitigating (albeit not completely) the harms that arise from notice-and-takedown.

The Canadian government, should reject any proposal to extend copyright terms beyond its current term of 50 years after the author's death, knowing that current Canadian copyright terms are already largely in compliance with international copyright treaties.

With drug prices in Canada already the second-highest in the world, the government must resist further patent extensions that will cause drug prices to rise even further, ensuring Pacific

Alliance or any trade deal will not impede the creation of a universal Pharmacare program in Canada.

The NDP believes that Canada must preserve its longstanding approach to exempting culture from trade agreements. Cultural policy must be determined domestically by the Canadian government. Trade agreements must not be able to limit our sovereignty and dictate our cultural policy.

SUPPLY MANAGEMENT

Supply management must be protected by the government against the recent US attempts to dismantle it. This will help ensure Canadians have access to high-quality, locally produced food, while supporting small family farms and rural communities. The supply managed sector is a major contributor to our economy contributing more than \$26 billion to our economy and generating 310,000 jobs.

Supply management must not continue to be eroded in trade agreements as was the case CETA, the CPTPP and within the USMCA. No further market access should be granted in a potential Pacific Alliance agreement.

NDP RECOMMENDATIONS

1. That the Government of Canada ensure that safeguard measures are in place to protect our steel and aluminum sectors from international partners that dump large amounts of low-quality product into Canada.
2. That the Government of Canada provide greater transparency during trade negotiations by directly engaging Canadians through consultations and providing regular briefings to Parliamentarians during all rounds of negotiations.
3. That the Government of Canada protect future policy flexibility at all levels of government to expand public services or return privatized sectors to the public sector without the threat of litigation.
4. That the Government of Canada commit to strong and enforceable currency disciplines within all trade agreements.
5. That prior to the conclusion or signing of any future trade agreements, the Government of Canada commission an independent study of the agreement's expected costs and benefits, a jobs assessment, ensure that gender-based analysis is applied and that a gender impact assessment is undertaken.
6. That the Government of Canada ensure all future trade agreements do not include investor-state arbitration provisions.

7. That the Government of Canada promptly disclose all costing estimates relating to potential increases to prescription drug costs to all provinces, territories, individual Canadians and employers resulting from any proposed changes to patent laws in a negotiated trade agreement, as well as details of financial compensation that should be paid to Canadian provinces, territories, individuals and employers.
8. That the Government of Canada defend intellectual property rights that benefit Canadian consumers and innovators in all future trade and investment agreement negotiations and commit to retaining Canada's current copyright regime, specifically (a) commitment to balance through a "made in Canada" approach; (b) notice-and-notice; and (c) current copyright terms (i.e. reject all term extension proposals).
9. Ensure that any provisions regarding data localization preserve Canada's ability to make substantive domestic law protecting Canadians' personal data and privacy rights.
10. Retain Canada's strong net neutrality regime and reject all attempts to weaken net neutrality in Canada.
11. That the Government of Canada should negotiate environmental provisions that would strengthen the enforcement of environmental standards and targets specified through our international obligations, in particular those agreed to in the Paris Agreement reached in 2015.
12. That the Government of Canada, avoid all provisions that make water vulnerable to exportation and privatization.
13. That the Government of Canada pursue strong and enforceable labour standards within this and all future trade agreements. The government should pursue the inclusion of a labour chapter that would require ratification and enforcement of the International Labour Organization's eight core conventions and adherence to its Decent Work Agenda. As well, the government should ensure the creation of an independent labour secretariat with the power to oversee a dispute-settlement process for violations of labour rights and enforce penalties upon the violators.
14. That the Government of Canada work with all international partners to ensure that, consistent with the *United Nations Declaration on the Rights of Indigenous Peoples*, the rights of Indigenous peoples are respected. As well, before agreeing to any trade agreement provisions that could affect Indigenous peoples, the government should obtain their unqualified, free, prior and informed consent.

15. That the Government of Canada safeguard food sovereignty, mechanisms of production and supply management, rural livelihoods and the right to know about what is in our food and how and where it is produced.
16. That the Government of Canada strengthen the Investment Canada Act to protect Canadian jobs and ensure that foreign takeovers of domestic companies provide a net benefit to Canada.