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## Tuesday, June 18, 2019

## Chair

**The Honourable Mark Eyking**

# Standing Committee on International Trade

**Tuesday, June 18, 2019**

● (0830)

[*English*]

**The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):** Good morning, everyone. Welcome, you early risers.

Before we get into our pre-study here, I have a bit of a request. Colleagues, as you know, we're pretty close with the British and their trade committee, or their new-found trade committee, with what they're going through with Brexit and what they're trying to develop and what they're getting into with their own committee. They're very close to us and they visit us. They have reached out to me and they want to talk a little more, through a video conference, maybe. It will be very hard for us to do this in the next couple of days, with the time zones, but we can, if you want me to reach out to them.

Anybody from the committee is welcome to be in on that video conference, but maybe it should just be me and the vice-chairs, or whoever wants to be in. I'm going to try to pick a time within the next two days, and if it's good for you we'll do a video conference with them. They know our situation, that Parliament is winding down and they know the time difference. They just want to have a chat with us. I was thinking we could do that for a half hour. I think they want to get a feel on how our committee runs and what we're doing with our trade agreements.

Maybe the clerk could explain it a bit.

**The Clerk of the Committee (Ms. Christine Lafrance):** They said they would like to discuss issues of mutual interest, but particularly the role of your committee in scrutinizing Canadian trade agreements. This would be in the context of the committee deciding what role it would like to have in scrutinizing future U.K. trade negotiations with countries around the world.

**The Chair:** To me it's more of reaching out to them. They may want to talk to the next Parliament, or whatever, but I think it's kind of saying okay.... I'm suggesting we just have a half-hour video conference at a time that would be good for them because there is a four-hour difference. Are you okay with my just reaching out? If anybody can make it, then we'll set something up and we'll just do a half hour and see what they want to say and we'll wish them well, that kind of thing.

**Some hon. members:** Agreed.

**The Chair:** Maybe we could do it on Thursday morning or something, just for a half hour. Looking at their time, we could do something like 10:30 a.m. on Thursday, which would be 2:30 p.m. in England. We'll give them an opening and if it works, it works, and whoever wants can chime in. We'll go to a meeting room somewhere, and away we go.

Sorry for the delay. We have a big morning ahead of us, colleagues.

We are going to divide this up into three segments to try to do an hour and 15 minutes with each segment with a little break in between to get people switched over. For anybody who is listening out there, besides the witnesses who are coming forth today, anyone else, Canadians and stakeholders, can send in a brief with a maximum of 2,500 words. It should come to the clerk of the committee. The information is available on the committee's website.

Without further ado, welcome, witnesses. Many of you have been here before. As you know, our topic is Bill C-100, a new NAFTA, I guess you would call it. Usually five minutes per witness is fine. If it goes over or under, that's fine too. We're not being too strict today. Then we'll just open it up for dialogue with the MPs.

First is the Business Council of Canada. We have Mr. Kingston. Go ahead, sir.

● (0835)

**Mr. Brian Kingston (Vice-President, Policy, International and Fiscal, Business Council of Canada):** Thank you, Mr. Chair and committee members. Thanks for the invitation to be here today to take part in your consultations.

As you know, the Business Council of Canada represents chief executives and entrepreneurs of 150 leading Canadian companies. Our members employ 1.7 million Canadians and are responsible for most of Canada's exports, corporate philanthropy and private sector investments in R and D.

It almost goes without saying that trade with the U.S. is critical to our prosperity. The Canadian economy depends on international trade, and the U.S. is by far our largest trade and investment partner. Trade of goods and services represents 64% of Canada's gross domestic product, with the U.S. being the destination for over 75% of our goods exports alone last year. As a result, the Business Council strongly supports CUSMA, NAFTA 2.0, USMCA—whatever we want to call it—and calls for the swift passage of Bill C-100, for the following four reasons:

First, it protects our market access. When these negotiations were first launched, we really had one overarching recommendation to government and that was “do no harm”. To avoid damaging employment, trade and investment, Canadian, American and Mexican businesses needed to retain their preferential market access and commercial opportunities in each country. By this measure, CUSMA is an overwhelming success. The resulting agreement is based upon reciprocal access and treatment, and no Canadian company will face new tariffs or other market access barriers into the North American market.

The second reason is the ability of this agreement to remove uncertainty from the economy. The ratification of CUSMA will eliminate significant trade uncertainty, which has persisted since these negotiations were launched. According to the Bank of Canada's recent monetary policy report, it is assumed that trade uncertainty will reduce the level of business investment in Canada by around 2.5% by 2021. Given that the U.S. remains a key market for Canadian firms planning to invest abroad, 65% of which were recently surveyed by EDC, we believe that reducing uncertainty in the relationship will be a significant boost for investment and the Canadian economy more broadly.

Third, the agreement modernizes NAFTA. CUSMA will improve the trade relationship by modernizing long-outdated elements of NAFTA. The agreement is based on the text of the TPP, which is our most modern free trade agreement. For example, it contains a chapter on digital trade that prohibits customs duties and other discriminatory measures from being applied to digital products. It also ensures that data can be transferred freely across borders. That's one example of the modern new chapters that were not in the original NAFTA.

Fourth, we believe that the agreement will enhance North American competitiveness. It includes important new provisions that will help Canada, the U.S. and Mexico develop a more productive and mutually beneficial trilateral relationship. As two examples, there are chapters on competitiveness specifically, and a chapter on good regulatory practices that establish committees meant to promote economic growth and strengthen regulatory co-operation. We're calling on the government to develop a robust agenda for these committees and start preparing immediately, so that when this agreement does come into force, we're ready to make progress in those areas.

Before I conclude, I want to comment on timing. Last week, a group of CEOs from the U.S., Canada and Mexico were in Washington to discuss CUSMA/USMCA, to meet with House Democrats, and basically to get a sense of how this is moving through Congress. The message was very clear: The window for ratification is closing extremely quickly. Once we get into the presidential elections of 2020, all bets are off, quite frankly.

Business leaders across North America support the swift ratification of this agreement to keep North America tariff-free, make the economy more vibrant and competitive, drive investment and support the creation of high-value jobs. We're expecting Mexico's Senate to approve the trade agreement this week. We believe that if Canada passes Bill C-100, it will send a strong signal to Congress that this agreement has support and should be ratified.

With that, thank you for the opportunity. I look forward to any questions.

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

We're going to the Canadian Vintners Association. We have the CEO.

Mr. Paszkowski, welcome again to our committee. Thanks for coming on short notice.

You have the floor, sir.

● (0840)

**Mr. Dan Paszkowski (President and Chief Executive Officer, Canadian Vintners Association):** Thank you very much, Mr. Chair, for this opportunity to address the committee on the Canadian wine industry's perspectives on the new NAFTA agreement, also known as CUSMA.

The modernization or renegotiation of NAFTA was an unprecedented trade experience. Not only did Canada face a WTO challenge focused on U.S. wine access to B.C. grocery, but the U.S. wine industry also used this trade process to seek changes to almost every element of the original NAFTA, which could have been disastrous for the future of more than 700 wineries across Canada. As a nation, Canada is not only the world's fifth-largest wine importer by value and eighth by volume; it also ranks among the most attractive wine sales markets in the world.

With a growing wine culture across Canada, and a climate and soil in different parts of the country capable of producing world-class wines, the 2006 excise exemption that was established for 100% Canadian wines stimulated investment for more than 400 new wineries over the past decade. Further, it supported a significant demand for Canadian-grown grapes, which increased premium 100% Canadian wine production by 28 million litres per year. In 2018 this new and growing production contributed an additional $3.1 billion in annual economic impact to the Canadian economy, while supporting 37,000 jobs.

The NAFTA demands put forward by the U.S. wine industry were a David and Goliath scenario. With our future at stake, CVA maintained almost daily contact with the wine negotiating team at Global Affairs, providing every statistical detail and intelligence we could find while attending every round of negotiations to make sure our issues remained a top government priority. It was vital to get the record straight. By any metric, NAFTA has been a windfall for the U.S. wine industry, making it the number one wine importer to Canada, surpassing France and Italy, with import value increasing from $19 million in 1988 to $504 million in 2018.

As many of you will know, the changes implemented in the 1988 Canada-U.S. Free Trade Agreement were so significant that many did not think the Canadian wine industry would survive. To compete, we identified new grape varietals, replanted, invested in new technology and techniques, undertook viticultural research and created the VQA system. Today our premium wines represent a 10% market sales share across Canada, with a growing reputation in key markets around the world.

Given these significant changes that we have endured over the past 30 years, NAFTA has been less advantageous for our sector, with bottled wine export growth to the U.S. increasing by a mere \$8.2 million, or 25,000 cases. Nonetheless, the U.S. remains a key export market, and we do see potential for growth. It's important to note that with imports owning 70% of the wine sales market in Canada, we continue to place the majority of our focus on growing wine sales at home. While we supported and welcomed free and fair trade with the U.S. and Mexico in the renegotiation, our key focus was to protect what was in the existing NAFTA while enhancing regulatory streamlining and modernization. This task was accomplished. CUSMA did not remove the benefits that were part of the original agreement dating back to 1988, and added the most comprehensive wine annex of any trade agreement negotiated anywhere in the world. We're happy with the wine-related text in CUSMA, and would support its ratification in lockstep with the United States and Mexico.

Having said this, it's important to remind all members of this committee that with CETA and CPTPP ratified and NAFTA renegotiated, 91% of wine imports into Canada now enter tariff-free. This is a major preoccupation for every wine producer in Canada, given that imports have captured roughly 75% of total wine sales growth in our country over the past decade. To take advantage of CUSMA, CETA, CPTPP and future trade agreements, we must support and protect the growth of Canadian wine sales both at home and abroad. For example, as of January 1, the Canadian Food Inspection Agency requires Canadian wineries to implement a prevention control plan to access a “certificate of free sale” to export our wines, a major and costly undertaking for small and medium-size wineries for a low-risk food product. The proposed amendments to the “Product of Canada” label claim will require 85% Canadian content, yet we accept the 75% threshold for “Product of U.S.A.” For more than a decade, Canada has permitted EU, U.S. and other World Wine Trade Group country wines to enter Canada using additives and processing aids not permitted for use by Canadian wineries. Canada must accept the scientific evidence from these countries to fast-track approval to ensure that Canadian wineries have access to the same wine-making tool kit.

● (0845)

Agri-food marketing program funding in Canada is restricted to export promotion, but cannot be used for domestic promotion, where Canadian wineries face our largest competition. Prohibition-era restrictions remain in seven of 10 provinces, and restrict direct-to-consumer wine delivery across provincial borders.

These issues must be addressed in the short term, to ensure we can take full advantage of CUSMA.

In addition, it's absolutely critical that the government focus immediately on resolving Australia's WTO challenge against Canadian wine measures. With the WTO dispute settlement panel well under way, a negative outcome would risk not only the benefits negotiated under CUSMA, but also place at risk 700 wineries from coast to coast, threatening jobs and investment in the future of Canada's highest value-added agricultural industry.

Numerous times the Australian government has publicly stated that it's open to finding a non-WTO resolution with Canada. The Australian wine industry has informed me that a resolution is possible, if Canada offers to remove the legislated annual inflation indexation of the wine excise duty implemented in budget 2017.

The Australian government has also alluded to its disappointment with legislated indexation in its recent WTO submission. What is clear is that the offer to repeal would likely end the WTO challenge. This would not stop the federal government from making future adjustments to the excise duty. It would simply return any decision on future excise duty increases to a vote in Parliament, as part of the budget implementation act process.

In conclusion, we fully support the passage of Bill C-100 and the ratification of CUSMA. However, if the Government of Canada does not offer to repeal the legislated annual excise duty indexation as part of a non-WTO negotiated settlement, we fear that the Canadian wine industry will lose not only the benefits we earned in CUSMA, but additional federal and provincial measures, which would place thousands of jobs, and hundreds of wineries, in every region of this country, at risk.

Thank you, Mr. Chair.

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

We're going now to the Canadian Manufacturers and Exporters, with vice-president Mathew Wilson.

Welcome, sir, and thanks for coming on short notice. You have the floor.

**Mr. Mathew Wilson (Senior Vice-President, Policy and Government Relations, Canadian Manufacturers & Exporters):** Good morning, and thank you for inviting me here, on behalf of Canada's 90,000 manufacturers and exporters and our association's 2,500 direct members, to support the ratification of Bill C-100 and the Canada-U.S.-Mexico trade agreement.

I would like to thank the Prime Minister, Minister Freeland, the chief negotiator and all of their staff, for their efforts negotiating CUSMA.

Being part of the process, we understand how difficult these negotiations were, and also how critical the outcomes were for Canadian businesses and all their employees. The negotiations were important because CUSMA is not simply another trade agreement. North American trade is the basis on which Canada's manufacturing sector and its 1.7 million employees operate. It is why the Canadian manufacturing sector is responsible for more than two-thirds of Canada's exports. It is how the sector competes against the rest of the world, at home and in foreign markets. It is critical to our future and current success.

As such, CME fully supports the ratification of this legislation, and urges the government to ratify the deal as soon as practical. The primary reason for immediate ratification is based on the opening statement. It is the foundation for modern manufacturing in Canada. CUSMA preserves the integrated manufacturing operations that allow the relative free flow of goods and services between the three markets, and that collectively build products for sale domestically and internationally. Going into negotiations, our members made it clear that the primary objective must be to do no harm to this integrated manufacturing in our economy—which has happened.

We believe CUSMA preserves many of the key elements to the original NAFTA, which were targets of the U.S. for elimination, not the least of which are the dispute settlement mechanisms and the business traveller visa exemptions.

Aside from preservation, CUSMA updates several key areas of NAFTA to bring it into the 21st century. For example, the new digital trade chapter recognizes that the Internet now exists—something the old agreement obviously didn't—and establishes a framework for e-commerce within North America. The customs administration and trade facilitation chapter will also go a long way to modernizing customs procedures throughout North America, better enabling the free flow of goods.

Last, my colleague touched on chapter 26, the new competitiveness chapter, which has not garnered much media attention, but is, in our estimation, one of the biggest accomplishments of CUSMA. It will set up a framework to allow the three countries to become a coordinated trade bloc. It will do this by promoting better coordination and integration of our manufacturing industries, so that we can tackle global trade challenges together. This is a significant accomplishment.

As CUSMA courses its way through each of the three countries' domestic ratification processes, we believe we should immediately get to work on implementing parts of the agreement that do not require legal changes. We should be looking to make early progress by establishing committees for North American competitiveness, and good regulatory practices outlined in the agreement. This would show Canadian leadership, signal to our other partners that we take CUSMA seriously and enable us to hit the ground running, once all three countries ratify the agreement.

In the final analysis, CUSMA is a good deal for Canada, and, given the very challenging negotiations, an impressive achievement. Now that the unfair and punishing section 232 tariffs on Canadian steel and aluminum have been lifted, we urge the government to move forward with ratification as quickly as practical.

Thank you, and I look forward to the discussion.

● (0850)

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

We're going over to the egg producers.

I have to confess, my first job was picking eggs. Then I got promoted to sweeping floors, then to candling eggs and then to debeaking. Maybe that's what I'll go back to in a year's time.

**Mr. Roger Pelissero (Chair, Egg Farmers of Canada):** It's always good to go back to your roots, Mr. Chairman.

**The Chair:** Thank you, egg producers, for coming on such short notice. You have all the time you want here this morning, so go ahead.

**Mr. Roger Pelissero:** All right. I like that.

Thank you, Mr. Chairman and committee members, for having us here today.

My name is Roger Pelissero. I'm a third-generation egg farmer from St. Anns, Ontario. Joining me today is Judi Bundrock, who is our director of international trade policy.

Egg Farmers of Canada is here to share our perspectives on the possible ratification and implementation of the new North American Free Trade Agreement, NAFTA, known here in Canada as CUSMA. I refuse to refer to it the way the Americans do. It's Canada first, then the U.S. and then Mexico. That's the way the countries line up, so CUSMA it always should be.

Egg Farmers of Canada manages the national egg supply and promotes egg consumption while representing the interests of regulated producers from coast to coast. There are over 1,000 egg farmers in this country, located in every province and in the Northwest Territories, which are dedicated to producing fresh, local eggs. In fact, surveys conducted by Canada's top polling firms confirmed that over 88% of Canadians say it's important that they purchase eggs that come from Canadian farms, and 89% of Canadians say they trust the quality standards of foods from our Canadian farms.

We understand the importance of trade agreements for Canada. Our sector has never opposed Canada entering into such free trade agreements. However, our members are disappointed with the outcome of the recent CUSMA. Canadian egg farmers are particularly discouraged with the access granted to our U.S. counterparts, since no specific request was made by the U.S. egg farmers for additional market access for eggs into Canada. In fact, they sent a letter to the United States Trade Representative indicating they were happy with the status quo and the current NAFTA agreement. While Canada's supply management system remains in place, CUSMA further opens up our domestic market to egg imports. This will have a lasting impact, particularly on our young farmers who are making a start in the industry, and on the vast majority of Canadian consumers who prefer to purchase Canadian eggs.

Our primary concern is the increased market access for eggs. The final CUSMA agreement grants the addition of 11.05 million dozen eggs per year at the end of a 16-year implementation period to the United States. These concessions, which are in addition to the requirements under the World Trade Organization and the recently announced comprehensive and progressive agreement for the trans-Pacific partnership, mean a total of 51.4 million dozen eggs will come into our country from the U.S. and other parts of the world. Let's not kid ourselves. It'll be the U.S., because it's very hard to transport eggs. They're a fragile product.

The combined impact granted in these recent trade deals is equivalent to 7% of our current domestic production. This represents the entire annual production from the Atlantic provinces in Canada. That would be all of New Brunswick, all of Prince Edward Island, all of Nova Scotia, and Newfoundland, each and every year, or the per capita consumption of eggs of 2.5 million Canadians per year, forever. They would not have access to Canadian eggs. This outcome will affect generations of Canadians and will result in billions of eggs that my fellow farmers and our children will never be able to produce. It will also affect the health and continued viability of rural communities across Canada that rely on our farms for much-needed jobs and support other businesses in the communities.

Most recently, we were pleased to see that the federal budget included measures for Canadian poultry, egg and dairy farms. With the announcement, the government has taken significant steps to recognize the challenges our farmers face as a result of trade agreements. These measures also recognize the vital contributions of the supply-managed farming sector to the health and stability of Canada's rural communities.

Over the past few months, I have been engaged in dialogue with the poultry working group along with my poultry colleagues. We are very much looking forward to Minister Bibeau's report outlining the mitigation measures for the CPTPP agreement in the coming weeks. Looking ahead, we are also pleased with the government's commitment to engage in further discussions to address the impact of CUSMA on Canadian farms and our industry.

While the process to finalize the CUSMA legislation continues here in Canada, and the U.S. and Mexico work towards ratification, it is important to note that how trade agreements are implemented domestically is just as important as the agreements themselves. In the case of eggs, the administration of the tariff rate quota, the TRQ, must not disrupt the existing competitive landscape and investments in the Canadian egg industry. We're particularly concerned about the provision specific to eggs which states that 30% of the import licences for shell eggs will be made available to new importers. This provision was not included in the CUSMA for any other supply-managed commodities. In our view, the TRQ should be allocated exclusively to those who are negatively impacted by the opening of the Canadian egg market to foreign producers.

● (0855)

In closing, we would like to point out that we are following the WTO activities as well as the Canada-Mercosur free trade agreement closely. We anticipate that these talks will continue to intensify throughout the year, and it would be our intention to remind our government that Canada's system of supply management and the food security of our communities should not and cannot once again be used as a bargaining chip in the negotiations. This goes beyond supporting supply management.

It's time for our Canadian government to start defending the system that delivers so many benefits to our farmers, communities, rural communities and fellow Canadians, because in the end, it's not just the stability of our farms that's at stake but also the ability of our rural communities to thrive.

I thank you for the opportunity to bring our views here today. I look forward to your questions.

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

Let's get cracking. Let's have dialogue with the MPs here this morning.

It looks like we have time for two rounds. If everybody keeps within their five minutes, we should be able to do this. Keep your questions short, and maybe the witnesses can keep their answers half-short so that everybody can get some good dialogue back and forth.

Without further ado, we're starting off with the Conservatives. Mr. Allison, you have the floor for five minutes.

**Mr. Dean Allison (Niagara West, CPC):** Thank you, Mr. Chair.

To our witnesses, as our chair mentioned, thanks for coming on such short notice.

I have three questions. I have a lot more, but maybe I'll get three questions in.

Mr. Wilson and Mr. Kingston, just give me your thoughts. You guys talked about being in the States recently. Where do you guys feel the Democrats are after having those conversations? The sense we get from reading the paper is that they're nowhere close. We appreciate the importance of getting this thing ratified, but the challenge is that it doesn't appear that they're anywhere near.

What arguments can be made to say that the Democrats want to give Trump a victory on this thing? Do you have any thoughts on that based on your conversations with Democrats?

**Mr. Brian Kingston:** We met with a number of House Democrats, particularly those on the ways and means committee, who are looking at this right now. I was surprised, frankly, with the encouraging messaging. They seem to be genuinely trying to, as Speaker Pelosi has said, get to yes. When we were there, of course, the Speaker announced the four working groups looking at labour, environment, enforcement and IP.

It's strikes me that the measures and the efforts they're putting into this are genuine. They truly do want to approve this deal, but they have to find ways to address some of those outstanding issues. Importantly, labour has not come out and endorsed it, despite the President saying a few times that they have. The AFL-CIO has not endorsed fully.

I think the wheels are in motion to approve it. Where I'm worried is on the amount of technical work that needs to be done between now and July 26, when the August recess starts. There is a lot of work to be done, and I think that even if they really want to get to yes, it's going to be difficult to get it done in that time frame. If they miss that, then the next window is in the fall, and I think there's a real chance....

I'm still very much an optimist. I would not rule out it being done before August, but I think that more realistically it may happen in early fall.

**Mr. Dean Allison:** I get it. They're saying they'll get there, but they want to make a sea of changes. The challenge with us getting too far ahead of this thing is what changes they want. I could ask more questions on that, but I have to get to the eggs and the wine.

Mr. Pelissero, just to recap, on access you talked about an additional 11 million dozen eggs and 51 million under the WTO. Do we get reciprocal access to the U.S. based on that?

**Mr. Roger Pelissero:** We do ship some egg product to the U.S., but under supply management we basically focus on the domestic market.

When you're competing against the average-sized farm in the U. S., where you have 50 farmers who basically own 330 million birds, you're competing against a farm right now that has maybe 25 million hens. Here in Canada the average-sized egg farm is 25,000 birds. It's a vast difference in scale. However, we will look at some of those things because of the trade agreements that aren't in the tariff lines, and we look forward to possibly shipping some product to the United States.

**Mr. Dean Allison:** Okay, good.

I only have two minutes left. The time goes by too quickly.

Mr. Paszkowski, I understand that you guys are saying you support CUSMA, in terms of how it is. The challenge you have is around the WTO challenge right now with Australia. As you said, we've seen over 400 wineries grow in the last decade or so, since we had a chance to look at VQA being excise-free.

Talk to us about the concern. This is a legitimate concern about what may happen under WTO in terms of our wine market. Explain that one more time.

● (0900)

**Mr. Dan Paszkowski:** The concern we have with the WTO challenge is that they have come after us on a number of different measures, both federal and provincial, but they've clearly stated to us that there are three measures that are of significance to them. Number one is getting access to grocery in British Columbia. British Columbia has now offered them a letter that will take place and that follows suit with the side letter that is in CUSMA. The second piece would be access to grocery in Ontario. As all of you know, the Ontario government is amending its liquor system and will provide access for wine and beer sales in grocery and convenience stores, so we're currently waiting for the Ontario government to provide a side letter to Australia. We anticipate that will be coming soon. The third part of the equation, which the Australian industry has told us, is that if the federal government repeals simply its legislative portion of the excise exemption, they would drop the WTO challenge in its entirety.

It's critical to us to have that dropped because there's a lot of risk going through a panel process, which could devastate the industry. As I said, all of the things that we have protected in CUSMA would be lost if we were to lose a WTO panel, so it's a significant risk for us. We're hopeful that the federal government will take our advice and offer that to Prime Minister Morrison when Prime Minister Trudeau meets with him at the G20 meeting at the end of this month. That would bring this panel to an end.

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

That wraps up your time, Mr. Allison.

We're going to the Liberals.

Ms. Ludwig, you have the floor.

**Ms. Karen Ludwig (New Brunswick Southwest, Lib.):** Thank you, Mr. Chair.

Thank you to all the witnesses who are here today.

Mr. Wilson, as you well know, my riding is New Brunswick Southwest, which borders the state of Maine. I'm wondering if you could speak directly to the impact, opportunities and maybe challenges that the ratification of CPTPP, CETA and soon to be CUSMA have and will have for Atlantic Canada.

Thank you.

**Mr. Mathew Wilson:** I think that, in your riding, companies like Irving, for example, are pretty significant employers. Obviously, they don't operate just in New Brunswick. They have massive operations across New England and in the border states. They move products back and forth constantly, whether it's timber coming into processing plants in New Brunswick to make paper towels or timber going back into the United States to make other products, plus a wide range of different consumer products that they're making. Anything that can modernize and streamline those operations to reduce by even a fraction of a percentage the movement of each one of those goods across the border.... You're talking about thousands of trucks a month that are crossing the border just for one company alone. If you can remove even a fraction of those costs for them, it's a significant cost savings that gets passed on to the consumer and allows the companies to invest more in their operations in Canada and the United States. That will be hugely important.

A lot of people think that we have to go to Europe and to Asia, and trade diversification certainly is really important, but for most Canadian companies—look right across the country and at a lot of small companies—very few of them even export. Only about 5% to 10% of Canadian companies export. While it's great to look at markets like China and Europe and the CPTPP, those are great markets but the U.S. is the best market to go to. It's the wealthiest market in the world. It's right next to us. In your riding, it's within a couple of footsteps across a bridge that I've crossed several times. We can't forget about the importance of that market.

As part of this agreement and what we're trying to do, and similar to what some of the other witnesses here said, this isn't just about building on, allowing the Irvings and companies like that to do more business. It should be about how we help more SMEs get into the U. S. market. That's why things like the SME business chapter and growth chapter—they're in the new CUSMA—can help those companies, whether they're Irvings or small chocolate factories that are right on the border with Maine.

**Ms. Karen Ludwig:** I'll just add to that, Mr. Wilson.

This committee has studied the small to medium-sized enterprises, how to make trade real for them and also how they could take advantage of that.

When we were in Washington on the steel and aluminum tariffs, one of the messages that definitely resonated with me was when one of the members of Congress said that with regard to President Trump, his sensitivity is, similar to our egg farmers, leaving people behind. So, anytime we can pull people forward, I think that's an important element.

You mentioned the business traveller visa. If any one of you would like to speak to that as well.... What are the benefits of the reduction in red tape for the business traveller, considering how integrated our market is in North America?

● (0905)

**Mr. Mathew Wilson:** I'm happy to talk about it since I was the one who raised it.

Here's an example that I've heard from companies in the past about their repair person coming across the border. When you buy machinery or equipment, and you buy from an American supplier, for example, there are typically regional specialties and so the repair person will travel back and forth to fix a piece of machinery. Those people get to the border with tools and equipment and often get stopped because they're carrying goods into the country, That occurs coming into Canada or going into the United States. The simpler we can make that and the more clear we make it to border officers that this is supporting integrated trade, it's supporting jobs on both sides of the border, it isn't stealing someone's job, it's actually supporting jobs, the better off we are.

In the current agreement they tried to remove them, I think, early on in the negotiations. If they had removed those, people like us who have had to go down for meetings in Washington.... For meetings that Brian was in last week, he would have had to get a visa to go into the United States, which many other countries have to do. Just think of the millions of people who cross the border almost on a daily basis who do that type of work. The border would have been so congested.

It wouldn't have been just for business travellers like us going down. It would have been the repair people, but it also would have been the goods that would have been stuck behind all those people as well. The cost of eliminating that type of visa would have been massive on our economy and felt right across all sectors.

**Ms. Karen Ludwig:** Great, thank you.

To our egg farmers, you mentioned that 88% of Canadians would like to buy from Canadian farmers. What is the value of actually having a maple leaf on Canadian eggs, so that when I go to the grocery store I know they're from Canada?

**Mr. Dan Paszkowski:** Yes, it is quite valuable. On social media, when there are imports coming in.... Consumers are eating more and more eggs all the time. They'll take a picture showing the Canadian flag and then when there are American eggs which say "Product of U.S.A.", it's like.... They really wish they didn't have to buy eggs that are a product of U.S.A., but they still need some eggs to cook and bake with. We can't put a dollar amount on the value, but Canadians really want Canadian eggs. That's the overwhelming....

**The Chair:** Thank you. We're going to move over to the NDP now.

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

**Ms. Tracey Ramsey (Essex, NDP):** Thank you so much.

Thank you to our witnesses. It's a diverse panel, and it's nice to see different interests being represented, because there are certainly different sides to the CUSMA and the way that Canadians are feeling about it.

I will start with the egg farmers.

If I understand you correctly, you said the amount of market share that's going to be open would represent the entire annual egg production from the Atlantic provinces.

**Mr. Roger Pelissero:** That is correct.

**Ms. Tracey Ramsey:** Wow. That would be the elimination of all egg production essentially in four of our provinces, which is quite stunning.

**Mr. Roger Pelissero:** Mr. Chairman wouldn't have a job to go back to.

**Ms. Tracey Ramsey:** People in rural ridings like mine wouldn't have farms to go back to, and those farms that support the local economies would suffer as well in small towns like the ones I represent. Also the vintners, I have vintners in my riding as well.

I want to talk to you a little bit about the TRQ. This provision that has now been included in the agreement for eggs says that 30% of the import licences for shell egg imports will be made available to new importers. I know this was a big issue previously, under the cheese quota in the CETA. I wonder if you can speak to the importance of that coming to actual egg farmers and those who are being impacted versus being dispersed across retailers and everyone else in that space.

**Mr. Roger Pelissero:** Mr. Chair, if I may, I'm going to pass that question over to my director of international trade. She is far more versed on it than I am.

**Ms. Judi Bundrock (Director, International Trade Policy, Egg Farmers of Canada):** As Roger was mentioning earlier, the way in which trade agreements are implemented is almost as important as the wording in the agreements themselves. We were a little bit surprised to see the 30% provision, especially because we were the only commodity that actually had that provision included. When we explored further with the negotiators what was behind that, we saw it really was the U.S. actually indicating that it wanted to have more access to eggs in Canada.

It's interesting, because of course, as Roger also mentioned, we have a very good relationship with the United Egg Producers in the U.S., and they have indicated that they're happy with the status quo and, as Roger mentioned, they did send a letter to the USTR asking for status quo. I think really the concern with regard to the 30% is that the 30% really should go to those who are being impacted by the trade agreement—graders or processors. If it were to go to a retailer, ultimately it would mean more U.S. eggs on Canadian grocery shelves. It would further perpetuate the problem or the issue that Roger was also talking about, and as he said, we know that Canadians want Canadian eggs, and therefore allocating that 30% to a retailer would perpetuate the issue.

It also has an increased cost on Canadian egg farmers. If the eggs go directly onto the shelf, they displace eggs that would go onto the shelf from a Canadian perspective. It's far better to have those eggs directed to processing. Actually, there's wording in the agreement that says the imports should be directed primarily to processing.

● (0910)

**Ms. Tracey Ramsey:** One of the other things that's concerning around supply management is regulatory oversight that the U.S. is seeking and has achieved in dairy. I'm wondering if the same is true in terms of your egg producers. Really, this is woven throughout this whole chapter 28, when we're talking about regulatory co-operation. The fear is that not just corporations but the U.S. will have a say over any changes that could be made to our supply-managed system.

Have you looked at that in more detail and is that a concern of yours? If Canada tries to change our system or look at our system differently, will the U.S. have the oversight to change that?

**Ms. Judi Bundrock:** At this point in time, there were no attempts made at taking a look at how the egg industry works in Canada from the American point of view.

We understand the concerns from our dairy farmer colleagues, obviously. We're following it very closely for the reasons you pointed out, that it could have some downstream impacts on how the Americans feel looking at either our system of supply management or really any other domestic tool that we use. That really isn't any of their business.

**Ms. Tracey Ramsey:** Right. This speaks to our sovereignty, which is what we've been hearing from farmers. It's the concern around sovereignty and our ability to manage our supply management system.

My next question is for the vintners.

Dan, you've painted a picture here of a lot of losses that were incurred by vintners in signing the original NAFTA. The amount of imports now that come in, the percentage of those imports.... Could you talk about the importance of dropping this escalator and supporting our vintners?

**Mr. Dan Paszkowski:** It's absolutely critical. It's the foundation of the entire Canadian wine industry as it stands today. Australia tells us it will drop the panel process. If we simply drop the legislative portion of increasing excise duties every year, the Canadian wine industry will survive. If we allow the WTO panel process to go through, we have no idea what we'll look like at the end of that process.

We do know that the measures currently protected under CUSMA will be at risk and at the discretion of whatever the panel decides to do. It will rule in a report in February with a final report in March or April. There's a lot of risk and there are many Canadian vintners right now that are not investing in their industry. It's a wait and see approach. We could see hundreds of wineries go out of business.

**The Chair:** Thank you.

Mr. Fonseca.

**Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.):** Thank you, Mr. Chair.

We commenced this meeting by talking about how the U.K. is looking to engage with us and around what it's doing with trade. I believe the reason for the engagement, and U.K. representatives have been here a number of times, is they've seen through the Canadian lens the way we've negotiated these trade agreements.

We have to look back even prior to President Trump becoming president, when he talked about ripping up these trade agreements. One of the first things he did as soon as he came into office was rip up the TPP.

Here in Canada we've taken a team Canada approach. I want to thank all of the stakeholders who are with us today, all of the witnesses, for being part of that team.

I'm going to start with Brian.

The approach we've taken over these number of years to get us to this point, to stop the President from ripping up the NAFTA, could you tell us what you see in the success of that and is that something with which we should continue?

**Mr. Brian Kingston:** The approach that's been taken by government over the past few years has been very positive. This has been a wild ride, to say the least. Nobody expected that we would have this NAFTA threat. The way it's been dealt with has been fantastic. I must thank Steve Verheul, our chief negotiator, for taking a really inclusive approach and consulting widely with Canadians and keeping people informed in a very transparent process throughout.

On top of that, the diversification efforts that successive governments have been initiating in Canada are absolutely critical. We are arguably the best platform in the world now to export from. We have access into Europe. We have access into Japan plus the NAFTA 2.0. The Canadian trade agenda is truly a success. Now it's up to business, frankly, to take advantage of these deals and make them work.

● (0915)

**Mr. Peter Fonseca:** Looking at the whole political spectrum, I have a quote here from Brian Mulroney who said, "I commend all—from the Prime Minister down—who contributed to writing this vital new chapter in the ongoing drive for greater Canadian strength and prosperity." I can take that from the Liberal side, labour, etc. They have all spoken favourably about the approach we took, where we've come to and the deal we've been able to reach.

Mr. Kingston, you talked about the uncertainty and that it would be reducing business investment by about 2.5%. Can you dig a little deeper into that number and explain that to us?

**Mr. Brian Kingston:** Sure. That's a Bank of Canada projection from their macro model, but we have numerous examples from member companies. Throughout this process, we've been thinking of doing things, for example, upgrading a manufacturing line. We decided to hold off until there's more certainty in these negotiations, because 90% of the product that I produce goes to the U.S. If suddenly we were facing tariffs, maybe this is not the place to be exporting from.

There are examples like that across sectors where companies were just holding back on some of their investment plans to see how this all panned out. We're hoping that, with this agreement ratified in all three countries, you'll see this unleashing of investment as companies now have the certainty to go ahead and essentially go back to business as usual.

**Mr. Peter Fonseca:** That highlights how important this is and that we need to really get this done.

The economy here has been doing.... We have the lowest unemployment rate in 40-plus years. Over one million jobs have been created over the last three and a half years.

Mr. Wilson, since you're with the manufacturing sector, maybe you can share with us some of the numbers that you've experienced. Adding on to that is the 2.5% lift you may get from CUSMA. What would that mean?

**Mr. Mathew Wilson:** First off—and we were talking about this before the committee started—last year was a record year for output for manufacturing in the country and for value-added exports, which is great news.

As we discussed, the challenge is that we're still not clicking on all cylinders. We're behind what the U.S. is doing, for example, and a lot of that comes down to investment. We've seen a significant lag in investment in this country over the last number of years. It tends to be that economic growth follows investment, so measures in the fall economic statement were critical. For example, with the ACCA measures, we saw an immediate kick in investment in Canadian manufacturing as soon as they were introduced, which we also saw in previous governments when they were introduced, and those are critical.

I'm optimistic that the elimination of steel and aluminum tariffs will go a long way to settling some of the uncertainty. That's maybe even bigger than ending the ratification of Bill C-100 and CUSMA overall between the three countries. That was a significant drag. That was obviously a critical step to even get us here today. Again, I commend the negotiators and the team inside the government. You got rid of that because that was the critical step that was weighing things down.

From an employment perspective, things are great, but the biggest problem we have is a lack of skilled labour in this country with skills levelling at all levels of the company. If we don't start solving some of the skills gaps that we have, that investment is going to dry up entirely.

**Mr. Peter Fonseca:** Thank you.

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

That wraps up the first round.

We will go to Mr. Drouin. He's the member for Glengarry-Prescott-Russell.

Welcome to our committee. I had the honour to go to your riding. This is where dairy farmers have happy cows.

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** And the eggs. Don't forget the eggs.

**The Chair:** There was a back-scratcher on one of his dairy farms where the cows would go in and get their backs scratched.

We went to an egg farm. It was very modern with bigger pens for the chickens.

You have quite the riding there, sir.

Welcome to the committee. You have the floor for five minutes.

[*Translation*]

**Mr. Francis Drouin:** Thank you very much, Mr. Chair.

I am not a full member of this committee. I am here today for people from sector 10 such as the Souligny family, the Bourdon family and the Laviolette family, who are major egg producers in my riding.

● (0920)

[*English*]

Mr. Pelissero, thank you for standing up for egg farmers in Canada.

Over the past 10 years, it's been a stressful time for farmers in the supply management sector. We would be misleading Canadians if we didn't say this.

The first question I want to ask you is about the market outlook for egg farmers in Canada. Does it look good right now in terms of the growth sector in Canada?

**Mr. Roger Pelissero:** Our market outlook is strong. We've seen phenomenal growth in egg consumption. We have more Canadians eating more eggs than ever before, but that doesn't offset what we've given away in the trade agreement.

Farmers are investing more, which means buying more supplies, buying more items at your local hardware store and employing more people. In fact, there are about 17,600 jobs across Canada that are supported by egg farming in Canada, which contributes $1.3 billion annually to our GDP. Our growth outlook is good, and our average egg farmer is getting much younger, not grey-haired like me, but looking more like you.

**Mr. Francis Drouin:** Yes, I've met some of the young ones.

**Mr. Roger Pelissero:** The average age is getting below 40, so it's great for the next generations that come back to the farm.

**Mr. Francis Drouin:** In your opening statement, you talked about the importance of managing the TRQs.

Ms. Bundrock, you've also touched on the importance of eggs going to processors versus eggs going to table. I've heard this from one of your former chairman, Mr. Laurent Souligny. He said that whatever comes in, just make sure it goes towards processing, and that will help them tremendously.

Can you explain why that's important?

**Mr. Roger Pelissero:** Well, I think the first reason is that it is a shell egg, and that goes to one of the panel's questions earlier regarding Canadians seeing that “Product of U.S.A.” label on a box of eggs. If it's for processed products, such as in a breakfast sandwich sold by a retailer, that doesn't highlight it as much, whereas if it's directly on the shelf to the consumer, they're seeing it and saying, “Oh my gosh, I really didn't want that American egg, but I still want eggs.”

Maybe, Ms. Bundrock, you could expand a little bit more on the TRQ aspect of that side.

**Ms. Judi Bundrock:** The processing market in Canada has been growing phenomenally, and so there is definitely a need for eggs for processing. It only makes sense that any additional eggs we're required to import would be directed to processing. That was taken into consideration in both the CPTPP and the CUSMA. Both agreements have wording that I would describe as not as strong as what's in the current NAFTA, because there are actual percentages associated with it. Therefore, there are de facto caps. Both the CUSMA and CPTPP have wording that says the eggs should be directed in priority, or similar language, to processing.

Our concern really is that, when the agreements are implemented, that actually be what happens in practice. We don't feel that the interim allocation for CPTPP for eggs is as strong as it could be—even though currently no CPTPP members can export eggs although we expect it will happen—and therefore, we're taking part in the government consultation on all TRQs. What we would like to see is some really strong language so that the spirit of the agreements, which says that the eggs should be directed in priority to processing, is actually what happens when the agreements are implemented.

**Mr. Francis Drouin:** That's great. Thanks.

Other than the TRQ and managing that TRQ properly, what other mitigation strategies are the egg farmers looking at to ensure that you have growth and you mitigate the impact from some of the trade agreements?

**Mr. Roger Pelissero:** We're looking at continually investing in the industry. We've had phenomenal growth, but that won't offset, as I said, what's given away, because we know what's given away under a trade agreement is given away forever. As we continue to move in that manner, we have young farmers who are investing. When we look at trade agreements, there always seems to be something on the horizon, so there is that leeriness with regard to how much we should invest, whether we should invest it now, or when we should invest.

Having the trade agreements ratified and coming into effect kind of puts where we are to rest, and I think having that will give confidence to the next generations of farmers out there to invest. Similar to the situation of my neighbour here with the vintners and the winemakers, agriculture is waiting to see what happens, because a considerable amount of money is being invested by family farms. I think having trade agreements sealed and saying, “Okay we're done” and now we're defending supply management and not just supporting it, we'll have a different answer.

● (0925)

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

Thank you, Mr. Drouin.

We're going to move over to the Conservatives.

Mr. Hoback, you have the floor for five minutes.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Chair. Thank you, witnesses, for being here this morning.

I'm going to start by saying that the Conservatives are going to support this deal. We've already indicated that. We worked with the Liberals all the way through this and we've had our ups and downs, but we still have lots of concerns. We're still hearing a lot from industries within Canada about concerns that are coming up.

I'll use the example of fabricated steel. They're looking at tariffs coming on August 1, until USTR will decide, and then we'll see what that looks like. We still have no resolution on softwood lumber; that was not addressed in NAFTA. We still have buy American provisions sitting there in the background, which are going to have implications for our industries.

How do you guys square that? I know you want stability and bankability, but in the same breath, are you really getting that in this deal?

I'll start off with you, Brian, and then go to Mathew.

**Mr. Brian Kingston:** Thank you.

There's no doubt that our overarching recommendation to government was to do no harm, which they were successful in doing, but we also had a long list of offensive priorities that we were hoping to have addressed, including buy American, clearly, and labour mobility, which was mentioned earlier.

While we protected our existing labour mobility provisions in NAFTA, we were kind of hoping to go beyond that, so there are definitely areas that we could have improved upon. The reality is we were dealing with a U.S. partner that wasn't really interested in taking a more ambitious approach to North American trade, and it was all about pulling back preferences, so I have some sympathy with the fact that it wasn't necessarily possible with this administration. There's no doubt there are areas that can be improved, and that's why we hope we can still work away at things like the competitiveness chapter and regulatory co-operation, because they are not going away.

**Mr. Randy Hoback:** Mathew, quickly.

**Mr. Mathew Wilson:** Maybe I'll just mention, on the buy American government procurement, that was, I think, the biggest missed opportunity in this—and not to be critical. Frankly, the offer from the United States was to eliminate all of it and be backwards from even the WTO commitments that are there, so we secured access that was better than the WTO commitments.

It is disappointing that the U.S. wouldn't look to fully modernize in the way I think Canada wanted to. Certainly, that was on.... If you'll remember back two years ago, I think, when the minister laid out Canada's six recommendations, or six priorities or principles for negotiations, procurement was one of the top six, which we were very pleased to see. Given what the U.S. was asking for, keeping it exactly what it was, that was pretty good.

Now what's really important, and certainly we're working with provincial governments in this way, is to look at a state and provincial level. A lot of the really harmful activities that are going on in buy America are being done at local levels now, which this deal wasn't going to deal with anyway, unfortunately. We're working with several provinces now trying to get some of those dealt with at a local level. It's bad. It's bad for business, and bad for taxpayers overall. We want to see the free movement of those goods.

**Mr. Randy Hoback:** What concerns me, like fabricated steel, the government's been preaching about how it got rid of the tariffs and everybody thinks they're all gone, but what they've really been telling us is that these guys have been trying to meet with this government to address this. They've been down in the U.S. a substantial number of times, and there's no response. Nobody's mentioning it, and nobody's highlighting it. Everybody's closing their eyes, plugging their ears, saying, “We'll get through this and then we'll deal with that later.”

I also have to deal with the fact of the tweets. I almost think EDC needs to offer insurance for tweets because of the unpredictability and instability those create. How do you take that out of the marketplace? Maybe that's an option they should look at.

Dan, you talked about the vintners and the excise tax. How many more times do you have to say that? This is something we heard right before the budget came into implementation, and we've heard it year after year. It's nice to see B.C. making movement on the grocery stores, because that was a big issue. I think we would have lost at WTO, so it needed to move forward on that.

What else do you think we need to do to get this government to understand? Maybe a new government will actually understand that better. What else can be done there? Is there compensation coming if you should lose that WTO case because it didn't react accordingly?

**Mr. Dan Paszkowski:** Yes, it's a major preoccupation for us. As I said, we worked really hard with our government, and with the opposition, and with negotiators to get through CUSMA. We protected a lot of measures in CUSMA, as we did in CETA. Everything is at risk right now. Fortunately, we know exactly what they want. When budget 2017 came out, the Europeans said, “That is a major problem for us.” The Americans said, “It's a major problem for us.”

● (0930)

**Mr. Randy Hoback:** Okay. I'm going to stop you right there just so I can ask Roger one question.

**The Chair:** Mr. Hoback, you have 15 or 20 seconds, so it will have to be quick, quick, quick.

**Mr. Randy Hoback:** I have 20 seconds.

Roger, what did they offer you for compensation, in light of the fact that you are one of the losers in this deal? You are giving up market access that you normally have. What is there for the losers, the people who are not getting or maybe are more a victim of a deal like this?

**Mr. Roger Pelissero:** We're waiting for the announcement from the minister regarding the CPTPP. I guess we'll have working groups as we move forward on that new agreement, CUSMA. We'll just have to—

**Mr. Randy Hoback:** There was nothing pre-negotiated, then.

**Mr. Roger Pelissero:** Not really, no.

**Mr. Randy Hoback:** It's election year. You should be good.

**The Chair:** Okay, we're going to move over to Mr. Sheehan.

You have the floor, sir.

**Mr. Terry Sheehan (Sault Ste. Marie, Lib.):** Thank you very much to all our witnesses for coming in today.

I'll start with Mathew from the Canadian manufacturers association.

You made a fairly powerful statement. You felt that the removal of the section 232 tariff onto itself was more important—and I'm going to paraphrase—than CUSMA per se, itself, as well as many other things.

You know I'm from Sault Ste. Marie. Algoma Steel and Tenaris are there, as are a whole bunch of other small and medium-sized manufacturers. You really can't find too much in Canada that isn't manufactured without steel or aluminum in some fashion.

Perhaps you could expand on the importance of removing the section 232 tariff, the strategy that was employed, your thoughts about it and how we arrived at that, as well as the fact that President Trump had.... A lot of people think that the section 232 tariff maybe was just on Canada, but it's really a world tariff, if you will.

He had also mentioned about applying the section 232 tariff on auto. If that happened, what would have happened?

Mathew.

**Mr. Mathew Wilson:** Well, I'll maybe start with where you ended. If steel was the appetizer, I think auto would have been the full course. It would have sunk us, frankly, if that had been put in place. That's why those side agreements that were signed back in the fall were so critical: to make sure that we were exempted from it. Now, it's not a full exemption, obviously, and the administrative burden that could come with that could be significant for the companies involved. They're not even sure how they would administer it, because at some point you have to trace what you're sending in order to be able to fall underneath the requirements that were set out in that side agreement.

The other thing I would say on the agreement on section 232, which was made very clear to me by several of our steel members, including Tenaris and Algoma, is that it is important to understand that it is an agreement and not a full written legal text, but even that in and of itself is a significant step forward, because it wasn't just the fabricators themselves that were hit by it. Almost every single manufacturer in the country was being hit by the tariffs on the importation or exportation of those products, depending on what you are actually making.

The costs were escalating pretty substantially. You're talking about 30% to 40% in input cost increases in a very short period of time. Those aren't costs that they can pass along to their customers. They were starting to lose business. They had pretty full order sheets in terms of producing, but once they go into the next cycle for getting the next round of investments in, say, auto parts fabrication, for example, which would be shipped to the United States, they would have to start factoring in those additional costs on all those bids, and the chances of them winning those bids, even with a depressed Canadian dollar, would be pretty slim.

I know that a lot of the focus was put on the big producers of the steel, but the really big impact in many ways was on the user of the steel. It's not that the big producers weren't impacted by that. It clearly was discussed a lot at length in public, but a lot of the users of the steel, both for import and for export, had significant cost increases that were a real problem for production in both the short term and the long term. That's why getting rid of those, even in an "understanding"—quote, unquote—was critically important to move the economy forward.

**Mr. Terry Sheehan:** Some of the people early on had suggested settling for a quota. As well, the Ford government actually even stated that we should have removed our counter-tariffs as some kind of gesture to the United States that.... I don't know. I can't follow the logic, actually. In going about our counter-tariffs in particular, how successful were they, in your mind, in getting rid of section 232?

**Mr. Mathew Wilson:** Well, I think it brought it to the attention of lawmakers in the United States, particularly those who have influence in different sectors. I think it was good. If you don't retaliate.... Look, we weren't in favour of slapping tariffs on American imports to Canada, but at the same time, we were in favour of retaliation, for the same reason that we're in favour of Canada slapping on restrictions of U.S. exports into government procurement markets: because we can't get into their markets.

We believe in full reciprocal market access. If you sign a free trade agreement, and I don't care what sector it's in, you should have free and unfettered access to those sectors. Government procurement is one. Steel is another. Potentially, auto—let's hope not—is another. While we don't like the idea of tariffs, we like the idea of the reciprocal action that Canada was willing to take. Yes, it causes pain, but at the same time, if you don't do it, you don't get their attention.

● (0935)

**Mr. Terry Sheehan:** Thank you.

Brian, you as well as Mathew mentioned your support for Minister Morneau's Bill C-101. In particular, we're asking for unanimous consent so that we can get it through expeditiously. Can you explain to this committee the importance of Bill C-101 as it relates to getting back to free trade?

**Mr. Brian Kingston:** I'm sorry. Could you please clarify Bill C-101 again?

**Mr. Terry Sheehan:** Yes. It's Bill C-101 about the surge, the safeguards.

**Mr. Brian Kingston:** Yes. On safeguards, the number one thing we heard in our various meetings with the U.S. administration and officials was this ongoing concern around Canada's treatment of transshipment. It was never defined but was always raised, so it's very important that we're taking measures to address perceptions of transshipment even if there is no clear evidence that that is happening. I think what the government has done on steel and aluminum is doing that, is sending that signal, and it will help the industry and, hopefully, insulate us from future U.S. actions.

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

We're going to move over to the Conservatives.

Mr. Carrie, you have the floor.

**Mr. Colin Carrie (Oshawa, CPC):** Thank you very much, Mr. Chair, and I thank the witnesses for being here. I have so many questions that it's hard to know where to start.

Brian and Mathew, I've been doing a lot of round tables with manufacturers. I hear over and over again that some companies are right at the precipice of maybe closing up or moving their business. One guy put it to me this way. He said, "Look, Colin, I can handle good policy and I can handle bad policy, but I can't handle the uncertainty."

Even though this is not a perfect deal and, as Randy was saying, there are still issues with fabricated steel, buy American provisions and softwood, what do you think the consequences would be if we weren't able to ratify this as far as that uncertainty question goes?

Brian, perhaps you could start.

**Mr. Brian Kingston:** Our worry is that if this deal doesn't get ratified, and particularly, if the President feels frustrated with Democrats, he may decide to withdraw from NAFTA. I still think there's a very real risk of that happening.

It then becomes an open question of what we return to. There's a legal debate under way about whether we would go back to the Canada-U.S. FTA or go to nothing at all. We know the U.S. business community is prepared to launch legal challenges in that event to try to delay it, but I would not downplay that risk. It's still a huge concern for business. Then we'd revert to WTO tariffs, and that would be disastrous for the Canadian economy, for companies that depend on access into the U.S.

That uncertainty continues to hang. That's why we want to see Canada ratify, Mexico ratify, to get this behind us and get into 2020 with, hopefully, no discussion of North American trade in the presidential elections.

**Mr. Colin Carrie:** Mathew.

**Mr. Mathew Wilson:** The WTO bound rates for tariffs really aren't that high, so you'll hear about the impact being very minimal. I heard it out of Global Affairs when NAFTA was first being renegotiated, to not worry, that it's a small amount, 1.5% on average or something like that.

That's not the problem. The problem is all the trade rules that come with NAFTA. Take, for example, the business visa that you talked about earlier. If that goes away, we're in very deep trouble.

It's not just the bound rates and the tariffs; it's all the other uncertainty, the rules we trade by. That's what matters.

**Mr. Colin Carrie:** That's what I'm hearing over and over again, that we have to get some of that certainty back.

Can you comment on the relationship with the United States? Mathew, you said if we have a free trade agreement, we should have a free trade agreement. But I've heard some complaints that the U.S. is going towards managed trade. We've seen the use of tariffs, quotas and these types of things.

We didn't have that with the original NAFTA. In my community, of course, there's the auto sector, and the quota situation. There are questions about that and what it means.

Are you seeing a move towards this institutionalization of tariffs and quotas with the United States? What does that mean in our trading relationship?

**Mr. Mathew Wilson:** What we hear a lot about is unfair trade with the United States. I think we've done a decent job—and we can always do better—at talking about how Canada is not that. It's very different in Canada—and Mexico, in the same way—from what their trade relationship is with Vietnam, China, Brazil, Russia, eastern Europe or anywhere else. We are a level playing field with them. We build stuff with them to compete against all those countries together.

I think that's what separates us from everyone else. When we hear these conversations about managed trade, controlling trade, we need to get inside that discussion and say, “We have exactly the same problems you have. We are getting stuff dumped into Canada from a lot of those same markets. How do we work together, not to protect our markets, but to be treated fairly by those other countries?”

That's why it's so important to get that competitiveness chapter inside the CUSMA going. It's going to look at those global problems that manufacturers, the integrated economies, have and how we can work better together to compete against the rest of the world.

I don't see it as a problem with Canada, but it could be a significant problem if we don't stay on top of that discussion in terms of the integrated nature of our economies and how important it is that we work together on those problems.

● (0940)

**Mr. Colin Carrie:** I agree. You mentioned this coordinated trading bloc. I think for decades we've been moving towards more integration, regulatory co-operation. There was a feeling for a while that Canada was on team North America, and with these section 232s and stuff, the feeling was that we weren't.

Getting on to that question about the section 232s, I believe there was $2 billion collected, tax dollars, with the tariffs, and it hasn't been disseminated. It was supposed to help out the companies that were really affected.

Can you comment on what should be done with that money and who it should be going to?

**The Chair:** Make it a short answer, please.

**Mr. Mathew Wilson:** It should be going back to the people who paid it, for example, the steel producers and the people who are making the steel. That's where it was supposed to go in the first place, to help them invest in technology and production capacity.

**Mr. Colin Carrie:** That would be nice to see.

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

Ms. Ramsey, you have three minutes.

**Ms. Tracey Ramsey:** It's so difficult to do something in three minutes.

This renegotiation is a once-in-a-lifetime opportunity. In my neck of the woods, in southwestern Ontario, we saw over 400,000 manufacturing jobs bleed out of our country over the course of NAFTA. It has had a very real impact on people, on my community, on people who work in the auto sector, as well as in other manufacturing. There's a lot of anxiety right now about what is happening around this deal, and the things that, quite frankly, the Liberal government won't even discuss with people are what's causing a lot of it.

I want to talk a bit about enforceability and the work that's being done in the States around the Democrats. We need effective enforcement tools, not just for labour and the environment, which are certainly incredibly important, but across the entire agreement.

If we don't have enforceability, which we have seen has been very poor in the original NAFTA, has not worked well, has resulted in a lot of both job and economic losses, we really put ourselves at great jeopardy. I applaud the work the Democrats are doing in Congress to address this critical issue for the entire agreement.

My question is whether you think there's value in waiting for the Democrats to achieve improvement in enforceability, and then Canada being a party to that?

**Mr. Brian Kingston:** You've hit the nail on the head with enforceability. That is the critical issue that the Democrats are worried about. They talk about labour and environment, but it's all about being able to enforce the commitments in the agreement.

I've just learned that Mexico has 700,000 collective bargaining agreements, and while they've made changes, really important changes to enhance labour rights in the country, the Democrats are rightfully worried that once this agreement is signed they will lose any leverage to make sure that those 700,000 collective bargaining agreements are actually updated the way they're supposed to be done.

I don't think we necessarily need to wait, though, for the Democrats' process to play out. We should watch it over the next couple of weeks, but we can still move ahead and ratify, because you can address the enforcement issue through side agreements, side instruments. There are ways to make sure that chapter 31, the state-to-state chapter, is enforced and their panel-blocking can occur. It can be done, and I think—

**Ms. Tracey Ramsey:** However, I think the issue, which the Democrats have raised as well, and so have New Democrats here in Canada, is the fact that the enforceability of side agreements, the eligibility of those, is quite weak. We saw that in the original NAFTA, that when things are in side agreements, we haven't been able to enforce those provisions. That's the fear, that if we add on, after the fact, in side agreements, we won't be able to actually enforce them at all.

**Mr. Brian Kingston:** It's a legitimate fear, given the experience of past agreements, but I've seen various proposed texts that would address that and make sure that the agreement itself is enforceable. I think it can be done. There are creative ways to do it and we would support that.

**The Chair:** We have a slot for one more MP this morning on this panel.

Mr. Hébert, you have the floor for five minutes.

[*Translation*]

**Mr. Richard Hébert:** Thank you very much, Mr. Chair.

I thank the witnesses for coming and sharing some very interesting perspectives on this issue.

Under our government, over the past three years, one million new jobs have been created and the unemployment rate has fallen to its lowest level in 40 years. When Mr. Trump came to power, he said that NAFTA was bad and that it had to be completely eliminated. He was even talking, with great vigour, about destroying supply management. However, after very intense negotiations, we succeeded in maintaining supply management. We are one of the only countries in the world that still benefits from this protection for our producers. Not everything is perfect, but at least we have been able to keep a good part of this protection.

I would like to ask a question of Mr. Kingston, who, with his colleague Mr. Wilson, gave a very eloquent speech this morning.

This agreement is about to be signed. We all hope it will be. However, if it were not signed, what impact would this have on jobs, the unemployment rate and wealth creation?

Mr. Kingston, you have the floor.

● (0945)

[*English*]

**Mr. Brian Kingston:** If this agreement is not signed, we definitely expect it will have an impact on investment, first of all, because companies that were planning to invest and use the accelerated measure that was introduced in the fall economic statement won't do so if their number one market is the U.S. and they're suddenly concerned about their ability to access that market.

If you have a pullback in investment, the immediate consequence is drops. It would be negative for the unemployment rate in Canada.

As much as we've had these fantastic efforts to diversify, we will never change the fact that we sit right beside the U.S. and it is our number one market. Anything that impedes that existing relationship will be bad for the Canadian economy. There's just no way around that.

[*Translation*]

**Mr. Richard Hébert:** Thank you.

My next question is for Mr. Wilson.

In recent years, we have signed 14 agreements with 51 countries. This opens up a market of 1.5 billion new customers. Our trade is doing well: daily trade south of the border is close to $2 billion. As for the impact of other agreements, notably the CETA agreement, ocean freight rates have increased by 9% in Montreal over the past year.

In your opinion, will the other agreements that are in the process of being signed or about to be signed have as favourable an effect as CETA, and the one you want to see signed as soon as possible, as do we?

Mr. Wilson, you have the floor.

[*English*]

**Mr. Mathew Wilson:** Yes, we should sign it as quickly as possible and show a leadership that has been mentioned here before.

In terms of the other trade agreements, they're different. In many cases, we're sending finished goods to those other markets. We're not sending manufactured products.

What I mean by that is we're not sending auto parts to Europe. We're sending investment for companies to make auto parts in Europe, in many cases, or sending the finished vehicles to Europe. Therefore, it is fundamentally different in that trade relationship with any other market around the world than it is with the United States.

That's why the trade agreement with the United States is so big and so important, because it's not just about sending a car; it's about sending all the thousands of bits and pieces that go into that car, starting from the raw materials, through the steel, through electronics and different components. It's a very different trade agreement.

Those other trade agreements are really important, but also it's often a very different type of company that is trading in those agreements. It's the Lululemons and Arc'teryxes of the world and hopefully wine and other producers that are making finished consumer products. However, 85% of what we make in Canada are subcomponents of parts that go into other things, and those other agreements don't really support those as much as NAFTA does.

[*Translation*]

**Mr. Richard Hébert:** Thank you.

[*English*]

**The Chair:** You're good?

**Mr. Richard Hébert:** Yes, thank you.

[*Translation*]

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

[*English*]

That wraps up our first panel, folks. We're doing well for time.

Witnesses, thank you for coming on short notice and being first up with good dialogue, good mix, good questions, and everybody was on time.

We're going to suspend for 10 minutes so the MPs can say goodbye to our panellists and welcome the new ones.

● (0945)

(Pause)

● (0955)

**The Chair:** Before we continue with the second panel, I have a little housekeeping to do. As you know, this study does cost taxpayers some money and we have to get approval for it.

I need approval, if everyone agrees, for a maximum of $14,300 for the study. It will be below that, but we have to make sure there's enough for people's flights and accommodations.

All those in favour?

**Some hon. members:** Agreed.

**The Chair:** Thank you.

The first session of our pre-study of Bill C-100 went quite well with the first panel. Maybe we'll keep the same schedule for this one.

I'd like to welcome the panellists. We have two witnesses by video conference from Toronto and Montreal and two with us here.

Welcome guests and thank you for coming on short notice.

We'll have each panellist do five minutes, give or take, and then we'll have a good dialogue with the members. In case there are emergency votes, I'm going to let the panellists get all their presentations done first. You never know, there might be a vote, but it doesn't look like it right now.

We'll begin with the video conference from Montreal, Quebec.

From the Council of Canadians, we have Ms. Dey.

● (1000)

[*Translation*]

**Ms. Sujata Dey (Trade Campaigner, National, Council of Canadians):** Good morning.

I am the head of the international trade campaign at the Council of Canadians.

I will make my presentation in English, but it will be my pleasure to answer questions in French.

[*English*]

The Council of Canadians has been keenly interested in issues of free trade since the initial agreement between the U.S. and Canada.

With over 100,000 supporters, we believe strongly that trade agreements cannot be the exclusive domain of industry representatives. Trade agreements impact our regulations, our public programs, our democracies and our ability to protect the environment.

With the rise of global inequality and a looming environmental crisis, our trade agreements unfortunately are often complicit in promoting corporations' rights over our democracies. This is why, during the NAFTA negotiations, over 30,000 of our members wrote MPs to share their concerns about what should be in a NAFTA agreement. Our honorary chairperson, Maude Barlow, wrote 10 guidelines for what should be included in the new NAFTA. Some of our guidelines have been met; others haven't.

First, the good news: In the new NAFTA, the chapter 11 investor-state provisions are no longer in effect between the U.S. and Canada. This provision has cost us $300 million. It has hurt our ability to develop social and environmental policy. Since Canada has been the biggest loser under chapter 11 and the U.S. the largest litigant, this is an important development.

Going forward, this should be the new standard for all our trade agreements. Unfortunately, this is not the case for the recently adopted CPTPP or CETA. As well, the mandatory energy proportionality provisions mandating us to export a quota of energy to the U.S. has been removed from the new NAFTA. That will give us more policy space to meet our G8 and Paris commitments.

However, the fact remains that this agreement gives disproportionate power to corporations. Chapter 11 may be gone, but now a whole host of new rules puts industry voices, or so-called interested persons, at the regulatory table before any of us—the public or politicians—can see the actual regulations. Under so-called regulatory co-operation, regulators have to follow a new series of stringent practices to make rules.

While industry folks may see safety, food, environmental or labelling regulations as red tape, those of us who are concerned about the safety of our products or what we put on our plates or in our bodies may see things differently. Regulators now face industry-positive criteria that hamper their ability to translate our collective will into rules.

Much has been written about the attacks on the family farm and the allocation of an additional 3.59% in Canadian market share for American dairy products. At the Council of Canadians, we are worried about the standard of this new U.S. milk that will be coming over the border. In the 1990s, we successfully campaigned to end the licensing of bovine growth hormone in Canada. This hormone makes cows produce 25% more milk, but at the expense of cows' health. BGH is used in the U.S. and is not labelled.

The new NAFTA also gives protections that can raise the cost of prescription drugs. The deal gives biologics, a new class of drugs made from human or animal tissue, 10 years of data exclusivity. Currently in Canada, we only give eight years of data exclusivity. Biologics are very important. They include drugs like insulin, or drugs that treat cancer, rheumatoid arthritis, Crohn's disease and ulcerative colitis.

The Parliamentary Budget Officer said the cost would be $169 million just in the first year this agreement would be in effect. Just at the time when the Advisory Council on the Implementation of National Pharmacare is recommending a universal single-payer system for drugs, the new NAFTA would raise the cost of such a program. Recently, a number of MPs signed a declaration asking for these provisions to be taken out of the new NAFTA. Luckily, Democrats in the U.S. are trying to get rid of these drug provisions, as well as demanding improved and enforceable environmental and labour provisions, which are currently lacking.

U.S. Democrats have the vote, and as history has shown, the U.S. has reopened the last four enacted trade agreements after they were signed. It is simply premature to ratify the agreement in its current form. Many important changes still need to be made. The idea that this deal is finished is an illusion.

Thank you.

● (1005)

**The Chair:** Thank you.

We're going to the next guest on video conference. From Toronto, we have Mr. Adams from Global Automakers of Canada.

Welcome, you have the floor.

**Mr. David Adams (President and Chief Executive Officer, Global Automakers of Canada):** Thank you, Mr. Chair and honourable members.

On behalf of the 15 members of the Global Automakers of Canada, I appreciate the opportunity to testify before you this morning, on the important subject of Bill C-100, an act to implement the agreement between Canada, the United States of America and the United Mexican States.

As you may know, the Global Automakers of Canada is a national trade association that comprises the exclusive Canadian distributors of all vehicle manufacturers, with the exception of the Detroit-based automakers and Tesla.

The members of the GAC have a long-standing history of supporting transparent, open, rules-based trading relationships between Canada and its major trading partners. Traditionally, that has meant the United States and Mexico. While that continues to be the case, we have also strongly supported the Canada-EU CETA and the CPTPP, as well as the Canada-Korea free trade agreement.

With respect to the talk at hand, however, the Canadian automotive industry and Canadian consumers have benefited significantly from special access to the United States market via a system of managed trade agreements and free trade agreements, dating back to the Auto Pact in 1965, which provides jobs, economies of scale and efficiencies for the industry in Canada.

Our members support the ratification and passage of the CUSMA, as it will allow our members which have a footprint in all three countries continued preferential access to the U.S. market. Without putting too fine a point on it, members of the GAC are very concerned that the uncertainty associated with finalizing this outstanding trade negotiation is having a deleterious impact on business, not only the automotive business, but far beyond.

Thus, the sooner the agreement is ratified the better. Ratification will provide certainty in the North American manufacturing region that is currently lacking, and the appropriate context for investment and business planning.

Over the course of the negotiations, the GAC has been part of each round of the discussions. Some have said that any deal is better than no deal. We don't believe this to be the case. It was important for Canada to be able to work constructively and creatively among the shifting sands of the negotiations.

Given where the U.S. started with this negotiating position regarding the automotive industry, we believe the deal that has been signed represents the best outcome that could have been achieved. Is it ideal? Perhaps not, but as noted before, it provides industry with access, certainty and the opportunity for review, which were missing from the NAFTA.

The members of the Global Automakers of Canada encourage the ratification of this agreement.

Thank you for your time. I would be happy to answer questions in due course.

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

We're going to the Canadian Agri-Food Trade Alliance, with Ms. Citeau.

Welcome again.

[*Translation*]

**Ms. Claire Citeau (Executive Director, Canadian Agri-Food Trade Alliance):** Thank you for inviting the Canadian Agri-Food Trade Alliance to present its views on the new agreement between Canada, the United States and Mexico.

[*English*]

Our members have a very simple message: CAFTA calls for the swift ratification of CUSMA to ensure continued stability in the North American market, and strongly urges parliamentarians in both Houses to pass Bill C-100 quickly.

CAFTA represents the 90% of farmers who depend on trade, and producers, manufacturers and agri-food exporters who want to grow the economy through better access to international markets. This includes beef, pork, meat, grain cereals, pulses, soybeans, canola, as well as the malt sugar and processed food industries. Together our members account for more than 90% of Canada's agri-food exports, which in 2018 reached record levels of $59 billion and which support one million jobs across urban and rural communities in Canada.

A significant portion of these jobs and sales would not exist without competitive access to world markets. Despite the strong performance, opportunities for further growth are being threatened by unprecedented uncertainty and a rising protectionist sentiment in certain corners, as well as the erosion of predictability in both traditional and new markets.

Last week, CAFTA released its 2019 federal election priorities, entitled “Realizing Canada's Export Potential in an Unpredictable and Fiercely Competitive World”. It is a prescription for what is required to allow Canadian agri-food exports to continue setting records as trade is under threat and increasingly linked to geopolitical and global events.

First on the list of recommendations is to preserve and enhance accessing key export markets and with that, the call to ratify and bring CUSMA into force as quickly as possible.

CAFTA attended all negotiating rounds for the new CUSMA and applauded the news last fall that Canada concluded talks. CAFTA also welcomed the recent resolution of the tariff issue between the Government of Canada and the U.S. related to aluminum and steel products. Tariff-free trade has been an incredible success for businesses throughout North America and for agri-food exporters in particular.

Over the last 25 years, Canadian agricultural and food exports to the U.S. and Mexico have nearly quadrupled under NAFTA. Today, the U.S. and Mexico are our first and fourth-largest export markets, making up about 55% of our total exports last year.

CUSMA builds on the success of the NAFTA agreement. It preserves and secures the duty-free access upon which the North American agriculture and food sector has been built over the past quarter century. Our members, the hundreds of thousands of farmers, ranchers, food processors and agri-food exporters, who rely on trade for their livelihood, are pleased that the Canadian government is taking steps to ratify the new agreement and bring it into force.

Our members emphasize the following outcomes as key benefits of the new CUSMA.

The agreement contains no new tariffs or trade-restricting measures. All agricultural products that have zero tariffs under NAFTA will remain at zero tariffs under CUSMA. Maintaining predictable duty-free access to the North American market is a major win for our members. This will help to strengthen the supply chains that have been developed for the past generation in North America.

This new agreement also includes meaningful progress on regulatory alignment and co-operation. In particular, I would note the establishment of a committee on agriculture that will serve as a forum to address trade barriers, a working group for co-operation on agriculture biotechnology, and the creation of a new sanitary and phytosanitary committee that will help ensure regulations are transparent, based on science, and that trade in North America flows freely, fairly and abundantly.

Another key benefit for our members is the preservation of the dispute resolution provisions that are vital to ensuring fair and transparent processes are in place for when disagreements arise. Preserving chapter 19 in its entirety and much of chapter 20 from the previous NAFTA agreement are also major wins.

Market access improvements for Canadian agri-food exporters include increased quota for refined sugar and sugar-containing products as well as gains for some processed oilseeds products like margarine. These are all welcome news for our members.

All these advances will help to consolidate the gains of the original NAFTA and provide certainty in the North American market, which is essential to the success of our Canadian agri-food exporters.

In closing, CUSMA represents a meaningful upgrade to NAFTA for our members, by keeping our trade tariff-free, establishing processes that will help remove remaining technical barriers to trade and maintaining vital provisions to deal with disputes.

We look forward to working with the government to bring CUSMA into force so that our members can realize its benefits as quickly as possible.

● (1010)

**The Chair:** You represent a lot of farmers and people in the supply chain for agriculture, so thanks for coming.

We're going to Mr. Volpe now, from the Automotive Parts Manufacturers' Association.

**Mr. Flavio Volpe (President, Automotive Parts Manufacturers' Association):** Thank you. It's good to be here.

As most of you know, APMA is Canada's national association of original equipment automotive suppliers. I represent about 300 companies that employ about 100,000 people in this country. Notably for the NAFTA negotiations, Canadian supplier firms employ 43,000 people in the U.S. in 120 plants and about 43,500 people in Mexico in 150 plants.

Throughout the NAFTA negotiations, as some of you know, we were present for every round. In addition to meetings with Canadian officials on a very regular basis, we had time at the White House, the USTR, the Palacio Nacional and all spots in between. Our Canadian positions and Canadian interests found voice on the front page of the Wall Street Journal, the New York Times, the Washington Post, the Economist and so on. We were very active and we were very vocal. I think the agreement is a positive reflection of what we were looking for.

This is a negotiation that no one asked for, from a party that cared only about headlines and Twitter. After four rounds, we finally got the American proposal. It was a self-destructive one. In automotive the proposal was that every vehicle manufactured in North America should have 50% U.S. domestic content.

Canada, importantly, with Mexico, stayed at the table, spent time over the next two rounds highlighting self-harm. Industry associations and stakeholders like ours spent time at the USTR and in Mexico talking about the American self-harm. They countered themselves twice, in March 2018 and then again in April 2018. Our strategy for staying at the table produced the fruit we wanted. They backed off their 50% U.S. domestic content. They came up with other tough terms, but they were negotiable terms.

This current government made a conscious effort and a decision on the NAFTA negotiations to consult openly and frequently with industry. We didn't do it altruistically. Industry was quite vocal about the fact that the Mexicans had an advantage because they took their industry with them in a model they call the “room next door”. The first meeting with this new government was actually at the APMA office with a trade minister, a chief negotiator, an ISED minister and his deputy minister. I thought that was a good step. That's how it is supposed to be done. We saw TPP with both the outgoing government and the incoming government done mostly in the dark; for suppliers, at least, I think the results reflect that.

The new CUSMA is the first increase in regional value content ever in a Canadian trade agreement. For automotive rules of origin, that means an increase in supplier volumes for Canadian plants and footprints of about 25% in shipments. That's $6 billion to $8 billion a year in new purchases, incremental purchases, of an industry that ships about $35 billion a year. To put that in context, that's the equivalent of landing two new greenfield investments in Canada. The last greenfield investment in Canada by a major automaker was in 2007. The upside is unprecedented. This deal for automotive suppliers, from our perspective, must be ratified. I spent time all over the continent during and after; I have spent a great deal of time since in Germany and Japan especially, as well as China. Current suppliers will see the most benefit of this new agreement and its terms, but we are of the opinion, shared by our American equivalent, that the current North American supply base does not have the capacity to meet the requirements for automakers to meet the compliance of 75% North American domestic content.

What it means is that we're also looking at an opportunity that we've been selling very plainly to the Japanese and the Germans especially: We're expecting a great deal of new capital investment in this country from new suppliers who will help their current automakers meet that 75% quotient. This deal has a regional value content level that goes to 75% from 62.5%; on parts, that number is 65% to 70% from 60%, and 70% of those core parts, if they are made with steel and aluminum, must be sourced in North America. In NAFTA we had 29 parts categories that were tracked for compliance. Essentially, we've doubled that.

● (1015)

There is an immediate transition to rules of origin post-ratification. We're hoping that ratification happens in all three countries this year, and there's a three-year phase-in for the RVC levels.

Please ratify this deal without delay. That's been our message in Washington. That's our message in Mexico City.

I'm happy to take questions.

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

I have a quick question. You represent parts manufacturers on both sides of the border, right?

**Mr. Flavio Volpe:** I represent the parts suppliers' interests in Canada, but those head office interests, the GNP interests for major companies like Magna, Martinrea and Linamar, they have investments in the U.S. and in Mexico that in some cases are bigger than their Canadian interests.

**The Chair:** So, you're kind of indirectly representing them all because you're representing them in Canada.

What about Mexico? You just represent Canada, but because they're affiliated, that's how you represent the others.

**Mr. Flavio Volpe:** In Mexico, in meetings with the President of Mexico and with the secretary of the economy and the secretary of foreign affairs, our message there was that we—Canadian companies—own 150 plants that employ 43,500 Mexican workers as well. So if this doesn't work out and we end up on the other side of a big tariff wall here, we're speaking to them as Mexican investors and employers.

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

We're going to do the same as we did with the last panel. It worked out quite well. MPs kept their questions tight and the answers were pretty tight, which is good because we have four panellists and we want everybody to get their thoughts out.

We're going to start right off the bat with the Conservatives. We're going to Mr. Carrie for five minutes.

● (1020)

**Mr. Colin Carrie:** Thank you very much, Mr. Chair.

I want to thank the witnesses for being here. I'm going to start right off with Mr. Adams and Mr. Volpe.

Everybody around the table is aware of the announcement of General Motors in Oshawa. We are going to be able to retain some parts and stamping manufacturing there, but the quote that I've heard more often than not with our manufacturers is that they can handle bad policy and they can handle good policy, but this uncertainty is a real problem. They're competing for international mandates and Mr. Trump wants to bring a lot of that investment to the United States, and if companies locate there, that's where they get the most certainty.

This deal—as Mr. Adams said, it's not a perfect deal—is really important for my community. So, thank you for your input.

Because we have such integrated trade and integrated supply chains and we build cars together in North America—that's the way it has been going—what would it do to our supply chains, our ability to win investment and certainty if this were not ratified, if we dithered in ratifying this agreement?

Maybe we could start with Mr. Adams and then go to Mr. Volpe.

**Mr. David Adams:** I think, as you say, uncertainty is the real challenge here. I think we've reached a point where this deal has essentially been finalized and we just need to get it over the goal line. That's why we think it's important that this deal get done sooner rather than later, because uncertainty and confusion about where things stand are the worst things for business investment.

Yes, as Mr. Volpe mentioned, nobody wanted this negotiation. The fact of the matter is that the whole negotiation was focused around bringing more investment into the United States, not necessarily Canada or Mexico, but I think the reality is that we are where we are and we just need to move forward now.

**Mr. Flavio Volpe:** Companies take a longer-term approach than a single term. That being said, the power of a tweet from the President has been demonstrated over the last couple of years to cause marked confusion.

I view the Oshawa news the same way that you do. Lots of our member companies built generations of business out there. The Oshawa business, the decision in Oshawa, is unrelated to the NAFTA renegotiation and maybe the uncertainty with Trump, but it wasn't helped. It was a product mix that wasn't working and the volumes weren't there, but certainly if we didn't have this cloud hanging over our heads, you could convince a company to turn around and make a longer-term decision than the one that unfortunately hurt Oshawa but also hurt six other plants, mostly in the U.S.

We've seen a lot of the OEMs push back, maybe not as publicly as some of us would like, at least from a political standpoint, but they've pushed back and they've said these are 20-year investments.

Certainly it has worked in changing some decisions on allocation into Mexico that weren't yet installed, and producing vehicles. The real threat isn't if we don't have this deal. The threat is that we have somebody in the White House who takes a narcissistic approach to these things and has threatened to pull the NAFTA. In a scenario where we don't have the CUSMA and we have a NAFTA withdrawal, we're going to have a real big problem with investor confidence.

**Mr. Colin Carrie:** Yes, and I think these once-in-a-generation investments are so important that we're able to compete for that.

My next question, though, is about the complexity of the rules of origin.

I'm getting some feedback and concern because at the end of the day it's about jobs and keeping jobs in Canada, but if it gets so complicated, some auto manufacturers may just skip the whole thing, manufacture all of the product overseas, just ship it in and pay the 2.5%.

I was wondering if you could comment on the complexity for the rules of origin compared to the NAFTA. Is this a real concern that we need to be worried about? At the end of the day, it's about jobs and keeping jobs in Canada. If it gets far too complicated, are we at risk of losing that entire supply chain to countries that are offshore of North America or even towards the United States?

**Mr. Flavio Volpe:** I think it's a valid concern in general and I think the original American proposal was 85% regional value content, 15% U.S. domestic content, tracing parts down to their raw materials.

We said that the most important perspective from a supplier point of view is if our OEM customers were going to pass, then we were going to get hurt there. Our position was to listen to the OEMs. If they say they won't do it, as you said, the MFN tariff is 2.5%.

Over the course of those rounds, we got to a place on the rules where we simplified them more, dropped some of those content levels to a point that still made suppliers happy, but I think, without exceptions, OEMs are saying they can make it.

On silly things like tracing supplies right down to the raw materials, I pointed out that a lot of plastic products come from petroleum, so do we need to know where the dinosaurs died? That little insert of candour, I think, broke up that discussion.

**The Chair:** Sorry, but we'll have to finish here—

**Mr. Flavio Volpe:** Sure, let me just finish the one I have here.

● (1025)

**The Chair:** Go ahead, sir.

**Mr. Flavio Volpe:** Getting this right is important because the MFN tariff is only 2.5%, but the American intention, I think...using the section 232 tariffs and going back to WTO, our expectation in the industry is that this number is going to go way up.

**The Chair:** Thank you.

We're going to the Liberals now.

Mr. Peterson, you have the floor. You're a man who knows auto parts very well.

**Mr. Kyle Peterson (Newmarket—Aurora, Lib.):** Not as well as Mr. Volpe, but thank you, Mr. Chair, and thank you, everyone, for being here today.

I am going to pick up on the auto theme based on the number of auto parts jobs that are based in my riding and rely on a strong auto sector, of course.

I want to take a step back. When President Trump threatened to rip up NAFTA, that was an existential threat, I think, to the auto industry. I'm not sure, Mr. Volpe, if you want to elaborate on that. Mr. Adams, you can too, because I think we needed to put the new deal in that context.

**Mr. Flavio Volpe:** On his way into office, he said he was looking for a border tax on all goods coming in. He then turned around and threatened very specific companies like Ford and BMW, putting a tax specifically on.... Whether he could do it or not was not the question. The markets reacted to the fact that the President of the United States was threatening some type of action.

He threatened to pull out of NAFTA. Our industry knows no borders. Frankly, if you have an OEM customer, there are concentric geographic circles of supply and you have to be close to your customer. There are 10 OEM plants in Canada, but they're all selling goods to the U.S., so it's a big threat. This is the way the President likes to play. Frankly, Canada has had some big, crazy threats, which from a legislative point of view I'm not sure he could enact, but that's not the way capital flows and that's not the way customers pick their suppliers. It was a big threat.

**Mr. Kyle Peterson:** Mr. Adams, do you want to comment?

**Mr. David Adams:** Sure. I think you're right. I think it's a characterization of different companies, too, in terms of the President saying that the BMWs of the world.... BMW has their largest plant in Spartanburg and it's also the largest automotive exporter. I'm sure a lot of Flavio's members supply the plant in Spartanburg as well. This was a real concern for the entire automotive industry, especially when you consider that regardless of manufacturer, about 85% of the production coming out of any Canadian plant is going into the U.S. market. It's not going to Europe or elsewhere; it's going to that U.S. market, so it was a very problematic issue, for sure.

**Mr. Kyle Peterson:** Based on that, how important were the auto side letters to remove that threat from the industry and then when it comes to investment flows?

**Mr. Flavio Volpe:** The auto side letters are a funny instrument. On one hand, from a purely academic point of view, I would not like to see us in those types of discussions, whereby we concede some extra agreement against a threat that I thought was an improper use of legislation. Others have called it illegal.

The fact is that in our business, sometimes leverage is more important than the legislation. The leverage was we set quotas that, if they were to be reached, would mean that we would have to add three new OEM full capacity plants for us to get to those quotas. There is no prospect currently of seeing them in the future in this environment. Maybe one or two.... I offered to pay the tariff on every vehicle after the third one.

**Mr. Kyle Peterson:** I'm pressed for time, so I want to get in one more question, if I can.

**The Chair:** You have a minute and a half.

**Mr. Kyle Peterson:** That's perfect.

Mr. Volpe, I think you were on the record as saying this achievement in the automotive sector benefits Canada immediately and directly. It's going to result in more investment, more volume purchases from existing investment, and underpins the kinds of jobs we want in this country. You elaborated on that. Right now you're saying we don't have the capacity to fully leverage this deal. Are you confident the investment will flow to get us to that capacity?

● (1030)

**Mr. Flavio Volpe:** Suppliers don't build plants or lines on spec. Either you have the contract or you don't. Of course all my members are bidding very aggressively on the new volume. The fact is that volume will be a 25% addition writ large. It won't be spread. Everybody is under the 25%. The winners may get 26% or 50% more volume. You have to do it in three years. To do it in three years is a message I took to Japanese suppliers in Yokohama at a supplier show last week. I told them if they were supplying Mazda, Toyota, Honda, Subaru and these specific items on vehicles that are being assembled there, come to Canada because they make those cars in the U.S. and Canada, and we need them.

**Mr. Kyle Peterson:** Thank you.

**The Chair:** We're going to the NDP now.

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

**Ms. Tracey Ramsey:** Thank you so much.

Thank you to all of our witnesses here today.

My first question is for Ms. Dey because she's the first person to raise chapter 20, the intellectual property provisions around the cost of pharmaceuticals. New Democrats have been raising this. Quite frankly, this impacts all Canadians.

You raised the types of drugs, biologics, that are being looked at or that the extension is for, such as insulin, things for Crohn's, rheumatoid arthritis. These are extremely expensive drugs for Canadians. Even if they have some sort of pharmaceutical or drug plan from an employer, typically it won't cover the cost of these drugs. They're so incredibly effective. A lot of people say they will be the future of drugs.

I want to ask you about that and the concerns that not just the New Democrats have, but as you said, the PBO has as well. My colleague Don Davies is our health critic. He asked the Parliamentary Budget Officer to study the impact of pharmaceutical costs in the new CUSMA and the PBO came back with the stunning number of $169 million per year.

I wonder if you can speak to that. To me, this is a TPP hangover. The U.S. wanted this in the original TPP. It was removed in the new CPTPP, but here it is back again because—no surprise—big pharma in the U.S. and Canada is pushing hard for this.

Can you comment on the implications of this for Canadians?

**Ms. Sujata Dey:** It's an irony, because the first thing President Trump did in office was to say that he hated the TPP and he was going to rip it up. However, what has happened is that a lot of the provisions that were originally in the TPP made themselves into the new NAFTA. One of those is the biologics.

Basically, we have patent protection in Canada for 20 years. However, on top of that, we have what's known as market exclusivity for biologics, which right now, in Canada, is eight years. The new NAFTA would raise it to 10 years. What's important for this is that already it's shown that about 70% of all the new costs to the Quebec *assurance médicaments* program are these costs of biologics. This is the highest rising class of drugs with all public plans put together. This is something where you can spend about $5,000 to $50,000 a year for a patient on this class of drug. These are very important treatments. This is something that will be offloaded either to private citizens who will have to choose whether they can afford these drugs or not, or in the event of a public plan, it will be offloaded to us.

It is a very important provision. It is basically U.S. pharma that benefits from this, because it is U.S. pharmaceutical companies that are the producers of these biologics. There's no interest for Canadians at all, in terms of industry or our public plans, to have this.

Currently in the United States, the Democrats are asking for these provisions to be specifically removed from the new NAFTA. As I've said before and I can go into more detail, they have the votes, and it's important to note that in 2006 when the Democrats gained majority in the House with George Bush as president, they actually opened up three agreements precisely for pharmaceuticals. They opened up the agreements with Colombia, Panama and Peru to specifically go in and change the pharmaceutical language.

I know industry feels that they are reassured by the signing of this new NAFTA, that this is a done deal, that this is going to provide assurance. However, the elephant in the room is that the United States has to ratify this agreement, too, and the votes aren't there unless this agreement is opened up.

What I'm saying is that this illusion of security, especially when we have this President of perpetual negotiation, is just an illusion. Ratifying this agreement in this speedy form is not going to provide insurance, because there's a critical path element here that we don't control, which is the U.S. Congress.

That illusion of security is just that; it's an illusion.

● (1035)

**Ms. Tracey Ramsey:** Thank you.

**The Chair:** You have 20 seconds left.

**Ms. Tracey Ramsey:** That went by so quickly.

I would just add a comment, then, that no Canadians believe the cost of drugs should be raised through a trade agreement. If there's an opportunity to join the U.S. right now to remove this provision, it's something that Canadians would strongly support the Liberal government doing, and I would encourage my colleagues to do the same.

**The Chair:** Thank you, Ms. Ramsey.

We're moving over to the Liberals now.

Mr. Dhaliwal, you have the floor.

**Mr. Sukh Dhaliwal (Surrey—Newton, Lib.):** Thank you, Mr. Chair, and thank you to the presenters.

Before we reached this deal, people in British Columbia were not very optimistic in dealing with President Trump, with all the tariffs we had. Once this agreement was reached, you have expressed your opinion but when I'm out in the community on the doorsteps, whether it's the small and medium-sized manufacturers or the labour groups, the workers, everyone has said to me, “Sukh Dhaliwal, we want you to tell Prime Minister Justin Trudeau and Chrystia Freeland the great work they have done to get this deal done.”

Do you hear the same on the ground, or a different opinion out there?

**Mr. Flavio Volpe:** Our members were frankly surprised that we were able to get an agreement that had higher regional value content. It's a very straight line between the RVC level and business prospects. There was a positive assessment of this deal. The only question is, are we going to ratify it or not?

They are all of one voice. I just finished my annual conference in Windsor this week and everybody is hopefully optimistic that we do get it passed and we get it moving.

We have a lot of other global forces against Canadian competitiveness. Nobody else is standing still. This deal is helpful for auto parts manufacturers and then soft auto parts suppliers in the IT space.

**Mr. Sukh Dhaliwal:** How about the rules of origin and labour provisions? Would they slow down the movement of jobs to Mexico or the other way around?

**Mr. Flavio Volpe:** Do you know, I think the naked American objective here was to do exactly that, to repatriate jobs from Mexico, not all of it fact-based and frankly, not a lot of it reversible without hurting American interests and objectives. Those are American companies that invested in Mexico. Closure costs put into a unit price hurts everybody.

The fact of the matter is that with this new labour provision, this labour value content, which is the United States domestic content by another name, is going to buy us supplier investment to north of the Mexican border, and then the rest of it is up to us to hustle. Certainly, I see an uptick in supplier activity, as I've been saying, no longer being an issue of whether we're on an equal playing field with the Mexicans.

**Mr. Sukh Dhaliwal:** Ms. Citeau, would this treaty benefit farmers in British Columbia?

**Ms. Claire Citeau:** Absolutely, farmers in British Columbia, Alberta, Saskatchewan, Quebec, and all across Canada will benefit. Essentially, the deal provides certainty in a very uncertain world at a time when things unrelated to trade affect trade.

As some of my colleagues have said before, it is time to ratify CUSMA, and the sooner the better.

**Mr. Sukh Dhaliwal:** I would like to pass to Rob Oliphant.

**Mr. Robert Oliphant (Don Valley West, Lib.):** Thank you, Mr. Dhaliwal.

My question is for Ms. Dey from the Council of Canadians.

My question is regarding your modelling on the effects of a two-year patent extension to the biologics, which would affect biosimilars. Have you modelled in that and worked with groups like patient advocacy groups to understand the balancing of the need for new biologics and the extensive research that goes into them, as well as patient access, and then factored in reforms at the PMPRB, potential reforms at CADTH and CDR, as well as pharmacare plans, which are obviously being discussed after Dr. Hoskins' report?

● (1040)

**The Chair:** That's a loaded question.

I don't think it's fair to you, because you only have a minute, so I'll give you a minute and a half to answer the question.

**Ms. Sujata Dey:** We are not the economic modelers. We're relying on information from the Parliamentary Budget Officer, who has modelled that information and has looked at what that would do to biosimilars and how that would act in the market, and what those costs would be to pharmacare. I urge people to look at the Parliamentary Budget Officer's report, which answers many of those questions.

**Mr. Robert Oliphant:** I would actually urge you to look at it too for what's not in that study pertaining to all the other factors. If you only had one factor in and didn't look at all the other possibilities, then you really would not get data as good as you could get.

I just think patient groups are.... I was the president of a patient group for four years. We looked at access to medications, as well as development of biologics. We had a vested interest in both. I would hope the Council of Canadians has vested interests in the development of biologics as well as access for patient care.

**The Chair:** We'll have to leave—

**Ms. Sujata Dey:** There's quite a lot of research on how—

**The Chair:** Sorry, but we'll have to leave it at that.

Members, I recommend that if you have a good question, maybe you should load it up at the front end, so we can have a good dialogue, because I don't like going into overtime on the five minutes.

Ms. Ludwig, you have five minutes.

**Ms. Karen Ludwig:** Thanks Chair, and thank you to all of the witnesses.

My question is for Ms. Citeau.

You had mentioned in your testimony about different committees, a committee on trade, a working group, and a sanitary/phytosanitary group. How does your consultation process work in feeding that consultation back to government?

**Ms. Claire Citeau:** We are in constant contact with negotiators. We're never at the negotiating table nor do we see the details or have any access to any of the details, but it's a two-way communication with the officials and our members. We're very plugged in. This is why we have gone to all the negotiating rounds and have remained in very close contact with them.

**Ms. Karen Ludwig:** When we look at international trade or expanding to different markets, is there a skills gap that government can help fill or support within your members?

**Ms. Claire Citeau:** This is a question which I think would be best addressed directly to some of our members who are really focused essentially on trade liberalization at this time.

**Ms. Karen Ludwig:** Great, thank you.

You also mentioned competitiveness, certainly between urban and rural areas. I represent a rural riding and also a coastal riding, so ratifying NAFTA is certainly an important trade deal for us in Atlantic Canada.

How do you see that for your members in the Atlantic region?

**Ms. Claire Citeau:** I think the same is true whether it's in the Atlantic region or elsewhere across Canada. When the agriculture sector does well, it bodes well for the food processing sector as well. Those two sectors work hand in hand.

When there are opportunities abroad, it means greater growth and opportunities at home here. When we talk about competitive access to the world's markets, our members, for sure, want to emphasize the importance of the North American market. Therefore, there's the need to ratify CUSMA as quickly as possible, because it preserves the supply chains that have been developed in the agriculture and food sectors across the continent, essentially. Our members are also very much looking forward to growth in Asian markets.

**Ms. Karen Ludwig:** In terms of expansion, then, on the innovation side, I can tell you that some of the farmers in my area have done amazing work on innovation, certainly working with government on that partnership. When we're looking at the barns or, as the chair mentioned, the happy cows, what innovation opportunities do you think are before us in terms of expanding to different markets?

● (1045)

**Ms. Claire Citeau:** I think, again, this would depend on the various sectors' commodities, and I would be happy to have my members follow up directly with you on this.

**Ms. Karen Ludwig:** Thank you.

Mr. Adams, my question for you stems from Mr. Peterson's question on the threat of President Trump's ripping up NAFTA. What impact would that have not only on the Canadian auto sector, but also on the Canadian economy?

**Mr. David Adams:** I think if you look at the automotive industry in Canada, it's an industry of hundreds of thousands of people, from Mr. Volpe's members through the whole vehicle assembly sector as well. I think that, if you don't have access to the United States, you really in effect don't have a Canadian automotive industry because the Canadian economy cannot absorb the production coming out of those plants.

As was referred to earlier, it is an existential threat not only to the automotive industry in Canada but also to the Canadian economy. The automotive industry comprises, if I'm not mistaken, bout 12% of Canadian GDP.

**Ms. Karen Ludwig:** Do I have more time?

**The Chair:** You only have half a minute, if you want to ask a quick question.

**Ms. Karen Ludwig:** Rob, do you have a quick question?

**Mr. Robert Oliphant:** There's no such thing as a quick 30-second question.

**Ms. Karen Ludwig:** That's true.

**Mr. Robert Oliphant:** I would just go on more about pharmaceuticals and biologics.

**Voices:** Oh, oh!

**The Chair:** I think we're going to move on, because I don't want to get into trouble here.

We're going to move over to the Conservatives.

Mr. Hoback, you have the floor.

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

Thank you, witnesses, for being here and for attending by video conference.

Mr. Volpe, you talked about wanting to have this ratified right away. I just want some clarification. When you say “right away”, do you mean in sync with the U.S., or do you want us to go ahead of the U.S. in the ratification process?

**Mr. Flavio Volpe:** That's a good question.

**Mr. Randy Hoback:** I just want clarification.

**Mr. Flavio Volpe:** I'm not the member for Eglinton—Lawrence, so I have a different perspective here. I would say that it's very important for this government to show, especially the Democratic Congress, that we're serious about this deal and that we're independently going with a ratification process.

It's a delicate balance of economic diplomacy there, but I would like for our stance to be firmly and publicly saying that we're going to ratify, that we're expecting that they're going to ratify, that we support this deal, and that we all have common interests, but not suggest, by the way, that we'll wait for them and see how it goes.

**Mr. Randy Hoback:** The concern I have here is about any changes at the last minute in the U.S.

**Mr. Flavio Volpe:** I don't know how you reopen an agreement.

**Mr. Randy Hoback:** There are the side agreements, the side letters and stuff like that.

**Mr. Flavio Volpe:** Fair enough.

**Mr. Randy Hoback:** Will it change anything? I don't know, but I want to see it for sure.

Ms. Citeau, is that the same interpretation you have, that you want to see it done now, and we'll take whatever we get, or do you want to see it move along with the U.S.?

**Ms. Claire Citeau:** Our members want to see the agreement implemented as soon as possible. I won't comment on the sequencing, but essentially, our members want to see it implemented quickly so they can realize the benefits of the agreement.

**Mr. Randy Hoback:** Yes. They just want to see it done at the end of the day, once everybody agrees, and I agree with that.

When you look at the agreement, and when you look at the beef producers and grain producers in that scenario, do you see any real change in market access? Do you see any real change in the supply chains and how they're going to operate? Do you see any harmonization when it comes to regulatory requirements for new medications and standard stuff like that? Is there anything there you'd identify that has been an improvement compared to what we had before?

**Ms. Claire Citeau:** On the beef question, I understand that our members from the Canadian Cattlemen's Association will appear right after this—

**Mr. Randy Hoback:** Do you want me to ask them that?

**Ms. Claire Citeau:** —so I will let them address this.

On the others, there are some minor improvements for some processed food products, which I have mentioned, and they are welcome news for our members. There are also some new mechanisms. I mentioned a few committees—the agriculture committee and the one on biotechnology—that will serve as forums to address trade irritants and will help ensure that trade continues to flow as freely as possible.

**Mr. Randy Hoback:** Okay. I appreciate that.

Mr. Adams, you talked about global automakers. Canada has lots of market access around the world. We have a labour force second to none. It's educated. It's there. What is preventing more of the global auto players from relocating in Canada? You could do a platform here and supply anywhere in the world. Why are we not seeing that investment happening here? Why is there hesitance? What's the issue?

● (1050)

**Mr. David Adams:** I would say what you're probably dealing with is essentially historical. The plants that are currently operating in Canada were all put in Canada to serve the North American marketplace and the North American marketplace exclusively. That's not to say that with the CETA, as you noted, and with other trade agreements, Canada couldn't become an export platform to these other countries. But right now, at least as far as my members—Honda and Toyota—are concerned, the North American marketplace is basically taking all the production that they can assemble right now, because they're assembling, frankly, product that's very attractive in the North American marketplace.

It may come with time, but going back to a statement I made earlier, if you're looking at investment right now, you're looking at the certain place to invest. Without this agreement being done, the certain place to invest is the United States.

**Mr. Randy Hoback:** Mr. Volpe, I'll go to your side of things. You talked about three facilities on the OEM side. I look at it differently. The U.S. is not going to get any more market access. I don't think they are going to do any more trade agreements under this administration. I just don't think it's going to happen. But Canada already has them, so why haven't we leveraged that fact? We could say, “You know what? You can have a facility in the U.S. take care of the domestic market. I get it. But you could have another facility two hours north, and you could export all around the world from that facility.”

Why haven't we leveraged that? What is the thing that's holding them back? Is it our competitiveness? Is it the taxation? Is it the unionization? What are the issues that are keeping them from coming up north?

**Mr. Flavio Volpe:** You know, I make that pitch all over the world. I make it from a private sector standpoint, but I make it. The global automakers—not David's group, but small-g global—have moved to a trend, especially in the last couple of decades, of building where they sell. The Canadian market is saturated. The American market is the real target. The American market is 17 million sales a year, but they make 12 million vehicles a year. The real pitch is “Come to Canada to sell to Americans.” Especially if you're in a volume business, not premium vehicles, you're operating in a single-digit EBITDA. You could eat up that single-digit margin by then having to export across the Atlantic and the Pacific.

To clarify the question—and I think we have similar ones—of why not in Canada, I think the USMCA, or CUSMA, whatever we're calling it, will help to answer that question a little bit if the U.S. does that second step, which is to do fortress North America, their tariff threat to make it more expensive to import into the U.S. Canada could be the best place, considering what this agreement has done to weaken the prospects of Mexico, to fill that five million U.S. demand gap.

I do know that we are in very serious long-term discussions with OEMs from Europe and Asia, and my expectation is that once this gets ratified, we're going to see one or two new ones show up here. There are all kinds of other issues of competitiveness, some under provincial jurisdiction. We have a government in Ontario that is transactional in that space, and I think working together with the industry, you might see some positive results.

**Mr. Randy Hoback:** [*Inaudible—Editor*] and rationalized their domestic production to one facility in the U.S., and then they went to Asia. Why didn't we grab that second facility and say that they can still export to Asia, and they're only three hours away?

**The Chair:** Mr. Hoback, I don't know if you have a clock over there, but my clock reads almost seven minutes.

**Mr. Randy Hoback:** Really?

**The Chair:** They were really good questions and answers, but I think we have to—

**Mr. Flavio Volpe:** I think it's a very complicated negotiation with a publicly traded company that has ticker symbol issues and distribution issues—

**Mr. Randy Hoback:** There's more to the equation.

**Mr. Flavio Volpe:** Yes, there's way more to it.

**The Chair:** Just as a comment, I think when we had the Japanese automakers in for lunch, one of the things they were looking at was that Canada was also a stepping stone not just for the United States but with our new European agreement. We would hope that would also bode well. I know it's a bigger leap across the pond, but is there some thinking that way also?

**Mr. Flavio Volpe:** In the CETA, there is tariff-free export of vehicles under a quota, and it's 100,000 a year shared with everybody. So what does CETA represent? Is it necessarily a singular business case to manufacture or export? It is an opportunity for current manufactures to diversify where their current plant's business is. It may strengthen Honda's business in Alliston. But the quota is over by the time you get to three months' worth of production in one plant and we have 10.

● (1055)

**The Chair:** Thank you.

We're going to the Liberals now.

Mr. Fonseca, you have the floor.

**Mr. Peter Fonseca:** Thank you, Chair.

I want to thank the witnesses for highlighting how integrated our economies are, and also highlighting the need to get this deal done and get it done as quickly as possible.

This doesn't always happen, but we've received comments from along the political spectrum as well as business and the people whom we represent in all of our ridings. I just want to read these out to you.

The Business Council of Canada said, “We applaud the government's success in negotiating a comprehensive and high-standard agreement on North American...”. People like Jerry Dias are saying, “The auto industry should be absolutely thrilled. This framework delivers significant improvements in auto. Unifor called for increased rules of origin” etc. They're very, very supportive.

Also, we have a quote from Hassan Yussuff, the president of the Canadian Labour Congress, saying the new NAFTA “gets it right on labour provisions”.

From right across the spectrum, what we're hearing is support. I think that support is to bring that access to the North American market, that certainty, understanding what that translates into is more business, more jobs and a better quality of life here for all of us in Canada.

I want to go to the rules of origin and auto parts. It's changed so much when it comes to auto. It seems now that we're on four wheels and a computer. Can you highlight for us a little bit about what's happened in terms of the parts? You said they added 50% more in terms of parts for the cars.

**Mr. Flavio Volpe:** The challenge of getting the rules of origin in autos is recognizing that the current rules of origin were written in 1994 when the maximum amount of electronics in a car might be the trip computer where you press the button and reset. Now about 30% of the value of a vehicle—not the weight but the value—is in electronics, hard and soft. There are more lines of code in a Chevy Cruze than there are in a Boeing Dreamliner.

The rules that said 62.5% of a vehicle has to be locally sourced to sell tariff-free only told half the story. They missed all this new content. The effective rate was probably around 52% or 53%. The debate around the new rules is how we capture all those high added value pieces, both from a Canadian perspective and I know the Americans were after that as well, and not always chase those commoditized pieces that follow the lowest labour wage rate of pieces that went to Mexico. I think we've achieved that balance. It is a balance because if people such as David's members didn't commit to meeting those new standards because they were too high and the tariff penalty was too low, then my members wouldn't get anything out of it.

There's a balance struck across North America between the auto makers and the legislators and the suppliers that we are going to make a real effort to get there, and we're going to see some higher added value stuff come our way.

**Mr. Peter Fonseca:** This would be like positioning ourselves as a global centre for AI and what that means in terms of future autos.

**Mr. Flavio Volpe:** If you overlay the IT cluster map of North America with the automotive manufacturing cluster map of North America, the only place where the two overlap in a material way is in southwestern Ontario, with a real honourable mention to Montreal.

**Mr. Peter Fonseca:** That's great to hear. You talked about $6 billion to $8 billion in investment that you can see.

**Mr. Flavio Volpe:** It's $16 billion in incremental supply bridges annually.

**Mr. Peter Fonseca:** That's on the horizon, and would include many we just discussed.

**Mr. Flavio Volpe:** B.C., Ottawa to Windsor and Montreal area all will win that.

**Mr. Peter Fonseca:** Just to clarify, I know we're talking about CUSMA here, but also with TPP and CETA, how do you see Canada positioned now, in terms of an export country?

**Ms. Claire Citeau:** Today, we're the fifth-largest exporter of agri-food products in the world, and we are well positioned to continue to supply high-quality and safe products to the world's markets.

Our members are very pleased with the CPTPP ratification. We're starting to see some positive uptake and results, in particular in the beef and pork sectors. There are some really positive stories on the canola side as well. Hopefully, that is a sign of what's to come. Our members really want to see more of these expansions in Asia, which is where our members see future growth coming from.

We also did mark the entry into force of the CETA; however, 18 months later, our exports to the EU have dropped by close to 10%. I want to be careful, because there are many reasons that explain that number, including prices and demand coming from other markets. Essentially, the problem right now with the CETA is that although there are huge opportunities, there are also outstanding issues with respect to meat products and biotech approvals in this part of the world.

● (1100)

**The Chair:** We're going to have to move on. We went over the time.

Mr. Carrie, you have the floor for five minutes.

**Mr. Colin Carrie:** Thank you very much.

I think everybody around the table are concerned about jobs, Canadian jobs. Again, coming from a manufacturing community, there's a recognition that Canada in particular relies on trade. I take your comment quite well about coming to Canada to sell to the United States. Moving forward, for the immediate future, we have to position ourselves to be competitive internationally, as North Americans, and trade is just a part of that.

As Mr. Hoback said, if you're just looking at trade agreements, we should be the place to be, but we have to look at the big picture. I hear about the high cost of energy over and over in Ontario, because of bad policy, regulatory uncertainty, productivity, taxes and things along those lines.

According to LevaData, this deal will likely increase the cost of production in Canada. I think it was 41% of 100 U.S.-based auto executives said that the costs of manufacturing here will go up at least 10% and up to 25% over the next three years. That means higher costs for consumers. My worry is that tipping point. As I said earlier, it may get to a point where instead of building in North America, some manufacturers may just say that it's too complicated and too costly especially in Canada and they're just going to pay the 2.5% tariff.

What should the Canadian government do to make sure that we can use this agreement to its full potential, so that we remain competitive and don't get to that tipping point where we lose the supply chain jobs building those products here in North America?

Flavio, maybe you could start, and then Dave.

**Mr. Flavio Volpe:** There would be cost increases. I think organizations like the Center for Automotive Research in Michigan have articulated those to be around 5%. Five per cent is important to a consumer, for sure, but 5% is also important to the competitiveness of our sector.

To be clear, the cost increases are in the repatriation of purchases to manufacturing towns all over the Great Lakes region on both sides of the border, as opposed to where their trend has been to go to low-cost jurisdictions, like China, Vietnam and Malaysia, to build at a global level. I think that is one of the saw-offs that isn't as clearly negative as some people have made it to be. The fact of the matter is that there are structural issues that need to be addressed in terms of the cost structure. A lot of those are provincial, and I see real movement in some of those, including the cost of electricity, from a Canadian government point of view. It really is a coordination with the province on targeting new investment. You're not going to land Mitsubishi alone, so you can go and sell the trade deal, but you'd better go with the province.

I give the same advice to the province, and I've certainly given this advice to both stripes. Getting new investments, greenfield investments, is like bidding for a professional franchise or the Olympics. There is a distaste in the public to spend hundreds of millions of dollars to land a General Motors plant. However, you know in your riding that when you lose one, your mindset changes a bit. I think it's incumbent on this government to communicate the benefits of going out and bidding for plants. The plants that left Windsor...they don't come back. The ROI for some of these investments is three years, both through the personal tax base and through the corporate tax base.

Everybody kind of shies away. Everybody's party shies away from having to be the one to defend it, but frankly, we lost Hyundai and Kia to Georgia because it outbid us. We lost Toyota and Subaru to Mississippi because it outbid us. One of things that's important in government is not to worry about how sometimes we have to do the tough things and go out and sell it, that we're going to be very aggressive. Yes, we're going to work on the price of electricity. I want to see it. But, damn it, we have to go out there and bid on this stuff.

● (1105)

**Mr. Colin Carrie:** Mr. Volpe, you don't have to tell me that, because during the economic downturn, there was a lot of pressure, but we did work with the auto industry to save the auto industry, especially with regard to the impacts in southern Ontario. That's why it was such a big disappointment for me to lose a plant, General Motors in Oshawa. They will be making these once-in-a-generation investments, whether it's electric vehicles or autonomous vehicles. To see that go was something that was really, really disappointing and unfortunate for not just Oshawa, but all of Ontario.

Mr. Adams, could you please comment on that? What does the government have to do—

**The Chair:** Your time is up. Sorry, Mr. Carrie. We wouldn't want you taking any time from Ms. Ramsey now, would we?

**Mr. Colin Carrie:** Not at all.

**Ms. Tracey Ramsey:** Good luck trying.

**The Chair:** She only has three minutes.

Ms. Ramsey, you have the floor for three minutes.

**Ms. Tracey Ramsey:** Thank you.

I'll pick up on that theme of my colleague. You know, 400,000 manufacturing jobs have been lost in Canada. It's so significant, and without government at the table in a real way to attract that investment, I don't know that anything we put in any agreement will be able to address this really serious fundamental challenge that we have.

For my question, I want to go to Ms. Dey.

We talked about regulations, about regulatory co-operation and practices, which is chapter 28. Trade deals routinely limit the ability of countries to regulate and limit how we regulate in certain areas, such as public health, food safety, rail safety, and workers' health and safety. There are a lot of rules in trade agreements on how governments can make policy and regulations. The new NAFTA, the CUSMA, has been criticized for going even further.

I wonder if you could comment on this, please.

**Ms. Sujata Dey:** This is what we were talking about, that most of the trade agreements have very little now to do with tariffs. Traditional trade agreements are going more into the regulatory space. You see that with ISDS, the investor-state dispute settlement, which is in quite a number of trade agreements, including CETA and CPTPP, which give corporations the ability to sue governments when policies or rules are changed. The new trend has been within CETA, within TPP, and with NAFTA—somewhere in the old NAFTA we also have regulatory co-operation councils outside of NAFTA—that with each agreement, this regulatory co-operation is becoming more and more intense. With CETA we see it as a voluntary thing, where the two sides meet and talk about regulations, and there are committees. With the CPTPP it becomes much more intense. With the new NAFTA, this becomes even more intense.

Now we've gotten rid of the ISDS, so we can no longer sue when regulations get in the way of profits, but you have now a dispute settlement. When a corporation or an interested party doesn't feel that the regulatory co-operation things have been respected, they can go to state-to-state dispute settlement. Now they have a mechanism to challenge regulations.

The other thing they have is kind of a back door. They have a process where their stakeholders are consulted at the beginning and towards the end, while the regulation is being hatched. That means a regulatory body is being forced to, first of all, defend its rule. It has to do a cost-benefit analysis. It has to defend whether it has to legislate in the first place. It has to defend whether these rules are so-called science-based. Now, it might [*Technical difficulty—Editor*], but what it means is that we cannot use the precautionary principle, and therefore the burden is on the regulator to say, “This regulation will harm person X.” It's not on the company to say, “My product is safe.”

These are very important ways in which regulatory co-operation can affect how a regulation sees the light of day. The problem with that is that these are semi-transparent committees. Civil society does not have the same mechanisms or the same resources to sit on these committees and hatch the rules. This is an extra-parliamentary space. This is a space above our democracies where corporations from three countries actually have a say on our rules and have a dispute settlement mechanism if they don't like them.

● (1110)

**The Chair:** Thank you.

We have time for one last questioner.

Mr. Sheehan, you have the floor.

**Mr. Terry Sheehan:** Thank you very much.

Thank you very much to the presenters today.

I'll pick up on what the last panel was talking about, and that is, how critical it was to have the lifting of section 232 tariffs on steel and aluminum and how important it was to have the lifting of the counter-tariffs we put in place. I think more Canadians and Americans are extremely aware of the integrated market we have between the United States and Canada as a result of what had happened. I will use Algoma Steel, as an example. In Washington and other places.... Product is sourced from four states. Iron ore comes from Michigan and Minnesota, and coal comes from Pennsylvania and West Virginia. It's put into the transportation network to send it up to Algoma Steel where it's made into steel. In terms of the steel produced at Algoma and many other steelmakers in Canada, basically one-third goes into the auto industry, one-third goes into energy, and one-third goes into manufacturing.

I guess I'll start with you, Mr. Volpe, because you have a good Sault Ste. Marie name. There are lots of Volpes there. How important was it to your membership to get the tariffs lifted?

**Mr. Flavio Volpe:** You know, the tariffs were a fair bit of madness. Somebody decided to put a tariff on a good that would be borne by consumers in his own country to prove a point that nobody understood. The fact of the matter is that for 10 months we all paid it. The Canadian counter-tariffs, which I thought were tactically important to do, in some cases were more disruptive to some of our members' business because of the very nature of that cross-border trade. We were able to get them lifted, but it took a while. It's a big relief on the industry on both sides of the border to have them gone.

I would also point out that what was unique about it was that I think it was the first rupture between the Republican senators' caucus and the White House. They felt enough pain from our retaliatory measures that they worked; it was important enough. But 10 months of lost productivity for some very important facilities will take a while to undo.

**Mr. Terry Sheehan:** I agree with that.

I'm going to Toronto now. Mr. Adams, I'm glad to see that you could make it into work after that big traffic jam for the Raptors party.

For you, sir, the chair mentioned that we met with Honda and Toyota as well. In some of the conversations I've had not only with them but with other automakers, some people alluded to Trump's saying that he was going to rip up the free trade agreement. However, he did not do that, but he did introduce a sunset clause of five years. How important was it to the auto industry not to have a five-year sunset clause?

**Mr. David Adams:** Well, it's like anything else. I think certainty is key, and long-term certainty is key. Having a five-year sunset clause is a very short time frame in the overall scheme of automotive investment and automotive planning. I think that not to have that in place was very important at the end of the day. I'll just leave it at that for the sake of time.

**Mr. Terry Sheehan:** Thank you very much.

I guess the obvious question is what I asked before about section 232 and if it were ever extended to the auto industry, the ramifications...just to get it on record from you, please.

**Mr. David Adams:** Yes. I think the fact that the side letters are in place right now and not waiting for the ratification of the agreement is important. They're not ideal, but I think they do provide protection for the automobile manufacturers in the Canadian marketplace.

**Mr. Terry Sheehan:** With the auto manufacturers and also the parts, and overall on your opinions of the deal as it is today versus where we were 10 months ago, would you suggest that we do this as soon as possible? What kinds of time frames would you suggest the government follow in a ratification process?

● (1115)

**Mr. David Adams:** I think it's already been mentioned that the holdup is not Mexico and the holdup is not Canada. The holdup is actually the U.S. Congress. It remains to be seen what's going to transpire down there, but as has been mentioned by other panellists, I think it's important to put our best foot forward and to show a clear indication that Canada is willing and ready to ratify this agreement.

On the exact specificities around the timing, I'll leave that alone, I guess, but I just think it's important to ensure that the message is loud and clear that we're ready and willing to ratify this agreement.

**The Chair:** That's your time, Mr. Sheehan.

That wraps up this panel.

We've had good dialogue, good presentations and good questions.

Witnesses, thank you very much for coming. It was short notice that you had to make yourself available for this meeting.

Have a good day, everybody.

We're going to have another panel coming up. We're going to take a short 10-minute break. We're going to come back at 11:30. We will also get some submissions from the public if they have any.

You're welcome to see our report when it comes out. Thank you very much.

We're going to suspend for 10 minutes.

● (1115)

(Pause)

● (1125)

**The Chair:** Good morning, everyone.

Welcome to the Standing Committee on International Trade. Some say it's the most vibrant and active one on the Hill. We get a lot of things done.

We've been very busy the last few years with the various trade agreements. We did a lot of travelling, especially all through the United States in the last couple of years, dealing with this agreement.

Today we're talking about Bill C-100. We're doing the pre-study. This is the third panel we're having.

Welcome, folks. Thank you for making it here on such short notice. Many of you travelled across the country to be here with us today. It's an important agreement. It has a big impact on many Canadians.

Many of you have been here before. We hope you will do a presentation of around five minutes, give or take. That gives us lots of time for dialogue with the MPs.

Without further ado, I think we'll get right into it.

We'll start off with Chief Perry Bellegarde from the Assembly of First Nations.

Welcome again, sir. It's not your first time here.

**National Chief Perry Bellegarde (Assembly of First Nations):** Thanks, Mr. Chair.

[*Witness spoke in Cree*]

[*English*]

To all the distinguished members of the committee, I'm very happy to be here acknowledging you all as friends and relatives. I also acknowledge the Algonquin peoples for hosting this on their ancestral lands. For me, from our AFN, I'm happy to be here.

I want to share some perspectives. I'm very honoured to speak here on behalf of the Assembly of First Nations regarding Bill C-100. I'll also say a few words about the process to negotiate, ratify and implement the Canada-United States-Mexico agreement.

Trade in resources and goods in this land, I always say, began with us, the indigenous peoples. The participation now in 2019 in international trade should not be seen merely as part of history. Going forward, how do we get more involved?

As self-determining peoples, we have interests and rights respecting today's international trade agreements. We've always said that for far too long we have not seen the benefits from international trade flow to our businesses or to our communities as first nations people. These facts should form a part of legal and political frameworks when Canada explores new free trade agreements. I've always said, from a first nations perspective in Canada, that whenever Canada goes out to negotiate or discuss anything from softwood lumber to trees, anything from potash in southern Saskatchewan, to uranium in the north or any oil, coal, or whatever natural resource it is, indigenous peoples should be involved and should be participating, because there's respect or reference that we still have unextinguished aboriginal title and rights to the land and territory and resources. It's a simple fact. So we need to be involved.

When Canada, through Minister Chrystia Freeland, welcomed me to be on the NAFTA advisory committee, it was very important, because to date, indigenous peoples haven't been involved. We also had indigenous officials working as part of the working group. In the end, we'll say that this work resulted in the most inclusive international trade agreement for indigenous peoples to date. It's not perfect, but to date it's the best that we have in Canada.

With the ratification of the Canada-United States-Mexico agreement, we would take a step to making international trade more aware of and more equitable in its treatment of indigenous peoples, and especially for indigenous women entrepreneurs. We still have more work to do.

We believe the Canada-United States-Mexico agreement is a step in the right direction with the new general exception for indigenous rights with respect to inherent and aboriginal and treaty rights. As well, with specific preferences to carve out procurement benefits and other opportunities for indigenous businesses and service providers, there's also a promise of future co-operation to enhance indigenous businesses. As well, importantly, the investor-state dispute settlement process, which was a threat to indigenous people's rights, will be phased out for Canada. This is the groundwork for positive change.

While the Canada-United States-Mexico agreement is a new example of the difference it makes to engage with indigenous peoples at an early stage, there must be increased opportunities for first nations participation not only in international trade negotiations but also in trade missions.

Canada should extend an official role to first nations in negotiations of all international agreements on trade and investments that impact inherent treaty aboriginal rights. This would better reflect the nation-to-nation relationship and the whole-of-government commitment by Canada to implement the United Nations Declaration on the Rights of Indigenous Peoples. In addition, the inclusion of first nations leads to better decisions and better outcomes.

With regard to Bill C-100, what I'm recommending to all the committee members here is that there should be in place a non-derogation clause. It's a safe clause, that nothing in this agreement will affect existing aboriginal treaty rights, which are affirmed in section 35 of Canada's Constitution. I'm making that recommendation as well as that it be interpreted and implemented consistent with those rights in section 35. It's good to have it ratified by Canada, the United States and Mexico on one hand, but each nation-state will come back and do some sort of legislation with the implementation. That's the piece we're looking at making the recommendation on. I'm not advising that we open up the agreement; no, leave it the way it is, but move in tandem with the other two countries to get it ratified. We have to be careful to be not too fast and not too slow, because if one of the three countries doesn't get it ratified, the deal is not going to be implemented.

● (1130)

It's not just that international trade and investment agreements can impact our rights, but also how the agreement is implemented through domestic regulatory and policy matters. That has to be looked at. Once the agreement is ratified, we must work together to realize the economic gains and ensure the provisions related to indigenous peoples in international trade agreements are implemented in a manner that brings greater economic equity to first nations peoples.

The first area where indigenous peoples can see the benefits from this agreement is government procurement. Procurement is always a big thing. Everybody says this should be easy, that it's low-hanging fruit. Canada must move from policies and objectives to mandatory requirements for procuring goods and services from first nations businesses. The Assembly of First Nations is ready to work with Canada to make sure we develop legislation together for social procurement that benefits first nations and other indigenous peoples.

The only other thing I'd like to share here before concluding is there are three or four very important bills we want to see passed before this week is up. Bill C-91 on languages, Bill C-92 on child welfare, and two private members' bills, Bill C-262 and Bill C-337, all need to be passed. If in the event the legislature is called back, those should form the priority. But we're hoping and praying that all MPs, all the leadership here on Parliament Hill, will get behind and pass those pieces of legislation as soon as possible.

That's it, Mr. Chairman. Thank you for the time.

**The Chair:** Thank you.

I have one quick question for you.

You said this is one of the first agreements that the indigenous people of Canada had a big role in. What about the other two countries? Did you see anybody at the table in the United States and Mexico with their indigenous people? Were they involved or did you have any dialogue with them?

**National Chief Perry Bellegarde:** With our counterparts in the United States, the National Congress of American Indians, I went down and made a presentation to the chiefs and they passed a resolution to support the inclusion of an indigenous peoples chapter within NAFTA 2, the USMCA. That was brought to the table through negotiators. Even meeting with the vice-president, and even a year ago when the negotiators were meeting, the U.S. negotiators weren't aware of the NCAI resolution to support. Our negotiators from Canada said they just happened to have the evidence that they do support it. A resolution was passed. We've included that portion. We went down there, as the AFN, to make that presentation. It was a little more challenging with the indigenous peoples in Mexico. It's not as organized or unified. We haven't done that piece of work, but there is definitely support from the indigenous tribes on the United States side for this USMCA, and it's done via a resolution.

**The Chair:** Thank you.

We're going to our next panellist.

We have Madam Drouin from the music industry of Quebec.

You have the floor.

**Ms. Solange Drouin (Vice-President, Public Affairs and Director General, Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ)):** Thank you for having me at this important meeting on Bill C-100.

I'm here as a representative of the music industry in Quebec, but we represent most of the Canadian francophone artists in Canada. The people I represent are the entrepreneurs. They're not artists, but they're associated with the artists. I'm also here in my capacity as the co-chair of the Coalition for the Diversity of Cultural Expressions, an association that represents 30 organizations in Canada in all cultural milieux: music, movies, literature and so on. I have the two hats on my head when I talk about that.

My presentation is mostly in French.

● (1135)

[*Translation*]

It's a pleasure to be here with you. It is common for people in the music and cultural industry to sit at the same table as indigenous representatives, but it is less common for them to sit at the same table as representatives from the automotive and pharmaceutical industries.

This negotiation, in which all sectors were represented, has a very significant impact on the cultural community, of course. We are very pleased to have been involved in the negotiations at all stages of the process.

From what I have heard today, we are very proud of Canadian companies, both in the automotive and pharmaceutical sectors and in agriculture, as well as their products. It goes without saying that it is important for the Government of Canada to protect these companies so that they continue to contribute to Canada's wealth.

The cultural community expects the same from provincial and federal governments. In the cultural sector, there are talented artists, and entrepreneurs who support them. As in other sectors of the economy, we need to have a place to exist, prosper and reach the public.

In Canada, we have understood this for many years. For 40 or 50 years, we have been implementing cultural policies as issues arise, so we are envied around the world. Canada is doing very well in terms of implementing cultural policies.

As an example, let me mention a cultural policy that you may be hearing about and that is very important for our sector: the famous quotas for French-language vocal music on the radio. Since 1970, French-language radio stations in Canada have been required to make French-language vocal music 65% of their broadcasts, and it is essentially Canadian music. For us, this has been an important element in the development of our culture, so it has been copied by our friends in France. In 1996, they introduced quotas of 40%. Since then, they have seen a boom in the production and promotion of French artists.

All this was possible because Canada had kept intact the power to establish its own cultural policies despite the signing of several agreements over the years, which are intended instead to liberalize trade and prevent countries from taking specific measures in favour of their nationals. The cultural exemption was first negotiated in 1987 in the Canada-U.S. Free Trade Agreement. It has been renewed over the years and is present again in new negotiations with the United States and Mexico. We are very proud that the government has maintained this exemption.

● (1140)

[*English*]

**The Chair:** Madam Drouin, your time is up, but if you want another minute or so just to wrap up your presentation....

**Ms. Solange Drouin:** Yes, I will wrap up.

[*Translation*]

If, in the past, the cultural exemption was important so that Canada could retain the possibility of establishing its own cultural policies, it is even more important today in the context of electronic commerce.

I have heard several members of the government say that culture is not negotiated in a trade agreement because it is a vector of identity and value. We are very pleased that Canada has maintained this cultural exemption.

We invite you to take care to ensure that, throughout the agreement, the exemption for cultural enterprises is really maintained, even when we talk about e-commerce.

Thank you.

[*English*]

**The Chair:** *Merci beaucoup*.

We're going to the Canadian Cattlemen's Association.

Welcome, folks. I hope the calving went well this spring.

**Mr. Bob Lowe (Vice-President, Chair of Foreign Trade Committee, Canadian Cattlemen's Association):** It was a perfect spring for it.

● (1145)

**The Chair:** Good show.

**Mr. Bob Lowe:** Good morning. I would like to thank the committee for allowing us to speak to it.

My name is Bob Lowe. I'm a rancher and feedlot operator in southern Alberta. I'm also the current vice-president of the Canadian Cattlemen's Association, the national voice of Canada's 60,000 beef operations.

The CCA has long been an advocate for free trade, open markets and, of particular relevance today, CUSMA. Under both NAFTA and CUSMA, the beef industries of Canada, the United States and Mexico have and will enjoy reciprocal duty-free trade between our countries. This is how free trade should work. Preservation of this trade access was a high priority for the Canadian beef industry in the NAFTA renegotiation process.

The experience of the North American beef cattle industries under NAFTA is testament to the value of trade agreements. Canada exports approximately half of its beef production, and usually the U. S. is the destination for 70% to 75% of those exports.

Under NAFTA, Canadian beef exports to the U.S. have quadrupled in total value from $500 million in 1995 to $2 billion in 2018, plus another $1.2 billion in live cattle exports.

Beef exports to Mexico have grown nearly 30-fold in value from $3.7 million in 1995 to $110 million in 2018.

On the import side, Canada imported 943 million dollars' worth of U.S. beef and 37 million dollars' worth of Mexican beef in 2018.

The Canada-U.S.-Mexico agreement will allow beef producers across all three of our countries to continue to grow and prosper. In fact, we have jointly submitted a letter of support for swift CUSMA ratification to our three governments.

I would like to give an example of how CAFTA helps me on my own operation. When I sell my cattle, I seek bids from packer buyers in both the U.S. and Canada. Even if I sell at home, I know I have received the best price because the Canadian buyers know I have an option to sell into the U.S. market. If that border weren't open, it's not for me to imagine getting $500 less per animal.

Furthermore, access to markets around the world ensures that the meat packer is able to sell to the customers willing to pay the most for each beef cut, which in turn maximizes the value I get from my cattle. For example, skirt meats might not be a product you know of, but it is one that sells extremely well into the southern U.S. and Mexico. If the packer sells those cuts for more, then they can pay more for my cattle.

Access to global markets, including the North American market, means on average that each carcass is worth $600 more than it would be if we were only able to sell into the Canadian market.

Of course, trade must go two ways, and here in Canada we import products that Canadians like, such as steaks, roasts and ground beef, from the U.S. and Mexico.

The value of NAFTA and the future implementation of CUSMA cannot be overstated in regard to the positive impact on the Canadian economy. Today, the Canadian beef industry, Canada's largest ag sector, contributes $17 billion to the GDP while generating 228,000 jobs, with further growth on the horizon. Every job in the beef sector yields another 3.56 jobs elsewhere in the economy.

I'd like now to ask John to describe some of the more specific aspects of the agreement.

**Mr. John Masswohl (Director, Government and International Relations, Canadian Cattlemen's Association):** Thanks, Bob.

Going into this negotiation, as Bob laid out, we kind of liked NAFTA the way it was. It was good for us. We had good, unlimited access to the United States. There were a few little issues here and there, but for the most part, we went into that negotiation with the objective of keeping the tariff-free, quota-free access that we had. We've heard about the U.S. putting tariffs on things, so we were glad to see that was achieved.

We wanted to keep the rules of origin the way they are, that as long as the animals are processed in the NAFTA zone, the beef is able to benefit from the NAFTA provisions. We wanted to resist efforts to bring the mandatory country-of-origin labelling back in the U.S., which cost us billions of dollars between 2008 and 2015. We were glad for that U.S. law to go by the wayside in 2015. There were definitely efforts in the U.S. to seek to bring that requirement back into the NAFTA, so we're glad to see that it was resisted and did not make it as part of the result.

Also, related to the COOL and other issues, we have been a user of the dispute settlement provisions in NAFTA and the WTO. We want to make sure those provisions remain strong. We were glad to see those stay in there.

There were a few things that we wanted to see as regulatory improvements, more related to the efficiency of the border transaction, whether that's for sending live cattle or for beef across the border. Technically, those wouldn't necessarily be things in the agreement but where we ended up with.... There was some discussion about putting in a meat annex that would have some provisions or commitments related to improving those procedures.

In the end, that wasn't in there, but there are commitments and structures in terms of regulatory co-operation that we were glad to see in there. I think overall we're happy with the result, and we would like to see NAFTA 2.0 ratified as quickly as possible.

**The Chair:** Thank you for coming in front of our committee again.

We have one panellist left. We saved the best for last.

Mr. DiCaro from Unifor, welcome. You have the floor for five minutes.

**Mr. Angelo DiCaro (National Representative, Research Department, Unifor):** Good morning, Mr. Chair, honourable members of the committee and staff.

Thanks for the invitation to appear before you today.

My name is Angelo DiCaro, and I work as a national representative and trade policy analyst in the research department at Unifor. I do apologize if folks were expecting our national president, Jerry Dias, to be here. I know he livens things up quite a bit. You have a good second prize from Unifor in this case, so I apologize for that.

For folks who don't know, Unifor is Canada's largest union in the private sector. We represent about 315,000 members who work in nearly every industrial sector, including trade-dependent sectors such as auto, auto parts, various manufacturing, forestry and resources.

As many know, Unifor was a fully engaged stakeholder in the NAFTA renegotiation process. Unifor and its predecessor unions have been staunch critics of the NAFTA and trade agreements like it, agreements that have bestowed extraordinary privileges upon investors, and agreements that have forced competitive imbalance with often unscrupulous trading partners to the detriment of workers and fundamental labour rights.

For our union, the occasion of NAFTA's renegotiation was a once-in-a-generation opportunity to shift our trade priorities, fashion a deal that corrected some of the worst aspects of trade policy and signalled that trade reform is not only desirable but also necessary.

We know Canada's trade performance has weakened, that economic inequality festers and access to good jobs has become more fleeting. Without overstating it, under CUSMA, there is some reason for optimism.

The new deal strikes down controversial investor-state dispute settlement privileges under NAFTA's chapter 11. This is the first time we have done that in any Canadian trade pact. The new deal deal eliminates so-called proportionality rules that sought to limit Canada's management of energy production and exports. It preserves, as was stated, a very necessary cultural policy carve-out, despite sustained and very real pressure by the U.S. media industry to whittle this down. It also corrects a broadcast policy misstep of the previous federal government on the issue of simultaneous substitution that is spelled out in Bill C-100, which is very welcome news.

To some degree, the CUSMA acknowledges the failings of current trade treaties, notably the CPTPP, and their inability to promote fundamental labour rights. The final text on labour standards is far superior to the NAFTA in its current form, although it's still at a distance from the initial and very ambitious text that was sought by Canada's negotiators.

Bill C-100 spells out the conditions in the SIMA, for instance, that make preferential tariffs now impermissible in cases of forced labour. That change is long overdue and must now apply to all of our trading partners.

Important labour law reforms prescribed within a special annex swing a sledgehammer at what is a broken and rotted Mexican industrialization system. Compliance measures introduced by the Mexican Senate are a good first step, but they do need regular, careful and proactive oversight and enforcement to be meaningful.

On auto, as was explained in the previous panel, the CUSMA sets bold new standards for made-in-North America cars and parts as well as a never before seen market access condition premised on high-wage labour. The terms are complex, and they are not without flaws, but are nonetheless a market departure from standard trade rules that have failed to grow and support our auto sector.

All that said, there is no denying there are concerns with this deal. New market access rights to the Canadian dairy market clearly threaten farmers, while extended patent terms for life-saving drugs originally conceded to the U.S. in the first iteration of the trans-Pacific partnership is, in our view, a step backward. Any opportunity to reverse course on these treaty terms and concessions should be carefully considered by the federal government prior to CUSMA coming into effect.

On the handful of key measures that I have noted above, the CUSMA is an encouraging departure from the original NAFTA. The expression of advanced progressive priorities in trade negotiations is an important shift in Canada's policy frame and one we hope will continue.

Does the CUSMA signal a progressive reshaping of trade policy in Canada? No. Was such an objective even feasible under the current U.S. administration? Probably not. What we have, though, is a renewed understanding that alternative approaches to trade policy matter, that the evolution of trade terms is not something that's predetermined or preordained and that good ideas can surface with proper dialogue and a government that's willing to listen.

Thank you for your time, and I look forward to any questions you might have.

● (1150)

**The Chair:** Thank you, sir. You're right on time. You must have practised this one.

**Mr. Angelo DiCaro:** I have my notes down to the second

**The Chair:** These are good presentations.

We're going to have a dialogue with the MPs now. We're going to use the same system we used for the last round.

We're going to start off with the Conservatives for five minutes.

Mr. Hoback, you have the floor.

**Mr. Randy Hoback:** Thank you, Chair, and thank you, witnesses, for being here today.

Chief Bellegarde, I'm going to start off with you.

You talked about how you'd like to see an amendment put forward as we go through this. Let's flesh that out a little bit as to what you're looking for in that amendment and how it would act. You say you don't want to reopen it, and I think we all agree with that, but how would an amendment actually impact the implications?

**National Chief Perry Bellegarde:** Thank you for the question. Regarding the whole legislative process in getting bills passed, there's always an amendment process to the bill. With Bill C-100, we're specifically looking for a non-derogation clause in there, that nothing in this agreement will negatively impact existing aboriginal treaty rights, recognizing Canada's Constitution, section 35. It's simple.

There are a lot of precedents for that. Even though there's a general exception clause within the agreement, which is good, it's just clearer when it comes to implementation.

**Mr. Randy Hoback:** Okay.

Basically what it does is enshrine traditional rights.

**National Chief Perry Bellegarde:** Correct—on the implementation piece. You have the international trade piece, and that's fine, but each nation-state is going to have to look at legislation for implementation. Canada's mechanism for that is Bill C-100. We're saying to put the non-derogation clause within Bill C-100.

**Mr. Randy Hoback:** That's something we could do in committee or we could do it in the House itself.

**National Chief Perry Bellegarde:** You could recommend that. Then we'd ask for the appropriate process to be utilized and that it be followed up on.

**Mr. Randy Hoback:** Okay. I appreciate that.

You also talked about economic activity. I agree with you. I think we need to look at the trade missions, the whole.... I'll take a step back. We have this issue in Canada where we do an agreement, and then we go with the rest of the people back to Canada and we say, “Okay, the agreement is done”, but nothing happens. Chrétien did the team Canada missions once in a while and I think they worked fairly well. I'm not sure if that's the right approach, but how do we ensure that first nations get a chance to participate in this? What are the things we can do proactively to lay the groundwork to make sure that happens?

**National Chief Perry Bellegarde:** That's a good question. There are a couple of things.

I think the premiers have to be totally involved in this as well. Again, premiers have to have a really respectful relationship, a tight, close, working relationship, with first nations people in their respective provinces and territories.

Again, I'll just use B.C. and the softwood lumber issue as an example. First nations in the northern part of B.C. are involved in forestry as well. They should not be excluded. They should be part of team B.C., if you will, in one case. Right? It's the same thing in Saskatchewan, with potash in the south or uranium in the north: team Saskatchewan. There should be a close relationship there.

Speaking with the provinces...even though we're talking about CUSMA, the Canada-United States-Mexico agreement, there has to be a better agreement to make Canada work more effectively in the economic sense. We also need to look at removing interprovincial trade barriers. That's a whole separate dialogue. I would also seek full indigenous people's participation when those things happen. On the international front, there is no question about working with the premiers and the provinces to be part of any international trade. I think the federal minister in charge should also facilitate that for inclusion, from the federal government side.

● (1155)

**Mr. Randy Hoback:** How do we identify the appropriate people in, as you said, softwood lumber in northern B.C.? How does a government find the appropriate people to tap in first nations?

**National Chief Perry Bellegarde:** Even just working with the Assembly of First Nations, through our chiefs committee on economic development, we have reps from every province and territory. We have the appropriate mechanisms to help facilitate that. There are other existing aboriginal institutions, economic development institutions, in Canada as well, but for us, from the first nations side, we have a structure in place. We have a chiefs committee on economic development. I would say that's one avenue to start tapping into.

**Mr. Randy Hoback:** Okay. Thank you.

Mr. Masswohl, on the beef side, and Mr. Lowe, I agree with you; it looks like it's good. I just want to flesh out a little bit of the regulatory side, the harmonization side of medications, treatments and stuff like that.

Do you see this actually being improved under this agreement? Did we make some headway to get some harmonization in some of those areas?

**Mr. John Masswohl:** There hasn't been so much on the veterinary products that are used, although that's an area that has improved over the last 10 years. We have seen Health Canada and the FDA working more closely to try to have that harmonization. With respect to the agreement itself, per se, I wouldn't say that has changed, but we have seen that happen.

Some of the things that we're looking for are.... We already know that our meat inspection systems in Canada and the U.S. are deemed equivalent. We recognize theirs is equivalent to ours and vice-versa. When we ship a load of beef from, let's say, High River, Alberta, into the United States, it's been inspected under that system. It's deemed equivalent to the U.S., but when it gets to the border, it may or may not have to go to something called an I house, an inspection house, where it gets reinspected. That's an inefficient step. We don't think it's entirely best for food safety to open trucks at the border.

**Mr. Randy Hoback:** Is it a random audit?

**Mr. John Masswohl:** It can be random. All trucks are subject to that possibility.

**Mr. Randy Hoback:** There's one other area I wanted to ask you about, and I asked the auto manufacturers the same thing.

With the trade agreements that we have with TPP and CETA and things like that—well, maybe not so much CETA for the beef sector, but TPP—do you see a historical change in the flow? It used to be that cows were born in Canada, maybe background in Canada, and were finished off in the U.S. Do you see now that we have market access coming out of Canada that might reverse that, and you would see more of the finishing done in Canada, as well as more of the packing and distribution out of Canada?

**Mr. John Masswohl:** Yes, I think we are starting to see it this year.

It's early with the TPP, but if I look at some of the numbers, I see that our exports to Japan up to April are up 87% in value. Where are we getting that beef from? Instead of shipping as many live cattle into the U.S., maybe we're keeping more and adding that value here, and if we need to bring some animals in from the U.S. and add that value here, we're all in favour of that.

**Mr. Randy Hoback:** So you can actually maintain a steady supply to any consumer who wants to purchase it from anywhere.

**Mr. John Masswohl:** If we could get the labour to process that, that would be great, too.

**The Vice-Chair (Mr. Dean Allison):** Thank you very much.

We're now going to move over to the Liberals, with Mr. Sheehan for five minutes.

**Mr. Terry Sheehan:** Thank you very much.

Thanks to everyone for their presentations.

This government has consulted broadly and I was glad to hear from Chief Perry that the first nations, for the first time, have been consulted in a meaningful way in a trade deal. That was very good to hear.

Chief, you know that I'm from the riding of Sault Ste. Marie. We have Garden River and Batchewana there. Sault Ste. Marie and that area has just been a natural area to trade. I liked your comment about how first nations had been trading way before the European settlement came. Sault Ste. Marie was always a natural place because everyone came to fish for the whitefish, and then they would trade. That continues today.

Now, you know that Batchewana has an industrial park. You know that Garden River has movement in their areas. Could you tell me exactly, how might the CUSMA, this NAFTA deal, benefit first nation businesses, in your opinion?

● (1200)

**National Chief Perry Bellegarde:** That's a good question. One way it's going to benefit is through the procurement piece, by having not just objectives, but specific targets with specific numbers in terms of procurement. That's a big thing. That's one way, and that's specifically referenced within the CUSMA as well. There is talk about future economic opportunities down the road. There's still a lot of work to do once this is ratified and to make sure there is full involvement and inclusion. There are 634 first nations across Canada, all at different levels. Some are already participating in the international economy. It's just to build upon the examples like that.

We think that Canada is a country rich in resources, and it is. We want to build the economy and be part of the economy. There's only one economy. It's a national economy but it's a global economy. Where do the indigenous people fit into that in terms of demand and supply and supply and demand? We have to fit into that chain somewhere. I think with the full involvement, the inclusion, there are opportunities that we can build upon. I see it as a start. We have to keep making sure the opportunities are built upon. There are some things there, especially regarding procurement.

**Mr. Terry Sheehan:** That's very good.

Keeping on the consultation theme, I'm going to go to Angelo from Unifor.

Between February 2017 and November 30, 2018, there were 1,245 stakeholder engagements with first nations, unions, businesses, organizations, etc. How important was that consultation during that 10-month period, and do you believe that was substantial?

**Mr. Angelo DiCaro:** Yes, I think the lack of consultation for many years has been a real problem. I don't want to speak for the entire union movement and NGO community, but that's been a long-standing grievance.

**Mr. Terry Sheehan:** Can you clarify that lack of consultation?

**Mr. Angelo DiCaro:** The lack of engagement throughout these processes left us on the side—

**Mr. Terry Sheehan:** Are you talking about the previous government, just for clarification?

**Mr. Angelo DiCaro:** That's right, and I'd say that up until this moment I think there's been a pretty consistent keeping us out of the loop—CETA, TPP, the Korea deal and right down the line. This was a welcome change, this fact that unions and NGO stakeholders were brought into the fold and had stakeholder engagement sessions like others were used to having. Our union obviously was an active stakeholder. We attended all the different rounds of negotiations.

One thing I will say is that I will commend the civil service, the folks who are working on these and the negotiators who have been doing this for a very long time. There really was an open door with us. We would have a question and could put in a call and get a quick answer. It was very informative, I would say. It really forced us to hone our positioning, and it gave us an insight into how these processes work. Through that, I think we've become much more useful stakeholders through the process.

No process is ever perfect, and I look around the world and I see other situations, including in the U.S., where union stakeholders have extraordinary access to assessing the text. We still can learn from different processes, and we have a long way to go, but I think this experience has been quite fruitful. Hopefully, it was vice versa with more union involvement.

**Mr. Terry Sheehan:** Just specifically, can you speak to the importance of the provisions in the rules of origin that emphasized high-wage labour?

**Mr. Angelo DiCaro:** Sure. How much time do we have left?

**Voices:** Oh, oh!

**The Vice-Chair (Mr. Dean Allison):** You're over your time. We'll give you about 30 seconds.

**Mr. Angelo DiCaro:** I'll try to keep it short.

As I said, it's a very unique proposal. It's a proposal that's very much understood as an enhancement of labour rights but that has to be understood within a package of changes that were made. We view this very much as a fail-safe to try to set a benchmark where the tendency was to simply relocate production to the areas of the continent with the lowest possible production cost.

Having a buffer like this.... Again, there are a lot of question marks around how these regulations and uniform regulations are going to be worked out, but it's something that we've not seen before and that can provide us a bit of added security, hopefully, to make sure that production does stay in Canada.

I'll leave it at that.

**The Vice-Chair (Mr. Dean Allison):** Thank you very much, Mr. DiCaro.

We're going to move over to Ms. Ramsey for five minutes, please.

**Ms. Tracey Ramsey:** Thank you so much, and thank you to another very diverse panel on this massive and important agreement.

Mr. DiCaro, to me, as a former Unifor member, it's been interesting to see the government attempt to paint everyone in labour with one brush and say that they fully support this deal. I think what you brought today was a balance, along with some of the concerns that labour has with portions of this deal.

One of those things that I'd like to have you weigh in on a little further is what you alluded to in your remarks. For all of these efforts —and I do thank labour for the efforts, certainly, that were put forward to see some movement in labour—it's a bit of a best guess as to whether or not in practical terms this will play out in a way that benefits working people.

I say that because I know that the enforcement is very much up in the air as to whether or not there will be any ability to enforce any of the labour provisions that have been sought. I wonder if you would comment on the precariousness, perhaps, of that, and the risk in it when we've seen so many jobs lost under the previous NAFTA.

Also, could you comment a bit on the efforts in the U.S. by Congress and whether there is any attempt to improve labour provisions, the ones that you weren't able to achieve when you were at the table? Does Unifor believe that we should be a partner in that, in trying to achieve even further than what we were able to in the original negotiation?

● (1205)

**Mr. Angelo DiCaro:** Thanks for the questions.

I'll take the first one, which I think is a shorter one. The last time I read through the text there was no provision that said we will not see one job lost or any more outsourcing allowed in any of our.... There's always going to be precariousness in an era of free and unfettered bilateral trade. That will certainly continue and it's something to reflect on and understand.

The piece, though, about the labour provisions, when you say “best guess”, that's a good way to put it. There's a lot of disparity across the continent about labour standards. It is not the driving force behind where firms, particularly manufacturing firms, choose to locate production, but it is a factor. We have a situation where in the United States there are various states that essentially prevent the functioning of unions through various measures. In Mexico, it is quite stark. It has a system that is essentially upside down from our own system.

As we engage in free trade with nations in jurisdictions like that, we are always going to be pressured to see our wages drop to those standards. It's usually the carrot and stick. You want to keep your production and you want to keep these facilities operating. We're going to have to balance out the competitiveness, and that competitive imbalance has really hurt us.

The changes made in Mexico are the biggest concerns we had. They are significant. I don't think anybody diminishes that. The language of the USMCA, the CUSMA text, was very strong. Our independent Mexican allies, the independent unions we work with down there, are actually quite encouraged by what this could mean when they pass the Senate bill. However, they are also very skeptical. It is why the Democrats in Congress are trying correct what has been seen for generations: promises broken and reforms to a system that's very deeply entrenched. Whether that will actually yield free and fair collective bargaining, a free escalation of wage rates through arbitrations, the dismantling of a very imbalanced conciliation system they have on their books, remains to be seen. They want to make sure there is iron-clad enforcement.

There are loopholes in chapter 31, and that's where the Democrats are pointed to. Having different mechanisms to get at that through proactive enforcement is something Unifor would support, full stop, if we were able to do that.

**Ms. Tracey Ramsey:** The words on gender obligations in the original text have disappeared in the scrub. Can you comment on that?

**Mr. Angelo DiCaro:** Yes. That was supremely disappointing. It sounded like it was driven by some U.S. political considerations. What were firm commitments to ensure protections against gender discrimination in the workplace effectively were watered down with new language in the eleventh hour that rendered the whole clause meaningless. Of the clauses we were encouraged by, certainly that was one of them. That has completely gone south, and is a black mark on this deal, for certain.

● (1210)

**The Vice-Chair (Mr. Dean Allison):** Thank you very much, Ms. Ramsey.

Mr. Fonseca, you have five minutes.

**Mr. Peter Fonseca:** Thank you very much, Mr. Chair, and I want to thank all of our witnesses that are with us today.

It's great. We heard a lot about labour and what this new CUSMA would do for labour. Mr. DiCaro, I want to read into the record what your boss, Jerry Dias, had to say:

> This framework delivers significant improvements in auto. Unifor called for increased rules of origin and higher wage thresholds in Mexico to rebalance the auto manufacturing and stem the exodus of good paying jobs from Canada, so we're pleased to see those issues addressed. The auto industry should be absolutely thrilled.

I have a number of quotes here from many different labour organizations.

In terms of this new agreement, CUSMA, in levelling the playing field, that's what we've all been working toward in terms of creating the right new NAFTA. It would be levelling the playing field, ensuring that Canada is in a competitive position, because we know we have the people and we know we have the resources; it's just a matter of levelling that playing field to take full advantage of a new NAFTA.

Do you believe this is the agreement we're bringing forward?

**Mr. Angelo DiCaro:** I think that what we've done in this agreement has transformed the expectation of how more strict supply chain regulations ought to work that aim to benefit workers, and I think all in the spirit of levelling the playing field.

What needs to be seen is how this works in practice. I say that because we are in the midst right now of seeing a very comprehensive set of uniform regulations for that rules of origin chapter being developed. I think the rules of origin chapter does things that no other trade agreement has done, and they were very important changes that had to be made—supremely important.

However, these uniform regulations are going to spell out the fine details. We're going to watch that process unfold very carefully. There are issues around, for instance, the $16 threshold that was introduced, where in the text of the agreement it refers to this $16 as a minimum. When you read the footnotes of that chapter, you see that it's actually an average facility: $16. That changes the dynamic. Then further in the uniform regulations, we're going to find out how you're going to calculate that $16.

While I think on the top level our auto membership were surprised, but pleasantly surprised, that we would make such a change in how these rules work, people are also waiting to see all of the t's crossed and the i's dotted on how this is going to work in practice. Are we getting there? Absolutely, but there are a lot of things that still have to be sorted out.

That's what I'll say to that.

**Mr. Peter Fonseca:** That's what we heard from the Canadian auto parts manufacturers and others who have presented here. They talked about this potential opportunity for investment now that we've brought more certainty—the access, of course—to the North American market.

I will kick that over now to Bob.

With regard to that certainty and that access, and making sure that we do no harm with the new NAFTA, can you say what kind of potential there is now, in terms of increasing...with investments through your stakeholders, your members?

**Mr. Bob Lowe:** Sure. I guess the words we're looking for is we know it's there. If this gets ratified by all three countries before the fall calf run, as an industry, we know that it's there. We know we can count on it. We know we have the U.S. for our market.

I said in here somewhere—and this is trade all over the world—that it adds in excess of $600 an animal. If you consider that long term, the feeding industry in Canada, long term cash to cash, it's an $18-a-head profit. Six hundred dollars is a pretty big number.

**Mr. Peter Fonseca:** Chief Bellegarde, how do you see the impact of this CUSMA on reconciliation?

**National Chief Perry Bellegarde:** It is a form of economic reconciliation, when you look at it in the bigger scheme of things. There are going to be a lot of opportunities on the procurement side, but as well there are references to textiles. There's internation trade between the tribes in the U.S. and Canada.

You can look upon this as economic reconciliation on an international level. That's how we can look at it. It's by far the most progressive trade agreement in Canada. It's not perfect. We say that perfection is the enemy of good. However, it's a start. We have to keep building upon that.

● (1215)

**The Vice-Chair (Mr. Dean Allison):** Thank you.

We're out of time. We're going to start our second round.

Ms. Ludwig, you have five minutes, please.

**Ms. Karen Ludwig:** Thank you, Chair.

Thank you, witnesses.

When I was young, my grandfather was a cattle farmer in southern Ontario and owned five farms. If we look at where we are today and you were telling him what the future could look like, how would you have told him to prepare for the future?

**Mr. John Masswohl:** We'd really like to get more cattle on the ground. I think that's the main thing holding us back. We have great access now with CPTPP, with the CETA, with the U.S. The biggest complaint we get around the world about Canadian beef is why isn't there more of it.

As I say, competition for land is a big deal, particularly in southern Ontario. It's becoming more and more suburban in some of those traditional farming areas. Maybe your grandfather's farms are now a neighbourhood. I don't know.

**Ms. Karen Ludwig:** I think some of them are quarries.

**Mr. John Masswohl:** Yes.

Anyway, every farmer has to look at the piece of ground they're on. What is the maximum value of that land? Is it in agriculture? Is it outside of agriculture? What sector is it?

Cattle are moving, and to be a cow-calf producer, to produce those calves takes a lot of land. We're seeing that it's hard to do that in Ontario these days. Maybe you have to move a bit farther north, maybe out west. Maybe we need to move those cattle a little more, and we need some policies to encourage that.

**Ms. Karen Ludwig:** Thank you for that.

I represent New Brunswick Southwest. Over the last four years, in terms of lobbyists and advocates in my office, certainly the Atlantic group of cattlemen have been in, and they would like access to the Crown land in terms of some areas for expansion. What are you thoughts on that?

**Mr. John Masswohl:** Maritime beef production is fairly small compared with that of the rest of Canada. We have about 40,000 mother cows, beef cows, in the Maritimes region. They have a Maritimes beef strategy to get that number to 60,000. On a percentage, a 50% increase is huge.

Access to those grazing lands is part of it. They have a lot of it. Part of it is training for the producers, and education. Part of it is just about financing, the ability to hold more cattle. We have a very extensive strategy for the Maritimes region. We just need to get somebody to say, “Let's do it.”

**Ms. Karen Ludwig:** In terms of expanding, let's say, the Maritimes' cattle reach, but also even looking at Ontario or even the west, one of the comments you made was on access to labour.

I think about when I was young. My mother came from a family of nine. My father came from a family of 14. There was labour. Whether or not they wanted to work, they we're working.

I'm wondering, when you look forward at expanding the industry, getting more cattle on the ground, and the access to labour in Canada—but also to Mr. DiCaro in terms of international labour—how are we going to grow our labour force to encourage those small farms to continue?

**Mr. John Masswohl:** You're right. There are not as many farm kids as there used to be. Maybe out of seven or eight, one of them wanted to stay on the farm and the others wanted to get off. Now there are fewer of them, and they know it's hard work.

We're in a situation now in Canada.... There is a shortage of at least 50,000 people working in agriculture. I'm not talking about just seasonal workers who come at harvest. I'm talking full-time, year-round jobs. Some of that's in primary agriculture. Some of it's in the processing facilities. If you go to any beef packing plant across the country, they are chronically short—at least 100 or more—of workers. They have shortages.

One example particularly is in the facility in Guelph, Ontario. We have for a long time wanted to get them to go from one shift to two shifts. Now with those changes in the trade flows of the cattle that we were talking about, there is not enough capacity to handle all of the cattle in one shift, but there aren't enough cattle for two shifts. They could get enough cattle for two shifts by bringing them in from the U.S., but then they run into the labour problem. They just don't have enough people.

These are good union jobs. They pay well more than minimum wage. But it's hard work, and not enough people want to take those jobs.

**Ms. Karen Ludwig:** Is there any opportunity, Mr. Masswohl, for innovation, in terms of automation? It's not to take away positions, but is there any opportunity for maybe even higher-end positions on the automation side with the shortage of labour?

**Mr. John Masswohl:** I think very much there is both on farm and in processing. I think that guys like Bob who operate facilities are constantly trying to innovate. I've been to Bob's place. I've been to a lot of producers' places. They're just doing things differently. The machinery that's available that can do things, where one person with modern hydraulics can do things that back a decade—

● (1220)

**Ms. Karen Ludwig:** Is most of that machinery imported or made in Canada?

**The Chair:** Just a quick answer, please.

**Mr. Bob Lowe:** No. A lot of it is developed here.

**Ms. Karen Ludwig:** Excellent.

Thank you.

**The Chair:** Thank you, Madam Ludwig, and I thank Mr. Allison for taking the chair.

We're going to go over to the Conservatives now.

Mr. Carrie, you have five minutes.

**Mr. Colin Carrie:** Thank you very much, Mr. Chair.

I want to thank the witnesses for being here. It's a very compressed opportunity that we have to question witnesses, so we really appreciate your coming on such short notice.

I've said it in earlier panels that in my consultations I've heard from many stakeholders who say, “Listen, I can handle good policy and I can handle bad policy, but I can't handle uncertainty.” I think we've had positive feedback overall that it's not a perfect agreement, but it needs to move forward.

I was wondering, particularly with the auto sector, Mr. DiCaro, is Unifor supportive? Are you supportive of this agreement moving forward?

**Mr. Angelo DiCaro:** On the whole, there's a lot of support for the various terms of this agreement that relate to our membership. Again, as I said, there are a lot of pieces here that have to be sorted out. We still pay very close attention to how these things are developing. That includes, as I mentioned, the uniform regulation pieces, but it's also understanding that there's a dialogue right now taking place in the U.S. I believe that the Mexican counterparts and the federal government are also looking at this very carefully to see how this is going to evolve.

I think there is support, to a large extent, but with a few caveats about the fact we don't have the full package yet in front of us.

**Mr. Colin Carrie:** Therefore, we can say that Unifor is supportive of the agreement. It's pretty clear.

You guys also represent the forestry industry. One of the things that we were disappointed with, like the steel and aluminum tariffs and fabricated steel—and there are still challenges with that—is this buy American clause that we have, but also the softwood lumber issues. Are you hopeful that perhaps with this agreement, we could move some of these other issues through as well for your members?

**Mr. Angelo DiCaro:** The steel and aluminum piece was quite concerning. We're also quite relieved that this was resolved. We do represent a number of steelworkers, but largely, workers in the aluminum sector. That 10% tariff was not having an immediate effect on our members, but certainly having a greater effect on the downstream aluminum suppliers. There was a general sense that if this were to sustain itself, there could be questions down the line. Certainly it's good to see that this has ended.

On softwood lumber, that's a separate trade dispute. This is a very different framework for a trade dispute that the U.S. has initiated.

**Mr. Colin Carrie:** Have we lost our leverage, though?

Let's say Unifor is supportive of this agreement. Do we lose our leverage?

**Mr. Angelo DiCaro:** Right. I get the question. I'm taking a roundabout way to get to the answer.

There are two separate ways of approaching it, and I think they merit different approaches. We want that softwood lumber trade dispute to end. The good thing about the new CUSMA is that where we were under the impression that the former chapter 19 special dispute settlement mechanism specifically for anti-dumping and countervailing duties was going to be removed on demand of the U. S., this was salvaged, which gives us an ongoing tool to keep this fight on, including with the WTO.

They are not short-term disputes, as we've seen four times in the past, so we hold out hope but are still eagerly waiting for this thing to finalize.

**Mr. Colin Carrie:** Chief Bellegarde, you mentioned something about government procurement, which you think is a number one thing we should be looking at, and I agree. I think this is really important.

Canada lost its buy American exemption. In January, Mr. Trump made an executive order in that regard. With government procurement, it would be really important that Canada maintain access to the American market, which is 10 times larger than our market.

How would you see this government procurement work with first nations, especially with the mandatory part of it that you brought up?

● (1225)

**The Chair:** It will have to be a short answer.

**National Chief Perry Bellegarde:** The short answer is to work with the appropriate minister and appropriate government department in terms of a policy change inside, towards a policy that reflects that set-aside.

That's it.

**Mr. Colin Carrie:** Maybe we can talk a bit about that later. Thank you.

**National Chief Perry Bellegarde:** Yes. We can talk later.

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

Now we're going to move over to the Liberals and Mr. Dhaliwal.

**Mr. Sukh Dhaliwal:** Thank you, Mr. Chair.

**An hon. member:** [*Inaudible—Editor*]

**The Chair:** Do you guys have it figured out?

**Mr. Sukh Dhaliwal:** It's 30 seconds more with the time he wasted.

**The Chair:** You can split your time. Go ahead.

**Mr. Sukh Dhaliwal:** First of all, I'd like to give a vote of thanks to the committee's support staff for this long, five-hour meeting. I would also request that they have access to coffee, refreshments and food.

**The Chair:** I think that's unanimous. Mr. Dhaliwal, the sooner you're finished, the sooner we can all eat.

Go ahead. You have the floor.

**Mr. Sukh Dhaliwal:** After being landed in Calgary in 1984, I went to the University of Calgary and then moved to British Columbia. Western Canada is where my heart has always been.

Bob and John, you mentioned $500 and $600 per animal. Can you tell me the amount of wealth that will bring to western Canada, not per head but in terms of total amount?

**The Chair:** Do you want to do the math?

Just for clarification, is this the beef industry or the whole area of agriculture?

**Mr. Sukh Dhaliwal:** I'm talking about the beef and the agriculture, the whole industry.

**Mr. John Masswohl:** To put it in perspective, in round numbers, at $600 a head, we'd need to market approximately four million head of cattle per year, whatever that works out to. That's about $2.4 billion in additional value from having exports.

It's not theoretical for us. We know what happens when the U.S. border closes, as it did in 2003. The price of cattle went from about $1.15 a pound, before BSE was discovered, to within a week or two being 25¢ a pound. That's a massive loss.

Let's say Bob has a load of cattle he has to sell, 40 animals in a truck, and he phones the buyers in High River, Alberta, and asks what they are paying. Then he phones the buyers at the facility in Pasco, Washington, and asks what they are paying. He'll find that the buyers in High River know what the ones in Washington are going to pay and they're going to match it. They're going to be aggressive.

If he doesn't have that option to sell to Washington, that's when he knows that he's going to get at least $500 a head less for those animals. That's $20,000 on a truckload of cattle, and it's not theoretical. We know that is the case.

**Mr. Sukh Dhaliwal:** Thank you.

Chief Bellegarde, would first nations in British Columbia benefit from this new agreement? Are they generally happy with the way it's gone?

**National Chief Perry Bellegarde:** We have 634 first nations. You're not going to get 634 chiefs unanimous on any issue. This is by far the most progressive agreement to date. We're going to build on it. Most first nations would say it's moving. Is it ideal? Of course not, but it's a start. This is the first time we've ever had an indigenous person's voice around an advisory table.

To Minister Freeland and her team, kudos for that.

We feel excluded on a lot of fronts. Time and time again I hear from chiefs that all these trucks of lumber are going out of our territory, but nothing is coming back to the first nations community in employment or revenue sharing or anything. We're saying that has to stop. Once you start getting first nations people out of poverty, it builds a better country. Getting involved in the economy is what we have to start working on.

You have an aging workforce in Canada. You have a skilled labour shortage. We have to start focusing on the fastest-growing segment of Canada's population, which is young first nations men and women. Get them educated. Get our people trained and get our people working.

**Mr. Sukh Dhaliwal:** Mr. DiCaro, you have Unifor workers in British Columbia as well. Can you tell me how the new agreement will overcome some of the challenges and enhance opportunities in British Columbia?

● (1230)

**Mr. Angelo DiCaro:** We have a wide-ranging membership. We focus a lot on auto. It's a very important sector of the economy. We talked a little about B.C. and softwood lumber. This is going to be a big issue. Seeing this dispute hopefully through to a satisfactory resolution would be a huge benefit. The ability, through this retention of chapter 19, whatever it's called in the new agreement, is very important for us.

There is one thing about the media sector. We also have a number of workers in local television in B.C. The ability for us to fight off some very aggressive demands of the U.S. broadcasting industry for greater market access to the Canadian cultural market, but also to retain that cultural policy exemption for the reasons that were already mentioned in maintaining Canadian content quotas is critical for us to continue supporting our local news industry. This is where we have a significant stake in that game in the face of ongoing challenges, largely from U.S. online broadcasters. I think our members in B.C. are paying close attention to those two examples.

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

We're going to move to the Conservatives.

Mr. Allison, you have the floor for five minutes.

**Mr. Dean Allison:** Thank you, Mr. Chair.

Mr. Bellegarde, we obviously get the fact that certainty is important. We also have the issue of what's going on in the States with the Democrats and stuff. I'd like your take on that. I know we want to show we're there. The challenge is that they're not there. How do you see this moving forward as we try to ratify but not get too far ahead, basing your understanding on your connections in the U.S. and what you've heard from the Democrats?

**National Chief Perry Bellegarde:** We have to demonstrate that we're committed as a country to getting this ratified, no question. You have to be mindful that the movement to enforcement or passing it in both Mexico and the U.S.A. has to be done co-operatively. We have to watch. You can't get too far ahead.

We can support some of the requests by the Democrats to reopen it, but if you start opening it up, it really becomes precarious. I would caution that moving, but not too fast, has to be done in a co-operative manner. It can't get too far ahead. It's a tricky implementation process on an international front. If we really want to breathe life into this agreement, all three countries have to ratify it. If one is missing, it doesn't mean anything. It's too important to our economy to create that flow of jobs and economic development and economic growth to play silly games with this. We have to be very careful. It has to be very strategic.

**Mr. Dean Allison:** Thanks.

John and Bob, you guys talked about value add, and I think one of the things that we've talked about here at committee is the whole issue around competitiveness and how we do that.

I love the fact that you are finishing more product to send to the States or wherever the case may be. Talk to us about some of the things that you are working on, just so you can do more of that value add piece, which I think is key for everything we do.

It's one thing that we send our wood and our oil and all that stuff south, or we export it, but I'm a big believer that we should do more of that here in Canada, whatever that is.

Talk to us about the success of what you guys have been able to do, how you've been able to do that and what the challenges may still be.

**Mr. Bob Lowe:** As for the value add, as John said a while ago, our biggest question from other countries is, “How come you don't produce more beef?” Well, we want to produce more beef, and we have the ability and the land to produce more beef, but what we don't have is the labour, for one thing. Another thing is that we need to have government supportive of that.

One thing that's just come down has nothing to do with foreign trade, really, and those are the new transport regulations, which basically shut off the flow of cattle from western Canada to eastern Canada, which is going to drop the calf price in western Canada substantially. It has the effect of really hurting the feeding industry in eastern Canada. It could be a really bad thing in the end, so I guess you said the things against it. We need regulations in place to help us do what we know we can do and what the world wants us to do.

● (1235)

**Mr. Dean Allison:** You're saying that you guys are ready to go, but it's a question of labour, and it's obviously a question of regulations, etc. Would you support, then, some type of lower skilled entry to Canada with a pathway to citizenship, permanent residency or a temporary foreign workers program that was more focused towards your particular sector? Obviously we have temporary foreign worker programs in certain sectors, and agriculture is one of them, but talk to us about the labour piece. What do you see as the way to help you with the labour piece?

**Mr. Bob Lowe:** We want not low-skilled labour, but agriculturally skilled labour. The example that I can use is one of the two major plants in Canada. They're both pretty close to my operation. One of them would like commercial butchers. They can't get commercial butchers. They aren't worried about the really low-skilled labour, because they can get lots of them in Canadians, but for every one commercial butcher the plant can't bring in, it costs seven jobs for Canadians who are already here.

There are people who want to come here. They want to be good Canadians, and they want to pay taxes. It's so bureaucratic to get here, and there are very good reasons, but maybe not as.... I mean, it's costing a lot in agriculture.

**Mr. Dean Allison:** Sure, thanks. The clarity was around more skill, and that's where I was going, so thanks for clarifying that.

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

Thanks for those comments. You're right. We have to work hard for good agreements for Canadians, but the backfilling that helps the industry to fill them or capitalize them is important.

We're going to the NDP now.

Ms. Ramsey, you have three minutes.

**Ms. Tracey Ramsey:** Thank you so much.

My questions are for Chief Bellegarde.

I take your point that this was the most inclusive deal to date, but certainly we'd like to see a true, nation-to-nation.... We would like to see indigenous peoples at the table as full partners in the negotiations.

Well, first of all, I want to say thank you for your push on those important pieces of legislation, including Bill C-262, Romeo Saganash's bill. It's very important that this bill pass.

When you were here previously on the TPP in June 2016, you brought the issue of a development of a human rights impact assessment for all trade agreements. You talked about the recommendation from Olivier De Schutter, the UN special rapporteur, to use the United Nations Declaration on the Rights of Indigenous Peoples as a basis for assessing the impact of all trade agreements. I wonder if you can speak to whether that was a consideration in this agreement, or if there was any movement made in this agreement towards that important step.

Also, I look at your document here, and the first item of article 19 states that indigenous peoples must have free, informed and prior consent. I'm wondering if that's been obtained around this agreement. If not, were there conversations towards how that would be implemented in further trade agreements?

**National Chief Perry Bellegarde:** How much time do we have, Mr. Chair?

**Voices:** Oh, oh!

**The Chair:** Three more days.

**National Chief Perry Bellegarde:** One of the things that we're looking for is to go beyond the duty to consult and accommodate. Working towards free, prior and informed consent creates economic certainty.

There's been such a dialogue, discussion and debate in this country regarding the UN declaration, and I spin it around and say that it creates economic certainty. It creates economic certainty in every province and territory once it's passed. Governments and industry will know what the rules and terms of reference are. That's what it is. You have to know what the rules are.

As indigenous peoples, we're not stakeholders. We're indigenous peoples with rights and title, and that has to be respected. That's what this speaks to. When we talk about a human rights impact assessment, it's having impacts on all that because when we started talking about CUSMA.... There are four chapters, labour, environment, gender and indigenous people, and people are asking what that has to do with business. Well, it has a lot to do with business when you want to create the right environment for investments and economic certainty, so it's very important.

Those are some quick comments within my time—I know the chair's giving me the eye. We have to get that passed in terms of economic certainty—Bill C-262. It does create that economic certainty, and that's what we all have to push for.

**The Chair:** Ms. Ramsey, you have another half a minute. Do you want to give it to Mr. Peterson?

● (1240)

**Ms. Tracey Ramsey:** It's going to be gone by the time I say another sentence.

**The Chair:** Okay. We're going to wrap up.

Mr. Peterson, you have the floor.

[*Translation*]

**Mr. Kyle Peterson:** Thank you, Mr. Chair.

I would like to welcome Chief Bellegarde and all the other witnesses.

My question is for Ms. Drouin.

Can you explain to the committee members why cultural industries are important to the Canadian economy and how crucial the cultural exemption is?

**Ms. Solange Drouin:** I would also say that if we had three days ahead of us, I would be happy to talk to you about this at length.

I would like to talk about the famous exemption, which is an important point.

[*English*]

I knew that I wouldn't be the star of the party because we asked for an exemption, but we did get it, and that's the end of it.

At the same time, it was not a given. They had to fight, and we had to fight to get it. We're getting a lot of pressure from the other markets, mostly from the United States, because they want to gain more access to our market to give access to their culture.

It's always a fight. What we've heard from the government is that it's not the first time they've negotiated with a partner. They always leave the cultural exemption to the end of the process, and we always fear that we will be a trade-off at the end of the process. We're very pleased that they stuck to their guns and that we have that cultural exemption. The cultural milieu is very successful in Canada. We have a movie industry. We have a music industry, and we have good literature and so on. There are a lot of jobs created in the music industry.

If I quote correctly the Conference Board of Canada, it's at least three-point-something per cent of the GDP of our country. It's important in terms of jobs and also in terms of other things, of what it represents. If we leave the sector to the market rules, we won't gain access to any other market because we're not the dominant market in terms of culture.

Thank you for asking me this question. I guess what I will add, because I'm sure I won't have another question, is that the culture is of national interest. What is coming in the next government is that you will be discussing a lot of very important laws, the revision of the Copyright Act, the revision of the Broadcasting Act, the revision of the Telecommunications Act, but they all relate to culture. It's business, but it all relates to culture. In the next government, please pay attention to it and participate in it, and we will be pleased to be in front of you to discuss it in greater detail.

Thank you.

**Mr. Kyle Peterson:** Chief Bellegarde, again, thank you for being here.

I'm also on the government operations committee, and we did a study on the procurement system. We specifically looked at the capacity, capability and opportunities for indigenous businesses to partake in the RFP and procurement process in Canada. The report hasn't been tabled yet, although it might have been tabled this week. Suffice it to say, there's much more work that needs to be done on the government side to make sure we can capitalize on that opportunity.

Do you see this trade deal as a way of tapping into those indigenous businesses that were able to tap into that capacity? We met with a slew of them, very talented people, who just want to participate in the process. Is this a way of helping push that along?

**National Chief Perry Bellegarde:** Yes, it is. The short answer is yes. Build upon that, because when you start talking about.... Where's the inventory of businesses that can compete and bid on these contracts? Where's the capacity? Do they have the capacity to make sure they deliver a good-quality product and/or service in whatever industry or sector you're talking about? Procurement is key, but you also need an inventory of where those businesses are, so they know where to look. It's an opportunity to build upon that.

We have some chiefs who supply tobacco to Mexico, to the jails down there. We have some chiefs who are looking at developing potash mines to supply potash to India. We're starting. We just have to keep building. It's a world economy, so we have to get our foot in that door and keep progressing. That's how I see it. This is a start, no question. We just have to keep building.

● (1245)

**Mr. Kyle Peterson:** Thank you.

**The Chair:** That wraps up our meeting and the dialogue.

Thank you very much, witnesses, for coming. This has been a very long and productive day for us as a committee. It was one of our longest meetings. We thank the witnesses for coming on short notice. We had a variety of sectors and parts of the country represented here today.

I don't know if we're going to see each other again, so colleagues, I thank you for all the hard work you've done over the last few years, and I thank all your staff who have made sure you're prepared.

Clerk, analysts, and everyone else who keeps us all going on the Hill here, thank you very much.

The meeting is adjourned.