



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on International Trade

CIIT • NUMBER 049 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Thursday, December 1, 2016

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Chair

The Honourable Mark Eyking

Standing Committee on International Trade

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• (1100)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): I call the meeting to order.

Good morning, and welcome to everybody this morning.

Mr. Hildebrand, it's great to see you and your colleagues here.

As you know, we asked you to come here today to give us a bit of insight or a briefing on the agreement with Ukraine, how it came about, and what's in it. We're glad you came.

Later on this morning we're going to be meeting with the minister, and it would be helpful for us to know a little bit more about the agreement, where it's at, and what it may include.

Welcome again, sir, and welcome to your colleagues. You have the floor. Go ahead.

Mr. Marvin Hildebrand (Chief Negotiator, Canada-Ukraine Free Trade Agreement, and Director General, Market Access, Department of Foreign Affairs, Trade and Development): Thank you very much, Mr. Chairman.

Good morning to all the committee members.

Perhaps I will begin by briefly introducing my colleagues at the table. Alessandro Longo is with Agriculture and Agri-Food Canada. Brooke Davis is with Global Affairs Canada and is the deputy chief negotiator on this initiative. Stacy-Paul Healy is with the legal bureau at Global Affairs. Pierre Bouchard is from Employment and Social Development Canada. He was one of the negotiators on this deal, as were Stacy-Paul and Alessandro. Pierre, obviously, was involved in the labour chapter of the agreement.

Mr. Chairman, if I may, I will give a very brief opening set of remarks, focusing on Bill C-31, which is the legislation in question here concerning the Canada-Ukraine free trade agreement. The bill, of course, is called the Canada-Ukraine Free Trade Agreement Implementation Act.

Canada already complies with many of the obligations under the Canada-Ukraine FTA, or CUFTA, as we refer to it. However, before this agreement can be brought into force, a statutory authority is required for Canada to implement some of the provisions of the agreement.

Bill C-31 contains the provisions typically found in an implementing bill for Canada's bilateral free trade agreements. These essentially fall into three groups: one, authority to implement institutional provisions of the agreement; two, amendments to

Canadian law necessary to implement the agreement; and three, coordinating amendments.

Bill C-31 starts with provisions to enable Canada to implement the institutional provisions of CUFTA—for example, establishing the authority for ministers to appoint individuals to committees and to dispute settlement panels and other bodies established under the agreement, and also the authority for the Government of Canada to pay its share of expenses related to the operation of the agreement. Bill C-31 also authorizes the Governor in Council to make orders for carrying out provisions of the act, such as the suspension of benefits following dispute settlement.

Second—and this is the second group of elements of Bill C-31—the bill amends seven existing Canadian laws to enable the implementation of CUFTA. At the heart of these changes are amendments to the customs tariff to implement preferential tariffs for Ukrainian goods in line with the market access provisions in the agreement. There are also changes to the Customs Act that support these market access provisions. An example is authority to check whether goods qualify for tariff preferences under the agreement and to provide advanced rulings to assist companies in knowing how goods will be treated under the agreement.

The customs tariff and the Canadian International Trade Tribunal Act are also being amended to implement provisions related to bilateral safeguard measures that may be taken if injury is caused to domestic producers due to increased imports.

The dispute settlement mechanism in the labour chapter of the agreement can result in a monetary assessment made enforceable in domestic law through amendments to the Crown Liability and Proceedings Act and the Department of Employment and Social Development Act. There are also amendments to the Financial Administration Act to authorize the Governor in Council to issue directives to crown corporations for the purpose of implementing the agreement.

Third, Bill C-31 contains amendments to coordinate with Bill C-30, which is the Canada-EU Comprehensive Economic and Trade Agreement implementing legislation. Because both bills amend the same parts of the Customs Act, the coordinating amendments ensure that the amendments made by Bill C-30 do not undo the amendments made by Bill C-31, and vice versa.

That provides a brief overview of the contents of Bill C-31, Mr. Chairman.

• (1105)

I would be happy to address any questions that you or other committee members might have.

The Chair: Thank you.

Before I start with the MPs, I have a couple of quick questions. I'm looking at the imports and exports and I see one of our biggest exports is coal. I'm assuming it's coming from British Columbia. Would that be coming from the centre of British Columbia, and going on ships up through the Suez Canal? Is that how it works? It was a big increase. It went from \$32 million in 2014 to \$131 million, so can you give me a little explanation of that?

Mr. Marvin Hildebrand: I can give you a little explanation of that, Mr. Chairman. The exact routing and logistics would not be known to me, but I can tell you a couple of things.

One is that there is trade in coal both ways, and it is a significant flow of different types of coal in both directions. It is duty-free in both directions currently on an MFN basis for both Canada and Ukraine, so there are no tariff concessions that apply. That product will continue to be duty-free.

With respect to the volatility or the significant change in volume, as you know, this being a bulk resource-based commodity, there are different suppliers from around the world, and price sensitivity is another supply and demand factor. These volumes tend to be characterized by a certain amount of fluctuation over time.

The Chair: Thank you.

I see the other big one is frozen fish, which is increasing quite a bit.

Okay, we'll start our dialogue with the MPs here, and begin with the Conservatives.

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

• (1110)

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

This is a deal that I think everybody on this committee can agree on. It's something that we think is important to do. I can remember back to my days at Case New Holland when we were selling equipment into Ukraine. Our biggest issue at that time wasn't selling the product—they wanted the product—it was actually getting the cash and figuring out how to get paid. I can remember shipping sunflowers into Poland to get U.S. dollars to get paid for machinery, and you could just see all the opportunity and potential in that marketplace for Canadian products, especially on the agricultural side. I haven't even talked about the manufacturing side and everything else.

In this agreement that you've negotiated, as we're looking at it now, has anything substantially changed from what it was before the election?

Mr. Marvin Hildebrand: In terms of the...?

Mr. Randy Hoback: I mean the agreement itself.

Mr. Marvin Hildebrand: The negotiations were concluded in July of 2015, and in the months that followed, the Canadian and Ukrainian officials completed a detailed legal review and translation of the agreement into—

Mr. Randy Hoback: Is the gist of the agreement the same, then?

Mr. Marvin Hildebrand: The substance of the agreement didn't change at all, not at all. It was merely the formatting and the commas and everything like that, but there were no substantive changes.

Mr. Randy Hoback: What has been set aside, then, in the implementation agreement? What has been done in regard to looking at the markets, looking at the potential for Ukrainians doing business here in Canada and partnering with Canadian companies to sell to other places in the world, and also with Canadians selling into Ukraine or working with Ukrainian industries to sell into other parts of the world? Can you give us any idea of any thought processes there? Is EDC ramping up? Is BDC ramping up? Just give us some insight into that.

Mr. Marvin Hildebrand: There are a couple of things.

One is that already certain things have happened in the year and more since the negotiations concluded. The Canada-Ukraine Chamber of Commerce has been very active. There was a major event, as some of you will be aware, in Toronto in June of this year, and it pulled in many business interests from Ukraine and also from across Canada. It was a major event over a period of several days that had the effect of raising awareness and of also providing an opportunity for people to get together and learn more about potential partners in the other country.

In terms of the efforts on the part of Global Affairs Canada, this is part of a whole area that we sometimes refer to as “after care” in terms of the trade agreements that we enter into. It is something that is very important to Minister Freeland. It's part of her mandate as trade minister. As a practical matter, there is a branch of the department that focuses on sectors investment and business development, which is not represented here today, but it takes the lead in those kinds of areas.

They are very much engaged in terms of this agreement, in terms of CETA, and also in terms of other recent agreements like that with Korea, to make sure that they're availing themselves of all the tools, mechanisms, and technologies to get out to businesses across Canada to raise awareness.

Mr. Randy Hoback: I know in Saskatchewan we have a lot of Ukrainian welders and mechanics because we had such a shortage in those fields. Are we going to have easier access to that labour market as required? One of the issues that always happens is that we get the welders, but we don't get their whole family or family members. Are we going to have the ability now to attract the employee plus their family, to make it easier for them to come to Canada and fill our job vacancies and positions?

Mr. Marvin Hildebrand: This agreement does not actually address the temporary entry of business professionals, nor of other categories of workers.

Mr. Randy Hoback: Does it deal with professionals and the movement of professionals back and forth between the countries?

Mr. Marvin Hildebrand: It doesn't, actually. It does not include the whole area of services, which is normally where the temporary entry of professionals and business persons would be found.

Mr. Randy Hoback: Is that something that needs to be worked on into the future then, would you say?

Mr. Marvin Hildebrand: There's a provision in the agreement, the review clause, that obliges the parties to get together within two years following implementation of the agreement to discuss the possibility of expanding it into areas such as services, which would include temporary entry.

● (1115)

Mr. Randy Hoback: So we have a vehicle to actually look at that sometime in the future.

Mr. Marvin Hildebrand: We do.

The Chair: Thank you, Mr. Hoback.

We're going to go to the Liberals now.

Mr. Dhaliwal, you have the floor.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Mr. Chair.

Thank you to the presenter.

I'll carry on where Mr. Hoback left on the services sector. Why would we not include the services sector when we have this sector included in every other agreement, whether it be TPP or CETA? What are the reasons, and what would it take to include those sectors?

Mr. Marvin Hildebrand: The inclusion of the whole services cluster, which includes cross-border financial services, temporary entry, and telecommunication services, is something that was very much of interest to Canada in these negotiations. In fact, it was part of negotiations for a good part of the process. We tried every way possible to get on the same page as Ukraine in that area. Ultimately, it just was not possible, due to various constraints, including the nature of Ukraine's preferred model vis-à-vis that of Canada in terms of how to memorialize concessions and commitments in this area.

The offsetting factor for Canada in this area is that Ukraine is a recent member of the WTO. They acceded to the WTO several years ago, and their services commitments in the WTO are very robust. They're very strong. We have very good coverage that way, as fellow WTO members, to their services market. As a practical matter, our services interests are actually quite well addressed and accommodated through the WTO.

I wouldn't say that we couldn't have had some incremental gains. That's a hypothetical question, I suppose. As it stands, we're in quite good shape on the services front vis-à-vis Ukraine.

Mr. Sukh Dhaliwal: Thank you.

I had interns working with me during my previous terms as an MP. They were really excited to have this type of trade finalized, and I'm sure they're very happy.

I come from British Columbia. I would like to know how signing a free trade agreement with Ukraine will help British Columbia.

Mr. Marvin Hildebrand: As it pertains to specific goods and merchandise trade, it's a question of what British Columbia's areas of focus and areas of interest are vis-à-vis Ukraine.

The vast majority of tariffs will be eliminated under this agreement. There are very few exclusions from tariff concessions. Whether it's animal feeds or wine or certain types of surveying instruments that are produced in British Columbia, or other agricultural products, horticultural products, there's a whole range of possibility there.

Of course, it's not possible to know what exporters and companies and products will actually avail themselves of the opportunities, but suffice it to say that there will be very few tariff barriers left once the agreement is fully implemented in seven years. As a practical matter, the only thing that Ukraine excluded from tariff concessions in this agreement is refined sugar, and that was a reciprocal thing.

Mr. Sukh Dhaliwal: We did not include the services sector. Did you have any resentment from the labour movement or labour groups?

Mr. Marvin Hildebrand: Were there any concerns about that?

Mr. Sukh Dhaliwal: Yes.

Mr. Marvin Hildebrand: No, I'm not aware of any.

Mr. Sukh Dhaliwal: You're not aware of any. Good. Thank you.

The Chair: Thank you, Mr. Dhaliwal.

We'll move to the NDP now.

Ms. Ramsey, you have the floor. Go ahead.

Ms. Tracey Ramsey (Essex, NDP): Thank you so much for being here today and for the briefing you provided me earlier. The NDP really supports deepening relations with the Ukraine. Canada and Ukraine have a historic friendship. I think that's known.

I'd like to talk about steel. The issue of steel dumping has been brought before the Canadian International Trade Tribunal. Is there a concern that removing tariffs on steel imports from Ukraine will negatively impact Canada?

● (1120)

Mr. Marvin Hildebrand: There is not a concern that it will negatively impact Canada. Our tariffs on steel are not inconsequential. Some products have lower tariffs than others, but as a practical matter we have no concern with the fair competition that will result from a lowering of our steel tariffs. The process that you referred to is a separate thing, as you know. Those mechanisms are untouched by this agreement. There are absolutely no substantive changes to Canada's regime for trade remedies in any way.

To the extent that there may be such issues in the future, Canada will be fully equipped, as we have been in the past and are currently, to deal with those.

Ms. Tracey Ramsey: Here is my second question. Can you elaborate on the human rights measures and enforceable mechanisms around human rights in the agreement?

Mr. Marvin Hildebrand: Yes, and I'll ask my colleague, Pierre Bouchard, to chip in, in a second, in terms of the labour chapter elements that would touch on human rights.

The agreement itself makes a reference to the importance of human rights in the preamble, and the other area where there would be some connection to that would be in the labour chapter. Depending on how broadly defined that term is, it could be seen to touch on other areas of the agreement, but I will ask Pierre to talk about the labour chapter in that context.

Mr. Pierre Bouchard (Director, Bilateral and Regional Labour Affairs, Department of Employment and Social Development): Thank you, Marvin.

We have the standard comprehensive and enforceable labour provision in the agreement, in the chapter. These include the four fundamental rights of the ILO on collective bargaining: the right to associate, no child labour, no forced labour, non-discrimination. Then we added to that rights in regard to migrant workers as well as health and safety minimum standards.

These are obligations on both the content of law and on the enforcement of law. That goes pretty far, even if their laws do not. Then that's subject to a dispute settlement mechanism within the labour chapter that can result in monetary penalties in cases of non-compliance. It's fairly strong.

Ms. Tracey Ramsey: Thank you.

There is an unbalanced tariff phase-out that will occur for several years. Which sectors will gain and lose, potentially, and what will that tariff phase-out mean for Canadian businesses?

Mr. Marvin Hildebrand: Given the nature and the magnitude of the trading relationship, we considered in the negotiations that we needed almost no tariff phase-outs. Except for autos, everything on our side is going to zero on day one. The consideration was there. Whatever the increase in imports from Ukraine, which have totalled about \$100 million annually for the last number of years, whether it's one sector or another, there was not the prospect for a threat of injury or any kind of surge that would be problematic for our industry.

On the other hand, Ukraine sought, for some products—about 14% of current imports from Canada—a tariff phase-out period of either three, five, or seven years. Given the different levels of development, income, and other considerations, we considered that it was not inappropriate to do that.

I think it's a win-win scenario, and frankly, as I said, other than refined sugar, everything is subject to tariff concessions in Ukraine, so in terms of the realm of the possible for Canadian industry, in virtually every place where there are tariffs now, they will be removed very soon.

• (1125)

Ms. Tracey Ramsey: Thank you.

The Chair: Thank you.

We're going to move over to the Liberals. Mr. Peterson, you have the floor.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Mr. Chair.

Thank you to the officials for being with us this morning.

I think this is a great agreement. I think it speaks to the history between the two countries of Ukraine and Canada. I have two grandparents born in Ukraine, so I'm one of the over 1.2 million, I think, Canadians who have some Ukrainian heritage.

I'm excited about this free trade deal, of course, and I think it will strengthen the ties with our ally Ukraine, so I'm very excited to be able to speak about this today.

I have just a couple of questions, and some of them may be a little technical.

My understanding is that virtually all Ukrainian products coming in will be tariff-free as soon as this comes into force, whereas from the Canadian side it is about 86% or 87%, I think. Then there's a seven-year phase-in period. What's the reasoning for that discrepancy?

Mr. Marvin Hildebrand: As I said, we really didn't see any potentially injurious threats from a surge of imports from Ukraine in any sector or in any product.

Basically, in our free trade agreements, we try to be as ambitious as possible. That's why we are doing them. Where we seek phase-outs for Canadian products, we do that for a reason. We do that where we consider that certain products, sectors, or industries require time to adjust to a tariff-free environment. That happens in a number of cases.

In this case we didn't see any real candidates for that and any particular need for it, so we agreed to.... It basically allowed us to set a higher bar. If there was going to be some level of asymmetry, we were able to take it as high as we could. It probably allowed us to inspire more ambition on the part of Ukraine as well.

Mr. Kyle Peterson: Okay.

Is there any sort of assessment of how much time you think it will take to ratify in Ukraine?

Mr. Marvin Hildebrand: Ukraine President Poroshenko introduced legislation on November 17 to implement this agreement, and we have had regular indications from Ukraine that this is a priority for them in terms of ratification.

I would venture to say that it's probable that by the time Canada completes its ratification process, Ukraine will have completed theirs. We won't be waiting for them when the time comes.

Mr. Kyle Peterson: Okay.

I want to bring up what I'll characterize as the elephant in the room. Obviously when the negotiations started in 2009, Russia hadn't yet invaded Crimea. It's a reality that armed conflict is taking place. Do you see that as in any way diminishing Canadians' ability to do business with Ukraine?

Mr. Marvin Hildebrand: By virtue of the sanctions regime in place, there is a geographic constraint on the parts of Ukraine with which Canada can do business at the present time. That will continue until such time as those sanctions are modified. There is a prospect, since all of Ukraine is covered in the definition of territory in this agreement, but right now there is that constraint, due to the sanctions regime.

Mr. Kyle Peterson: Now that we've reviewed a few trade agreements in this committee, I note the absence of an investor state dispute mechanism in this agreement. That's because there's an older agreement in place, an investment and investor protection agreement. Was thought given to incorporating that into the new agreement or keeping it as a stand-alone? Was that part of the negotiation at all?

Mr. Marvin Hildebrand: It was very much part of the negotiations. It actually follows a very similar narrative to that of services, which I outlined earlier in response to an earlier question. There are certain linkages between services and investment in our typical model for free trade agreements, and we had anticipated including both of those areas in this agreement. For some of the very same reasons, however, it was not possible to do so, despite extensive efforts on our part. It would have been our preference.

There is a compelling counterpoint, though, in that since 1995 we have had an agreement in place for foreign investment promotion and protection. It is a high-quality agreement and it will continue to be in place. It provides solid coverage for our Canadian investors in Ukraine.

• (1130)

Mr. Kyle Peterson: Okay. Thank you for that.

The Chair: Thank you, Mr. Peterson.

That ends our first round. We're going to start the second round with the Liberals.

Madam Lapointe, you have the floor.

[Translation]

Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Thank you, Mr. Chair.

I thank the witnesses for being here.

Earlier, you said that the chambers of commerce were very active with regard to the Free Trade Agreement between Canada and Ukraine. Earlier, our chair said that fish and coal markets were very important.

My colleague Ms. Ramsey asked which sectors could benefit from the Free Trade Agreement between Canada and Ukraine. In what

other sectors could there be good opportunities for Canadian businesses?

[English]

Mr. Marvin Hildebrand: Thank you for the question.

We could answer that in relation to three categories: agriculture, fish and seafood, and industrial goods.

I mentioned a couple already in agriculture. I mentioned wine. Our largest agricultural export to Ukraine is pork, and we will have duty-free access from day one for pork, both fresh and frozen. There's also maple syrup, maple sugar, and pulses, principally from western Canada. Canola oil is currently subject to a tariff. Things like pet food, animal feed, frozen french fries, and other processed foods are some of the main agricultural products that stand to benefit and will be subject to a duty-free treatment.

In the case of fish and seafood, mackerel, caviar substitutes, and a range of other frozen fish will benefit. Also benefiting will be industrial goods such as automotive tires, plastics of various types, articles made of asphalt, and various watercraft. I mentioned surveying instruments earlier, and other articles of iron and steel, such as reservoir tanks, as well as actual iron and steel, all of which are currently subject to tariffs.

I should also mention electrical machinery, non-electrical machinery, tools—particularly metal tools—and various consumer products, such as cosmetics. These are products that Canada exports a fair amount of, and they will all benefit from duty-free treatment.

[Translation]

Ms. Linda Lapointe: Thank you. This will be useful when I go back to my riding. I will be able to tell the SMEs which ones could benefit from some advantages.

In my riding, there are a lot of maple product producers. This could open doors for them.

Do you think the SMEs know that a market is going to open up and that there will be no tariff barriers?

Do you think the government is ready to help them prepare to export their products?

[English]

Mr. Marvin Hildebrand: That's a very good question. The short answer to your question, I would say, is that there is a growing awareness of the deal. The conclusion of negotiations was announced, the agreement was signed one year later, and now it's going through a parliamentary process in Canada—and in Ukraine, for that matter.

Yes, we are working with industry associations. As you know, given the thousands and thousands of SMEs in Canada, we have to rely on industry associations to some degree to be able to help us get the message out to individual companies, but it's an area of growing emphasis for Global Affairs. We recognize that unlike very large corporations, many SMEs have limited resources for certain activities and limited ability to pursue certain things. We want to do all we can through the trade commissioner service, which operates within Canada across a network of regional offices as well as abroad.

● (1135)

[Translation]

Ms. Linda Lapointe: You spoke earlier about wine. Asians like sweet wine.

Do the people of Ukraine consume wine like the wines we produce here?

[English]

Mr. Marvin Hildebrand: Ice wine is a specialty product, as you know, and it will benefit from this deal. It will be duty-free like all of the other kinds of wines.

Ice wine is produced in fairly limited quantities because of the nature of the product. I think it's in fairly high demand, and I know that some of that demand is in Ukraine. We look forward to seeing how much it grows over time.

[Translation]

Ms. Linda Lapointe: Thank you very much.

[English]

The Chair: We're going to go to the Conservatives now.

Mr. Ritz, you have the floor.

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): Thank you for your presentations today, ladies and gentlemen.

Saskatchewan has a large Ukrainian presence, and they look at this as a family reunification trade deal from that perspective. They're also quite happy that from a geopolitical perspective, this draws Ukraine west as opposed to sliding east.

Mr. Hildebrand, in your presentation you talked about dollars allocated for implementation. Do you have a number in mind? Is this only for Canadian implementation, or are we covering some of the Ukrainian costs too, to make it a little more enticing?

Mr. Marvin Hildebrand: The legislation only provides for paying for Canada's share of the costs. In fact, I would say that a large majority of those costs are anticipatory, because, for example, some of them pertain to the possibility of formal dispute settlement. Well, we don't foresee that happening anytime soon, and—

Hon. Gerry Ritz: At least not for the first seven years, as we implement.

Mr. Marvin Hildebrand: In terms of the establishment of the commission, a lot of the expenses would be covered through existing budgets and so on.

In answer to your question, I don't have a number, but a lot of it is —

Hon. Gerry Ritz: But it would be across government. There would be agricultural dollars. There would be dollars from different departments.

Mr. Marvin Hildebrand: Right.

Hon. Gerry Ritz: Okay.

I have one other question, and then I'll turn it over to Mr. Van Kesteren to finish off.

You talked about the trade commissioner service looking at Ukraine and helping SMEs and so on. Is EDC now prioritizing the Ukrainian market? If EDC isn't there to backstop them, then it's very difficult for cattle, livestock genetics, crop genetics, and all of these people to be able to actually trade and feel comfortable about doing that. Is EDC getting a message that this is now a priority market in the developmental phase?

Mr. Marvin Hildebrand: I can't really comment on the extent to how exactly they're prioritizing it. I know that they're active in that part of the world. They serve Ukraine from another office in a nearby country, and—

Hon. Gerry Ritz: That's part of the point. If you're serving it from a nearby country, it's not like your boots are on the ground and you're actually paying 100% attention.

Mr. Marvin Hildebrand: As I said, I think we all know that they're focusing on the opportunities there. I can't speak to their specific programs and how that stacks up with other opportunities in the region.

Hon. Gerry Ritz: Those are questions for another day.

Thank you.

Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC): Thank you, Chair.

Thank you for coming.

I had the opportunity to travel to Ukraine with the Department of Foreign Affairs a number of years ago, as a matter of fact. I was quite shocked to see the connection still—and I want to go in the same vein as Mr. Ritz was going—with the diaspora here, which is remarkable. In some instances they were teaching the Ukrainians some of their older customs that they'd maintained here. When I think about trade deals, and this has been something that has been a revolving theme, oftentimes it's the unintended consequences. Usually those are quite good. Sometimes they're negative, but usually they're positive.

When I think about that huge diaspora that is so connected to Ukraine, my first question would be, how engaged are they? Second, do you see some other avenue? You've mentioned where we're strong and where most of the trade is going to be, but could that possibly spill over into other trade facilitations and agreements, or just trade in general, because of the diaspora?

● (1140)

Mr. Marvin Hildebrand: In terms of the level of interest, I think a good indicator of that is the large event that was held in Toronto in June. There were hundreds and hundreds of people there from both countries, and I think the results exceeded expectations on some level. There were senior political figures at that event from both countries. The Prime Minister was there, and ministers from the Ukraine. There was a very significant presence and display of interest in this deal and in the prospects for deepening the bilateral relationship.

I myself was asked to speak to a gathering of the Canada-Ukraine Chamber of Commerce earlier this year, so I think there are multiple indications and expressions of interest that suggest there will be a lot of traction and a lot of effort and emphasis to take advantage of this deal once it's in place.

The Chair: Thank you, sir. That wraps up the time.

We'll go over to the Liberals.

I see Madam Lockhart is here, from Fundy Royal. It's good to have another New Brunswicker at the table. It's good to see you here.

My understanding is you have a question.

Mrs. Alaina Lockhart (Fundy Royal, Lib.): Yes, thank you.

The Chair: Okay, you have the floor. Go ahead.

Mrs. Alaina Lockhart: Thank you, Mr. Chair.

Thank you to the department for being here.

This is a very interesting discussion for me to have. I had the opportunity back in the mid-nineties to live in Ukraine for five months. At that time, I was working with a company that was training managers to manage in a free market. To be here now in a different role, talking about these trade opportunities, is quite amazing, really.

One of the things you talked about and one of my colleagues asked you about was how we can prepare Canadian companies now to take advantage of the opportunities that are there for trade. You mentioned several areas. Maple syrup, pet food, french fries all kind of resonated with me, being from New Brunswick. Also, did you mention fisheries, lobster? Is there any opportunity there?

Mr. Marvin Hildebrand: There are opportunities. Our exports to Ukraine of fish and seafood products have been significant in recent years, which is the kind of time frame we would look at for this.

As a practical matter, one of the good things about this deal is that in the area of fish and seafood, all of their tariffs are going to zero on day one. Where they did seek phase-out periods was not in that sector; it was in agriculture and in industrial goods. To the extent that a government can pave the way for success through the elimination of tariffs, this is as good as it gets. There will be no tariffs once this deal is implemented on day one.

The current mix of products is what it is. It involves some of the products that I mentioned already. It remains to be seen whether things like frozen lobster or live lobster will take off in the way they have in Korea following the removal of tariffs there a couple of years ago with the implementation of that deal, but certainly the access will be there. It's always that knock-on question of, after you open a bunch of doors, which ones are people going to walk through?

• (1145)

Mrs. Alaina Lockhart: I know there was a consultation process around this with Canadians. Were there specific areas that Canadians identified, had concerns about, or had recommendations for?

Mr. Marvin Hildebrand: There were. The consultation process began in 2009 with the *Canada Gazette* notice, and it was supplemented in the years following that with web-based invitations for Canadians to comment and give input.

What happens in these sorts of things is that from the submissions that are received, it soon becomes somewhat evident who's most interested in the deal and in the negotiations, how they will end, and what the provisions will be. As I said earlier, our largest agricultural export to Ukraine is pork. One of the groups we spoke to was made

up of Canada Pork International, the Canadian Pork Council, and the Canadian Meat Council. We spent a fair bit of time with them, especially toward the end of the negotiations, to do everything that we could to make sure that the final outcome would be satisfactory to them. From all indications, including their public expressions of support for the deal, I think we succeeded on that front.

There were others as well. Spirits Canada, Canadian Manufacturers and Exporters, and the Canadian Agri-Food Trade Alliance also have issued public expressions of support for the deal, so I think that we can be happy that there's good support for this deal. I'm not aware of any concerns or any stakeholders who feel that there's anything deficient about the deal.

Mrs. Alaina Lockhart: Thank you very much.

The Chair: Thank you.

We're going to go to the NDP now for three minutes. Go ahead, Ms. Ramsey.

Ms. Tracey Ramsey: Thank you.

You've mentioned a lot about agriculture, certainly pork, and different sectors that will win, but at this committee what we often hear in relation to agriculture is that it's not the tariffs but the non-tariff barriers—for example, the sanitary and the phytosanitary issues. Can you please speak to any concerns that any of the sectors had in this trade deal?

Mr. Marvin Hildebrand: While the negotiations were proceeding and even in the last year or so leading up to the summer of 2015, we had access for beef and pork, but we didn't have the access we would have wanted, mainly because of the number of Canadian establishments that were authorized to ship.

Obviously, we have many meat-packing plants in Canada for beef and pork and others, and there was a fairly small subset at the time that were authorized to ship. By leveraging the negotiations, building relationships, and working closely with Ukraine at various levels, coincident with the end of the negotiations or very soon thereafter in 2015, we received what's called systems-wide approval for our meat-packing plants. Now any federally inspected plant is eligible to ship to Ukraine.

Frankly, that was by far the biggest SPS issue that we had going with Ukraine. I actually asked our people just recently whether we had any issues currently or anything that was causing problems vis-à-vis Ukraine and our exports to Ukraine, and the answer was no.

Right now we don't have issues on the SPS front. As I said, I'm confident that the relationships that we've been able to build and develop and this agreement put us in a good place to deal with things if and as they come up in the future.

Ms. Tracey Ramsey: My colleague asked about sectors that will give us a really great lift. Are there any that stand to lose or are concerned about this deal?

• (1150)

Mr. Marvin Hildebrand: I'm not aware of any that stand to lose or that are concerned.

Ms. Tracey Ramsey: Okay.

Mr. Marvin Hildebrand: Frankly, we just haven't had anyone make representation to that effect.

Ms. Tracey Ramsey: We talked about the expansion of services down the road with that review clause in the agreement. What kinds of services do you think would be included in the future? I'm sure there were services that were discussed in these rounds, so what services do you see us looking toward in those future rounds?

Mr. Marvin Hildebrand: As I said, that will be a couple of years down the road. At that point, we could do a couple of things. We would take a very hard look at Ukraine's GATS commitments, the general agreement on trade and services commitments in the WTO. We would take a hard look at Canadian services interests and probably do some further consultations if we were heading in that direction. We would take a look at where the possible gaps might be and where we could supplement their current WTO commitments with that.

Areas of Canadian strength would feature in that, but regarding the details, because it's a little ways down the road, I'd be a bit reluctant to speculate on specific areas that we'd be looking at.

The Chair: Thank you.

The last questioning is going to come from Mr. Fonseca. You've got the floor. Go ahead.

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

Thank you to the witnesses and Mr. Hildebrand. Congratulations to you and your team.

What I've come to learn on this committee is that these trade agreements are never a sprint. They're a marathon. It's great that we're reaching the finish line and we're just about there.

Also, just recently we commemorated the memorial of the Holodomor, a man-made famine caused by the Stalin government that took place in Ukraine and killed millions of Ukrainians. We're talking all about food here, and their food was taken away from that rich land and millions of Ukrainians died.

This agreement is not only an economic agreement. It's not only a political agreement. Really, it's symbolic for the diaspora here, for all the Ukrainians. My wife is of Ukrainian background, and knowing that this agreement is going through will be something that we will be able to share with many of our diaspora communities from coast to coast to coast, so congratulations.

I did want to ask about who initiated the agreement back in 2009 or 2010. Was it Canada or Ukraine? Who reached out? Who said that this would be a good thing?

Mr. Marvin Hildebrand: I believe it was Canada. I would like to confirm that. I didn't have the opportunity to be involved from the

beginning, but what I can say for sure is that midway, when I got involved, it was one of those negotiations where both parties really wanted to get somewhere. As I said, there were constraints—there always are—and we didn't include everything that we might have or that we would have preferred to include in the deal, but the negotiations were characterized by a spirit of wanting to get things done and achieve a win-win outcome, and I think the nature of the deal reflects that.

Mr. Peter Fonseca: Mr. Hildebrand, I'm sure you and your team studied different trade agreements globally. Prior to this agreement, Ukraine signed two other agreements. In June 2014, the Ukraine-European Union agreement was signed, an economic agreement. As well, there are deep and comprehensive Free Trade Area agreements with Georgia, Moldova and Ukraine.

When you looked at those agreements, compared to our agreement, were they similar? Did you have some of the...? I notice that in some of those agreements they did bring in services that we excluded. Did you look at those agreements as we were constructing ours?

Mr. Marvin Hildebrand: Yes, we did, very much so. The one that's most important in this context, and instructive in some ways because it was concluded before ours was, is what's called the Deep and Comprehensive Free Trade Agreement, which is part of a larger framework, what they call a framework agreement between Ukraine and the European Union.

I would say that this agreement is, on balance, not as ambitious. It has many more quantitative restrictions on access for Ukraine into the EU, and vice versa, than we have in ours. We call it "tariff rate quotas". On balance, our agreement is more open.

They do have some services and investment elements, but frankly, in terms of investment, our foreign investment promotion and protection agreement would provide a more robust and comprehensive coverage than whatever they have in the DCFTA. In services, I would suggest that there are very modest, if any, provisions that go significantly beyond what's in the WTO.

They touch on those areas, but not in a particularly significant, meaningful, or comprehensive way.

• (1155)

Mr. Peter Fonseca: I hope our agreement will help. I know that Ukraine is looking to join the EU, and they are looking at a 2020 path to the EU. Would this Canada-Ukraine agreement help in terms of that effort?

Mr. Marvin Hildebrand: That's a very significant, complex undertaking on the part of Ukraine that you just mentioned.

Canada, as you know, is a great friend and supporter of Ukraine. Starting in the fall of 2013, with the events that gave rise to the Maidan events that winter, the people of Ukraine have clearly signalled a desire to orient themselves westward, which obviously includes Canada. What we can say is that this deal will facilitate the desire on the part of the Ukrainian people to orient their economy and their country westward.

An FTA with a G7 country of a very high standard is, I think.... It's a great achievement for both countries, and it's certainly a great achievement for Ukraine.

The Chair: Thank you, Mr. Fonseca.

That wraps up the dialogue with the MPs. We had a good two rounds, and everybody got a chance, so that's good. As you can see, they were good questions.

It's a very important agreement, I think, not only economically but also when you deal with the society and history of both countries. I think you are going to see this move quite quickly through our committee when we get it, but we have to do our due diligence.

Thank you very much for coming and shedding some light on this for us, and thanks to all of the people who work around you to make this happen.

Have a merry Christmas.

Mr. Marvin Hildebrand: Thank you very much, Mr. Chairman.

Thank you to all the committee members.

The Chair: I'll just let members know that I'm going to suspend for a few minutes. We're going to go in camera.

[Proceedings continue in camera]

• (1155) _____ (Pause) _____

• (1215)

[Public proceedings resume]

The Chair: Our meeting is back on the go here. We have about an hour left.

We have the great pleasure of having the Minister of International Trade here today.

Welcome, minister. You've been very busy. We've seen you all around the world. Your team has been very busy. We're hearing reports from them. We just finished up a briefing from Mr. Hildebrand about the Ukrainian trade agreement. There are a lot of balls in the air and a lot of agreements floating around. It's a busy file, but we're a trading nation.

We thank you for being here. The floor is yours.

Hon. Chrystia Freeland (Minister of International Trade): Thank you very much, Chairman.

Thank you very much, members of the committee. I think we've all been busy. I think the trade committee has been one of the busiest, most active, and most energetic committees, and I thank you very much for that work. It's really important.

I want to introduce my officials. You've just been hearing from Marvin, who is working on the trade agreement that I think is close to the hearts of all Canadians. Everyone knows the famous Steve Verheul, of CETA fame. I don't know if people have had the chance to meet the terrific new deputy minister of trade, Tim Sargent. We are very lucky to have him. For people who don't know Tim, he comes to International Trade from the Department of Finance and brings to the trade files a very strong economics and financial background. I think that's extremely valuable to have in our department.

Thank you very much, Tim.

I'm going to make a few opening remarks, and then I look forward taking your questions.

[Translation]

I am very pleased to speak to you today in support of CETA, the Act to implement the Comprehensive Economic and Trade Agreement between Canada and the European Union, and the Act to implement the Free Trade Agreement between Canada and Ukraine. These are two historic trade agreements for everyone, and I know many honourable members have worked hard on both agreements.

Our government believes strongly in an open global economy, and we will continue to champion the open society and open global trade. However, we cannot ignore the reality that, today, we are living in the most protectionist environment I have experienced in my lifetime, probably the most protectionist environment since the Second World War.

• (1220)

[English]

The Canada-EU Comprehensive Economic and Trade Agreement, CETA, and the Canada-Ukraine free trade agreement, CUFTA, are historic trade agreements for everyone. I know everyone in this room has worked very hard on both.

Our government, and I personally, believe very strongly in an open global economy, and we will continue to champion the open society and open global trade, but none of us here, and no Canadian, can ignore the fact that today we are living in the most protectionist environment I have experienced in my lifetime, probably the most protectionist environment since the Second World War, if not earlier.

There's a reason for that. A lot of people feel that 21st century global capitalism just isn't working for them. This very big anxiety is manifesting itself, among other things, in a powerful backlash against globalization. For those of us who support the open society, it is incredibly important not to be in denial about the power of these sentiments that are sweeping so much of the Western industrialized world.

Mark opened up our conversation by saying that Canada is a trading nation, and I know we all understand that profoundly. Those of us who really understand that in our core can be tempted to believe that the issue is only one of rhetoric and that if only we were better at talking about how valuable trade is and how costly protectionism is, everything would resolve itself. I think that is not going to be enough. We need to look more deeply than that and understand that this powerful wave of populist anti-globalization sentiment that we're seeing around the world is based in the real, very concrete experience of so many people, particularly in Western industrialized countries, including our own.

When we look at the sources of anxiety that people have, that sense of a hollowed-out middle class, I think we also have to appreciate that the answer has to be about more than trade deals, because the anxiety is about more than trade deals, even if that is where the anger is sometimes directed.

What people are worried about, and I think rightly, is the impact of 21st century global capitalism. The concerns people have, their economic concerns, their concerns for themselves, for their retirement, and for the jobs their children will have or not have are very real, and we need to address them. That is why I feel a central part of our ability to be effective on the trade file, of my ability to be an effective trade minister, comes from other parts of our government's agenda. It is why I am so proud to be part of a government whose first action was to cut taxes for the middle class.

I am proud that we raised taxes on the 1%. That element of fairness is so important to Canadians. We are very proud to have created the Canada child benefit for the families most in need and to have boosted CPP for our seniors.

We are making essential investments every day that strengthen and support our middle class, and it is because of those investments, that broader economic framework, that we can proudly say that in Canada, unlike in very many countries today, we do have broad public support for the open society. We are open to trade and open to immigration.

[Translation]

CETA is one of the most progressive trade agreements ever negotiated. It will help redefine what trade can and should be. It will lead to increased prosperity on both sides of the Atlantic, and create well-paying middle-class jobs, which is our priority objective.

With CETA, Canada is raising the bar and establishing more inclusive trade and higher standards for how global economies must function in the 21st century. This agreement that we are examining today cements the paramount right of democratically elected governments to regulate in the interest of our citizens, to regulate the environment, labour standards, and in defence of the public sector.

[English]

When it comes to CETA, this is the most progressive trade agreement that has ever been negotiated. Well done, Steve. CETA will help—is already helping—to redefine what trade agreements can and should be. CETA will lead to increased prosperity on both sides of the Atlantic and create well-paying middle-class jobs.

Canada is raising the bar with CETA. With this agreement we're establishing more inclusive trade and higher standards for how globalization should work in the 21st century. The agreement that we are talking about today crucially cements the paramount right of democratically elected governments to regulate in the interest of our citizens to protect the environment, to protect labour standards, and to defend the public sector. Those are key elements, something I am very proud of. We're proud to have made these changes to CETA since coming into office, and we will continue to champion progressive trade policies.

As our Prime Minister said about CETA:

That leadership that we were able to show between Canada and Europe is not just something that will reassure our own citizens but should be an example to the world of how we can move forward on trade deals that do genuinely benefit everyone.

And the benefits really are clear.

I want to mention a couple of examples of companies that will benefit from CETA, because while it can be fun for us to talk about policy, I think it's really important to bring it back to actual humans we are helping with our work.

Take Vancouver's Corinex, which will now be able to bid and compete for contracts and provide its consulting and communications services to EU clients on a fully competitive basis, or Northland Power from Toronto, the city I represent, with its clean and green power projects that will now be able to expand even further into Europe, where it has a strong footprint, or one of my personal favourites, Manitobah Mukluks, the Métis-founded business based in Winnipeg, whose mukluks are currently subject to a 17% tariff in Europe. That tariff will go down to zero after CETA comes into force. It's clear, Mr. Chair, that CETA will translate into increased profits and market opportunities for Canadian businesses of all sizes, in all sectors, and in every part of the country.

Now let me speak for a few moments about CUFTA, which I know you were speaking about earlier.

This is an agreement that has great personal significance to me as a Ukrainian Canadian. I was thinking about it this week, because Tuesday was the day when we gathered to commemorate the very bitter anniversary of the Holodomor, the artificial famine created by Stalin in Ukraine. That was a moving reminder for me of the very deep connections between Canada and Ukraine. Although I expect to face fierce questioning from you all—not from Gerry, though—it was a reminder for me that in our country we have support across party lines for Ukraine. Linda Duncan was there representing the NDP and Peter Kent was there representing the Conservatives.

It was a great personal honour for me on July 11 this summer to sign the free trade agreement with Ukraine in Kiev. My Ukrainian counterpart Stepan Kubiv signed it on behalf of Ukraine.

●(1225)

Canada and Ukraine understand the importance of trade and of developing our economic relationship for the prosperity of people in both countries, but the agreement is also a further affirmation of the strategic partnership between Canada and Ukraine. It's a very concrete way that we can support a country that is fighting very bravely for its independence and for its democracy and that has deep historic ties with our own country.

I should also say that signing the Canada-Ukraine free trade agreement this year is a nice historical moment, since it's the 125th anniversary of the arrival of the first Ukrainian immigrants in Canada.

Actually, they arrived in my home province, in Alberta, but there are a lot in your province too, Randy.

The Chair: Cape Breton.

Hon. Chrystia Freeland: Pardon me?

The Chair: There are quite a few in Cape Breton too.

Hon. Chrystia Freeland: I know. It's the biggest Ukrainian population east of Montreal.

The Chair: Exactly.

[Translation]

Hon. Chrystia Freeland: What is even more important, if Canada is to ratify both of these agreements, is that we will also send an essential signal to the international community, that in an era of nativism and protectionism, Canada stands for the open society and for open trade.

[English]

Mr. Chair, if Canada is to ratify both of these agreements, we will be sending an essential and very distinctive message to the world this year that in an era of rising nativism, of rising protectionism, Canada is a country that stands for the open society and for open trade, and that we are a trading nation and we understand that good progressive trade agreements build prosperity for our middle class and the people working hard to join it.

I want to thank everyone for listening to me just now, and for working so hard to make sure that we continue to be an open society.

Merci.

• (1230)

The Chair: Thank you, Minister.

A few days ago we had a group from the European Economic and Social Committee. It was a very diverse group. They represented business, unions, and democratic society in all the different parts of Europe they're from. They realize that to pull this agreement together when there are 28 countries and in Canada 10 provinces and three territories that all have to agree, it's nothing short of a miracle that we're this far, when you look at it. With this era of protectionism in the world, it's quite the feat. We're not there yet. As you know, our committee has been dealing with it, and we're patiently waiting for it to come to our committee next week and we'll go from there.

Without further ado, we're going to start the questioning. I know you can't wait for that to happen. We're going to start off with the Conservatives.

Mr. Ritz, you have the floor.

Hon. Gerry Ritz: Thank you, Mr. Chair, and thank you, Minister and officials, for being here. Tim, it's great to see you again.

You missed his credentials in agriculture, Minister. He's well versed in a lot of those issues as well. We had the opportunity to travel together. I've actually got some pictures, and now that he's an important person, I'm happy to post them on my Facebook page to share them with the world.

Tim's an avid golfer. He learned rudimentary golf lessons at the WTO in Bali as we waited for things to happen there, watching the paint dry. Welcome, Tim. We appreciate what you're going to bring to the table.

I want to begin with the elephant in the room, Minister. On the final days of the CETA agreement, you took it upon yourself to open Pandora's box in a move to make the agreement, you said, more progressive, and in the end we lost the ability to adjudicate on ISDS. Hindsight is always 20/20. Looking backwards now, is that something you wish you hadn't done?

Hon. Chrystia Freeland: Absolutely not. Probably the elements of our work on CETA.... I want to back up and say on CETA that one

of the things I think is so exemplary about this deal is it shows that Canada can be strongest when we can have a change of party and government but continue to work in the national interest. The Prime Minister and I are very happy to acknowledge in particular the work of the former prime minister, Stephen Harper, in setting CETA in motion. As you know, in opposition, we were very proud to support it.

Having said that, I'm perhaps proudest of all, on a personal note, of the changes we made to make this agreement more progressive. When we formed government, one of the first things we learned was that CETA, this very important agreement we championed in opposition, was actually stalled—

Hon. Gerry Ritz: I would disagree with that statement—

Hon. Chrystia Freeland: No; let me finish, please, and then I'm happy to take more questions.

CETA was concluded at a technical level in September 2014. From that time to November 2015, when we formed government and took office, there was no progress. The finalization of the legal scrub was stalled, and that was because the Europeans had come to the conclusion that the old-school ISDS provisions in the old-school CETA were not something Europe could support. They weren't something European civil society could support, and they weren't something that progressive Europeans could support.

Hon. Gerry Ritz: Okay.

Hon. Chrystia Freeland: We looked at it, and I agreed. I thought they were exactly right. ISDS has been around for a long time. I think that now is the time to build a more progressive system, something in which the right of states to regulate is fully enshrined—

Hon. Gerry Ritz: Sure—

Hon. Chrystia Freeland: Hang on.

In addition to making this a better agreement in substance, the changes that we made to the ISDS provisions were essential to getting CETA done on a practical level. I made those changes because they were the right thing to do, but had we not made them, this agreement would still be in legal purgatory in the offices of the European Commission.

Hon. Gerry Ritz: Yes, but it was only regional governments that were concerned about it, not the state levels.

Hon. Chrystia Freeland: Actually, that—

Hon. Gerry Ritz: Having said that, it's my five minutes and I want to move on—

Hon. Chrystia Freeland: Gerry, that is simply untrue.

It was the European Commission that put forward its investment court proposal. This was something that was a concern of the governments of Germany, France—

Hon. Gerry Ritz: Sure, but we ended up with nothing.

• (1235)

Hon. Chrystia Freeland: —the Netherlands, and Italy. This agreement would not have happened had we not made the changes to ISDS.

Let me also say—and I think it's good for the committee to know this—the progressive direction that we have moved in with CETA is something that we are rolling out across all of our trade agreements. It's something we believe in and that we're proud to champion.

Hon. Gerry Ritz: The reality is that we have no coverage at this point.

I want to move on to CUFTA.

We had a good discussion with Mr. Hildebrand and some of his officials, but something that's needed on the ground once we make these agreements is for small businesses in Canada to have the ability take advantage of them.

Having trade people in the consulates is very important. Right now EDC, which can be a very important contributing factor to getting that done, is based out of London. Is there going to be a move to have their boots on the ground to start to look at cattle and livestock genetics? There is huge market potential in the Ukraine, but are we actually going to have people dedicated to Ukraine, and not coming over from London?

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

Hon. Chrystia Freeland: Okay. As you may know, Gerry, our EDC representative based in London is actually Ukrainian, so—

Hon. Gerry Ritz: I know that.

Hon. Chrystia Freeland: —she's very close to the Ukrainian market. I think that a desire you and I share, and I hope everyone around this table, is to do as much business with Ukraine as possible.

Hon. Gerry Ritz: Sure.

Hon. Chrystia Freeland: I'm very happy to look into how EDC can more strongly support Canadian businesses working in Ukraine.

Hon. Gerry Ritz: Thank you.

The Chair: Thank you.

We're going to move over to the Liberals.

Mr. Dhaliwal, you have the floor.

Mr. Sukh Dhaliwal: Thank you, Mr. Chair, and thank you, Minister.

I congratulate you on signing free trade agreements with 29 countries. That's a great achievement in the first year.

Minister, you mentioned that this is the most progressive trade agreement, and it is surprising to know that it was stalled from September 2014 to November 2015, when you took over. I would like to know something, so that British Columbians and Canadians can know it. In layman's language, what were the changes you made that made it the most progressive agreement in the world?

Hon. Chrystia Freeland: Thank you very much.

Interestingly, I find a similar question, although perhaps with a different emotional tone, from both sides of this table.

As we've been discussing, what had happened was that CETA was stalled, and it was stalled around European concerns about ISDS. When we looked at the agreement, we found that we shared those concerns, and we were happy to work with the Europeans to develop the most progressive ISDS system that exists in a trade agreement.

We made changes in two particular areas. One was on the substance. We strengthened the right of the state to regulate, particularly in the interests of the environment and when it comes to labour standards. We clarified that it was the job of democratically elected states, and not of a trade agreement, to choose which parts of the economy should be in the private sector and which should be in the public sector, and that this agreement should not restrict, for example, the right of a government to choose to renationalize some area.

That's very important, and I think that speaks to concerns people have. People want to be able to elect a government and through that election to choose what will be public, what will be private, what will be environmental standards, and what will be labour standards. They don't want a trade agreement to decide that, and that is one of the things we were very pleased to change.

The other element we were pleased to change was the process and how the ISDS system worked. We have created a system in which the arbiters, the judges, have a much clearer ethical line. They cannot be lawyers in private practice one day and arbiters the next. That's really important. We've also created a system in which the choice of who sits on the panel is not dictated by the company that is choosing to bring a case, so both the process and the substance have been improved.

Something else that's worth explaining is that when it comes to the dispute settlement system, this is the one element of CETA that the Europeans determined was of national competency. That means that it is the element of the agreement that will not be provisionally applied, if and when the agreement is ratified by the European Parliament and by us.

In the way we structured the work we're doing on improving ISDS, there are some areas that are open to discussion. This is really a very important landmark development in how dispute settlement is done in international trade, and we have embarked on a very important conversation with Europeans on how to create the next-generation, more progressive dispute settlement process. I think it's something Canadians can be very proud of.

• (1240)

Mr. Sukh Dhaliwal: When you made all these changes, what was the reaction on the European side, if there was any?

Hon. Chrystia Freeland: It was these changes we made to the investment dispute settlement process that unblocked the agreement. As a result of these changes that we made—and I want to thank Steve Verheul, with whom I worked on them very closely—we were able to move the agreement forward, finalize the legal scrub on February 29, and move the agreement through the European system.

Those changes were also absolutely central in securing support of key European countries, particularly France and Germany. France and Germany had been hesitant, even critical, of the agreement prior to those changes. Right after we made those changes, I travelled to Brussels, Berlin, and Paris. There we had public announcements of support for the agreement from Germany and France. That's really what got it going.

The Chair: Thank you.

Your time is up, Mr. Dhaliwal. We're going to go to the NDP now. Ms. Ramsey, you have five minutes. Go ahead.

Ms. Tracey Ramsey: Thank you, Minister.

I appreciate the concerns you mentioned in your comments about trade and the way it's affected people globally and here at home. The way to deal with these concerns is head-on. I think pushing this deal through and denying the very real concerns that Canadians have does it a disservice.

I've asked this question of you in the House, and I have yet to receive a response. Canadians have very serious concerns around the costs of pharmaceutical drugs in CETA. Mr. Verheul visited the committee and said that they don't really have an analysis on the increased cost of drugs due to the patent changes. Do you have internal studies projecting the cost of drugs to Canadians? Can I have just a yes or no on that one?

Hon. Chrystia Freeland: I'm going to start by addressing your assertion at the beginning.

First of all, thank you for your question and thank you for the hard work you do on the trade file. I know that you're very focused on it and that you care a lot about your constituents.

I do want to challenge one assertion, which is the idea that we are somehow rushing with CETA. This agreement, and I think Steve, of all people, can—

Ms. Tracey Ramsey: But thinking in comparison to TPP, what's happening around TPP at the committee level—

Hon. Chrystia Freeland: Steve can point to the fact that as a country, we have been working on CETA for seven years.

The legal document, which is the one that we are going to be voting on, was finalized on February 29 of this year—

Ms. Tracey Ramsey: I'm sorry, Minister; I was referring to the committee process—

Hon. Chrystia Freeland: We've had a lot of time to look at it and study it and I believe very strongly, as I believe do the majority of Canadians, that it's very important, particularly in this protectionist moment in the world, to get this agreement in place to start creating the jobs and growth that it will create for Canadians. It's also a very important moment to be diversifying Canada's economic relationships.

On the pharma question, I think it's important for us to bear in mind, as I think Steve said in his testimony to the committee, that we are very mindful of this issue. This is something my colleague, the Minister of Health, is working on very attentively.

We do need to bear in mind that we have time. The new elements—

Ms. Tracey Ramsey: Do you have internal studies?

Hon. Chrystia Freeland: The new elements in the pharma space that CETA is going to bring in will not actually have an impact on Canadians for eight years—

Ms. Tracey Ramsey: We have heard that here.

Hon. Chrystia Freeland: —so it's important not to have a false sense that when this agreement enters into force, those provisions will immediately enter force.

More broadly, what CETA does highlight is that we need a broader look at Canada's pharma strategy, and that is something that my colleague, the Minister of Health, is doing.

I think it's also worth pointing out and worth Canadians knowing that drug prices in European countries like Germany, France, the U. K., are actually lower than in Canada, so the issue is—

Ms. Tracey Ramsey: Minister, I'm sorry. I have to apologize, but we only have five minutes—

Hon. Chrystia Freeland: —one about health policy and not exclusively about trade policy.

The Chair: Go ahead, Ms. Ramsey.

Ms. Tracey Ramsey: Do you have internal studies projecting the cost of drugs to Canadians?

Hon. Chrystia Freeland: As I have said, this is an issue on which we are consulting broadly and that my colleague, the Minister of Health, is working on.

I think it's very important for Canadians to understand that the impact of the new provisions in CETA on drug regulation will not fully take effect for a full eight years from the time that this agreement enters into force. It's important to be truthful with Canadians about that—

• (1245)

Ms. Tracey Ramsey: Agreed.

Hon. Chrystia Freeland: —and it is very important to appreciate that when it comes to drug prices, our government is very committed to working on that file, and it's important to understand that this is part of a broader drug pricing strategy—

Ms. Tracey Ramsey: Okay.

Hon. Chrystia Freeland: —and furthermore, that Canada does have high drug prices. It's something the government—

Ms. Tracey Ramsey: I'm sorry. I have—

Hon. Chrystia Freeland: —needs to work on and it is—

Ms. Tracey Ramsey: Minister, please. We only have five minutes.

Hon. Chrystia Freeland: It is very important to appreciate—

Ms. Tracey Ramsey: I have to ask, because—

Hon. Chrystia Freeland: Hang on, hang on—

Ms. Tracey Ramsey: —Health Canada was required to provide to the PBO—

The Chair: Ms. Ramsey, I'm just holding the clock.

I wanted this to be a productive meeting. I asked the minister if she could keep her answers short and I asked MPs if they can let the minister finish her answer, and then we'll have a better dialogue going back and forth.

You have one minute remaining, Ms. Ramsey, and you have the floor.

Ms. Tracey Ramsey: Thank you.

We know that Health Canada was required to provide one to the PBO study. Will you provide this to the committee and table all internal government studies around the analysis that you have?

Hon. Chrystia Freeland: As I've said, on the impact of CETA on drug pricing, this agreement has been carefully structured so that the full impact is not felt for a full eight years.

As I think we are all aware, this is a very fast-moving space, particularly when it comes to new developments, when it comes to issues of biologics, when it comes to the trade-off between generic and brand name drugs. Our response to CETA very much needs to be, and will be, embedded in broader work that my colleague, the Minister of Health, is doing on—

Ms. Tracey Ramsey: Is that a “yes”?

Hon. Chrystia Freeland: —drug pricing.

Ms. Tracey Ramsey: Is that a “yes”?

Hon. Chrystia Freeland: It is very important for Canadians not to be misled—

Ms. Tracey Ramsey: I agree, so we're asking for the studies.

Hon. Chrystia Freeland: —and not to believe—

Ms. Tracey Ramsey: I agree.

Hon. Chrystia Freeland: —that our drug pricing issues are chiefly around trade agreements.

Ms. Tracey Ramsey: So will you provide the studies?

Hon. Chrystia Freeland: As I have said—

The Chair: I'm sorry. I have to cut both of you off. I'll just remind you that we're not in question period, and I'm not the Speaker. We have to let this dialogue go back and forth. I don't want to have to interrupt anybody's five minutes. Try to be productive, get the questions in quickly, and get the answers quickly.

We're going to move over to the Liberals. We have Madam Lapointe. You have the floor.

[Translation]

Ms. Linda Lapointe: Good day, and welcome. I am very pleased to welcome you here today. I am also very happy about the adoption of CETA.

In Quebec, we have heard a lot about the labour mobility. More specifically, what would the advantages be for Quebec? What sector of Quebec activity will benefit the most in terms of labour mobility?

Hon. Chrystia Freeland: Ms. Lapointe, I thank you for the question, and for your work.

Since you are the only member from Quebec here, I would like to take this opportunity to tell the members of the committee how important the work done by Quebec was for CETA. Indeed, Quebec's diplomacy was essential, because there were issues to settle with Wallonia. The family links between Quebec and Wallonia and Quebec and francophone Europe were essential to obtaining Europe's support for this accord.

I want to thank you personally for your work on our project with Wallonia, and for your work with the members of the Walloon Parliament.

The Government of Quebec also worked very hard. I would like to take this opportunity to thank Premier Couillard and ministers Christine St-Pierre and Dominique Anglade, as well as our colleague Pierre Marc Johnson.

We spoke of the elements of CETA that will be very important for Quebec. Mr. Couillard and the Government of Quebec are convinced that CETA will be very important not only for all of the provinces of Canada, but especially for Quebec. As you know very well, there are now some very strong relationships between Quebec and francophone Europe. These trade relations will be easier, particularly because of tariffs.

We have not yet discussed matters related to government procurement, which is a very important element of CETA. This is also true in the cultural sphere, where there are some very solid relations between Quebec and francophone Europe. I am certain that CETA will be important.

I hope that we will have the opportunity of talking about the agricultural aspect of CETA. You probably know that Quebec is a leader in the production of hormone-free beef, which represents a great opportunity for exports from Canada to Europe.

● (1250)

Ms. Linda Lapointe: Thank you.

Indeed, former Premier Johnson testified here last week and we discussed various topics.

You mentioned the production of hormone-free beef, but what other sectors in Quebec could benefit from this accord? I would very much like to bring back good news in this regard when I go back to my riding this weekend.

Hon. Chrystia Freeland: As I was saying earlier, there are some very good opportunities in the agricultural sector and with hormone-free beef. This is also the case in the service sector, where we can work directly. I think that CETA will provide opportunities for European investments in Canada. Certain measures will be very interesting for European investors in Canada. As we saw with our work with Thomson Reuters, it is very important for foreign investors to be able to come here with their leaders. CETA will provide that opportunity.

With regard to Canadian companies, a lot of Canadian investors work in Europe. The mobility of professionals in a company, between Canada and Europe, will be a very important element for all Canadians, but especially for Quebecers.

[English]

The Chair: Thank you, Minister.

We're going to go to the second round, but in order to get everybody in before we close here today, I'm going to go to four minutes.

Madam Ludwig, you have four minutes.

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

Thank you, Madam Minister, for all the work that you've done to get us to this point, and for being here today to answer our questions.

I represent the riding of New Brunswick Southwest, so obviously it's in Atlantic Canada. Approximately 50% of businesses in Atlantic Canada have one to four employees. What are the plans or strategies for helping the microbusinesses of one to four employees take advantage of the tremendous CETA opportunities? This, for us, is a regional concern.

Hon. Chrystia Freeland: I've just been speaking about how important CETA is for Quebec. Your question, Karen, is an important reminder that one of the very powerful characteristics of CETA, and the reason that it's such a deep agreement, is that the provinces were engaged from the start. It has a higher level of provincial and territorial participation than in any other trade agreement. This is probably a good opportunity to get on the record my very profound thanks to the provinces and territories, and to their trade negotiators, who, Steve has told me, spent many very long days with him in Brussels. They would get briefed by Steve late at night when he came back from negotiations. The Europeans have said to me how impressed they were by that level of federal-regional co-operation in Canada.

The Atlantic provinces have been very engaged in CETA and are deeply enthusiastic about it. That's for reasons of geography. It's also for reasons of where the interest is in the European market. Fish and seafood, as you know, are fantastic Atlantic products. They are currently subject to European tariffs of up to 25%. Upon the entry into force of CETA, 96% of those tariffs lines will be eliminated immediately, and the remaining ones will be phased out over three, five, or seven years. That's a lot. A 25% tariff is a high tariff, and for that to go to zero, I think, will be a huge boost to our exporters.

You're right to be talking about small and medium-sized and even microbusinesses. I think that's something that we as a government and, I would say, as legislators need to really be focused on: bringing the benefits of trade to small and medium-sized companies.

I think everyone here is familiar with CanExport, a program that we launched at the beginning of this year to help do that. More than 500 Canadian companies have now been granted support by CanExport to explore new markets. I urge you all to talk to people and to businesses in your riding about this opportunity. It's a real chance to be an effective constituency MP and to support people.

As part of the Atlantic growth strategy, we have been talking about trade a lot. Actually, last week I was invited to a meeting of the Atlantic growth strategy team because they wanted to hear about CETA. One of the focuses of that strategy will be ensuring that Atlantic Canadian businesses know about the opportunities that CETA presents and that they will be in a position to take advantage of them. I think that's very important work.

More generally—

• (1255)

The Chair: Thank you.

Hon. Chrystia Freeland: —I'll just quickly finish my sentence, Mark, because I really believe in this part—we've been talking about actually getting the trade deal done, which is a very big amount of work, but now the hardest work, in a way, is ahead of us, because the hardest work now is being sure that our companies can take advantage of it.

The Chair: Thank you.

We're going to go to Mr. Hoback.

Go ahead. You have the floor.

Mr. Randy Hoback: Thank you, Chair.

Thank you, Minister, and your staff, for being here.

Four minutes will be very quick.

Minister, one thing I always thought was really interesting was that, with CETA being done, Canada would have such a great opportunity to take advantage of its position in the world to have all these market access agreements in place. I know you talked about the protectionist environment that's been evolving as the greatest since World War II, and you might be right, but we are lucky. We have trade agreements with those groups that are protectionist or are becoming very protectionist, and I'll use—

Hon. Chrystia Freeland: I can't imagine who you're talking about.

Mr. Randy Hoback: Yes, exactly, so I don't need to say any more, but I will say this: there is still opportunity, and we've identified an opportunity in TPP. Now whether you call it TPP or something else, there is a group of countries that still want to move forward with that agreement, that still say it's in the best interest for trading in the Asian market that we do this as a bloc. Where are we on this, and why aren't we there leading the pack?

Again, please be quick, because I only get four minutes, so I apologize.

Hon. Chrystia Freeland: Okay. I'm very happy to talk about that.

We are very engaged with our TPP partner countries, and when I was in Lima 10 days ago I met with the U.S., Japan, Mexico, New Zealand, Australia, Chile, and Peru. That's seven of the other 11 countries.

As you know, the way the TPP is structured—

Mr. Randy Hoback: That's why I say it's the TPP or any other name. You can call it whatever you want. It's without the U.S., though, is what I'm saying.

If the U.S. decides to step out, there are still lots of willing players in that agreement that want to do it. Where are we with these willing players?

Hon. Chrystia Freeland: That may be the case, but I just want to be clear with everyone that the agreement itself doesn't exist without the U.S. There's no possibility of the 11 signing and it happening. A new agreement would have to be created. That's point one.

Point two is very important, and I think the Japanese ambassador to Canada has been speaking about this to journalists recently. Positions may change, but the president-elect has been very clear that he does not want to go ahead with the TPP. The next-largest country in that group is Japan. Japan, for the moment, has said that it wants to wait and see. Of course, as you know, Canada had begun negotiating a bilateral agreement with Japan when the TPP came in.

• (1300)

Mr. Randy Hoback: But again, Japan has been very clear in the media, saying also that they won't do anything bilaterally with Canada at this point until the TPP has a decision one way or the other.

Hon. Chrystia Freeland: Japan is waiting and Japan has also said

Mr. Randy Hoback: You're telling me something I don't know.

Hon. Chrystia Freeland: —and the Japanese Prime Minister has said very clearly that without the U.S., the TPP is meaningless. That's the position of Japan at the moment.

We are in very close contact, and on Saturday I will again be seeing trade ministers from some of the other TPP countries. We're in very close contact. We're talking to our partners and we're waiting. We are talking to them and we're working on different scenarios.

Mr. Randy Hoback: Okay. When we go back to NAFTA—

Hon. Chrystia Freeland: Randy, if I could just say this, we do have bilateral agreements already in place—

Mr. Randy Hoback: Thank you, but I will say one thing, though

Hon. Chrystia Freeland: —with many of those countries: Mexico, the U.S., Chile, Peru.

Mr. Randy Hoback: I understand that, but this sets the rules for trading in Asia, for dealing with China, India, and other groups. This sets the platform for doing business in the next 20 or 30 years. It includes things that those agreements don't include.

That's why I say you have a great platform. You've got partners who are willing to play with you. You have one that doesn't, and—

Hon. Chrystia Freeland: Maybe.

Mr. Randy Hoback: —you've brought up NAFTA. It's maybe, maybe not. We'll see where they go. I'll repeat this because of NAFTA: our interests are for Canadians. As we look at what may or may not happen to NAFTA, I sure hope we're going to look at it from a Canadian perspective and look at Canadian businesses.

If they want to go down the road that they don't want to have NAFTA and say they just want to do bilaterals, which is what they've been teleporting across to us, are we willing to go down that road?

The Chair: Mr. Hoback, your time is up. We can't get that question in and we can't get the answer, so we're going to move over to the Liberals and Mr. Fonseca.

Hon. Chrystia Freeland: I'm sorry; I want to answer it. I'm not allowed to? Can we do a deal that we just have two more minutes?

The Chair: No, no. You've been on committees before.

Mr. Fonseca, you've got the floor. Go ahead.

Hon. Chrystia Freeland: Randy, if one of your colleagues wants to carry on with that question, I'm happy to answer it.

The Chair: Go ahead, Mr. Fonseca.

Mr. Peter Fonseca: Minister, first off, congratulations to you and your team. Canada is writing the playbook when it comes to progressive trade agreements. I'm sure the world has been watching what we're doing, from the start to where we are today, acknowledging also the work the previous government and the ministers did.

I had an opportunity to speak to former Ontario minister of economic development and trade Sandra Pupatello the other day, and she said she is so delighted that we have got to this stage and this is going to happen.

Working with Steve and with others and then at the table is why we got the buy-in from the provinces, and then in turn from the municipalities and all the stakeholders and the people.

We're always talking about trade here. We're in the bubble. Minister, I often speak to Mississaugans. I speak to my neighbours and I tell them about productivity and efficiency and trade deals, etc., and their eyes glaze over.

What they want to know, Minister, is jobs, jobs, jobs. That's what they talk about. Those jobs mean that they can send their kids to college or university. Jobs mean that their potential is going to be met and that they will be able to fulfill their dreams.

Your opening comments were so right. It has to be a win-win-win for everybody. It's not just about business or about countries; it's about the people. Setting the stage with progressive tax measures in the Canada child benefit and now with the enhancement of the CPP is what others will look to so they can get the buy-in from their citizens.

Minister, when I think about this, I think about a company in Mississauga, Maple Leaf Foods, the biggest processor of beef and pork, etc. How will this impact those workers at Maple Leaf Foods? What will this mean to them in Mississauga?

Hon. Chrystia Freeland: That's a great question. I think it's very important for all of us. Although we devote a lot of our time, necessarily, to talking about the finer points of trade policy, it's our job as politicians to be talking about bringing home those benefits to specific people, in particular to the constituents we represent.

Maple Leaf Foods is a great example. It's a company that I know you talk to a lot. I talk to them often, and they are very interested in the opportunities that CETA presents. They have offices all around Mississauga. Here's what Rory McAlpine of Maple Leaf Foods has to say about CETA:

The EU is obviously a very large, affluent market with a strong investment presence in Canada and vice versa. If you think about how, increasingly, global trade is built around intra-company supply chains or coordinated supply chains globally, you can see how a free trade agreement really can build up investment that's in both respective jurisdictions.

They see some really big opportunities, and I think that should be exciting for your constituents, because it translates into jobs and growth.

I want to highlight one other aspect of CETA, speaking to you personally. I believe, just as I am Ukrainian-Canadian, that you are Portuguese-Canadian?

● (1305)

Mr. Peter Fonseca: My wife is Ukrainian.

Hon. Chrystia Freeland: Your wife is Ukrainian. I think one of the elements of CETA that is exciting for a lot of Canadians is that very many Canadians trace their roots to one of the 28 member states of the European Union, and this is a real opportunity for all of those Portuguese-Canadian business associations, Italian-Canadian business associations, etc., to build those human ties into economic ties. I think that is going to be very exciting for a lot of Canadians and a lot of your constituents.

The Chair: Thank you. We're going to go from the Ukrainian to the Portuguese and over to the best, the Dutch.

Go ahead, Mr. Van Kesteren.

Mr. Dave Van Kesteren: Thank you, fellow Dutchman.

Thank you, Minister, for being here.

Much has been said about the CETA deal, and one of the things that I think is missed—and you alluded to it as well—is the incredible hard work that took place. I know that someday there will be a book written. At that time, maybe it will be seen just how remarkable this deal was.

Steve, you and your team have been given many accolades, but not only was it the hard-working negotiating team, but also the ministers who were involved.

Back home—I think we all get this—a lot of my constituents will ask, “Dave, why aren't you a minister?” They even think I should run for prime minister. I haven't learned much from Hollywood, but I—

Hon. Chrystia Freeland: Let's get this into a news story of this event. Are you throwing your hat in?

Mr. Dave Van Kesteren: Well, I haven't finished my statement yet. I said I haven't learned much from Hollywood, but one thing I did learn was a line from Clint Eastwood: “A good man knows his limitations.”

I saw the work of our ministers, and I talked to Mr. Ritz right next to me here, because we get pretty close. I think you find the same thing in your caucus too. He tells me at the end of the week where he's been. He's been to this country and that country. He thought I was 40.

All kidding aside—

Hon. Chrystia Freeland: Hey, is that cash for access?

Voices: Oh, oh!

Mr. Dave Van Kesteren: It's not \$1,500, Minister.

The Chair: Can we get some order here? I know it's—

Mr. Dave Van Kesteren: You're losing control, Chair.

The Chair: I know it's Christmas in Holland right now, but let's get back to order.

Mr. Van Kesteren, go ahead.

Mr. Dave Van Kesteren: All kidding aside, there was an incredible amount of work, and I am a little concerned. I'm going to tell you why I have some concerns.

There are two things. First, I see some things that just seem to.... I use the analogy of driving a car and keeping your foot on the gas. That's the key to making these things happen. I'm speaking in terms of the softwood agreement. CETA seems to have finished at this point. In my neck of the woods, there's the Gordie Howe Bridge.

I'm not directing all the criticism to you, Minister. I think it goes to the top. They can say a lot of things about Stephen Harper, but one thing he was was a slave driver. He pushed and pushed and pushed.

I remember when the Prime Minister was first sworn into office and the relationship he had with Barack Obama. They were BFFs. What an opportunity to take that relationship and go to Washington to say, “We've got to get this deal fixed up. It's the softwood lumber.” Again, I refer to the Gordie Howe Bridge. This thing is slowing down. I'm going to give you an opportunity to defend that—

The Chair: You're going to have to go quick. You're going to have to get your question in.

Mr. Dave Van Kesteren: I see a hesitation. In terms of automobiles again, you hit the gas, but it's not responding. We need to have commitment from the top that these things are priorities and are going to happen.

Can you address that? I'm concerned. Maybe you can even talk about the Gordie Howe bridge, because there are indications that it's slowing down. We can't have that happen. That thing has to get to completion.

● (1310)

The Chair: You have 15 seconds, Minister.

Hon. Chrystia Freeland: Oh, my God. I can't do all that in 15 seconds.

The only thing I will say is I do want to assure everyone that while I am confident people on that side of this table will not agree with every single thing that I or my government do, I want to assure you all I'm a farm girl and I know how to keep my foot on the gas pedal. We are doing that. We're driving very hard on our trade agenda, including with the United States. We understand the importance of that relationship and we are working very hard to deepen it.

The Chair: We're going to go to the NDP for two and a half minutes.

Ms. Ramsey, go ahead.

Ms. Tracey Ramsey: Thank you, Chair.

This is the largest deal since NAFTA, and it has significant changes. We've seen a lot of changes in this last year that Gerry alluded to on the court system.

Why are you asking Canadians to sign on to the same investor court provisions that Europeans clearly won't agree to? Given the concerns expressed by Belgium and others, are you open to removing or further changing the investor state provisions in CETA?

Hon. Chrystia Freeland: First of all, it is appropriate to point out that the NDP supported the Canada-Korea Free Trade Agreement, whose ISDS provisions are considerably less progressive than the ones in CETA, so there may be some questions that should be asked inside the NDP.

As I've said, I am extremely proud of the improvements to the ISDS that we've made in CETA. It creates an investment dispute settlement process that is the most progressive in the world. CETA is an agreement that has been supported by all 28 European member states, including those led by socialist governments.

When it comes to the further development of the investment dispute settlement process, as I've said, there are many elements inside the CETA agreement that are intentionally open-ended. We are building—

Ms. Tracey Ramsey: If Europe says they won't sign, will you remove or further change the investor state provisions?

Hon. Chrystia Freeland: Europe has already signed.

Ms. Tracey Ramsey: Full ratification?

Hon. Chrystia Freeland: The agreement was signed on October 31 by the EU after all of the member states—

Ms. Tracey Ramsey: It was provisionally applied.

Hon. Chrystia Freeland: That wasn't about provisional application. That was about the EU signing and moving to Parliament—

Ms. Tracey Ramsey: I'm talking about the member states.

Hon. Chrystia Freeland: What is the case, as I've said, is that the investment dispute settlement is the element of the agreement that is national competency. It is not the part that will be provisionally applied if and when the agreement is ratified by the European Parliament.

Ms. Tracey Ramsey: If member states don't sign, will you take them and remove them from our portion?

Hon. Chrystia Freeland: It's not a question of signing by member states. Our next stage is ratification at a parliamentary level.

Ms. Tracey Ramsey: Yes.

Hon. Chrystia Freeland: After that happens, the agreement will be provisionally applied, and 98% will come into effect. Then it is the turn of the national parliaments to study the agreement and to vote on whether the remaining element is then applied.

Ms. Tracey Ramsey: If they say no to that—

Hon. Chrystia Freeland: Hang on, hang on. No. During that period—

The Chair: I'm sorry. Time is up for everybody. We have to get Mr. Peterson in here, and we have about three and a half minutes.

Mr. Peterson, you have the floor.

Mr. Kyle Peterson: Thank you, Mr. Chair, for this accommodation. I appreciate it. Thank you, Minister, for being here.

I want to change track a little bit and talk about CUFTA.

Hon. Chrystia Freeland: Okay.

Mr. Kyle Peterson: Like yourself, I'm of Ukrainian heritage, so although I think it's a great deal for Canada on an economic basis, I also think it's a symbolic deal. It shows the deep friendship between Ukraine and Canada.

Could you elaborate on that component of the deal? That is, please elaborate on how this is more than just a trade deal but actually a geopolitical deal that shows Ukraine that it has a good friend in Canada, especially when it's in times of need.

Hon. Chrystia Freeland: Of course. I don't know if people know that Kyle Peterson is actually Kyle Petryshyn. It's true. It was very nice to be with you at the Holodomor commemoration.

Yesterday I had a great privilege. Nadiya Savchenko, the Ukrainian pilot who had been captured and held captive by Russians—who knows what horrors she experienced?—was released and is back in Ukraine. She is a very active Ukrainian political leader, and I had the opportunity to meet her, which was very moving for me. She's a real hero.

The economy is not her principal focus, but she said to me that she particularly wanted to talk about CUFTA and that she saw this agreement as a chance to deepen the strategic partnership with Canada at a time when Ukraine is quite rightly feeling particularly vulnerable. She sees the agreement also as a chance for Ukrainian companies to learn from Canadian standards.

MaryAnn Mihychuk, Minister of Employment, Workforce Development and Labour, who also happens to be Ukrainian-Canadian, was in Ukraine last week talking about labour standards and some of the elements we've built into CUFTA to help Ukrainians raise their labour and environmental standards. Nadiya Savchenko was really grateful for that. She said they see Canada as more than a partner; they see Canada as a friend. They trust us and they see a deepening of our economic relationship as an opportunity for them to develop higher standards of their own.

There are going to be real economic benefits as well. I think the estimates we've done say CUFTA should increase trade between Canada and Ukraine by 20%. That's significant. I think there is also something very appropriate about our discussing the Canada-Ukraine free trade agreement, which I do hope the NDP will support. I hope we can get unanimous support in Parliament for it.

The European Union has a trade agreement with Ukraine as well. We're now able to have a trading space that goes from Vancouver all the way to Kharkiv. That's a great accomplishment.

• (1315)

Mr. Kyle Peterson: Absolutely. Congratulations.

Thank you.

The Chair: Thank you, Mr. Peterson.

Thank you, Minister, for coming.

Thank you for the good questions from the MPs. That was good dialogue. There were a few sparks, but you're bound to get that when ministers come to committee.

Hon. Chrystia Freeland: That's okay. It's going to be more fun in a hour, right?

The Chair: Thank you.

Minister, keep your foot on the pedal and have a good Christmas. Take care.

Hon. Chrystia Freeland: Okay. Thanks a lot.

The Chair: The meeting is adjourned.

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