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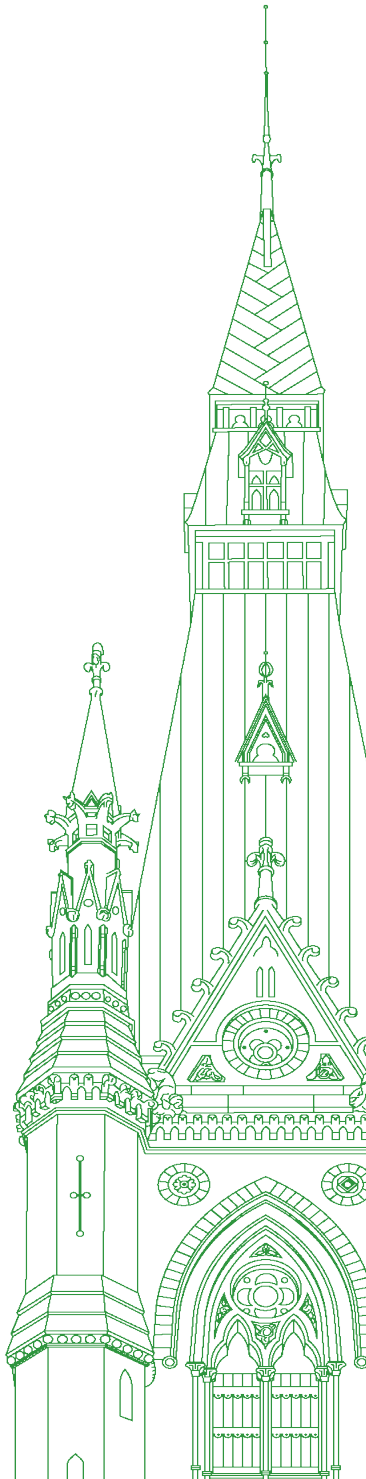

Chair: The Honourable Judy A. Sgro

Standing Committee on International Trade

Friday, April 30, 2021

● (1310)

[*English*]

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

Welcome to meeting number 27 of the House of Commons Standing Committee on International Trade. Today's meeting is webcast and is taking place in a hybrid format, pursuant to the House order of January 25, 2021. Our first hour is in a public session, and our second hour will be to consider the two draft reports.

Pursuant to Standing order 108 and the motion adopted by the committee on March 12, the committee is resuming its study entitled "Canada's International Trade and Investment Policy: Selected Considerations Concerning COVID-19 Vaccines". With us today we have, from the Department of Foreign Affairs and Trade, Steve Verheul, chief trade negotiator and assistant deputy minister, trade policy and negotiations; and Loris Mirella, director, intellectual property trade policy. From the Department of Industry, we have Mark Schaan, associate assistant deputy minister, strategy and innovation policy sector; and Darryl Patterson, director general, projects and policy, biomanufacturing strategy implementation team.

Also from the Department of Foreign Affairs and Trade, we are expecting Ambassador de Boer to join us.

We will turn the floor over to Mr. Verheul—

The Clerk of the Committee (Ms. Christine Lafrance): Just a second, Madam Chair, I think he just arrived in the attendees. I will promote him. Just a second, please.

The Chair: Okay. We'll wait one second.

The Clerk: Ms. Sgro, the floor is yours.

The Chair: Thank you very much.

Now I am pleased to be able to invite the ambassador, His Excellency Stephen de Boer, ambassador and permanent representative of Canada to the World Trade Organization, from Geneva, Switzerland, to speak.

Thank you very much, Ambassador, for joining us. I'll turn the floor over to you for opening remarks, please.

Mr. Stephen de Boer (Ambassador & Permanent Representative of Canada to the World Trade Organization, Department of Foreign Affairs, Trade and Development): Thank you very much, Madam Chair.

You have my apologies. I did all the right things and of course my system crashed, so here we are.

I welcome this opportunity to address this committee. I am joined today by two Global Affairs Canada officials. They are Steve Verheul, assistant deputy minister for trade policy and negotiations and chief trade negotiator, and Loris Mirella, director of intellectual property in the trade policy division.

I will first address the discussions at the WTO with respect to global vaccine production and distribution, followed by how Canada's trade agreements may be used to ensure that Canada's vaccine advance purchase contracts are respected.

Madam Chair, the pandemic continues to affect the world, from the third wave in Canada to the surges we are seeing now in large countries like India and Brazil. As the promise of vaccination offers a light at the end of the tunnel, Canada and the entire international community are looking at ways to better develop, produce and distribute vaccines. Canada shares our international partners' call for greater international coordination towards ending the pandemic. No one is safe until everyone is safe, which is why Canada strongly supports global solutions towards equitable vaccine distribution.

Over the course of the pandemic, Canada has invested in and contributed to global programs—namely, the access to COVID-19 tools accelerator and the COVAX facility—in addition to leading discussions here at the WTO on trade and health, specifically the barriers to vaccine trade. Vaccine production is highly complex. It relies heavily on access to raw inputs as well as the co-operative transfer of know-how, skills and human expertise from researchers to manufacturers. The distribution of vaccines is also complex due to differing export regimes, regulatory hurdles, highly sophisticated supply chains and significant logistical and technological requirements to ensure that vaccines can get to where they need to be.

Canada has engaged actively in WTO discussions on these issues. We are open to considering all proposals on how best to increase production and equitable distribution of safe and effective COVID-19 vaccines. Our goal and our hope is that interventions are targeted at addressing real bottlenecks and production issues. In these discussions, some are pointing at intellectual property, while others, such as vaccine manufacturers, including those in developing countries, are pointing to an array of trade and supply chain related challenges, as I mentioned before.

As committee members will be aware, in October last year a group of WTO members, led by India and South Africa, tabled a proposal for a COVID-19-related waiver from certain sections of the TRIPS agreement. This proposal has since been cosponsored by a number of developing and least-developed members, including the African group.

I want to be clear that Canada has never opposed this proposal. In fact, we are continuing to engage with the proponents to identify concrete issues related to or arising from the TRIPS agreement or that WTO members could not address through the agreement's existing public health flexibilities.

For example, late last year we submitted, as did Australia, Chile and Mexico, a set of questions aimed at enabling all members to better understand the nature of any barriers experienced in any member's responses to COVID-19 relating to or arising from the TRIPS agreement. However, thus far the conversation has focused on a number of historical, general or hypothetical concerns regarding IP. There has been much mention of unused or underused production capacity, but there has not yet been evidence presented of large amounts of COVID-19 vaccine manufacturing capacity that would be unused due to IP issues. Our understanding is that vaccine manufacturers, including those in developing countries, so far do not substantiate this perspective.

I am sure that many find it challenging to reconcile the perspective of proponents that IP is a key challenge and that partnerships are optional, while the vaccine manufacturers that have spoken up have indicated that IP is not a key challenge and that partnerships are essential. Canada continues to encourage the proponents to share information on where any unused or underutilized capacity is located so that we can assess why this is the case. We will continue to engage with WTO members, industry and civil society stakeholders to better understand the global situation and the challenges to equitable vaccine distribution.

● (1315)

Meanwhile, Canada is playing a leadership role in promoting rules-based trade and open supply chains to address COVID-19-related challenges including, at the WTO, through the trade and health initiative advanced by Canada and the Ottawa Group. This initiative encourages WTO members to implement trade-facilitating measures in the areas of customs, technical regulations and services; exercise restraint in the imposition of export restrictions; temporarily remove or reduce tariffs on essential medical goods, including vaccines and their inputs; and improve transparency of trade measures.

Canada also supports the third way approach advanced by the WTO director-general, which is enhancing the WTO's role in global dialogue with the pharmaceutical sector towards accelerating the production and equitable distribution of effective, safe and affordable COVID-19 vaccines and related medical products.

I will now move on to how Canada's trade agreements may be used to ensure Canada's vaccine advance purchase contracts are respected.

To recall, on January 29, 2021, the EU brought into force what they refer to as a transparency and authorization mechanism for exports of COVID-19 vaccines. The mechanism was originally set to expire on March 13, but on the same day, the EU extended it until June 30.

On April 9, the EU member states added two criteria to the mechanism. First was reciprocity aimed at vaccine-producing countries. Second was proportionality based on vaccination rates and the scale of the COVID-19 pandemic in the export country. These two additional criteria will remain in effect until May 6; however, they may also be extended.

Since Canada was first notified of the measure on January 29, the Government of Canada has vigorously pursued the EU and its member states at every opportunity to advocate for Canadian interests. While Canada remains concerned with the measure, we continue to receive assurances from the European Commission and EU member states that Canada is not the intended target.

In addition, the EU's recent acquisition of 250 million doses from Pfizer for the second quarter of 2021, may decrease the likelihood that the measure will be extended or applied to exports of vaccines destined for Canada. Canadian officials remain in close contact with counterparts in Brussels and Spain to ensure the smooth delivery of vaccines destined for Canada.

Both CETA and WTO rules permit export restrictions, as long as a restriction is temporary, necessary to prevent or relieve critical shortages, and the good—vaccines, in this case—is deemed essential to the implementing party. However, both CETA and WTO provide mechanisms to support transparency and dialogue on such measures. From the outset, Canada sought to be placed on the list of countries exempted by the EU from the mechanism. The EU did not agree to do so. In fact, on March 24, it removed 17 countries from the exemption list.

The EU is a trusted trading partner for Canada and CETA provides Canada with a direct and well-established channel to continue advocating for Canadian interests with the EU. Canada continues to impress upon the EU that this mechanism must not affect vaccine shipments to Canada, that it runs counter to Canada and the EU's call for global co-operation and that the EU must fully comply with the transparency undertakings that Canada and the EU are advocating for at the WTO.

Thanks in part to this privileged relationship and advocacy efforts, Canada has not been negatively affected by the mechanism, and the EU has streamlined its export process for vaccine shipments to Canada. Nevertheless, Canada has called on the EU to end this measure as soon as possible.

Meanwhile, we are actively monitoring and protecting the supply channels for Canada's vaccines from around the world and will continue to do so with Canadian interests in mind.

Madam Chair, this concludes my brief introduction. I would be happy to take any questions from committee members.

Thank you.

● (1320)

The Chair: Thank you very much, Ambassador.

We go to Mr. Aboultaif, please, for six minutes.

Mr. Ziad Aboultaif (Edmonton Manning, CPC): Good morning, Madam Chair.

I welcome the ambassador and all the other witnesses to our committee today.

I have an article from I think two or three days ago that says, “EU sues AstraZeneca over delays in vaccine deliveries”. That was over the alleged breach of its vaccine contract. The contract that appeared in the Italian magazine, from RAI, included a clause that appeared to release the company from legal action for delays on deliveries.

There's a contract between the EU and AstraZeneca that was published in the newspaper, and there's a lawsuit against the shortage or breaching of deliveries in the contract.

To the ambassador and to Mr. Verheul, what is the nature of our contracts with the vaccine suppliers, since we've been experiencing delivery shortages, delays pushing deliveries from one week to another week, which is causing us the third wave? Also, it's causing all the lockdowns and the mental health and the hardships that we're going through.

I would be interested to know, from the ambassador or from Mr. Verheul, who was involved in negotiating the contracts with the suppliers and what is the content of the contracts? How protected are we?

Mr. Stephen de Boer: I have to admit, I don't have any details on the contract. That is outside of my ambit. I'm not sure if any of the witnesses do, in fact.

Mr. Steve Verheul (Chief Trade Negotiator and Assistant Deputy Minister, Trade Policy and Negotiations, Department of Foreign Affairs, Trade and Development): Yes, I'm in the same position as Mr. de Boer. I don't have any information on the actual contracts either.

Mr. Ziad Aboultaif: You are a chief trade negotiator, Mr. Verheul, and the ambassador has also been talking about the relationships and the assurance that we have from the European Union. We've had all these verbal assurances, which includes the minister saying at one point in the committee that she received verbal assurances about deliveries, and that Canada is not targeted by the EU measures, but we have been experiencing that.

What's the action plan? How can we go about that? We have the wording. We have the verbal assurances on the other side, but we have been experiencing shortages in supply, and no one knows what the contract looks like.

What can we do to make sure we don't experience these breaches to our contracts that we don't know...?

Mr. Steve Verheul: I think the challenge here is really not with the European Union. They have been doing everything we have been asking them to do in terms of ensuring that we would be getting any deliveries that we would be expecting, and we have not had interruptions as a result of that.

The difficulties we've faced have been more at the company level and difficulties in production. Some setbacks have occurred. We're now getting lots of vaccines coming from Pfizer. They seem to have resolved most of their production difficulties. Moderna is still experiencing some, but is also coming back on track. With an operation of this scale, I think we can anticipate that there will be some production hiccups from time to time. That's what we have faced, but we now feel we're very much on track.

● (1325)

Mr. Ziad Aboultaif: I know we don't have the upper hand on the supplies because there's a large demand from everywhere for vaccines. To the ambassador, are you aware that the WTO has helped countries place orders with vaccine suppliers, including some terms that would protect the purchaser as far as the supply chain is concerned and as far as getting the product, if not on time, at least in some order where you don't have to suffer such big gaps between deliveries?

Mr. Stephen de Boer: I think we need to distinguish between trade policy and contract negotiations in this context, but I would say this. We have been having discussions on trying to remove barriers to the movement of inputs to vaccines and vaccine production, and we have been discussing ways that these things can move much more easily within the global context.

I would also say that the director-general's third way, where she's engaging with industry and with stakeholders, is meant to facilitate these types of discussions to see what can be done to facilitate the movement of vaccines, but also to facilitate the production of vaccines. The individual contract negotiations themselves fall outside of the ambit of the WTO, so in fact, what the DG is engaging in is almost, in certain respects, an issue of moral suasion to work with industry.

The Chair: Thank you very much, Ambassador.

We will go on to Mr. Arya, please.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Madam Chair.

Ambassador de Boer, I'm glad to hear your statement.

There are a lot of rumours that Canada is opposing the TRIPS waiver at the WTO. Many people don't realize that Canada is actually working with the TRIPS waiver proponents like South Africa and India, and of course the Africa group, the LDCs, on how best we can address the current situation. Many people think that if IP is relaxed and is made available certainly we'll get the vaccines, but most people don't understand that it's not just the IP. We need other inputs. We need manpower. We need.... Whosoever wants to manufacture should have access to the sophisticated supply chain.

As you pointed out, discussion on historical, general hypothetical IP issues is one thing, but we need to focus on what exactly is required to be done now so that vaccines are made available.

Madam Chair, for the people who may not know, the director-general of WTO is advocating the third way. It means facilitating technology transfer within the framework of multilateral rules so as to not just encourage research and innovation, but at the same time, allow licencing arrangements that help to scale up the manufacturing of medical products.

Ambassador de Boer, let me start with a very simple question. Can you reconfirm that Canada is not opposing, per se, the TRIPS waiver? Is that accurate?

Mr. Stephen de Boer: Yes, that is absolutely accurate. We have not opposed the decision on the waiver, and we welcome a full assessment of the specific challenges that are being faced by WTO members. It's one of the reasons why we, as I indicated earlier, along with Australia and Mexico posed questions to the TRIPS council so that we could further examine how the waiver might operate and what the problems were that were being faced in the production of vaccines.

However, I would point out that the WTO has not reached any decision stage on the waiver itself, so we continue to engage with WTO members, including the proponents of the TRIPS waiver, on this issue.

● (1330)

Mr. Chandra Arya: Thank you.

That is the thing. Many times people think that there's one simple solution: Waive the IP rights and everything will be smooth and suddenly the vaccines will become available. That is not the thing. We have to understand all the issues, so that it should not lead to some unintended consequences in the medium- to long-term range.

In addition to IP, we should know what the manufacturing capacity is that is available today that is not being used due to IP issues. The partnerships in the products like these vaccines, which has a lot of science behind it, is probably much more important than the IP itself.

Ambassador, can you tell me, on this unused manufacturing capacity that's been almost bandied about, on how there's a lot of unused manufacturing capacity in developing countries that could be manufacturing COVID vaccines...? While we have to recognize that not all developing countries have any manufacturing capacity, can you just highlight on the issue of whether there is any unused manufacturing capacity?

Mr. Stephen de Boer: We're hearing when we talk to industry, including as part of the director-general's third way process, that there is some unused manufacturing capacity but not large quantities. We have not been able to identify large quantities of production capacity.

As well, we're learning that, even if there were large unused production capacity, it's not as if this production capacity can be used overnight to increase vaccine production, nor is it clear to us at this point—and we continue to ask the questions and examine this issue—how the suspension of IP rights or a waiver of TRIPS would actually unlock this unused production capacity.

This is a difficult issue for us to get our heads around, but we're not hearing about large-scale production capacity issues. I should also say that when we have been talking to industry stakeholders, the constraint does not seem to be IP but the complexities associated with technology transfer.

As you point out, the IP is one issue, but it's the transfer of the know-how. It's not as simple as simply creating a recipe and saying, “Here is the recipe.” This notion of unused production capacity is not just related to a facility, but also to having the technological know-how to receive the information, which would result in increased production.

The Chair: Thank you very much.

We will move on to Mr. Savard-Tremblay, please, for six minutes.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Good afternoon and my thanks to all the witnesses for joining us.

Let me provide a brief background. Recently, Quebec's Minister of Economy and Innovation, Pierre Fitzgibbon, said in an interview that we had experienced an international problem of mask addiction at the beginning of the pandemic and that we had been very affected.

In terms of vaccines supply, what latitude do governments have to ensure that some of the vaccines and essential goods are reserved for our needs?

[*English*]

Mr. Steve Verheul: I'm sorry. Who was that question directed to?

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Actually, it is for the officials from the Department of Foreign Affairs, Trade and Development. So you could answer.

[*English*]

Mr. Steve Verheul: Thank you.

We may also want to bring in our colleagues from ISED for some of these questions, because this really isn't within the mandate of what we do at Global Affairs in terms of our efforts on trade negotiations and those kinds of issues in trade agreements.

Vaccines were negotiated through domestic policies and domestic provisions, so we were not involved in any of those efforts. It is the same with PPE. We certainly were in contact with foreign suppliers to some degree, but this was not something we were responsible for.

● (1335)

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I also have a question for our friends from the Department of Industry, Trade and Commerce.

At the beginning of the pandemic, the pharmaceutical community was clear on one thing, namely that, over the past five years, there had been no adequate policy. In fact, there had apparently been even a certain indifference. Witnesses who appeared before us said the same thing.

Can you tell us why players in the field feel this way?

What was done in the five years prior to the pandemic? I recall the pharmaceutical companies saying that they were not able to work with the community to hear its needs.

Was the idea to rebuild a pharmaceutical sector before the crisis?

Mr. Mark Schaan (Associate Assistant Deputy Minister, Strategy and Innovation Policy Sector, Department of Industry): Perhaps my colleague, Mr. Patterson, can add some comments.

I think the life sciences sector is critical not only for Canada's economy, but also for the use of Canadian skills and capabilities and for growth during the pandemic. We have noted some of the more important initiatives for the life sciences sector in Canada, including efforts over the past year.

I will now turn the floor over to my colleague, Mr. Patterson, who can tell you about recent efforts in the life sciences sector.

Mr. Darryl C. Patterson (Director General, Projects and Policy, Biomanufacturing Strategy Implementation Team, Department of Industry): Thank you for your question.

[*English*]

I'd say it's widely recognized that the biomanufacturing industry in Canada has diminished over a number of decades. At the outset of the pandemic, there was a realization that Canada did lack a large population-scale, end-to-end capacity to manufacture COVID vaccines. The government immediately took steps to implement a strategy to build up biomanufacturing capacity in Canada and to work with the companies in Canada and abroad to attract a rapid scale-up of biomanufacturing capacity, but as my colleagues have already pointed out, that takes a bit of time.

Relying on the expert advice of the task force, Canada has implemented a strategy that's three-pronged: immediately mobilizing and expanding existing capacity; working with international partners to attract vaccine development here over the long term; and building out the ecosystem. We talked about the supply chain as well and about making sure that we have the talent, the researchers and the supply chain inputs in Canada to the extent that we can become globally integrated into the process.

A number of investments have taken place over the past year, including investments in the NRC and companies throughout Canada—Medicago, AbCellera and Precision NanoSystems—as well as contract manufacturers, including KABS in Quebec and Novocol in Ontario.

The government is now keenly focused on moving forward and working co-operatively with the industry, research institutes and the labour force to make sure that Canada is well positioned moving forward and is ready to engage with the industry.

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

We'll go on to Mr. Blaikie, please.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you very much.

We've heard a number of times that Canada doesn't actively oppose the TRIPS waiver. Perhaps somebody could explain the process at the WTO. Does the application or the proposal for a waiver automatically pass if nobody opposes it, or does it require active support at the WTO in order for it to pass?

● (1340)

Mr. Stephen de Boer: Decision-making at the WTO is normally done by consensus. A proposal would have to get the support of the entire membership. You don't have to actively be against a particular proposal, but you do need to support proposals.

The discussions that have been happening at the TRIPS council around the waiver have been around this notion of building support for the waiver itself, which is why there have been these discussions, reports to the general council and continuing discussions, including with countries like Canada. We're trying to explore how the waiver might work and what some of the barriers are to vaccine production, and also continuing further examination, including talking to industry participating in the director general's third way.

Going forward, we would need consensus.

Mr. Daniel Blaikie: I'm just trying to understand. Is it the position of the government that Canada's support—or not—of the waiver proposal wouldn't make a difference either way? I mean, usually when things are proposed, you need supporters in order to get it through.

I find Canada's position somewhat odd, to put it really mildly. One is tempted to call it somewhat disingenuous, because the question is whether the status quo obtains with respect to intellectual property or not. We're in an exceptional position, and we recognize that waiving the typical kinds of intellectual property protections would have a salutary effect on vaccine production globally. Does Canada support the status quo or does it support the waiver?

Mr. Stephen de Boer: I don't think it's that straightforward. We don't know at this point whether there's a clear line between the lifting of patent protection and the waiver itself and an increase in vaccine production. What is being asked is that the rules be suspended, which is a serious question. Canada is a huge proponent of a rules-based regime, so—

Mr. Daniel Blaikie: With respect, it's a serious pandemic.

Mr. Stephen de Boer: Absolutely.

Mr. Daniel Blaikie: I don't think anybody who is proposing the waiver is doing so lightly or because they don't think there are significant, exceptional circumstances that warrant the waiver. Yes, it is an exceptional measure; these are exceptional times.

I don't think this is really an adequate answer.

Certainly one thing we haven't heard is that the waiver at the WTO would reduce global vaccine supply. We've heard that some people who think that once they have the intellectual property rights they may be able to produce more vaccine may in fact find that there are more complicating factors they hadn't considered, or that they don't have access to other things that are important. This means they may fail to produce more vaccine.

Isn't it better, in this context, that we have as many people trying to produce vaccines as possible and that we take as many barriers to vaccine production off the table as possible? I don't hear anybody saying that granting a waiver of the TRIPS provisions at the WTO risks reducing global vaccine supply.

Mr. Stephen de Boer: This is the question that's being asked, and we don't know that for a fact. What we do know is that what has been very important in the vaccines is the collaborative partnerships for scaling up production and technology transfer. What is of concern to some members is what a waiver might do to those collaborative relationships and whether it would actually be detrimental to vaccine production if you interfered with those relationships between the originators and the manufacturers.

It's not a given that the waiver is something that's worth trying because there are no negative consequences to the waiver. I'm not saying there are negative consequences. What I am saying is that we don't know, and there is a risk.

● (1345)

Mr. Daniel Blaikie: I'm interested to know—

The Chair: Please keep it very short, Mr. Blaikie.

Mr. Daniel Blaikie: —or understand a little better the kinds of information you're asking for. Presumably, you're asking for information from potential manufacturers about what their problems are. These could be supply chain problems, technology transfer problems or those kinds of things.

Are those details that the major vaccine manufacturers of the day, such as Pfizer and Moderna, have disclosed publicly? Why would we expect other players would do so as a condition of getting access to intellectual property?

The Chair: Thank you, Mr. Blaikie.

Could we get a brief answer, Ambassador?

Mr. Stephen de Boer: Our conversations are with both developed-country and developing-country manufacturers. They've pointed to a series of problems and barriers. Intellectual property is not the one we're hearing about. It's more around issues such as export restrictions, access to inputs and having the technological know-how at the other end to actually assist in the manufacturing of the vaccines. This is what we are hearing at this point.

The Chair: Thank you, Ambassador.

We'll go on to Ms. Gray for five minutes, please.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): Thank you, Madam Chair, and thank you to all of the witnesses for being here.

Ambassador, you stated in your testimony today that Canada sought to be on the EU vaccine export exemption list and that the EU said no.

When did we ask and when did we have that answer, no?

Mr. Stephen de Boer: I am not sure I am the right person to be answering that question. I don't have the exact date.

Mrs. Tracy Gray: Today is the first time we've heard this information, that Canada actually asked to be on the list and was informed no.

Mr. Verheul, do you have that information?

Mr. Steve Verheul: I'm afraid I don't have a specific date either. We did make the request on a number of occasions at a number of different levels for the EU to put us on the list of exempted countries. They did not do that. They didn't make any changes to that list until quite a bit later on, and then they withdrew a number of countries from the exempted list. They narrowed it down considerably.

One of the reasons we raised that issue was that we did have concerns that, if the EU was exempting certain countries but not others, then that would put them in a position where their measure could be offside with their WTO commitments. We did express concerns about that.

Mrs. Tracy Gray: I would like to ask to have it tabled.

Who asked for the exemption? When did we hear back? How did we hear back? Who was asking? How many times did we ask? What was the correspondence back? Are those things that would be able to be tabled to this committee?

Mr. Steve Verheul: I'm sure we could provide that information, yes.

Mrs. Tracy Gray: Thank you very much. It's very interesting to hear all this for the first time.

Ambassador, you also said that Canada was not intended as a target for the vaccine exemptions from the EU, which doesn't sound very reassuring. Would you say that the EU has measures that would be different? Saying that we're not intended is not the same as saying we will not be affected. Wouldn't you say that's very different, that we would not be affected as opposed to not intended to be affected?

Mr. Stephen de Boer: Yes, I do think that they are different, and I do think it was unfortunate. I would also note that there have been no negative consequences with respect to the movement of vaccines to Canada, despite the EU measures.

● (1350)

Mrs. Tracy Gray: Can you table with this committee any correspondence or documents from anyone in the European Union confirming that Canada will not be affected by the EU export control measures for COVID-19 vaccines?

Can someone respond to that?

Mr. Steve Verheul: We can certainly look at what we have. We were assured that we would not be affected by a number of our interlocutors on a number of occasions. I'm certain we can provide that information.

Mrs. Tracy Gray: Thank you.

Madam Chair, I've had a number of delays in response. I don't know if they're technological or if the witnesses are not sure who's speaking. I'm wondering if I can have a little bit of time.

The Chair: You have 45 seconds remaining. We'll give you an extra 15 seconds for the delay in communication. We want to make sure that others get a chance to ask the questions, and we only have 10 minutes remaining.

Mrs. Tracy Gray: Thank you, Madam Chair.

To acknowledge, we did start late as well due to technical problems.

Can someone please table any analysis done on the two new additions from the EU export controls and how this could affect Canada specifically on the reciprocity and proportionality restrictions? What analysis was done on that, and how might that affect Canada?

Mr. Steve Verheul: We can certainly take a look at that. We did talk to the EU at length about those particular conditions. We never saw them as a particular concern from our perspective, and we were assured from the EU side that they would not be a concern either.

Mrs. Tracy Gray: Are you saying we didn't do any analysis at all on that?

Mr. Steve Verheul: No, I did not say that. We did do analysis on that.

Mrs. Tracy Gray: Great. Thank you.

The Chair: Ms. Bendayan, you have five minutes, please.

Ms. Rachel Bendayan (Outremont, Lib.): Thank you, Madam Chair.

I would also like to thank the witnesses appearing before our committee today.

Mr. Ambassador, thank you for all of your work at the WTO on behalf of Canada and particularly our Canadian businesses and exporters. I have a couple of questions for you arising out of our TRIPS study, but I see that many colleagues are talking about vaccines for Canadians today.

I want also to make sure it is on the record—even though there's much discussion about Europe—that we'll be receiving Pfizer vaccines from the United States beginning next week.

For the European export restrictions that were being discussed just a moment ago, Mr. Ambassador and Mr. Verheul, my understanding is that the only countries left on the exemption list for these EU measures are low-income countries. Is that your understanding as well?

Go ahead, Mr. Verheul, perhaps.

Mr. Steve Verheul: Yes. That is our understanding.

Ms. Rachel Bendayan: Thank you.

Mr. Ambassador, with respect to the TRIPS discussions that are ongoing at the WTO, could you perhaps elaborate on what you are hearing, both on waiver performance and from industry?

We in this committee have heard testimony from various Canadian industries, research organizations and pharmaceutical companies, as well as several experts, indicating that there may be a risk to our own Canadian biomanufacturing industry by virtue of the fact that we would be introducing uncertainty into what is otherwise a very well-known playing field.

Mr. Ambassador, in your view, is that a risk that this committee should be concerned about?

Mr. Stephen de Boer: Thank you for the question.

It certainly is consistent with what I alluded to or what I had stated before. At this point, we don't know, but we have had the consistent position that rules are there for a reason and that their suspension should not be taken lightly.

It does not surprise us to hear that there may be some discomfort and some hesitancy around the waiver for that very reason. That is something that's worth exploring, in our view, to ensure that there aren't negative consequences to the creation of the waiver.

Ms. Rachel Bendayan: Thank you.

You insisted a lot in your earlier testimony on the importance of the technology transfer as being an essential ingredient in order to have more equitable global access to vaccines.

Is there anything in the current mutation of what the waiver proponents are asking for that would allow or require that technology transfer or what we're talking about exclusively, the waiver of intellectual property rights?

● (1355)

Mr. Stephen de Boer: It's actually fairly difficult to comment on the waiver because we haven't seen a revised text, so we're not sure. At this point, it would appear to be limited to intellectual property, the broad gamut of intellectual property including trademark copyright and patents.

There isn't anything that speaks to that necessarily.

Ms. Rachel Bendayan: Picking up on that exact point, do you therefore feel it is fair for Canada to wait to see the full text of what is being proposed before taking an official position?

Mr. Stephen de Boer: Absolutely. I don't think it would be wise to make policies in any other way.

Ms. Rachel Bendayan: Is your advice to this committee, I guess stemming from that, to be judicious in our evaluation of this study?

Mr. Stephen de Boer: Yes. Look, there is a significant problem. This is a pandemic. Another one of the members reminded me of that. This is a serious problem, and it requires a serious evaluation. We need to make sure that we're doing that evaluation and leaving no stone unturned.

Absolutely, it is our role to be examining this very closely with an open mind. We have not said no to the waiver, but we certainly do have questions with respect to the waiver.

The Chair: Thank you very much.

We'll move on to Mr. Savard-Tremblay for two and a half minutes, please.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Once again, I would like to thank our friends from Innovation, Science and Economic Development Canada for joining us today.

How is it that there was no meeting with the scientific players in Quebec or Canada to try to produce a vaccine as soon as this pandemic began, in March 2020?

In France, for example, the president made a formal call to mobilize industry. He quickly brought together the heads of laboratories working on a vaccine against COVID-19. Why did we wait until 2021 to announce investments in a biomanufacturing centre for August?

Mr. Mark Schaan: Let me start again and then turn the floor over to my colleague, Mr. Patterson.

The entire industry was called to action in order to join the efforts to fight the pandemic, and to do so early on.

[*English*]

The call to action to industry was launched early in the pandemic to bring together all of the industrial capacities in the manufacture of a number of different elements to be able to aid in the COVID effort, including PPE and digital and technological innovations. That also then saw the efforts ensure we had appropriate mechanisms to assess those.

With respect to the specifics on biomanufacturing, I would pass the mike over to my colleague Darryl.

Mr. Darryl C. Patterson: Thank you, Mark.

Investments were immediately made in a number of companies in March and April, including Medicago and AbCellera. April 25, 2020 was when there was a call-out for applications for vaccine therapeutics, as well as biomanufacturing projects that went to the strategic innovation fund.

Around 90 proposals were received, 21 of which were biomanufacturing proposals. Those proposals were evaluated rigorously with expert advice, and then funded as soon as possible thereafter for those that were deemed to be promising and successful. Those investments continue today and will continue into the future as the government looks towards the long-term pandemic preparedness and biomanufacturing strategy.

The Chair: Thank you, Mr. Patterson.

We'll go on to Mr. Blaikie for two and a half minutes, please.

● (1400)

Mr. Daniel Blaikie: Thank you very much, Madam Chair.

I know I don't have a lot of time, but I just wanted to canvass the committee on whether we might be able to have these witnesses back. We often have officials appear for two hours. It was already a briefer appearance than normal and then some technical difficulties ate into the time we had today.

I don't know that we need to decide that immediately, but I wanted to put a marker down that I think that's a question the committee ought to return to. Hopefully, our witnesses would be prepared to accommodate that if it is the will of the committee.

The Chair: We will raise that issue before we go into dealing with the report.

Please go ahead.

Mr. Daniel Blaikie: Thank you very much.

I know the ambassador has said they're not hearing that the principal issue is intellectual property, but we're certainly hearing from some folks—if no one else, then the proponents of the waiver—that intellectual property is an issue. We also heard that time is an issue. Canada has not supported this waiver from the outset. It's been before the WTO going back to at least October. If granting some exceptions on IP is going to make a difference, surely it has the biggest potential to make a positive difference the earlier it's granted.

At what point does Canada recognize that its failure to advocate for this rags the puck to the point that whatever difference it might have been able to make is going to be far less than if Canada had joined others in proactively supporting the waiver earlier on?

The Chair: You have time for a brief answer, Mr. Verheul or Ambassador—whoever wants to answer that or make comment, please.

Mr. Stephen de Boer: I think it's very important to recognize this is a consensus-based organization with 164 members. Canada has not said no to the waiver. Canada has to be joined by 163 other members. It's not for Canada to decide. Canada can certainly show leadership. Canada can certainly advocate on one side or the other.

What Canada is advocating for now is a better understanding of the waiver and for engaging with the proponents and engaging with industry—both in the developed and the developing world—to find out if this is actually the correct approach. Canada does not have a veto in this context, but Canada could certainly work towards achieving a result.

The Chair: Thank you very much, Ambassador.

To the members of the committee, there are two more members in order to complete round two. We've had some technical difficulties. Mr. Blaikie is interested in possibly coming back with these witnesses. We are scheduled to go in camera to deal with the very report some of our witnesses are referring to.

I have Mr. Hoback and then Mr. Dhaliwal to complete this round. Does the committee want to go forward and give the members five minutes each?

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): I'm okay right now, Judy.

The Chair: Thank you, Mr. Dhaliwal.

Mr. Hoback, do you have a pressing question there?

Mr. Randy Hoback (Prince Albert, CPC): I definitely do have some questions here. I'm a little frustrated—

The Chair: Okay, Mr. Hoback. We'll adjust.

Mr. Randy Hoback: Okay.

The Chair: Go ahead, Mr. Hoback. You have five minutes.

Mr. Randy Hoback: Thank you, Chair.

Ms. Bendayan touched on this a little bit, and I want to relate back to that. When we make decisions internationally, we don't want to make decisions that would prevent something from happening domestically.

Ambassador, you were talking about the TRIPS agreement. If we were to get out in front and endorse it, would that destabilize things to such a factor that we would possibly see some potential manufacturing put on hold or not happen here in Canada?

Mr. Stephen de Boer: I don't know the answer to that. I certainly think that's a factor in the consideration as to what that means in terms of international reputation. I don't think we know enough about how the waiver would actually operate to be able to give you a definitive answer.

But absolutely, when we think about the waiver, we think of three lanes, I suppose: It would be very positive for vaccine production, it would be neutral or it would have a negative consequence. What you are talking about is one of the potential negative consequences to granting the waiver.

● (1405)

Mr. Randy Hoback: Okay.

We've heard from witnesses before that this is not a simple vaccine. There's a fair amount of not just intellectual property and ingredients involved but also processes. There's severe concern that if they were not done properly, we'd actually end up with product that would be harmful, not beneficial. As we look at what we can do to help other countries, and as we look at our innovation to bring vaccines here into Canada, are we taking into consideration not only Canadians but also what Canada can do outside Canada, what we can do in Central America and South America, so that we have the know-how, the technology and the ability to not only produce for Canadians but to share or be involved with other parts that are in our own hemisphere?

Maybe that should go to Mr. Patterson.

Mr. Darryl C. Patterson: I think the primary focus of our strategy implementation team is to ramp up capacity in Canada. You're right that the manufacturing process is complex, and it varies based on vaccine type. We're trying to build up capacities to not only support the Canadian population but also to eventually become a global player that can support and partner with other countries as we build out our strategy.

However, we're starting from a place where the capacity is lacking in Canada, so the first step is to make the investments to build up the industry to be able to support moving forward.

Mr. Randy Hoback: Okay.

As you do that, again, you need to have some sort of vision of what you want to get to. That's why I look at the international consequences. We had a witness in here a week ago Friday saying that unless we start vaccinating around the globe, until we start seeing that level of vaccination hit in other countries, it doesn't matter what we do in Canada because we'll still be at threat from variants. Other parts of the world will see the virus mutate. As people travel into Canada or Canadians travel there, either we have severe travel restrictions into countries [*Technical difficulty—Editor*] Canada can't travel, or we do a better job of not just vaccinating Canadians but also looking at this in a global nature.

We can't do it all, but maybe we can take a certain area, such as Central and South America and the Caribbean, and say, "Hey, this is our backyard. We're going to make sure we have enough capacity to do that as well." Is that in your vision when you look at developing the sector here into Canada?

Mr. Darryl C. Patterson: Innovation, Science and Economic Development's mandate is to attract investment to Canada and to build up the biomanufacturing sector. To do that, we need to work with all partners—international, provincial, territorial, industry, academic—and we're doing that.

In terms of supporting the construction of facilities or the building up of biomanufacturing capacity outside of the country, I think that's something we would do in partnership with others as opposed to the immediate efforts that we're trying to do in Canada, which is investing in Canadian companies—

Mr. Randy Hoback: I'm not saying build outside of Canada. I'm saying build it in Canada, but have the capacity in Canada for not just Canada but also other parts of the world.

Going back to Global Affairs, have those discussions gone on with other countries in regard to how we're going to handle areas that just don't have the capability to do this type of vaccine while we do?

Ambassador, are those considerations in our international discussions at this point in time? Are we saying that we need to make sure we have X, Y and Z available not just for Canada, not just for the rich countries, but for everybody else? It looks like the TRIPS isn't going to be a possibility. If we need to have consensus, we don't have to say anything. We just have to listen to somebody else say "no" and then say, "Hmm, okay, we didn't have to make a statement." This government is very good at doing that, at not making a statement.

It doesn't solve the problem. The problem is that we have to get more people vaccinated. How do we do that?

The Chair: Thank you, Mr. Hoback.

Could Ambassador de Boer give a brief answer, please?

Mr. Stephen de Boer: I would just note Canada's support for things like COVAX, for example, and the financial support we're putting into vaccine development for sharing in the developing world.

Mr. Randy Hoback: We're not sharing COVAX.

The Chair: Please let the Ambassador respond.

Mr. Stephen de Boer: We have made a significant financial contribution to that facility.

The other thing I would say is that Canada has been leading with the Ottawa Group on trade and health. This is something that the director-general is very interested in pursuing as well.

These are the other aspects of access to vaccines, access to PPEs and therapeutics that the proponents aren't necessarily talking about, but we know there are barriers to trade in these goods, and they are important in the context of the pandemic and addressing the pandemic.

There is scope for work in other areas of the WTO. The WTO is not just TRIPS. It's about all kinds of other things, including customs procedures, rules around export restrictions and technical barriers to trade. There's a lot of work that can be done to get out of the way of the free movement of inputs to vaccines and the vaccines themselves.

● (1410)

The Chair: Thank you, Ambassador.

Go ahead, Mr. Dhaliwal, please.

Mr. Sukh Dhaliwal: Thank you, Madam Chair.

Madam Chair, I will share my time with Mr. Sarai, my next-door neighbour and my younger brother.

Your Excellency Ambassador, you talked about production and equitable distribution. It's my understanding that Canada is actively working with international partners to support the WTO director-general's third way approach.

Could you please tell us more about Canada's advocacy in enhancing the WTO's role in global dialogue with the pharmaceutical sector to escalate equitable global vaccine production and distribution?

Mr. Stephen de Boer: Let me say at the outset that what the director-general is doing is quite novel from a WTO perspective. She's stepping a little bit out of what is seen as the traditional role of the director-general of the World Trade Organization.

The first thing Canada did when she announced that she wanted to do this and have discussions with industry, stakeholders and international financial institutions was to issue a communication to the general council along with some other countries to support her in this and to give her some policy cover for her to take these discussions forward.

She has had two series of discussions and Canada participated in the second set, where there was a series of interactions with developed and developing country vaccine producers, and also with the IFIs and some politicians from the United States, the EU and others.

It was meant to facilitate this dialogue. Canada is actively promoting this dialogue to examine what the problems are and to move as quickly as possible on vaccines.

Mr. Sukh Dhaliwal: Madam Chair, I will give it to Mr. Sarai, and then I will come back if I have time.

The Chair: Go ahead, Mr. Sarai, please.

Mr. Randeep Sarai (Surrey Centre, Lib.): Thank you, Madam Chair.

My simple question is this. I spoke with—and I'm sure other members might have had a call from—Dr. Christian Burgsmüller, the deputy head of the mission. I spoke to them and asked them questions in regard to the vaccination. My understanding in terms of the exemptions was that there were 620 requested globally from the European Union for vaccinations. Apparently, every one was approved except for one.

Is that what your understanding is as well, Mr. de Boer, Your Excellency?

Mr. Stephen de Boer: That is my understanding as well.

Mr. Randeep Sarai: My understanding by my conversation with them is that their intention was not to block, but to make sure that, when production delays were occurring at the vaccination sites, a similar amount of reduction was done for global exports as it would be done for their domestic European Union supply so that the European Union was not unfairly prejudiced by contracts abroad. That was their intention, not to physically block out other countries. In fact, the one that was refused was a European distributor, not anybody internationally that had commitments signed.

Is that what you heard as well, Your Excellency?

Mr. Stephen de Boer: That is what I heard, but I want to underscore for you that I am not privy to all of those conversations. I have heard the same. I don't know for a fact that it's actually what happened.

Mr. Randeep Sarai: Last, quickly, my understanding of TRIPS, from all the testimony we've heard, is that regardless of whether or not a TRIPS waiver occurs, the actual ability to make a vaccine is a lot more complicated than just releasing patents and allowing these countries to make it. It requires a lot of ingredients, facilities and faculties.

Is it your understanding when you speak to your counterparts that making the vaccine more available to low-income or third world countries that need it, through agreements like the ones we've had before, is a better source of our attention rather than pondering only this as time flies by? Even if it were to be done, to actually organize and build capacity would be difficult for some of those marginalized countries.

● (1415)

Mr. Stephen de Boer: There is a sense amongst some that it is simply a question of a recipe, and we know that not to be the case. These are biologics. They're highly complex. They have over 200 ingredients. There's a technical expertise that's required in their manufacturing, so this is one of the issues we have when we think about the waiver. You cannot reverse-engineer a biologic. You can't simply take the vaccine and say, “Well, I know how this was made”, and replicate that easily. In fact, it would be next to impossible.

It is absolutely true, as you point out, that there is a serious problem around the production of vaccines. We need an enormous number of vaccines, and we have to ramp up the production as quickly as possible. It's not clear that the waiver is the way that will be done, but I say “not clear”. We do not have an opinion, necessarily, but we're examining that.

Mr. Randeep Sarai: Thank you.

That's all, Madam Chair.

The Chair: Thank you very much, Ambassador.

Witnesses, we very much appreciate the valuable information today.

I will excuse our witnesses.

Members, we all need to close down. We need to leave the site we're on and come back in with a different password and virtual site. Everybody please exit and enter as quickly as you can.

Thank you.

[*Proceedings continue in camera*]