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# Standing Committee on International Trade

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Chair: The Honourable Judy A. Sgro





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• (1535)

[English]

**The Vice-Chair (Mr. Kyle Seeback (Dufferin—Caledon, CPC)):** I call this meeting to order.

Welcome to meeting number 96 of the Standing Committee on International Trade. Please note that this meeting has been extended to 6:00 p.m.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Therefore, members are attending in person in the room and remotely using the Zoom application.

I will make a few comments for the benefit of the witnesses and members. Please wait until I recognize you by name before speaking. For those online, please mute yourself when you are not speaking. For interpretation online, you have the choice, at the bottom of your screen, of either floor audio, English or French. For those in the room, you can use your earpiece. Everybody should know that by now. No one here is new.

Just as a reminder, all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. Members on Zoom, please use the "raise hand" button. If there are any technical problems, please let me know.

For our first panel today, we have, from Université de l'Ontario français, Mr. Thomas Chiasson-LeBel, assistant professor; from the Canadian Pork Council, René Roy, chair; from the Canadian Produce Marketing Association, Jane Proctor, vice-president, policy and issue management; and from Pulse Canada, Jeff English, vice-president, marketing and communications.

Welcome, everyone. We'll have five-minute opening remarks, after which we will proceed to questions.

Monsieur Chiasson-LeBel, I invite you to make your opening statement.

[Translation]

**Dr. Thomas Chiasson-LeBel (Assistant Professor, Université de l'Ontario français, As an Individual):** Mr. Chair, thank you for inviting me to speak to your committee. Please convey my gratitude to the committee members and staff.

I'll introduce myself. I'm a Canadian citizen. Before becoming a professor at the Université de l'Ontario français, I conducted research in Ecuador in the political economy of development field, first at the doctoral and postdoctoral levels, and then as a professor

at FLACSO-Ecuador. This university is a graduate and post-graduate institution in Quito.

I have three observations.

Ecuador is currently going through an unprecedented security crisis. It would be wise to stop the negotiations, or at least postpone them.

Ecuador used to be a relatively safe country in the region. However, in recent years, new tensions have undermined the security of the country. The previous government of Guillermo Lasso declared a state of exception to regain control at least 10 times. Last August, during the election campaign, candidate Fernando Villavicencio was shot dead in the street while campaigning for tighter security. Since January 8 of this year, a state of exception has once again been imposed in order to combat criminal gangs that threaten the country's stability. Canadian parliamentarians who are concerned about human rights should ensure respect for trade negotiations before proceeding.

The reasons for the security breakdown are complex. However, strong signs point to the country's decline in the face of a reorganization of drug production and trade in the area bordering Colombia. According to data from the United Nations Office on Drugs and Crime, 80% of the increase in coca leaf production in Colombia has taken place in the Putumayo and Nariño departments on the border with Ecuador, suggesting that this country serves as a transit point.

Free trade isn't just about Canadian exports and investment. It's also about openness to imports. Parliamentarians who are concerned about security and crime issues may wonder whether a trade agreement would also pave the way for new black market routes into North America.

Second, an agreement shouldn't protect investments through arbitration mechanisms such as investor-state dispute settlement, or ISDS, especially in the mining sector.

Canada shouldn't champion corporate interests at the expense of democracy, friendship among peoples and the rights of indigenous peoples. A supranational arbitration mechanism whereby corporations can take legal action against governments through ISDS would only serve to undermine Ecuador's sovereignty and the ability of its people to influence their development.

The main Canadian investments in Ecuador are in the natural resources extraction sector. This sector is highly contentious in Ecuador. Last August, alongside the elections, two referendums were held in which local communities opposed industrial or even artisanal extraction of non-renewable natural resources.

There's little consensus on investments in the natural resources sector. It would be unwise to take advantage of the ongoing security crisis to try to lock in the rights of Canadian investors when local communities are calling for more democracy and consultation and rejecting the extractivist development model of harvesting non-renewable natural resources for export.

In Ecuador, attempts to convert the oil windfall into a tool for development have been failing for 50 years. It's hard to see how this could be the case with other minerals without a strong local processing component.

Indigenous organizations and environmentalists are among the first to criticize non-renewable resource extraction projects. The Canadian government, through its inclusive approach to trade, seeks to make trade agreements that show respect for indigenous peoples. It would be unwise to support, through international rules agreed to by economic elites temporarily in power, the actions of firms rejected by local communities.

My third observation is the following. Ecuador is led by an unstable and short-term government, headed by the son of the country's largest banana exporter. He was elected to complete Guillermo Lasso's term. Guillermo Lasso abandoned his presidency to avoid impeachment proceedings. Neither of these two presidents have received strong support from the legislative body. Within the National Assembly of Ecuador, the current leading political force has a clear political history of expressing reservations about free trade agreements and opposition to ISDS. These reservations are enshrined in the Ecuadorian constitution, in particular in article 422. Again, it would be unwise to take advantage of the ongoing security crisis to negotiate a free trade agreement. A certain economic elite in power has close ties to the agro-exporting sectors, which are among the only sectors that stand to benefit from a free trade agreement in the short and medium term. This agreement may not last.

I understand the desire to protect the environment and include women and indigenous people in international trade through side agreements. However, that isn't exactly the aim of these organizations.

Women's organizations and indigenous organizations aren't focusing on free trade. Instead, they want to protect access to land and food sovereignty. Barring a bold, inventive, creative and innovative agreement that protects small-scale agro-ecological production, food sovereignty, the ability of small and medium-sized businesses to adapt to competition, the local processing of resources that the country chooses to extract, and by determining only truly complementary sectors that protect environmental sustainability—

• (1540)

[*English*]

**The Vice-Chair (Mr. Kyle Seeback):** Monsieur LeBel, I gave you an extra 30 seconds, so I'm going to have to wrap it up, and we'll have to move to the next opening statement.

Mr. Roy, you have five minutes.

**Mr. René Roy (Chair, Canadian Pork Council):** Thank you, Mr. Vice-Chair, for the invitation.

Thank you to the committee members for your work on this issue on behalf of Canadians.

My name is René Roy, and I am the chair of the Canadian Pork Council. I am a producer myself.

As the third-largest pork exporter in the world, trade policies are of the utmost importance to the prosperity and vitality of the Canadian pork industry. Indeed, last week we were in the Philippines with Minister MacAulay and members of Parliament Lamoureux and Mendicino to talk with partners in that country about their needs. It was a great visit, one we appreciated the chance to join.

The Ecuador market is currently not a large market for Canada, but the more Canada can expand the concept of science-based regulation in free trade agreements around the world, the better our global position will be. It increases our position as a global leader and increases our market resilience.

As you may know, Canada exports 70% of its pork production to almost 80 countries in the world. We are believers in and supporters of free and fair trade. That is why we are pleased to be consulted on the Canada-Ecuador free trade agreement.

Ecuador is next door to a growing market for Canadian pork, in Colombia, so geographically it's attractive. We understand that our AAFC officials are hard at work on discussions already.

[*Translation*]

The Canadian government's trade action plan plays a key role in increasing profits for Canadian pork producers. As an industry, we believe in free trade, and we support the Canada-Ecuador free trade agreement.

[*English*]

Free trade should, in theory, give us an opportunity to eliminate a majority of agricultural tariffs and have an attractive level of duty-free access. For the hog industry, it is essential that our products benefit from a large, annual duty-free quota that exceeds, by a wide margin, Canada's historical exports to Ecuador.

Some agreements, like CETA, do not meet the necessary standards of open trade and undermine the principle of free trade by the inclusion of non-tariff trade barriers. That's why we urge the committee to be vigilant to ensure the science-based principles that govern our trade agreements, and to remain vigilant against non-tariff trade barriers. You will know that we recently argued publicly against the United Kingdom's ascension to the CPTPP for this very reason.

[*Translation*]

All forecasts for global demand for pork predict growth in the consumption of our products. Canada's ability to supply the rest of the world with our quality products will play a role in our contribution to Canada's economic growth and to global food security.

We want to feed the planet by providing quality and nutritious products that have one of the smallest environmental footprints in the world.

[*English*]

We hope that the committee will continue to ensure food security as a key part of our free trade positioning as it reviews this and all trade agreement files.

Thank you.

**The Vice-Chair (Mr. Kyle Seeback):** Thank you very much, Mr. Roy.

We'll now turn to Ms. Proctor for five minutes.

**Ms. Jane Proctor (Vice-President, Policy and Issue Management, Canadian Produce Marketing Association):** Good afternoon and thank you for the opportunity to speak to all of you today on the proposed free trade negotiations between Canada and Ecuador.

I'll tell you a bit about CPMA. We represent over 850 companies that grow, pack, ship and sell fresh fruits and vegetables in Canada. In fact, our membership is responsible for 90% of the fresh fruit and vegetable sales in Canada. Our industry supply chain contributes almost \$15 billion in GDP. We support over 185,000 jobs in communities from coast to coast.

Our produce supply chain is unique. While it is a vital part of the fabric of our rural and urban landscape, supporting the growing and selling of a range of Canadian-grown products, we also rely heavily on our global partners to supply Canadians with safe and healthy products year-round. This includes a diversity of cultures in Canada, which of course drives consumer demand for products that are traditionally not grown in Canada or that cannot be grown in Canada. As a result of our colder climate and shorter growing season, coupled with the demand for this wide variety of products, four dollars out of every five spent on fresh fruits and vegetables in Canada are spent on imported product.

Therefore, to ensure the ongoing viability of the Canadian food system, we need a strong domestic and global strategy. The Government of Canada needs to recognize and prioritize food as an essential item in framing our trade agreements, with the fundamental goal of supporting domestic markets while strengthening food security and ensuring product diversity.

Important trading relationships already exist between Canada and Ecuador when it comes to fresh produce. Overall, we imported \$89.6 million of fresh produce from Ecuador last year alone. This represents a 10% increase over the previous year. Canada's trade with Ecuador also offers complementary export opportunities. As you know, Canada exports lentils, seeds, wheat, barley, peas and oats to Ecuador. Within that context, produce is also imported, including bananas, of course—no surprise—at \$65 million-plus in 2023; pineapples at \$4 million-plus; salad, beetroot, celeriac, radish and others similar at \$2.3 million; and guavas, mangoes and mangosteen at close to \$1.5 million. There's a theme there. These are mostly products not produced in Canada.

There is also keen interest among Canadian importers for other fresh produce commodities from Ecuador. CPMA annually surveys its membership to identify the products from new source countries of greatest interest to Canadian importers. This information is then shared, of course, with the Canadian Food Inspection Agency to help them in terms of prioritizing their pest risk analysis resources and activities. Grapes from Ecuador have consistently been ranked among our members' top priorities for improved market access over the past few years.

As a representative of a highly globally integrated industry, CPMA is strongly supportive of the Canadian government's progressive trade agenda and its commitment to strengthening our trading partnerships across the Americas. CPMA emphasizes that Canada's free trade agreements can and should support regulatory harmonization that can lead to the adoption of higher standards and regulations across countries, ensuring that products and services meet the same safety and quality standards we have while also, of course, reducing regulatory burden and associated compliance costs for businesses. Phytosanitary and other requirements that are not science-based or essential to security act as effective non-tariff trade barriers between trading partners and must be eliminated.

As I think this committee well knows, trade flows have fluctuated over the past few years due to escalating geopolitical conflicts, massive supply chain disruptions and ongoing extreme weather events. It is therefore more and more important that Canada enables free trade agreements with countries within a geography that enables importers to pivot and adjust their buying behaviour if these issues impact the flow of fresh fruits and vegetables. A free trade agreement with Ecuador offers one such opportunity to diversify product sourcing for Canadians.

In closing, CPMA once managed the U.S. duties for industry that were phased out under the CUSFTA and then NAFTA, along with the phase-out of duties with Mexico and Chile. Expanding these free trade agreements for fruits and vegetables is vital as we navigate a world of high food inflation and growing production challenges. We experience that every day.

Thank you for this opportunity. I look forward to our question and answer period.

• (1545)

**The Vice-Chair (Mr. Kyle Seeback):** Thank you very much, Ms. Proctor.

Mr. English, I invite you to give an opening statement of up to five minutes.

**Mr. Jeff English (Vice President, Marketing and Communications, Pulse Canada):** Thank you, Mr. Vice-Chair.

Thank you to the committee for the opportunity to appear today.

My name is Jeff English, and I'm the vice-president of marketing and communications with Pulse Canada.

Pulse Canada is the national organization representing the growers, traders and processors of Canadian pulses. Canadian pulse crops include peas, lentils, chickpeas, dry beans and fava beans. On behalf of the over 25,000 pulse growers and over 100 small, medium-sized and large companies that deal in pulses, Pulse Canada works to create diversified, stable and sustainable demand for our products by not only marketing the health and environmental benefits of pulses but also accelerating the research to create incentives to use pulses in food and industrial industries and collaborating with key stakeholders to create food systems that prioritize health and sustainability. At the same time, we also work with governments and like-minded groups to remove barriers to trade by keeping crop protection products available to growers, advocating for the improvement of domestic grain transportation and, of course, ensuring continued and expanded market access in key regions.

Trade is the lifeblood of Canada's pulse industry. In fact, Canada is the single largest exporter of pulse crops in the world, accounting for roughly one-third of the global pulse trade. We export high-quality pulse crops—about 85% of what we grow—to over 120 countries, meaning that our industry is heavily reliant on predictable market access.

Market diversification remains a priority for our industry. Like most commodities, Canadian pulses have a handful of key markets that are responsible for a significant portion of our exports. That is exactly why exploring new trade deals with countries such as Ecuador is of great importance to Canada's pulse growers, proces-

sors and exporters. As the global leader, having access to new customers not only helps drive demand for our products but helps drive economic growth across the sector and beyond, throughout Canada.

In the last year alone Canada exported roughly 28 million dollars' worth of lentils and \$4.2 million of dried peas to Ecuador. This made our country the lead in export market share in that country, with Canadian lentils and peas accounting for the overwhelming majority of Ecuadorean imports. In 2023 we supplied over 90% of lentil exports and 80% of pea exports, and while there were no sales of pulse ingredients made in 2023, we know that pulses are growing in popularity and use worldwide. This includes the inclusion of pulse ingredients in products ranging from baked goods to snacks, dairy alternatives and beyond. This means that as these products become more adopted throughout South America, exports of pulse ingredients from Canada will become a serious growth opportunity for our sector.

As Canada formulates its negotiating objectives, Pulse Canada's trade priorities are threefold. First is the elimination of applied and bound tariffs for pulses and pulse products. Any deal signed should and must include the lowering of tariffs for Canadian pulses, giving our growers and industry a competitive advantage over our key competitors.

Second is a robust sanitary and phytosanitary chapter that delivers predictable, transparent and, importantly, science-based requirements. As we have seen time and time again, to be effective, a modern-day trade deal must go beyond tariff reduction and include provisions that ensure trade is not held hostage by non-tariff barriers. The signing of a deal is an important step, but the implementation of that deal is even more important to those on the ground who rely on it to facilitate trade.

Thirdly, a functional dispute settlement and co-operation mechanism is important to ensure proper implementation of the agreement and to provide a recourse should a disagreement arise. We know and we have seen that countries will not see eye to eye all the time, and when disagreements happen, a strong dispute settlement mechanism can ensure that differences are settled in a professional manner while trade continues to flow.

We ask that these priorities be carefully considered when negotiating any free trade agreement, including that, as I mentioned, with Ecuador. As a sector that relies on trade for our success, we remain supportive of the government's willingness and ambition to increase trading ties with new regions and new markets around the world.

Thank you very much for the opportunity to outline a few of our priorities, and I look forward to any questions you might have.

• (1550)

**The Vice-Chair (Mr. Kyle Seeback):** Thanks very much, and thank you to all the witnesses for your opening statements.

We're now going to turn to our rounds of questioning. We will turn to the Conservative Party, and Mr. Jeneroux, for six minutes.

**Mr. Matt Jeneroux (Edmonton Riverbend, CPC):** Thank you, Mr. Chair.

Thank you, witnesses, for the opportunity to chat about this pending free trade agreement.

I'll start with you, Mr. Roy. Some of your comments at the beginning were that a big benefit of the free trade agreement is the geographical proximity with Colombia. Can you expand on what then is...? Why even go down the Ecuador path if your focus is really Colombia? I also hope you can touch a bit on the 2019 blockade and give the committee a bit more information on that as we go into some of the deliberations on whatever sort of final report or statement comes out of this study.

• (1555)

**Mr. René Roy:** Thank you, Mr. Jeneroux.

Let's start with access to Colombia and access to the region in general. As mentioned, it's not currently a large market, but to help out in building up this market, having access to the region also helps our processors and our exporters to reach out. It's generally organizations or trade organizations or consumers that are related from one country to the other. If you are able to sell to Colombia, the types of products and also the proximity of the ports from one country to the other help our traders to sell to the other countries. This is one major advantage for our industry.

**Mr. Matt Jeneroux:** I'm sorry. How does that work? I'm just trying to visualize it. You sell to Ecuador. There's access to, say, the ports in an easier way. Then there's infrastructure put in place that would enable you then to deal with Colombia.

Is that...?

**Mr. René Roy:** Yes.

The infrastructure is close from one to the other, but also the types of products tend to be similar from one region to the other. This helps when it's time to do the processing. We know how valuable our labour is. If we can be more efficient in the cuttings that we are doing, so that they are going on more than one region at once, it helps our industry to be nimble and be more competitive.

For the blockade, I just want to make sure here that you're talking about the question of the infrastructure blockade we had in 2019.

**Mr. Matt Jeneroux:** Yes, I mean in 2019, the CFIA 2019 blockade.

**Mr. René Roy:** Yes, it was a challenging one. We were talking with some of our Asian partners in the last weeks. They were mentioning that having a good product is great, but it must be reliable. It must arrive on time. This is another challenge for our industry. It's a perishable product. It cannot wait. It's an on-time product and value chain, so we cannot have delays in our industry.

**Mr. Matt Jeneroux:** It was about the predictability, then, of your product coming into Ecuador, or vice versa? I'm trying to understand a bit more the details behind the blockade.

**Mr. René Roy:** Do you mean the fact that we are not able to ship anymore, right now?

**Mr. Matt Jeneroux:** I mean the fact that you just said it was more about the predictability. That's my word, it wasn't your word.

Predictability was the concern in 2019, was it?

**Mr. René Roy:** Absolutely. Yes, it was, not only for our importers but also for our producers, because it can also create backlogs, and we cannot wait with our pork in our barns. They grow and we have no space for them for a long period of time.

**Mr. Matt Jeneroux:** I'm just curious on that then. How much time are you talking about in terms of storage?

Is it that it has to be 24 hours after it gets through the port to any sort of cold storage?

Do you have a better way of handling that?

**Mr. René Roy:** In terms of pork products for our producers, when it's time to ship our pork, we have a little flexibility. I will talk in terms of days, sometimes weeks. It's relatively limited. We're not talking about months here. We are talking sometimes in terms of weeks. When it is shipped to the processor, then it depends on how it is used. If it's for the fresh market, you have a 60-day period for the perishable good to be delivered. It's quite short, especially if you send it to ports that are far.

**The Vice-Chair (Mr. Kyle Seeback):** That's five seconds, so I will say that's that.

We'll now turn to Mr. Arya from the Liberal Party for six minutes.

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

I thank Jeff English and René Roy. I welcome them to the committee.

The Canadian agricultural producers and agri-food exporters, this small band of Canadians and small Canadian businesses, have made Canadian exports in that sector the fifth largest in the world. For our pork exports, I think we are third in the world, and for pulses, if I am not wrong, we are second in the world. Because so much of our GDP is dependant on international trade, and as 67.4% of the GDP comes from international trade, trade is fundamental for our prosperity, for our economy and businesses, and for all Canadians.

I want to ask both Mr. English and Mr. Roy about a couple of things that I want to get straight. I want you to confirm whether I am on the right path or not.

Number one is that the market in Ecuador is growing, obviously. Last year, in 2023, we had bilateral trade of \$1.36 billion and investments of around \$2.6 billion, which makes us the single-largest investor in Ecuador. Basic economics says that trade will always follow investment.

Though the investments are not in your fields of pulses or pork, there is still a good relationship between Canada and Ecuador. Whether the market is big or small, in my view we should always have a free trade agreement wherever possible, in whichever part of the world it is possible, because if we don't have a free trade agreement, our competitors for pork, pulses or any other exports possibly may enter into a free trade agreement with Ecuador and put us at a disadvantage. That is my number one contention.

Number two is that an agreement with Ecuador—as, Mr. Roy, you briefly mentioned—also could act as a springboard for the market in the entire region.

Those are the two points. I just want you to confirm whether you agree with me on these two things.

Mr. Roy, you can go first.

Mr. English, you can go next.

• (1600)

**Mr. René Roy:** Thank you, Mr. Arya.

Yes, it is a market that is growing in Ecuador. I will be straight on that one. It's a market that interests us. Our processors have applied to have access to this market. In addition to having access to a larger region, that also places us in a leadership position to help with science-based principles and non-tariff trade barriers or the absence of non-tariff trade barriers. As much as we put ourselves on the map, we increase our influence in these free trade agreements.

**Mr. Jeff English:** I would agree with that sentiment.

As was mentioned, Canada is the world's largest exporter of pulse crops. Any time that our members—Canadian pulse growers and exporting businesses—can have another market, another bidder on that product, we see a rise and an increase in demand. Generally speaking, in terms of the region, I think it's an important signal to show Canada's willingness to do business and be open for business.

Certainly, any time we enter into an agreement or a proposed agreement with a new market as the world's largest exporter of that crop, there remains tremendous potential, specifically as we continue to see food patterns evolve and the inclusion of pulses and pulse

ingredients into more foodstuffs and onto more plates around the world—

**Mr. Chandra Arya:** I'm sorry to interrupt you. I have limited time.

You mentioned that the free trade agreement should go beyond just tariff reduction. I completely agree with those sentiments. Of course, we are building in the dispute settlement mechanisms.

I have to say that agricultural producers and agri-food exporters are the most active group that we have in free trade negotiations or in the free trade agreements we have with other countries. I'm sure you are giving your input into other free trade agreements too. Are there any particular mechanisms or clauses we should be focusing on when it comes to non-tariff barriers?

We all know that once we have a free trade agreement, then there is a bit of toughness among most importers or in the importing country. They resort to non-tariff barriers. Is there anything we need to consider at this stage that we can build into the free trade agreement? If you could explain that in the next 45 seconds, good. Otherwise, you could always provide us some input in writing that we could consider.

• (1605)

**Mr. Jeff English:** Certainly. As I mentioned in my remarks, we have seen in previous agreements that have been signed that when the rubber hits the road, sometimes in the implementation phase, they become difficult. I think the Government of Canada has a pretty good track record right now of signing modern trade deals, so I would look to examples such as the CPTPP and others, which include pretty robust chapters around them as a good baseline from which to start.

**Mr. Chandra Arya:** Mr. Roy, is there anything we need to specifically focus on when we have this free trade agreement with Ecuador? Is there anything on the non-tariff barriers or any other thing that is not usually seen in other agreements?

**The Vice-Chair (Mr. Kyle Seeback):** Answer in five seconds.

**Mr. René Roy:** Dispute settlement mechanisms are really important.

I did it.

**The Vice-Chair (Mr. Kyle Seeback):** That was excellent. We need you here all the time.

[*Translation*]

Mr. Savard-Tremblay, you now have the floor for six minutes.

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** Thank you, Mr. Chair.



**Voices:** [*Inaudible—Editor*]

**Mr. Simon-Pierre Savard-Tremblay:** May I have the attention of the committee members, Mr. Chair?

[*English*]

**The Vice-Chair (Mr. Kyle Seeback):** Order.

Monsieur Savard-Tremblay, I'm going to reset your time.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Chair.

Mr. English, you spoke about a dispute settlement mechanism. Were you talking about state-state or investor-state dispute settlement?

Please give a brief answer.

[*English*]

**Mr. Jeff English:** I'm sorry. I'm not sure I caught the question entirely.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** You spoke about a dispute settlement mechanism. Were you talking about a mechanism for settling disputes between states, or a mechanism for settling disputes between private investors and states?

[*English*]

**Mr. Jeff English:** It would be between businesses exporting.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** So you were talking about investor-state dispute settlement. That's fine, thank you.

Mr. Chiasson-LeBel, we heard enthusiastic testimony from public servants and government members. They're certain that the agreement will contribute to Canada's development, of course, but also to Ecuador's development. You seem to have some reservations in this area.

Could you tell us why?

**Dr. Thomas Chiasson-LeBel:** I'll give the example of the mining sector. If we invest in a very small sector, we export the minerals and generate profits. Very little remains in the area. To make investments profitable, the processing must take place locally. However, I don't think that recent mining investments are headed in this direction.

There's also a reaction to some of these investments. For investment to lead to development, it must enable the country to move up the value chain. Today, I have been listening to the comments made by the other witnesses. I'm impressed by the efficiency of their companies and producers. I wonder whether Ecuador's farmers can survive their efficiency. I think that complementary agreements are needed to ensure that Ecuadorians can protect the economic sectors where they want to prioritize farmer production.

Ecuadorian producers aren't asking to protect food security, as other witnesses suggest. Instead, they want to strive for food sovereignty, meaning the ability to decide what to produce locally. As part of this type of measure, a free trade agreement could limit this food sovereignty.

**Mr. Simon-Pierre Savard-Tremblay:** The public servants who came to an earlier meeting also seemed enthusiastic about how the agreement would affect the participation of women and indigenous people in the Ecuadorian economy and in trade with Canada.

Do you share this enthusiasm?

**Dr. Thomas Chiasson-LeBel:** I acknowledge the efforts to include provisions in trade agreements that take into account women and indigenous people. I think that the goal is commendable. However, we must ask whether indigenous organizations and women's organizations in Ecuador really want to be integrated into international trade. If we want to try to integrate them into international trade, we should ask them whether they want this.

According to the political and economic agendas of these organizations, they don't want to move in the direction of free trade at the moment. Instead, they want to strive for food sovereignty. They want to be able to maintain more environmentally friendly agro-ecological farmer production. This would enable local communities to retain control over what they eat.

• (1610)

**Mr. Simon-Pierre Savard-Tremblay:** How much time do I have left, Mr. Chair?

[*English*]

**The Vice-Chair (Mr. Kyle Seeback):** You have two minutes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Okay.

At a previous meeting, we spoke with Mr. Trew from the Canadian Centre for Policy Alternatives. He wondered how the government could claim to have a progressive agenda. Of course, many chapters cover women's rights, the environment and human rights. However, the agenda isn't often worth more than the paper it's written on, since it doesn't include any binding mechanisms.

How can anyone claim to have a progressive agenda for labour and the environment, while championing the notorious ISDS, which protects the interests of private companies against democratic and political will? This undermines the ability to legislate. It also threatens a government's ability to address threats to workers' rights, public health, social justice and so on.

Witnesses also spoke of violations made by Canadian mining companies on site.

Could you comment on this statement?

**Dr. Thomas Chiasson-LeBel:** I share your concerns about investor-state dispute settlement mechanisms. These mechanisms tend to limit the ability of governments to take measures to protect local communities when foreign investment is involved. In particular, we saw in the old NAFTA that mechanisms to protect workers or the environment always depended on generating a trade advantage.

Environmental protection becomes dependent on trade advantages between states, and that's a real issue. I think that this makes it difficult to establish investor-state dispute settlement mechanisms that avoid undermining the protection of the rights of workers, women and indigenous people.

On the subject of mining, I read in the Ecuadorian papers today that the Shuar Arutam people filed a complaint in British Columbia against the Warintza copper mining project in the Morona-Santiago province. They claim that the company misinformed its shareholders by saying that the indigenous communities were in agreement when this wasn't the case.

If we were to protect investments in the mining sector, particularly at this time, we would be forced to defend companies that are giving us a bad name on the international stage. So I think that we need to really think about asking ourselves, as Canadians, what we have—

[English]

**The Vice-Chair (Mr. Kyle Seeback):** I'm going to have to interrupt. I let you go about 45 seconds over.

Thanks very much. If you have anything else, you can come back to that answer with another member.

Mr. Cannings, please go ahead for six minutes.

**Mr. Richard Cannings (South Okanagan—West Kootenay, NDP):** Thank you, and thank you to all the witnesses for being here.

I'm going to continue where Monsieur Savard-Tremblay left off with Monsieur Chiasson-LeBel, to give him more time on that, because I'm concerned about the same issues he was raising.

We've heard that Ecuador seems to want ISDS provisions in a free trade agreement, yet that seems at odds with some of the political ramifications you were talking about. I just wanted to clarify this. You seemed to mention that the policies of the president were different from the policies of the legislature in Ecuador regarding this. Is that the case?

**Dr. Thomas Chiasson-LeBel:** There is actually a very strong debate in Ecuador about exactly this topic. The president has been elected in a very murky context, with the prior president having abandoned the presidency by a process known as “crossed death”. Being elected, he had to face a security crisis. Through the security crisis that he's managing right now, he's trying to push forward a referendum that would suspend article 422 of the constitution, which actually says that Ecuador cannot subscribe to a trade agreement that contains ISDS dispositions.

It's a very tough situation in which an agro-export elite that is now in government is trying to push through, in a very short period,

a situation in which the main forces in the legislature, which is not majoritarian—they have 51 seats—are actually the ones who pushed forth this constitution 15 years ago.

It's really a tough debate in which Canada, by exerting pressure on this trade agreement, is really siding with one side here.

• (1615)

**Mr. Richard Cannings:** That's good to know, because I'd heard that Ecuador had terminated all of its free trade agreements that contained ISDS in 2018, I think, including a foreign investment protection agreement that Canada had with Ecuador. Now we seem to be trying to force that back on Ecuador. Who knows? That's the concern I have.

I know there have been recent free trade agreements that Ecuador has signed with China and Costa Rica that don't have ISDS contained in there. It doesn't seem that Ecuador necessarily demands this—or at least they've agreed to these other agreements. I'm just wondering why Canada seems to be so concerned.

**Dr. Thomas Chiasson-LeBel:** Actually, I think what happened is that the Costa Rica trade agreement had ISDS provisions in it, and they have been ruled out by the court recently. That's why the whole topic is on the table. All of this is the current political debate, and this is why I think we should postpone the negotiations, because if it's such a debate within Ecuadorean society, maybe Canada should just step aside and let them make their own decisions about what they want for their trade and not be an actor pushing for one side in this current context.

I understand the urgent need that others have to trade with Ecuador, and I respect their will. At the same time, we need to respect the sovereignty of the Ecuadorean people in the context.

**Mr. Richard Cannings:** I also have heard that Canadian investment in Ecuador has risen substantially since 2018, when that FIPA agreement was terminated. It seems that Canadian investors aren't concerned that there's no ISDS there now with Ecuador.

**Dr. Thomas Chiasson-LeBel:** That's absolutely correct. Investment has grown without the bilateral trade agreements since they were suspended. Therefore a trade agreement is not a condition for investment to happen. It is the condition that helps protect investors in situations that limit the capacity of states to defend the population. It protects investors from the capacity of local populations to express their disagreement and reject certain developments that they would disagree with.

**Mr. Richard Cannings:** I'd just like to finish up by letting you expand on what you were mentioning with Monsieur Savard-Tremblay. How do we square this with Canada's support for the concept of free, prior and informed consent under the UN Declaration on the Rights of Indigenous Peoples? They have put that into recent free trade agreements, yet they have talked about putting in investor-state dispute mechanisms that are really there, it seems, to protect Canadian companies in going against that whole concept.

**Dr. Thomas Chiasson-LeBel:** I don't think you can actually make those two things work together. If you want to have free, prior and informed consent, then you need to have no possibility for investment to block the capacity of the people to make decisions.

**Mr. Richard Cannings:** Thank you.

**The Vice-Chair (Mr. Kyle Seeback):** Thank you very much.

We will now turn to our second round of questions, with Mr. Martel for five minutes.

[*Translation*]

**Mr. Richard Martel (Chicoutimi—Le Fjord, CPC):** Thank you, Mr. Chair.

I also want to thank the witnesses for joining us today.

Mr. Roy, I gather that Ecuador used to buy pork, but that, in 2019, it refused to allow meat from Canada into the country.

Is that right?

**Mr. René Roy:** That's right.

**Mr. Richard Martel:** What happened?

Can you provide more details on this matter?

• (1620)

**Mr. René Roy:** I don't have all the details, but I'll tell you what I do know.

**Mr. Richard Martel:** Thank you.

**Mr. René Roy:** I gather that changes were made to the regulations governing meat quality and form requests. Seven of our establishments have re-bid for access to this market.

The United States is Ecuador's leading meat exporter. Chile comes second. Both countries have trade agreements similar to ours. We gather that this issue is more about regulations than politics.

**Mr. Richard Martel:** In a way, the issue is the regulation of agreements.

Is that right?

**Mr. René Roy:** Yes, that's our understanding.

**Mr. Richard Martel:** Can you provide a few examples of the non-tariff barriers currently facing your industry?

**Mr. René Roy:** As you all know, we currently have a trade agreement with the European Union. One of the non-tariff barriers imposed on Canada is the obligation to use certain products to preserve meat bound for Europe.

The goal is to avoid bacterial contamination.

The product that we normally use in North America is equivalent to the product used in Europe. However, our processors must use a product manufactured only in Europe. The processors have trouble obtaining this product. That's one example.

I have another example. In the new trade agreement with Great Britain, the Europeans have imposed animal welfare rules that are equivalent to our rules, but worded differently. As a result, if we

carry on as before, we won't have access to markets, simply because the words used in the rules are different.

The quality or welfare of the animals are the same. It's just a wording issue. Yet the Europeans will interpret our rules and block access to their markets.

**Mr. Richard Martel:** Do we have any guarantees that the barriers will not be put back in place after this free trade agreement comes into effect, or can the Europeans maintain them?

**Mr. René Roy:** That's why we're asking for a dispute resolution system.

For us, it would enable the Canadian Food Inspection Agency, our globally recognized agency as a science-based organization, to defend the quality of our trade.

We know that these non-tariff barriers are intended to reduce market access and that it is not the quality or food safety of our products that is at issue.

**Mr. Richard Martel:** Given that Canada is the third-largest pork exporter in the world, an agreement with Ecuador would really benefit you, if I understand correctly.

Is it that necessary? What opportunities would this agreement provide?

**Mr. René Roy:** Having access to more markets gives us some resilience. I'll give you a concrete example.

We used to export a lot to Russia. All of a sudden, they stopped doing business with us. So we had to turn around and find other markets.

When we do business with more countries, we manage to find new markets, but when we have access to only a small number of them, we do not succeed.

So the more markets we have access to, the more resilient we are, not only in the processing sector but also in the production sector.

**Mr. Richard Martel:** Thank you. That's very interesting.

[*English*]

**The Vice-Chair (Mr. Kyle Seeback):** We have Mr. Miao for five minutes.

**Mr. Wilson Miao (Richmond Centre, Lib.):** Thank you, Mr. Chair.

First, I'd like to welcome back and thank all the witnesses for being here today.

Through the chair, I would like to direct my first question to Mr. English.

Over the last summer I met with your colleagues from Pulse Canada in Winnipeg and pulse farmers in Calgary, and they shared with me the importance of creating more trade opportunities and making pulse exports easier for farmers across Canada. Could you share with the committee the importance of trade diversification for our pulse sector?

• (1625)

**Mr. Jeff English:** Certainly. As I mentioned, not unlike other crops, Canada's pulse industry—and it depends on the pulse crop you're speaking of, whether it's peas, lentils, chickpeas or others—is heavily reliant on a few key markets to which we export the majority of our product. Any time we see—and Mr. Roy just mentioned this—a major market disruption from an important market, that drastically impacts not only the price, but the trade flow of our industry. Ours is an industry that requires planning months, if not years, in advance as farmers are dealing with rotations and what to grow.

Having a country like Ecuador—or others—as a market to which we have preferential access adds another outlet for that crop to move. I've never met a farmer yet who wants fewer bids on their product or a company that wants fewer options in terms of a place to export to. As I mentioned, with 85% of pulses being exported annually, having open markets and free and unfettered access to regions around the world is something our industry relies on, and not only relies on but needs.

If we can speak.... I'm sure you are well versed in the sustainability benefits of Canada's pulse industry following that meeting, but the practical reality is that, because they are a carbon-neutral industry, the world needs more Canadian pulses. We have the ability to provide shelf-stable, affordable protein to regions around the world, and free trade is how we facilitate that.

**Mr. Wilson Miao:** Thank you for sharing that.

As we might all know, Canada is the world's largest pulse producer and largest exporter of pulse crops. You mentioned in your remarks how many lentils and peas are being exported. To follow up on my previous question, I'll ask this: Will trade diversification also help increase the export value of our Canadian pulses?

**Mr. Jeff English:** Yes, it will.

Also, we're in a competitive environment here in Canada where we're a major producer of quality crops across the gamut, whether that's pulse crops or, of course, canola or things like wheat. The decision a farmer might make when they look at what they have intentions of seeding happens at harvest time the year before, so having a stable and competitive price for that crop and knowing that there's a market to sell it to is really beneficial in terms of encouraging the adoption and the increase in acreage of that crop. We know it's a competitive environment there, so having more markets to send our pulse crops to and knowing that there's a global demand for them are very important to us.

**Mr. Wilson Miao:** Do you agree that it will generate more revenues for the Canadian pulse industry and that these revenues can be used for better service, innovation research and creating more employment opportunities?

**Mr. Jeff English:** We've seen it time and time again, and Canada's pulse industry presently supports tens of thousands of jobs in this country. Farmers are big investors back into their operations. They're drivers not only in supporting the rural economy but also in helping to fund and support jobs and growth throughout the value chain, whether that's at an elevator in rural Saskatchewan or at a port in Vancouver and the chain throughout. The more money that's

brought back into the sector, the more that's invested back into the Canadian economy.

**Mr. Wilson Miao:** In the last visit, some of the farmers shared with me their concerns about the damage that climate change has caused them and the agriculture and agri-food sector as a whole. In terms of the increase in extreme climate events that have continued to take place across the prairies in Canada, will trade diversification help the pulse sector generate more revenue that can be reinvested into the sector and help it recover from extreme climate events?

**Mr. Jeff English:** Pulse crops are one of the most water-efficient crops on the planet. Certainly, as folks are looking to adapt to ever-changing climates, the more pulses we can grow, the better off the environment will be.

• (1630)

**Mr. Wilson Miao:** Thank you.

**The Vice-Chair (Mr. Kyle Seeback):** Monsieur Savard-Tremblay, you have two and a half minutes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Chair.

Mr. Chiasson-LeBel, am I summarizing your position correctly by saying that you are formally inviting the negotiators to reject any investor-state dispute settlement? Ideally, could you answer yes or no?

If a Canadian company were to become a victim of genuine abuse by the political class abroad, through the policies it adopts—which it could, of course—the company would simply have to talk to its state. You are proposing that the situation simply be resolved between the states. We must not have mechanisms that put private companies on an equal footing with states.

Did I understand correctly?

**Dr. Thomas Chiasson-LeBel:** Yes, that's right.

**Mr. Simon-Pierre Savard-Tremblay:** So that's clear.

Mr. English, I'll go back to you. Earlier, I asked you about the type of dispute resolution you wanted to see in place. I was wondering if it would be a state-to-state or an investor-to-state settlement mechanism, as exists in a number of agreements. You told me that the regulations should be designed to protect exporting companies.

To my knowledge, that's not something that exists. In other words, if there is a problem, it becomes a state-to-state trade war, and it goes to court. But something that would protect an exporting company, as far as I know, doesn't exist. Rather, it is intended to protect the investor. So a state has to have invested in the territory of another country to be able to say that country has mistreated it.

You're asking for a mechanism that would protect exporters. Could you elaborate on how that would work?

[English]

**Mr. Jeff English:** I think, perhaps, that something was lost in the translation, if that's possible.

The dispute settlement mechanisms we're speaking about, of course, are typically done in terms of our industry. Phytosanitary certificate access would be provided by CFIA. Obviously, the exporting companies would be involved. Certainly, there is a role for both industry and governments to play in that.

I'm not sure if that helps answer the question or not.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** I know we have very little time left, but I would like to ask you another question.

Could you define the mechanism you're talking about? What does that look like on the ground? Is it provided for a funder who invests in a foreign country and feels aggrieved by that country or, as you said earlier, for an exporter who stays in their country of origin?

[English]

**The Vice-Chair (Mr. Kyle Seeback):** I am going to jump in, as chair.

Mr. English, you can correct me, but I think what you're talking about are the dispute resolution sections within a free trade agreement. When there are disputes with respect to sanitary or phytosanitary matters, panels are created to resolve them between the countries.

I think that's what you were saying.

**Mr. Jeff English:** That's correct.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** So it is a state-to-state dispute settlement mechanism.

Is that correct?

[English]

**Mr. Jeff English:** I'm sorry. Is that a question? The state...?

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Is it a state-to-state, country-to-country dispute settlement mechanism?

[English]

**Mr. Jeff English:** Yes, perhaps there's some confusion.

The idea that the exporting company and those involved with commercial interests on the ground wouldn't be involved is not our understanding or how we've ever seen it play out. Certainly, the pointy end of the spear is in terms of government to government, typically.

**The Vice-Chair (Mr. Kyle Seeback):** Now we'll switch to Mr. Cannings for two and a half minutes.

**Mr. Richard Cannings:** Thank you.

I'm going back to Mr. Chiasson-LeBel.

You mentioned, I think, that the executive is trying to find a way to undo the constitutional protections that previous governments put in there regarding investor-state dispute mechanisms.

In this milieu of a seemingly very shaky coalition, what's the process, and where is that in play right now?

**Dr. Thomas Chiasson-LeBel:** The Ecuadorean constitution was drafted after a constitutional process in 2007-08, then adopted by a referendum in which it had a strong majority.

Currently, what's happening is that, in the middle of a security crisis, the president has called for a popular consultation, in which several questions will be asked of the population at the same time. Most of them are related to the security issue. Slipped inside the pile is one about arbitration mechanisms between investors and states. In this context, it is of concern, because the topic is not related to what the consultation was primarily called for. This comes from the president, who has the power to do that in the current context of a presidency that will be short-lived. He does not have a majority in the assembly. He does not have a party himself. He's the son of the most important banana exporter in the country, who tried five times, unsuccessfully, to become president himself. He's now becoming president to try to speed up those matters in the middle of the security crisis.

It's concerning to me that we are not in a process whereby this would lead to a sane democratic decision on this very important question, because, in the national assembly, the most important party has 51 seats. They are the ones supporting the constitution's adoption and including those dispositions that argue against bilateral trade or investment treaties. They are the ones protecting the investors. Really, it's shaky ground on which to pursue negotiation in the current moment, because we're not sure this is going to hold for a very long time.

• (1635)

**The Vice-Chair (Mr. Kyle Seeback):** That's time, unfortunately.

We'll now turn back to the Conservative Party, and Mr. Baldinelli, for five minutes.

**Mr. Tony Baldinelli (Niagara Falls, CPC):** Thank you, Chair. I'd like to thank the witnesses for being here this afternoon.

There seems to be a theme developing. There are a lot of questions with regard to non-tariff barriers and how we can work to prevent those from being implemented or prevent them through this free trade agreement. Before I get there, I want to go to Ms. Proctor from the Canadian Produce Marketing Association.

I come from Niagara, which is a tender-fruit produce area. I just want to get a sense from you, Ms. Proctor. In terms of the Canadian Produce Marketing Association, what are the values? What kinds of major produce are exported to Ecuador, for example? What kinds of benefits in terms of dollars do you see in this type of trade?

**Ms. Jane Proctor:** I think that at this time there's not a tremendous volume of exports to Ecuador. Certainly the hope in a free trade environment is that it could be enhanced. For our exporters, I think it was Mr. English who noted that they're always looking for more export markets and are looking to diversify their export markets. We have a very robust export program, as you know, and very robust production in your area.

Therefore, at this point, honestly, our big focus is on enabling the ongoing reliable supply of fresh produce here in Canada. It's a big issue right now in terms of cost, as you know. Food cost is very significant, and we want to support anything that will enable the Canadian population, basically, to have access to fresh fruits and vegetables, and particularly to make sure that they are offered to them economically.

Our membership is always looking for that diversification of their markets also. I don't know how much the tender-fruit industry is exporting right now. I could certainly find that out and advise the clerk for dissemination of that information.

**Mr. Tony Baldinelli:** Thank you, Ms. Proctor. It would be quite helpful if you could share some of that information.

**Ms. Jane Proctor:** Yes, absolutely.

**Mr. Tony Baldinelli:** Also, I am just looking here at some of the notes. It mentions that on February 21 the Canadian Produce Marketing Association made a submission, and you talked during the public consultations about a Canada-Ecuador trade agreement, underlining that any such agreement "should create the foundation for future [bilateral] discussions on mutually recognizing food safety systems while ensuring the existing systems in Ecuador do not negatively impact our domestic industry."

Again, I think you were referring to that notion of non-tariff barriers. Do you have anything specific with regard to the Produce Marketing Association and produce, specifically, in terms of food safety requirements or other non-tariff barriers that could be used to hinder the export of produce to Ecuador?

• (1640)

**Ms. Jane Proctor:** That's an important question. I think what we're saying is that it's important in any of these agreements. Certainly, right now, we have mutual recognition of food-safety systems between the U.S. and Canada. As I understand it, CFIA is still pursuing one with New Zealand. That is the extent of it at this point, but these types of mutual recognition are so important.

Of course, it might have been Mr. English, or it may have been Monsieur Roy who noted the recognition of CFIA internationally for its standards and for its capacity, especially when we come to something like mutual recognition of food-safety systems. That's what we're trying to get at. If this is pursued, we are always looking for a recognition that our food-safety standards must be upheld in any trade agreement.

In other words, we do not want to import product that would have in any way a detrimental impact on our industry, and of course, we don't want to put our domestic producers in a situation where there may be...notwithstanding the fact that most of the product coming in is tropical, so it's not something they're producing. However, we don't want to in any way introduce any kind of unfair

imbalance in terms of what food-safety expectations are for imported products as opposed to domestic products.

It would certainly be the same if they were exporting to Ecuador. We would want them to uphold the same food-safety standards. That's why mutual recognition is so important, because then you have a level playing field, with fair expectations on both sides.

**Mr. Tony Baldinelli:** Thank you so much, Ms. Proctor.

**The Vice-Chair (Mr. Kyle Seeback):** We'll now go to Mr. Sidhu, for five minutes.

**Mr. Maninder Sidhu (Brampton East, Lib.):** Thank you.

Thanks to our witnesses for being here today. In this very important study we're talking about Ecuador and trade. There have been lots of great conversations and some insights. I understand that representatives from the council joined Minister MacAulay in Manila to officially launch the new Indo-Pacific Agriculture and Agri-Food Office. In your news release you called it a pivotal moment for Canadian pork producers. I believe that came from Mr. Roy and his organization.

Moving on, we know about this investment, but could you maybe share more about the Canadian pork producers' being able to reach such a large market and more broadly about why having an expanded presence around the world, in the Indo-Pacific and in Ecuador, is important for you and your members.

**Mr. René Roy:** In the last three years there has been a lot of turmoil in the pork market. The CPTPP has helped Canadian pork producers to alleviate the risk and the impact of a lot of the variation in demand during COVID and also given the fact that, although China is the largest pork importer and consumer, it has decided to reduce tremendously the quantity of pork it imports from Canada. It is important that we diversify our market and increase our resilience.

The office in Manila is a good place to start creating new business arrangements. I would like to mention that it helps not only our country but also the local population. In the Philippines we were discussing with the producers and consumers there, and they were saying that the product they produce is mainly for the domestic market. They are not able to produce for the processing industry or the retail industry, because of the requirement for cold. The process has to be cold all along the way, and it's not always possible for the pork producers there to have reliable cold storage. They rely on our product for food security for their own population. I think that's a good example of how this trade is beneficial to both countries.

**Mr. Maninder Sidhu:** Thank you for that. I'm going to turn now to Ms. Proctor.

In your submission to the department's consultations, you mentioned how you support the Canadian government's pursuit of a progressive trade agenda when it comes to topics such as environment and gender. Today, in your opening, you mentioned that you support our government's progressive trade agenda. Could you expand on what you see as a progressive trade agenda, what it means for you and your members, and the benefits and the results of this approach?

• (1645)

**Ms. Jane Proctor:** Certainly, as you noted, the environment, the rights of indigenous populations and the rights of populations that are not always as recognized, including women, are part of what we like to see in any kind of progressive trade. For us a progressive trade agenda also means this expansion of how we look at our food safety and how we look at science-based decision-making, for crop protection materials and so on. We can look to the EU and see what happened there. The green deal has started to, I would say, come apart at the seams to a certain degree, because they had a very aggressive agenda—too aggressive, as it turns out. We obviously made comments when they were developing the green deal. I spoke to one of their panels, because this is very important to us. Of course there's an environmental focus for them, but industry is always looking at the science. I think all producers are always very concerned about its being a science-based decision and whether that is going to impact the capacity to feed the population.

We're looking at that as part of a progressive trade agenda, for certain. Is this going to advance the industry and the ability of the industry to feed the populations, or is it going to put up non-tariff—or even tariff—barriers that could in any way hinder that? That's something we're always looking at. We consider what the key requirements are, and of course right now we can't overstate those related to the environment. Obviously we all know what's happening with global climate change, and for an industry that plants its product in the ground and hopes that it doesn't get too much rain or too much cold or too much sun or drought, it is very important to always be considering the environmental practices of both the exporting—

**The Vice-Chair (Mr. Kyle Seeback):** I will have to interrupt you there. We're about 40 seconds over.

**Ms. Jane Proctor:** Oh, I'm sorry.

**The Vice-Chair (Mr. Kyle Seeback):** That's okay. Thanks very much.

Colleagues, we have time to begin, potentially, a third round of questions. We have about 13 minutes, based on my watch. We could do a third round of questions, or we could say we've had enough questions for this panel. I leave it to the committee.

Okay. Good. We will do a third round of questions.

I have a question as well, so I will take this round for the Conservatives.

Mr. Roy, you talked about a couple of things. You talked about sanitary and phytosanitary matters. I know this is a big issue. It's a big issue for pork; it's a big issue for beef, and it's a big issue in both the EU and the U.K. None of these things have been resolved by the government. There are now long-standing trade irritants that

mean, in fact, that you're not able to export, realistically, any pork to the EU or the U.K. These are supposed to be big markets for you.

My question really is this. The government has limited resources. Within the trade department in GAC, there's a limited number of people who can do a limited number of things. When I look at the free trade agreement with Ecuador, it would appear that the potential gains from a free trade agreement with Ecuador are marginal. Canadian trade is about \$800 billion, and we're talking about gains in the millions of dollars, potentially, with the free trade agreement, so this is actually a rounding error in the actual comparison of Canada's trade.

I wonder if you think that, if the government would focus instead on resolving these long-standing issues with sanitary and phytosanitary matters with the EU and the U.K., it would be a better use of the government's limited resources in their trade department than pursuing a free trade agreement with a country that won't really add much to our trade GDP.

**Mr. René Roy:** We would love to see a change in the non-tariff trade barriers on the EU side and the U.K. side. If there is a study and a plan for Ecuador, we want it to be well done.

That being said, as you mentioned, resources are limited. We are interested in having access to the market with which we should be able to trade. They are trading with us. They are sending their products here. We are not able to send our products there. This is an asymmetry that has to be corrected.

• (1650)

**The Vice-Chair (Mr. Kyle Seeback):** Mr. Chiasson-LeBel, I know it's not necessarily your area, but let's say you had to pick: Should the limited resources of the Government of Canada on trade be dealing with very large volumes that are being denied in pork and beef into the EU and the U.K. due to sanitary and phytosanitary matters, or should they be pursuing a free trade agreement with Ecuador? I don't think the government can do both.

**Dr. Thomas Chiasson-LeBel:** In the hypothetical scenario where they can't do both, I would prioritize the EU, mainly because I don't think the main goal of the free trade agreement with Ecuador is trading goods. Given that the real increase in international business with Ecuador has been investment in the natural resource sector, the main question here is this: Do we protect the mining investors or not? This is what is at stake in Ecuador much more than the other fields, I think.

**The Vice-Chair (Mr. Kyle Seeback):** Thank you very much. Those are my questions.

I'll turn it over to Mr. Sidhu for five minutes.

**Mr. Maninder Sidhu:** Thank you, Mr. Chair. I'll be splitting my time with my colleague down the way.

My question is for you, Ms. Proctor. I know that you were cut off. I have less than two minutes. Ecuador is seeing a steady increase in its food exports in the last five years. With that in mind, what benefits do you see for the Canadian fresh produce industry and Canadian consumers by Canada pursuing a free trade agreement with Ecuador?

**Ms. Jane Proctor:** I'll just underscore what I said earlier in terms of our big concern. Certainly, our membership is diverse. There are a lot of Canadian companies, primarily, of course, but there are also a significant number of U.S., South American, European and so on companies.

One of our big goals is with a program called #HalfYourPlate. Health Canada encourages Canadians to fill half their plates with fruits and vegetables. Again, anything we can do to ensure that Canadians have access to fresh fruits and vegetables will have big impacts in terms of the health of Canadians. We have studies that can show this. We all know the pressure that our health care system is under right now. That's a big issue for us.

Obviously, representing the domestic industry, we want to enhance their ability to export. There's no question that right now we're seeing that increase in imports, but they're all on products we can't grow in Canada. We have to protect the availability of fresh produce for Canadians. We just have to. The availability of a certain product can just turn on a dime with a weather incident or with anything, and that is so important.

**Mr. Maninder Sidhu:** Thank you for that, Ms. Proctor.

I'll turn the floor now to MP Arya.

**Mr. Chandra Arya:** [*Inaudible—Editor*] with very limited time, I'm going to say something. You can say whether you agree with me or not.

Canadian farmers, Canadian agri-food exporters and businessmen did not make Canada the fifth-largest exporter in the world by concentrating on just the developed markets in Europe and North America; they went after every market, be it small, medium or big.

You are also focusing on the emerging markets, including the Asia-Pacific and Latin American countries. The biggest challenge you have is that if you don't have free trade agreements, you are opening the door for competitors.

Am I right?

**Mr. Jeff English:** Going back to the point made by other colleagues, small, medium or large, the signal that Canada is open for business on the trading front is a benefit to Canada's pulse sector.

**Mr. Chandra Arya:** Mr. Roy, can you quickly confirm?

**Mr. René Roy:** I quickly confirm. Yes.

**Mr. Chandra Arya:** Again, the Latin American and African countries—for the African countries, we don't have anything concrete yet—are the economies, the countries and the regions that are growing in population. They are where agricultural produce, especially, from Canada is very much needed. We need the doors to be open for Canadian businesses, so that they can go and market our produce.

Mr. Roy and Mr. English can quickly chime in, please.

• (1655)

**Mr. René Roy:** I'm not sure I got the question, though. Is it about Africa?

**Mr. Chandra Arya:** It's about the growing markets in terms of the economies and in terms of the population—

**Mr. René Roy:** Okay. Yes.

**Mr. Chandra Arya:** —whether they're in Latin America, the Asia-Pacific or Africa.

**Mr. René Roy:** I'm sorry. Yes, for the growing market, they are important markets. We should seize the opportunity when it is available; otherwise, other countries will take our place.

**Mr. Jeff English:** I agree.

**Mr. Chandra Arya:** Mr. English, do you agree with the importance of having a trade agreement with Ecuador?

**Mr. Jeff English:** Yes. As I mentioned, any signal to the world that we're open for business is a positive one in our books.

**Mr. Chandra Arya:** Going back to this and having a trade agreement with Ecuador, will it help you guys go after the other markets in South America and the region as a whole?

Mr. Roy, you can start. Mr. English, you can finish.

**Mr. René Roy:** Yes, it helps, because it also provides the types of products that are desirable for the whole region. There tends to be a regional taste, and we can tailor-make the product according to their new need.

**Mr. Chandra Arya:** Mr. English.

**Mr. Jeff English:** We would be in the same boat, yes.

**Mr. Chandra Arya:** Okay.

The other benefit is that once we have a free trade agreement, if any disputes arise between the exporters and the recipients, we will have a formal mechanism to get them resolved. That is the additional benefit of having a free trade agreement, whether the market is big or small.

Many Canadian exporters are small, so even for the smallest export, if they have a mechanism whereby disputes can be resolved, it is always good for Canadian businesses. Is that correct?

**The Vice-Chair (Mr. Kyle Seeback):** I gave you an inch and you took a mile, so you are over your time.

We're now going to go to Mr. Cannings for two minutes.

**Mr. Richard Cannings:** Okay. Thank you. I'll be quick.

I'm going to turn to Monsieur Roy. You mentioned that you opposed the acceptance of the U.K. going into the CPTPP, based on the situation with non-tariff barriers, I believe. I'm going to give you a minute or a minute and a half to explain how we can fix this in the future.



Are there any models out there with other free trade agreements anywhere in the world, where these non-tariff barriers seem to be designed to be intractable?

Saying we'll do it with science...we've been trying that. What's your solution?

**Mr. René Roy:** In the case of CETA, it's much more a matter of implementing what is in place. There must be a political will on both sides for trade. A free trade agreement is not enough. Of course, having a mechanism will help, but it also requires a willingness.

Right now, the U.K. government is not demonstrating a willingness to let agricultural products, especially pork, enter its territory, even though it wants to send its product here.

**Mr. Richard Cannings:** Thank you.

**The Vice-Chair (Mr. Kyle Seeback):** I apologize. I should have gone to Mr. Savard-Tremblay first.

Monsieur Savard-Tremblay, please go ahead for two minutes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Chair.

Mr. Chiasson-LeBel, I would like to ask you one last question.

Amnesty International and a number of other non-governmental organizations, or NGOs, have also said that we need to ensure due diligence on human rights and the environment within companies, through a legal framework that would be provided in our domestic legislation.

There is also talk of access to remedies for rights violations by Canadian companies operating in Ecuador, in particular, but this could happen anywhere else in the world.

Do you think the current legislation is sufficient to ensure that due diligence?

**Dr. Thomas Chiasson-LeBel:** No, I don't think so.

We've seen a number of attempts to violate indigenous rights in Ecuador. In reading Ecuadorian newspapers, I saw that there was a complaint and that indigenous organizations from Ecuador went to the trouble of coming to British Columbia to complain against a company that allegedly misinformed its shareholders.

Indigenous peoples must take highly circuitous routes to have their voices heard when they feel wronged by Canadian companies.

In my opinion, we really need to rethink the mechanisms in place in order to solidify the ability of the Canadian state to contribute to the protection of human rights around the world, particularly with regard to our own multinationals.

• (1700)

**Mr. Simon-Pierre Savard-Tremblay:** I imagine you must share my impression or observation that the current ombudsman does not have a lot of powers.

Is that correct?

Can you give me a 30-second answer?

**Dr. Thomas Chiasson-LeBel:** I think we need to go further. It's certainly a good first step, but it's probably not enough.

[*English*]

**The Vice-Chair (Mr. Kyle Seeback):** I want to thank all the witnesses for being here today. Thank you very much for the valuable testimony you gave the committee to consider.

We will suspend briefly to prepare for the next panel.

• (1700)

(Pause)

• (1700)

**The Vice-Chair (Mr. Kyle Seeback):** Welcome back, everyone.

For our second panel today, we have with us two people from the Department of Foreign Affairs, Trade and Development: His Excellency Stephen Potter, ambassador of Canada to Ecuador, and Dean Foster, director of trade policy and negotiations. Welcome.

Welcome, Ambassador. I invite you to make an opening statement for...it says up to five minutes, but if you need a little more time, that's fine as well.

• (1705)

[*Translation*]

**Mr. Stephen Potter (Ambassador of Canada to Ecuador, Department of Foreign Affairs, Trade and Development):** Thank you, Mr. Chair.

Thank you for the opportunity to contribute to the committee's deliberations on the proposal for a free trade agreement between Canada and Ecuador.

My name is Stephen Potter, and I have been Canada's ambassador to Ecuador since September 2022.

My background is mainly in development, so I can appreciate the importance and relevance of this agreement in Ecuador.

I am not an expert in international trade like my colleague. So I will not be able to answer questions of a more technical nature.

During my presentation, I will try to answer some of the questions asked at the last committee meeting on this subject. I'm talking about the meeting my colleagues attended two weeks ago.

[*English*]

I will start, Mr. Chair, by addressing the relative importance of this trade deal for both countries, including in the current economic, political, and security context in Ecuador.

The Ecuadorean economy is highly dependent on oil exports. Declining oil prices and production over the last 10 years have reduced state revenues and its capacity to invest in infrastructure and social programs. This is in contrast to the oil price boom from 2008-14, which coincided with the administration of then president Rafael Correa, when the state expanded these investments and entitlement programs and took an increasingly protectionist line, aligning more internationally with countries such as China, Russia, Venezuela and others.

However, this period of high oil prices also facilitated significant corruption, poor-quality investment, and large and un-transparent debt arrangements, notably with China. During this period, the closure of the U.S. air base in Manta also helped enable narco-criminal penetration into Ecuador, particularly as a shipping point for cocaine.

Subsequently, the COVID epidemic further damaged the economy and weakened state institutions, facilitating increased entry of narco gangs into communities and the arrival of larger criminal organizations, including Mexican cartels. During this period, local narco gangs began to fight amongst themselves, dramatically escalating gun crime and insecurity. The prisons developed as centres of this violence. Ecuador changed from an island of peace in the region to the country with the second-highest level of violent deaths in the region last year.

The last two governments and the current government have tried to focus on reactivating the economy by reducing oil export dependence, lowering inefficient state subsidies, eradicating corruption and criminality and creating jobs. None of this been easy, primarily due to entrenched corruption connected to criminal interests. These governments, especially the last two, have had a common strategy for economic transition: responsible fiscal management, opening up the country to investments, and facilitating increased exports. The national assembly, notably, has recently—within the last month—ratified new trade deals with China and Costa Rica that were negotiated during the previous administration. A deal with South Korea has been reached but not ratified. As you're aware, a deal with the EU was signed several years ago.

The current government of President Daniel Noboa, with generally good collaboration in the national assembly, has also implemented several economic measures to promote employment and increase revenues, and has taken a very active line on promoting investment and free trade.

On April 21, as one of the previous witnesses mentioned, there will be a national referendum, with 11 questions aimed at implementing some policy changes where the assembly lacks the authority or is unlikely to provide support. Constitutional reforms require a referendum process, for example.

Notably, one referendum question would modify the constitution to allow for international arbitration of trade and investment disputes, ISDS, an issue that was discussed quite a bit in the last two sessions.

Why is this being proposed? The government believes that the inability to use international arbitration is driving away internation-

al investors and is a factor in Ecuador's high country risk. Ecuador is becoming less competitive as a destination for investment.

In summary, why am I telling you all this? Why does it matter? I think this proposed FTA with Canada is more than just a trade deal and more than just a technical issue; it can genuinely contribute to stability, democratic governance and sound economic management in a strategically important region for Canada, for Canadians and for Canadian companies, both investors and exporters.

If Ecuador stabilizes economically, politically and security-wise, there are good opportunities for economic growth, creating new opportunities for Canadian exporters and investors as well as expanding demand for existing exports, such as grains and pulses, for example. Canada and Canadian firms have an excellent reputation in Ecuador, and an FTA with Canada is very highly anticipated by the local business community.

Several Canadian investments in the mining sector are poised to pass to the construction phase very soon. For example, the Curipamba project of Toronto-based Adventus Mining will invest \$282 million U.S. and create 800 direct jobs and 3,000 indirect jobs in 22 months of construction that are scheduled to begin this year.

The government of Daniel Noboa has been following through on its commitment to accelerate investments, for example, through faster decisions on permits. He will be at the Prospectors & Developers Association of Canada meeting next Monday in Toronto, where he will talk about some of the things he's done to facilitate investments.

We are also seeing infrastructure planning activity accelerate, and already some Canadian companies have been contracted to undertake engineering and feasibility studies.

● (1710)

[*Translation*]

Mr. Chair, at the last meeting, members of the committee asked a few questions about the mining sector and the Canadian presence. Here are a few comments.

First of all, Ecuador is not a mining power like Peru and Chile, for example. There are only two large-scale mines that are active—a Canadian mine and a Chinese mine. Nevertheless, with these two mines, last year, the export of mining products became the fourth-largest source of revenue for the Government of Ecuador. Ecuador has great mineral potential, especially in copper and gold. One of Ecuador's attractions for mining companies is its vast green energy potential, as well as its port capacity and proximity.

Furthermore, Canadian companies are leaders in this sector, and they are the most ready to build their mines. The Lundin Gold gold mine, a Vancouver-based company, has some of the lowest greenhouse gas emissions in the world. I myself have visited almost all the sites of Canadian mines, where I have also had the opportunity to speak with members of the communities. As you know, the Government of Canada expects Canadian companies to adhere to the same standards of responsible business conduct as they do in Canada, and I'm sure that's happening in this case.

The regulatory and legal framework for the mining sector is being modernized, but the standard for environmental assessment is high, and there are guarantees in terms of information and community participation. In the National Assembly of Ecuador, there is strong support for the responsible development of Ecuador's mineral potential.

We must also recognize the opposition to mining activities expressed by members of civil society and national leaders of indigenous groups, for environmental, cultural and ideological reasons.

In addition, we must recognize the strong and growing presence of illegal mining activities linked to drug trafficking groups in the territories. This contributes to environmental contamination, as well as to resulting social and safety issues.

[English]

Mr. Chair, there were some questions with respect to oil in the last meeting that I would like to address.

**The Vice-Chair (Mr. Kyle Seeback):** Ambassador, I hate to interrupt, but you're at about eight and a half minutes, and we said five. I'm trying to give you as much latitude as I can. Are you close?

• (1715)

**Mr. Stephen Potter:** I'm just about finished, but I thought I'd quickly answer some of those questions that I wasn't able to respond to at the last meeting.

**The Vice-Chair (Mr. Kyle Seeback):** You will have an opportunity to answer questions today, I can assure you. There are a number of members, I'm sure, who will ask.

**Mr. Stephen Potter:** Okay.

**The Vice-Chair (Mr. Kyle Seeback):** If you were going to try to answer some questions, I'm going to suggest that we turn to questions.

**Mr. Stephen Potter:** As you wish.

**The Vice-Chair (Mr. Kyle Seeback):** Wonderful. We will go to the first round, and that will be with Mr. Jeneroux for six minutes.

**Mr. Matt Jeneroux:** Thank you, Mr. Chair.

Does Mr. Foster have any opening comments? No? All right. I will start my watch.

Thank you, Ambassador and Mr. Foster, for joining us today.

Just so I understand what the process is, we're in the precomposition of the negotiations, but where does it begin for you, Mr. Foster? Is there a direction from the minister in terms of your mandate and how the negotiations begin? Does it come from Ecuador itself?

Is it a combination of the two? Perhaps you could explain the process that we're in now and where we're heading.

**Mr. Dean Foster (Director, Trade Policy and Negotiations, Department of Foreign Affairs, Trade and Development):** I guess this gets at the life cycle of a trade negotiation.

We usually begin—just about always—with what we call “exploratory” discussions, which in this case were undertaken over the last year, more or less. Those were launched by Minister Ng and her previous Ecuadorean counterpart about a year ago—a little more. That involves a series of meetings between all the different expert-level groups that compose a free trade agreement negotiation, usually presenting past models and discussing ongoing policy reviews and policy thinking to arrive at a common expectation about whether it's an appropriate partner to proceed with.

That's when we proceed towards a decision regarding whether to proceed with a launch of negotiations. On the parliamentary side, that includes the 90-day notification of intent and the forthcoming publication of negotiating objectives for Parliament to react to before we commence the negotiations, typically with what we call a “first round”. A round is typically a one-week sort of conference—you could see it that way—where all the negotiating teams meet, whether virtually, hybrid or in person, in what would be 12 to 14 concurrent meeting rooms.

**Mr. Matt Jeneroux:** When are the elements of the trade deal discussed, like the specific details of it, what's in it and what's not? Again, is the minister saying to your team, “This is what I want to put in it”? Does your team go and say, “This is what we should put in it, Minister”? I'm trying to understand the back-and-forth narrative between you and the minister.

**Mr. Dean Foster:** Well, every international treaty negotiation mandate, including a trade negotiation mandate, emanates from a cabinet mandate process, but then, also, details will be informed by various policy inputs. That would include stakeholder consultations, provinces and territories, and the process you're going through here today.

**Mr. Matt Jeneroux:** We've seen a number of elements in trade deals, some of which included the carbon pricing, for example, in the latest trade deal with Ukraine. Is that something that has been mandated to you as part of the negotiation process you're in right now?

**Mr. Dean Foster:** Right now we are in the parliamentary notification period. All of our expert groups responsible for the different chapters are working on those chapters right now. We don't have the authority to complete and table text until the parliamentary process has run out. We're looking forward to your study, among other inputs, to finalize what is ultimately tabled in the negotiations and discussed with the partner.

**Mr. Matt Jeneroux:** Can you answer whether carbon pricing has come up in the negotiation process so far?

**Mr. Dean Foster:** The negotiation process has not started yet. During the exploratory discussions we share existing texts from various agreements, but not formal text proposals, if you will. We don't have a mandate to do so yet.

**Mr. Matt Jeneroux:** Has somebody raised carbon pricing with you?

• (1720)

**Mr. Dean Foster:** Well, internally we're looking at all of our chapters, including that one, but no decision has been taken yet on a final text, including what its contents would be on that issue.

**Mr. Matt Jeneroux:** When does that decision...? What timeline are we looking at for when that would become...?

**Mr. Dean Foster:** That would be following both the 90-day notification of intent period that we're in right now in Parliament and the 30-day period of publication of high-level negotiating objectives.

**Mr. Matt Jeneroux:** It's safe to say that somebody has raised carbon pricing already as part of this trade deal.

**Mr. Dean Foster:** The carbon pricing co-operation provision contained in one of our agreements is one of many agreements that are used to consider what options are brought to the table. No decision has been taken.

**Mr. Matt Jeneroux:** It has been raised, though.

**Mr. Dean Foster:** Not directly.

**Mr. Matt Jeneroux:** Nobody has raised carbon pricing as part of this trade deal.

**Mr. Dean Foster:** I would say it's one of the many issues under consideration, but there's no formalized proposal text yet on any issue, including this—

**Mr. Matt Jeneroux:** Has it or it hasn't it? You said, "No, it hasn't," and then you said, "Yes, it has." Is carbon pricing being considered as part of this trade deal?

**Mr. Dean Foster:** Discussions are ongoing about what would be included. I will err towards the side of yes, it has been discussed and considered, and we're looking forward to hearing feedback from this committee as a part of final decision-making purposes.

**Mr. Matt Jeneroux:** Has it been raised by the minister's office?

**Mr. Dean Foster:** No.

**The Vice-Chair (Mr. Kyle Seeback):** Unfortunately, that's your time, Mr. Jeneroux.

I will now turn to Mr. Sheehan for six minutes.

**Mr. Terry Sheehan (Sault Ste. Marie, Lib.):** Thank you very much, Mr. Chair. My question is for His Excellency.

You've been in this position now for a couple of years, I understand. You've given some excellent testimony and made great observations. I'd like to hear from you what this free trade agreement between Canada and Ecuador, if signed, might do in terms of what they call additional benefits for "soft powers", for diplomatic benefits, from your view, between our countries—between our embassy in Ecuador and vice versa into Canada. If you wouldn't mind spending a little time on that....

**Mr. Stephen Potter:** As I mentioned in my opening remarks, a comprehensive, modern trade deal with a country such as Canada is extremely important for Ecuador. That's what I'm hearing from the authorities. That's what I've heard from the president, the foreign minister and the trade minister. They see this as entering the big leagues, in a sense. Yes, they have a trade deal with the EU, but they're very much looking forward to a trade deal with Canada, one that will have modern chapters on areas such as indigenous issues, women and the environment.

Being able to advance this deal early in the current administration is also, for them, a message that Ecuador is moving ahead, opening up and open for business, including Canadian business. I think this helps position Canada—because of this goodwill—for new opportunities in Ecuador. I mentioned that there are, for example, opportunities in infrastructure. Everyone talks about the mining sector, but there are many opportunities beyond this. Those are on the investment side.

On the trade and export side, if the economy grows and diversifies here—which is very much the objective of the government and many members of the national assembly—there could be opportunities in machinery exports, for example, as well as to increase the existing products they export. They're also very interested in seeing Ecuadorean products in Canadian stores, as some of the previous witnesses have testified.

I think this will help position Canada as a friend of Ecuador and help achieve influence in other areas as well.

• (1725)

**Mr. Terry Sheehan:** I have a follow-up question.

You mentioned some of the trade deals that have been or are being negotiated. I don't know if this is a diplomatic question or a technical question, so I'll let the ambassador or Mr. Foster answer this.

What might happen, and how could that influence the negotiations happening right now between Canada and Ecuador? For instance, are they trying to negotiate the same things, or are their deals a little different? Are you able to answer that?

**Mr. Dean Foster:** I'll take that one.

Ecuador's trade agreements vary quite a bit. There's the more limited scope—the goods-only focus with China, for example—and the far more comprehensive sets of agreements with Korea and Costa Rica, most recently.

**Mr. Terry Sheehan:** That's interesting.

The other question I have is this: There's been a very big consultation process with agriculture. Mining has been mentioned, as well as various extractive industries and fisheries. Have the Ecuadoreans also undergone a consultative process, and what did it look like for both Canada and Ecuador?

**Mr. Dean Foster:** I'll speak about the Canadian process and let the ambassador speak about the process on the ground in Ecuador.

For us, it was a Canada Gazette-based public consultation, whereby we heard from interested stakeholders, some of whom we followed up with at subsequent meetings and also leading up to.... We basically have an open-door policy with stakeholders on an ongoing, rolling basis, so this parliamentary process is now yielding some new interest and learning from whoever comes to testify for you from our provinces and territories. Our provincial and territorial governments are also reaching out to stakeholders to solicit yet more feedback.

It's over to the ambassador for the Ecuador insight.

**Mr. Terry Sheehan:** Ambassador, I think you're on mute.

**Mr. Stephen Potter:** I have to unmute. Thank you, Mr. Chair.

Ecuador has not undertaken as extensive a consultation process as Canada's, but it has expressed interest in Canadian technical assistance and support—how we conduct consultations in Canada and reach beyond the traditional business communities to other groups. We're looking at supporting them in this. Of course, it's up to Ecuador to consult here, not Canada.

I can say that I've met with most of the business groups here—the export chamber and the Canadian chambers of commerce. In Quito and Guayaquil there is very high interest in this agreement in the business community, the export sectors and other sectors. We've also been reaching out to different cities and areas of the country and the chambers of commerce in those areas.

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

**The Vice-Chair (Mr. Kyle Seeback):** That is time.

We'll go to Mr. Savard-Tremblay for six minutes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Chair.

I would like to thank all the witnesses for their presentations.

Ambassador, I am reassured by your last comment. You conclude that the consultations were successful based on the fact that you have spoken to the Canadian business community. That's reassuring.

There are projects in Ecuador tied to Adventus Mining, Atico Mining and Solaris Resources.

If you don't mind, I'd like us to talk about the Shuar Arutam people from the Ecuadorian Amazon. These are 47 communities that are organized into six associations, and their population is estimated to be about 12,000 people and 1,000 families.

You indicated that you did not want to meet with the president of the people in question.

Can you tell us why you didn't want to do that?

**Mr. Stephen Potter:** Thank you for the question, Mr. Chair.

At that time, I knew that the company was in negotiations and discussions with representatives of several communities in the re-

gion where the project was taking place, and I did not want to interfere in that process.

• (1730)

**Mr. Simon-Pierre Savard-Tremblay:** And yet you met with people from the company.

Is that correct?

**Mr. Stephen Potter:** I met with people from the company, but not from another organization, the Interprovincial Federation of Shuar Centers. It represents more than 200 communities in the region where the project took place.

As in Canada, situations in rural areas are complicated, complex.

There are organizations that present themselves as representatives of the communities or a set of communities, and it is not up to us to decide which representatives are the most—

**Mr. Simon-Pierre Savard-Tremblay:** Mr. Ambassador, you say that you did not want to meet with representatives of the Shuar Arutam people because they were in discussions with the company.

We know that there have been discussions. So the company recognizes this group which, in your opinion, is not necessarily legitimate. You also say that it is not up to you to decide. And yet you met with people from the company. You said that you did not want to meet with another group so as not to interfere in the discussions. I am trying to understand the logic.

Now I want to ask you another question.

We know that in June 2023, the Ecuadorian government attempted to use police and military repression to impose an environmental consultation in Las Naves and Sigchos, in the provinces of Bolivar and Cotopaxi respectively, to advance two Canadian mining projects.

The UN High Commissioner for Human Rights stated in a press release on July 27, 2023, that “[p]eople directly affected by mining projects or activities must be heard, not repressed.”

In June, you were in the same area, in Las Naves. You said in an interview that you were able to verify that the project was a responsible investment with community support. Unlike the UN special rapporteur, you did not denounce the violence.

Do you think a mining project should continue even if the population rejects it?

Also, do you think it is acceptable for such a project to be supported by the government through violent methods?

**Mr. Stephen Potter:** Thank you for the question.

[*English*]

I will speak in English, just to be clear in my response.

There's a small group that, to my understanding, opposes the mine in this one situation. Yes, I have visited the community, and I've met with community representatives. The representative for the High Commissioner for Human Rights has not, and I have expressed to him in private communication my concern that he has been formulating opinions and positions and publishing them without having a full and broader understanding of the situation.

I have offered to provide contacts in the community with the company and with others. I recently met with the senior elected leadership of the community, who have assured me that in fact it's a small group that is opposing the mine. In fact, in the environmental consultation that concluded recently, this received 98% support from the community. This consultation was managed by the ministry of environment, not by the company.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Ambassador, in your opinion, is the UN High Commissioner for Human Rights a small group or credible body?

Keep your answer short, please.

[English]

**Mr. Stephen Potter:** I think, in this instance, that the opinion of the High Commissioner for Human Rights was not well-founded.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Okay. So that's just an opinion.

At the moment, you cannot say that there has been violence. You still don't say that.

[English]

**Mr. Stephen Potter:** I agree that there was violence.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** We've made progress, as you refused to denounce it at the time.

My time is up. Thank you.

[English]

**The Vice-Chair (Mr. Kyle Seeback):** We'll now go to Mr. Cannings for six minutes.

**Mr. Richard Cannings:** Thank you.

Thank you, Ambassador, for being here with us today. In many ways, I envy you. Ecuador is one of my favourite countries, and I have dreamed, several times in my life, of spending more time there and living there for extended periods. I have not had that opportunity, though, so I envy you.

I just want to follow on with what Monsieur Savard-Tremblay was talking about.

There seems to be a pattern of... First of all, we have Canada as a major investor in Ecuador, and it seems the major part of that investment is in mining. Canada's big interests in the country, and presumably in this free trade agreement, revolve around that fact.

We have a history in Ecuador of a previous government basically tearing up all its free trade agreements that had investor-state dispute mechanisms in there, because it had bad experiences with them. They tried to change human rights legislation or environmental legislation, and they ended up being sued by those companies and facing very hefty damages, so they said, "We want to have that sovereignty back. We're going to get rid of that. It's in the constitution that you can't do that."

I asked this of a previous witness. We have, in one sense, Canada saying that we need this investor-state dispute mechanism in here to protect, I would argue, largely, our mining companies that are active there, because they don't want a government in the future to say, "Actually, we want to protect our people. We want to protect our environment." However, we're going to have, I'm sure, chapters in this agreement that say we have to protect human rights, the environment, labour laws and women.

I just have real trouble squaring that circle whereby we're in one sense trying to protect Canadian companies that have had—and I don't think you can dispute this—a very checkered past with regard to human rights and the environment and trying to have a modern free trade agreement that seems to be trying to do both things at once.

I don't know if that's too broad a question, but help me understand what the Canadian priorities are here. Are we going to protect the people of Ecuador, or are we going to protect Canadian mining companies?

I'm sorry. I'll just let you answer.

• (1735)

**Mr. Stephen Potter:** I'll let my colleague chime in after I make a couple of comments, if he wishes.

First of all, I would invite all members of the committee to visit us here and land at the airport that was built by the Canadian company Aecon, which is also protected by an investment agreement and where there has been a dispute.

Most importantly, the Government of Ecuador wants ISDS as part of this agreement, and I think it has the capacity to negotiate hard for adequate protections, as my colleagues have mentioned before, against changes in legislation in the future. It feels it is not competitive with other countries in the region as a destination for investment, and it would like this in there.

Although the ISDS is not currently part of the framework here, despite what other witnesses have testified to in past sessions, each project here is protected by an investment protection agreement that is negotiated separately. Even without ISDS, companies will be looking for bilateral investment protection agreements, because, as I mentioned, they're making huge investments here.

With the Las Naves project that was mentioned, which is \$282 million over the next two years, the investors are looking for some sort of protection, particularly against arbitrary changes that would put their investments in peril.

Our government is interested in protecting Canadian investors. I think this is something that will need to be discussed between the two sides in the upcoming negotiations. Both parliaments will have an opportunity to ratify the agreements.

• (1740)

**The Vice-Chair (Mr. Kyle Seeback):** You have 30 seconds.

**Mr. Richard Cannings:** Can I just jump in?

You say you want to protect against arbitrary changes, yet here we've been hearing about—whether you can call it arbitrary or not—a change to the constitution that will let the people of Ecuador decide how they want to protect themselves and their environment.

You can't argue both sides. I don't think so.

**The Vice-Chair (Mr. Kyle Seeback):** Unfortunately, we're out of time. Being mindful of the time, because we're almost at a quarter to, perhaps the ambassador could answer that in a different round of questions.

Colleagues, we're in the second round, which should take 20 minutes, but we don't have 20 minutes, so I'm going to propose that we do just the first round of questions. We'll give five minutes to the Conservatives, five minutes to the Liberals and two minutes each to the Bloc and the NDP, and then we're done. We won't go back to the Conservatives and the Liberals.

Is that okay with everyone?

**Some hon. members:** Agreed.

**The Vice-Chair (Mr. Kyle Seeback):** Excellent.

We'll turn to you, Mr. Baldinelli, for five minutes.

**Mr. Tony Baldinelli:** Thank you, Chair.

Thank you, Ambassador, for being with us.

Mr. Foster, thank you for being with us as well.

I'm going to follow up on some of the questions that were asked earlier by my colleague with regard to the formal negotiating mandate and how that is derived.

Ultimately, you indicated that it emanates from the cabinet. Right now, you mentioned that exploratory discussions are taking place between Ecuador and Canada. You're sharing templates and other past agreements that Canada has entered into, because we asked the question with regard to carbon pricing and whether or not the inclusion of carbon pricing has been discussed. You mentioned that it has been, probably through those exploratory talks and the sharing of previous agreements.

Could you share what the views of Ecuador have been on that being raised?

**Mr. Dean Foster:** I would say the exploratory discussions really played out until the summer and the start of the fall, and the particular debate around carbon pricing co-operation provisions hadn't really come up yet in terms of the Ukraine process.

What I can say is that Ecuador is very keen to pursue environment provisions in an agreement, but I don't think we touched on carbon pricing specifically in the exploratory discussions.

**Mr. Tony Baldinelli:** I ask that, Ambassador, because in your opening remarks, you mentioned that a free trade agreement with Ecuador was “more than a trade deal”. It would help bring about stability, and stability would bring about economic growth. However, if you look back at the history of Ecuador, in 2019, when the government at the time reduced fuel subsidies, there were riots in the streets. Again, the government in Ecuador declared a state of emergency on January 8, 2024, and a nationwide state of internal armed conflict on January 9, 2024.

Seeing the instability raised by such issues as riots for fuel subsidies, do you think it would be wise for the Canadian government to propose adding a carbon tax to a trade agreement with a country that has stability issues right now? If anything, Ecuador is looking to reach agreements to bring about stability.

I'll go to Mr. Foster first.

**Mr. Dean Foster:** I guess I would start by saying that Canada will not, and has not, imposed a carbon tax through any trade agreement. We have included, in one instance, co-operation-based provisions with the words “carbon pricing”, but about climate change more generally, that commit parties to getting together and talking about climate change policy.

With regard to the facts on the ground, I would defer to the ambassador.

**Mr. Tony Baldinelli:** Ambassador, I want to pose a quick question. You made an interesting comment about this being more than a trade deal, that it would help bring stability and that stability would bring economic growth, but with the lack of stability that we see on the ground right now.... How can we encourage Canadian firms to want to invest unless there's stability now?

• (1745)

**Mr. Stephen Potter:** Yes, the honourable member is absolutely accurate that we're looking for stability and that the government is looking for stability. A free trade agreement with Canada and with other countries is part of bringing that stability and part of bringing new investments to Ecuador.

I could mention that the issue of the reduction of fuel subsidies is on the agenda. Right now, at least \$5 billion a year out of the national budget goes to fuel subsidies. Many parties in the government and in the assembly are interested in reducing that to help build fiscal stability within the country.

**The Vice-Chair (Mr. Kyle Seeback):** You have 30 more seconds.

**Mr. Tony Baldinelli:** I will cede my time.

**The Vice-Chair (Mr. Kyle Seeback):** Then I'll take your time, Mr. Baldinelli.

Mr. Foster, has an economic analysis been done on what the potential gains in trade between Canada and Ecuador would be for Canada? If so, could you table that analysis for the committee, so that we understand what the actual potential economic gain is? So far, no one has been able to tell us what that would look like.

**Mr. Dean Foster:** An initial economic analysis has been undertaken. I believe we intend to share a summary. If one has not been shared already with the committee, we will endeavour to do so.

**The Vice-Chair (Mr. Kyle Seeback):** It hasn't been, so please share.

We will now turn to Mr. Arya for five minutes.

**Mr. Chandra Arya:** Thank you, Mr. Chair.

Ambassador Potter, my question is for you. Whenever a massive investment is made in any country, whether in Asia, Africa, Latin America or even Canada, especially a democratic country, there will always be some people opposing it. For example, in Quebec, the Swedish company Northvolt is investing billions of dollars in starting up a battery plant. Some Canadians are opposing that project. Similarly, in Ecuador, when Canadian companies make massive investments in mining operations, a few thousand people may object.

In your opinion, considering the economic potential for Ecuador and the economic benefits brought to the country and its people, and considering the social infrastructure built in Ecuador due to this economic investment, do the majority of people in Ecuador and the government, duly elected by the majority of people in Ecuador, welcome these investments in the mining sector?

**Mr. Stephen Potter:** It's difficult to judge. I've been reaching out to members of the assembly and to the government, of course. In those contexts, there is strong support for responsible mining investments and for the reduction of illegal mining, which is becoming an increasingly important issue.

These issues are decided through processes in Ecuador, some of them democratic processes like referendums and elections, and others at the local level, where there are consultations and processes for community participation.

**Mr. Chandra Arya:** Thank you, Ambassador.

Mr. Foster, sometimes we have heard the view that Ecuador is a small market, so why should we spend our time negotiating a free trade deal? Firstly, in your opinion, whether or not it is a big trade agreement like CUSMA, CETA or the CPTPP, with Canada being a trading nation, and with over 67% of our GDP coming from international trade on which our prosperity relies, do you think we have to focus on where the opportunities are available to have free trade agreements that can benefit our small exporters, like farmers or agricultural food manufacturers?

Secondly, if we don't have agreements wherever it is possible, are we going to open the doors to the competitors of Canadian exporters to have free trade agreements in those countries?

**Mr. Dean Foster:** With regard to the first question, through the course of the exploratory discussions and public consultations, what we've determined is that it is worthwhile to proceed with this negotiation and essentially to add it to a longer-term regional strate-

gy that has been going for 25 years, really, alongside others in the Andean and Latin American region, like Chile, Peru, Colombia, Panama, Costa Rica, Honduras, Mexico—and above it, if you think about it that way, as a puzzle piece available to complete FTA coverage on the Pacific coast of Latin America. What we have found is that most of the interested exporters, in particular, see it as an additional market in a region that they are already exporting to or are interested in considering beginning to export to.

On the second one, of course, we basically have floor-level coverage through the World Trade Organization rules with a country like Ecuador. If we proceed with the FTA, we will have an advantage competitively over countries that don't have an FTA, like the United States. Conversely, if we don't, we would have a disadvantage vis-à-vis economies like the European Union, Chile and soon South Korea, which do have free trade agreements with Ecuador.

● (1750)

**Mr. Chandra Arya:** Quickly, my last question to you would be this: Do we have resources to enter into a free trade negotiation, say, with countries like Ecuador or Indonesia?

**Mr. Dean Foster:** Yes, we've determined that we do have the resources. Of course, you resource a free trade agreement of this scale efficiently, not to the scale of, say, renegotiating the NAFTA, and we are intending to proceed on a largely virtual basis. We share a time zone, which is a big benefit vis-à-vis Indonesia, for example, and we have agreement with the Ecuadoreans that we will proceed as efficiently as possible in terms of resourcing the negotiations.

**The Vice-Chair (Mr. Kyle Seeback):** Thank you.

I just want to say that both our excellent clerk and our excellent analyst pointed out that the document with the economic impact has been submitted, and it's going to increase Canada's GDP by 0.003%.

We will now turn to Monsieur Savard-Tremblay for two and a half minutes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Ambassador, last Tuesday we received extremely disturbing information that a bomb had exploded in front of a young girl's home in Lago Agrio. She was involved in a lawsuit to put out the gas flares, which are used by oil companies in their community. One of those companies is Canadian. That's why this case is important to us.

Last week, this young girl also went, along with other activists, to the National Assembly of Ecuador to speak on the issue. They blew the whistle on the authorities that did not apply a court decision in their favour. I assume you're aware of that, given that a tweet from Amnesty International identified you. So you've probably seen it.



What steps will Canada take to defend these young defenders of the Amazon, who are at risk in Ecuador?

[*English*]

**Mr. Stephen Potter:** Yes, I was tagged on that tweet, as I am on many tweets, and we are following up to get more information on the situation.

I can mention, Mr. Chair, that we have, on many occasions, offered to the Ecuadorean government Canadian technology for controlling gas flaring, which we consider to be also an important concern in this country.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** When we talk about accidents in the oil fields, of course it's related to gas flaring. I would remind you that there was a court decision that was not respected. When we talk about a bomb, we are not talking about an accident.

I will ask my question again. I am not just talking about the projects themselves; I am talking about the activists who are involved in such causes.

Will Canada take action to defend the young defenders of the Amazon?

[*English*]

**Mr. Stephen Potter:** We have no concrete measures currently planned, but we do have constant conversations and outreach, including, for example, with the prefect of that province, Sucumbios. We are working closely with him and with the Canadian companies operating in that area, in his area, to ensure good community relations and environmental practices.

• (1755)

**The Vice-Chair (Mr. Kyle Seeback):** We will now turn to Mr. Cannings for our final questions for the day.

Go ahead for two and a half minutes.

**Mr. Richard Cannings:** Thank you. I'll continue along that line.

Just this morning the PSHA, the indigenous group from the Amazon, filed a complaint against Solaris Resources, a Canadian company, with the British Columbia Securities Commission, because they feel that Solaris has been misleading its investors, its shareholders, in its claims about having consent from local people with respect to this mining project.

We have a recent executive decree, number 754, which was designed to get around free, prior and informed consent, but the courts in Ecuador have declared it unconstitutional, stating that under the constitution that consent is required.

We have a situation with the Government of Ecuador right now. We've heard testimony about its being extremely unstable, so I'm just wondering whether this is a good time to even be thinking about negotiating with the Government of Ecuador for a free trade agreement. It seems to be a very fraught time for the people of Ecuador, and there's growing consensus among some people that we are kind of taking advantage of this situation in Ecuador and that it could radically change in the coming months.

I'm just wondering if you could comment on that.

**Mr. Stephen Potter:** My comment would be that the current government of Ecuador—the president, Daniel Noboa—was elected with a strong mandate to lead until May 2025. Also, the assembly members were elected through a free and fair process, which was observed by Canadian and international monitors and determined to be free.

There is a certain level of instability with respect to criminal gangs that have, as you've seen, overrun prisons and launched some attacks, but the government has gotten on top of those issues in the last few weeks, and we hope the situation will hold.

We deal with a democratically elected government.

With respect to some of the other questions that were raised, I would need to correct one point, about decree 754. It was not found by the constitutional court to be interfering with free, prior and informed consent. Instead, the constitutional court defined the difference between an environmental consultation process and a free, prior and informed consent process, and has asked that the assembly create a law on both of these points, both of these issues, rather than just a regulation. In the meantime, it has allowed the regulation to stand for environmental consultations only, which is what two Canadian projects have used, because they're not in indigenous areas.

**The Vice-Chair (Mr. Kyle Seeback):** Ambassador, I gave you an extra minute. We are well over time now.

• (1800)

**Mr. Stephen Potter:** Thank you. There were a lot of questions there.

**The Vice-Chair (Mr. Kyle Seeback):** I want to thank you for coming today and answering the questions. Mr. Foster, thank you as well.

With that, with everyone's consent, I will adjourn the meeting.





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