



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **NON-TARIFF BARRIERS TO TRADE: SOME CANADIAN PERSPECTIVES**

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

**Honourable Judy A. Sgro, Chair**

**DECEMBER 2023  
44th PARLIAMENT, 1st SESSION**

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## **NOTICE TO READER**

### **Reports from committees presented to the House of Commons**

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

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# **THE STANDING COMMITTEE ON INTERNATIONAL TRADE**

has the honour to present its

## **FOURTEENTH REPORT**

Pursuant to its mandate under Standing Order 108(2), the committee has studied non-tariff barriers in Canada's existing and potential international trade agreements and has agreed to report the following:



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# LIST OF RECOMMENDATIONS

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

## **Recommendation 1**

**The Government of Canada, in its trade negotiations, pursue the elimination of non-tariff barriers. The focus should be barriers that are not science-based, that do not achieve a legitimate objective or that are the most trade-restrictive from the perspective of Canadian exporters. In particular, the Government should prioritize enhancing its efforts designed to eliminate non-tariff barriers that limit opportunities for Canada’s small and medium-sized firms. Moreover, the Government should enhance the mandate of Global Affairs Canada’s Trade Commissioner Service so that trade commissioners have a responsibility to work with such firms with the goal of increasing their benefits from Canada’s existing trade agreements. .... 17**

## **Recommendation 2**

**The Government of Canada ensure that the country’s trade agreements contain timely and binding dispute-settlement mechanisms that apply to provisions addressing non-tariff trade barriers. In particular, the Government should review the mechanisms in existing trade agreements to confirm that concerns about sanitary and phytosanitary measures can be resolved quickly. If the review identifies opportunities for stronger mechanisms, the Government should discuss changes with relevant trade partners. .... 17**

## **Recommendation 3**

**The Government of Canada continue with, and enhance, its efforts with trade partners to harmonize regulations and eliminate non-tariff trade barriers. In this regard, the Government should prioritize Canadian sectors that are experiencing—or have the potential to experience—non-tariff barriers with severe adverse impacts, including the agricultural and automotive sectors. .... 17**

**Recommendation 4**

**The Government of Canada be required to monitor agri-food product imports at Canada’s borders to ensure that reciprocity of standards exists and is not only a theoretical objective. This monitoring should occur without negative impacts on the efficiency with which Canada’s international trade occurs. Moreover, the Government should take actions to ensure that the practices and inputs that foreign manufacturers use to produce goods that are imported into Canada do not have negative impacts on the producers of equivalent domestic goods. .... 17**

**Recommendation 5**

**The Government of Canada take actions to preserve its sovereign right to legislate for the common good. As well, in situations where unjustified NTBs are alleged to exist, the Government should engage in meaningful discussions with relevant parties to resolve the issue. .... 18**



# NON-TARIFF BARRIERS TO TRADE: SOME CANADIAN PERSPECTIVES

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## INTRODUCTION

When discussing barriers to international trade, observers often concentrate on tariff and non-tariff provisions in trade agreements. Regarding the latter, either “non-tariff barriers” (NTBs) or “non-tariff measures” (NTMs) or both may be the focus. According to the [World Trade Organization](#) (WTO), “non-tariff barriers” are measures—other than tariffs—that protect domestic producers. The [United Nations Conference on Trade and Development](#) defines “non-tariff measures” as policy measures, other than customs tariffs, that change quantities traded or prices or both, and thereby may affect trade in goods. Some consider NTBs to be equivalent to NTMs, although others believe that NTMs comprise NTBs and a range of other trade-related measures.<sup>1</sup> For example, a 2013 United Nations Conference on Trade and Development [report](#) mentions that the term “NTBs” generally refers to NTMs that are “discriminatory” or “protectionist,” which implies that some NTMs are not NTBs.

NTBs include certain sanitary and phytosanitary (SPS) [measures](#) and some technical barrier to trade (TBT) [measures](#). SPS measures protect human, animal or plant life or health. For example, these measures can restrict substances, ensure food safety, prevent the dissemination of diseases or pests, or address conformity-assessment requirements relating to food safety, including certification, testing, and inspection and quarantine. TBT measures relate to product characteristics, including technical specifications and quality requirements, labelling and packaging requirements in relation to consumer safety and environmental protection, and conformity-assessment requirements regarding such technical requirements as certification, testing and inspection.

On 25 November 2022, the House of Commons Standing Committee on International Trade (the Committee) adopted a [motion](#) to study various issues relating to the impacts of NTBs in Canada, and provisions in the country’s existing and future international trade agreements relating to NTBs. During six meetings held between 27 April and 1 June 2023, the Committee’s witnesses comprised representatives from: 16 trade associations; three Canadian firms; three think tanks; and one civil society organization.

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1 Reflecting the [motion](#) adopted by the House of Commons Standing Committee on International Trade on 25 November 2022, the focus of this report is non-tariff barriers.



As well, three individuals appeared on their own behalf and the Committee received two written briefs: from Innovative Medicines Canada and from Cereals Canada.

This report summarizes NTB-related comments made by witnesses and contained in the briefs. In particular, the first section provides some general views about NTBs and trade agreements. The next four sections identify the impacts of NTBs on certain Canadian sectors—beef, pork and dairy; canola, cereals and pulses; and specific manufactured goods, notably automotive, auto parts and aerospace—and on a particular category of firms—those that are small or medium in size. Witnesses’ desired Government of Canada actions in three areas are then outlined in subsequent sections: negotiating trade agreements; ensuring compliance with relevant trade agreement provisions; and pursuing regulatory cooperation and international collaboration. The final section contains the Committee’s thoughts and recommendations.

Some witnesses highlighted domestic measures that a number of observers would not consider to be an NTB, but that can limit opportunities for Canadian firms. One such measure is domestic regulations concerning bovine spongiform encephalopathy (BSE), or what is commonly known as “mad cow disease.” The [Canadian Cattle Association](#) mentioned that the Government of Canada’s 2003 measures designed to minimize the likelihood of exposure to—and the spread of—BSE are still in force despite the World Organisation for Animal Health’s 2021 recognition of Canada’s “BSE negligible” risk status. According to the Canadian Cattle Association, the cost for Canadian beef producers to comply with those measures, such as the removal of specified risk materials from cattle slaughtered domestically, lead the domestic beef sector to be at a competitive disadvantage when compared to its counterpart in countries that either do not have or do not enforce similar measures. According to the [National Cattle Feeders’ Association](#), Canadian beef producers spend about \$167 per metric ton to dispose of specified risk materials. The [Canadian Cattle Association](#) noted that Japan—Canada’s second-largest beef export market—has removed all domestic BSE-related restrictions.

Other domestic measures that witnesses contended can limit opportunities for Canadian firms relate to dairy tariff rate quotas (TRQs), which have been under review since 2019. According to the [International Cheese Council of Canada](#), domestic policies for allocating and administering TRQs create uncertainty for some domestic firms, have impacts on opportunities to establish long-term relationships with suppliers, and affect the importation of certain dairy products. In particular, the International Cheese Council of Canada underscored that the TRQs for cheese that are allocated to Canadian importers in some of Canada’s trade agreements vary greatly in size from year to year, and advocated a system whereby importers that do not use their TRQ allocations in a given year should relinquish their allocation for the following year. [Tree of Life Canada](#)—a food

products distributor—stated that Canada’s TRQs allocation and administration policies have meant that the firm has not had access to Canada’s TRQs for specialty creams under the WTO since 2016. Furthermore, Tree of Life Canada observed that—from 2016 to 2019—the firm benefitted from a supplementary cream import permit granted by the Minister of Foreign Affairs; however, with the supplementary permit not renewed, the firm was unable to import tariff-free speciality creams between 2019 and 2021. Finally, [Mondo Foods Co. Ltd.](#)—a food products distributor—focused on Canada’s TRQs for cheese imports from the European Union that are allocated to two groups: cheese manufacturers; and cheese retailers and distributors. Mondo Foods Co. Ltd. explained that the TRQs are allocated annually on the basis of market share, with the latter group receiving a higher TRQ, and supported greater transparency in the allocation of cheese TRQs to ensure a “reasonable” continuity of quota amounts from year to year to help firms meet their “contractual commitments” and to ensure “continued viability.”

Not summarized in this report are some other witness comments that were not specifically focused on NTBs, including those relating to amendments to Canada’s patent laws, which were discussed by [Innovative Medicines Canada](#). Moreover, a number of witnesses—including the [Canadian Chamber of Commerce](#), the [Canadian Canola Growers Association](#) and [Ian Laird](#)—made comments about dispute settlement and associated mechanisms, mostly in relation to the WTO’s Appellate Body. As well, certain witnesses provided their views about other trade-related challenges, including small and medium-sized firms’ limited opportunities to access trade financing, and concerns relating to the intellectual property rights of business owners who are Indigenous women. They also drew attention to supply chains, artificial intelligence and public funding for childcare. These witnesses included [Organization of Women in International Trade Ottawa](#) and the [Canadian American Business Council](#). One witness—the [Canadian Nuclear Association](#)—focused on nuclear cooperation agreements and international trade agreements’ definitions of “clean” or “green” energy.

Regarding a number of the trade issues discussed by witnesses that are unrelated to NTBs and thereby are not summarized in this report, the Committee notes some of its earlier work, notably: recent [hearings](#) on Bill C-282, An Act to amend the Department of Foreign Affairs, Trade and Development Act (supply management); the June 2021 report entitled [Reform of the World Trade Organization: Some Canadian Views and Priorities](#); and the June 2019 report entitled [Canada's Small and Medium-Sized Enterprises: Federal Support for their International Trade Activities](#).



## NON-TARIFF BARRIERS TO TRADE AND TRADE AGREEMENTS: GENERAL VIEWS

The [Canadian Centre for Policy Alternatives](#) argued that NTBs are “decades-old issues that no Canadian trade agreement has been able to solve,” and [Pulse Canada](#) underscored that Canadian firms continue to be affected by an increasing number of NTBs in some foreign markets. According to the [Canadian Agri-Food Trade Alliance](#), tariffs could be eliminated in a trade agreement but the existence of NTBs could be equivalent to a 40% tariff.

The [Asia Pacific Foundation of Canada](#) claimed that trade agreement provisions that address NTBs “have expanded over time,” with the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (CPTPP) considered the “global benchmark.” In the Asia Pacific Foundation of Canada’s opinion, trade agreements that limit NTBs restrict governments’ “policy space” to establish domestic regulations that are inconsistent with international trade obligations. The Asia Pacific Foundation of Canada also asserted that harmonizing NTB-related measures under these agreements enhances firms’ market access.

The [Canadian Centre for Policy Alternatives](#) observed that disagreements exist about whether a particular measure is an NTB or is “good public policy.” Providing examples, the Canadian Centre for Policy Alternatives mentioned measures that are aimed at reducing the agricultural sector’s use of pesticides, expanding minimum cage and pen sizes for farm animals, and requiring “front-of-package health labelling” on cigarettes, alcoholic beverages and some food products.

In [Pulse Canada](#)’s view, many NTBs are regulations and technical measures designed to address “legitimate health and safety objectives,” although others “deliberately ... thwart competition and protect domestic producers.” The [Canadian Chamber of Commerce](#) contended that legislation and regulations relating to labour and the environment are “perfectly legitimate,” but should not be used as a “hidden way” of limiting market access.

[CropLife Canada](#) described “the right to legislate” as both “extremely important” and a “basic principle of trade agreements.” However, CropLife Canada also commented that, despite this right, measures implemented by governments should be science-based, with the [Canola Council of Canada](#) asserting that such might not be the case for some measures adopted in response to citizens’ food safety concerns. The [Canadian Canola Growers Association](#) stated that WTO members are working to modernize the *Agreement*

*on the Application of Sanitary and Phytosanitary Measures*, which requires rules concerning food safety, as well as animal and plant health standards, to be science-based.

The [Canola Council of Canada](#) recognized that SPS measures are intended to protect human, animal and plant health, and emphasized that such measures should be: based on international standards; scientifically justified; and the least trade-restrictive as possible. Similarly, the [Canadian Canola Growers Association](#) argued that Canada's trade agreements "indicate that such measures should be based on science, [should] not create an unjustified barrier to trade," and should establish a framework for recognizing equivalency. As well, according to the Canadian Canola Growers Association, jurisdictions have a "sovereign right to enact policies related to human and animal health and the environment."

However, the [Canadian Centre for Policy Alternatives](#) contended that Canada's trade agreements "go far enough, and probably too far, in limiting regulatory and policy space," and suggested that they do so "in ways that impoverish our democracy and the democracies in other countries." In the Canadian Centre for Policy Alternatives' opinion, because trade agreements may have "overly strict rules on how governments are allowed to regulate," a country's trade partners might challenge domestic policies that "serve public health [or] ethics, and social and environmental purposes."

Providing a regional focus, the [Asia Pacific Foundation of Canada](#) highlighted that—over the last 23 years—jurisdictions in the Asia-Pacific region have reported a total of more than 14,000 SPS measures and TBT measures to the WTO, with China having the highest number of NTBs, followed by Japan and South Korea. The [Canada West Foundation](#) noted WTO data showing that—as of 1 June 2023—the United States had the highest total number of SPS measures and TBT measures, at a total of 554 measures, with India, China and Canada having 92, 66 and 60 measures, respectively.

The [Canadian Agri-Food Trade Alliance](#) claimed that, globally, the number of SPS measures increased from 1 million in 2000 to more than 4 million in 2021. The [Canola Council of Canada](#) stated that the number of SPS measures continues to rise as more jurisdictions adopt domestic regulatory systems.

With an agricultural focus, the [Canadian Agri-Food Trade Alliance](#) characterized NTBs as the "most significant" challenge for Canada's international trade in agricultural and agri-food products, and pointed out that Canadian exporters are affected by foreign governments' subsidies and other forms of support, SPS measures, and regulatory and technical requirements. Citing an Organisation for Economic Co-operation and Development study, the Canadian Agri-Food Trade Alliance said that—on average over the 2019–2021 period—jurisdictions provided US\$817 billion annually in government



subsidies and other forms of support to their agricultural sector, with China, the European Union (EU), India, the United Kingdom and the United States providing “the bulk of agricultural subsidies.” The Canadian Agri-Food Trade Alliance contended that SPS measures, as well as regulatory and technical requirements, are a “persistent and costly challenge” for Canadian agricultural and agri-food exporters.

The [Asia Pacific Foundation of Canada](#) suggested that Canada’s Indo-Pacific Strategy will help the country to address NTB-related “challenges,” and “build relationships” with other countries’ importers, with benefits for the country’s agricultural sector. As well, the Asia Pacific Foundation of Canada speculated that, as part of the strategy, Canada will enhance its “diplomatic, trade and commercial presence” in the Indo-Pacific region.

## **NON-TARIFF BARRIERS: BEEF, PORK AND DAIRY**

The [National Cattle Feeders' Association](#) and the [Canadian Pork Council](#) argued that the EU’s and the United Kingdom’s “ban” on the use of peroxyacetic acid to wash cattle and pig carcasses is an NTB, even though this use is an internationally recognized standard procedure “that is completely safe.”<sup>2</sup> The [Canadian Cattle Association](#) described the “rejection of peroxyacetic acid” as the “main” NTB that Canadian beef exporters encounter in those two markets, with the [National Cattle Feeders' Association](#) asserting that these exporters have “little to no access” despite the market access provisions in the Canada–EU *Comprehensive Economic and Trade Agreement* (CETA).

Likewise, the [Canadian Pork Council](#) commented that—notwithstanding CETA—NTBs have limited the increase in Canadian meat exports to the EU market. The [Canadian Pork Council](#) stressed that, even though Canada has “some of the safest food inspection systems in the world,” the EU nonetheless suggests that Canada’s food safety regulations “must be an exact match” to the EU’s regulations. Regarding Canada–United Kingdom trade in pork, which was balanced in terms of volume in 2019, the [Canadian Pork Council](#) pointed out that—in 2022—Canada imported about 1.2 million tonnes of pork from the United Kingdom and exported 13,000 tonnes to that country. According to the Canadian Pork Council, the decrease in the volume of Canadian pork exports to the United Kingdom from 2021 to 2022 was a result of NTBs, particularly that country’s requirement for trichinosis testing for indoor-reared pigs.

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2 Peroxyacetic acid is an antimicrobial product used in slaughter facilities. [Health Canada](#) has approved its use for washing cattle and pig carcasses. As well, the [European Food Safety Authority](#) has determined that the use of peroxyacetic acid to reduce contamination from pathogens on “poultry carcasses and meat” is safe.

Concerning dairy products, [Mondo Foods Co. Ltd.](#)—a food products distributor—focused on Canada’s TRQs for cheese imports from the EU under CETA that are allocated to two groups: cheese manufacturers; and cheese retailers and distributors, with the [International Cheese Council of Canada](#) stating that the TRQs for cheeses that are allocated to Canadian importers under that agreement vary in size annually, changing “from hundreds of thousands of kilo[grams] in one year to barely 10,000 kilo[grams] in another.” [Tree of Life Canada](#)—a food products distributor—underlined that the CPTPP gives distributors of dairy products access to less than 10% of the total cream TRQs that Canada provides under that agreement.

## **NON-TARIFF BARRIERS: CANOLA, CEREALS AND PULSES**

The [Canadian Canola Growers Association](#) indicated that, despite the removal of tariffs on canola that occurred with CETA’s provisional application, Canadian canola exporters continue to experience uncertainty in the EU market because of non-scientific requirements for crop protection products, delayed approvals for crop varieties derived using biotechnology and differing environmental protection approaches. The [Canola Council of Canada](#) noted that these exporters encounter similar challenges in Mexico and Pakistan, with the latter having restricted imports of genetically modified crops since fall 2022.

In the [Canola Council of Canada](#)’s view, the consequences of jurisdictions’ different regulatory processes “are pernicious when it comes to a globally traded commodity like canola.” According to the Canola Council of Canada, because many jurisdictions have not yet clarified the regulatory status of crop varieties developed using gene editing or other new breeding techniques, there is “significant [regulatory] misalignment” across jurisdictions regarding biotechnology traits.

The [Canadian Canola Growers Association](#) underscored the negative impacts on Canadian canola exporters of some jurisdictions’ “zero tolerance” for genetically engineered canola and delays in approving products derived using biotechnology. Moreover, the Canadian Canola Growers Association contended that Canadian canola producers must make a choice: be able to access foreign markets; or adopt innovative technologies.

In a [brief](#) submitted to the Committee, Cereals Canada suggested that the NTBs experienced by Canadian wheat exporters in Italy, Mexico and Viet Nam hinder trade, limit market access and increase production costs. The brief drew attention to Italy’s mandatory country-of-origin labelling for durum products, with this requirement leading to “additional segregation, tracking and packaging costs.” As well, the brief asserted that



Viet Nam’s 2019 decision to add creeping thistle to its list of prohibited pests limits Canadian wheat exports to that country due to the presence of thistle seeds. According to the brief, because of this trade restriction, the volume of Canadian wheat exports to Viet Nam decreased from 375,000 metric tonnes in 2019 to 20,000 metric tonnes in 2022.

[Cereals Canada](#) said that pursuing the elimination of tariffs on cereals “in the relatively small number of markets where these tariffs still exist” is helpful, but argued that— notwithstanding Canada’s rising number of trade agreements—NTBs are restricting Canadian cereal exporters’ market access in certain jurisdictions and thereby limiting the potential gains from those agreements.

[Pulse Canada](#) contended that NTBs are the “biggest roadblock” to increasing Canadian pulse exports. In Pulse Canada’s opinion, such NTBs as “unpredictable and technically unjustified” SPS measures continue to exist in “large pulse-importing markets like India,” and a quantitative import restriction has “effectively closed off” Canadian pea exports to that country, which was Canada’s largest foreign market for that product.

Furthermore, [Pulse Canada](#) underscored that, over the past five years, Canadian pulse exporters have experienced an increase in the number of NTBs in markets other than India, including “abrupt import bans” in Nepal and Sri Lanka, “fumigation requirements” in Pakistan and “unjustified wheat seed requirements” in Viet Nam. According to Pulse Canada, these NTBs occur in countries with which Canada has a trade agreement, including some CPTPP signatories.

Discussing a regulation that the EU adopted on 7 March 2023 that will permit environmental concerns to be addressed through changes to maximum residue limits for pesticides, [CropLife Canada](#) asserted that the implementation of such changes could “undermine the entire global agricultural trading system.” Moreover, CropLife Canada observed that Canada and the EU are members of the Codex Alimentarius Commission, which establishes science-based and internationally recognized food safety standards. CropLife Canada argued that the EU’s unilateral ability to make changes to maximum residue limits disregards the scientific process used to evaluate pesticides and “directly contradict[s] the international consensus” concerning the use of such products.

As well, [CropLife Canada](#) claimed that the EU’s adoption of a regulation that would allow maximum residue limits for pesticides to be changed could limit Canadian agricultural exporters’ access to the EU market. [Pulse Canada](#) expressed concerns that the EU’s ability to change these limits is potentially an NTB for Canadian pulse exporters. In [CropLife Canada](#)’s view, because both CETA and the WTO require regulatory measures to be science-based, the EU could violate its international trade obligations if it makes changes to the limits.

## NON-TARIFF BARRIERS: SELECTED MANUFACTURED GOODS

[Global Automakers of Canada](#) mentioned a “need to be constantly vigilant” concerning any NTBs that affect Canadian automobile exports to the United States, which is the destination for about 85% of the value of Canadian-manufactured automobiles. In particular, [Global Automakers of Canada](#) described the subsidies that the United States is providing through the *Inflation Reduction Act of 2022* as potential NTBs.

The [Canadian Vehicle Manufacturers’ Association](#) characterized the United States’ rules of origin for automobiles and auto parts as an NTB. Noting that Canada and Mexico were successful in their dispute under the *Canada–United States–Mexico Agreement* (CUSMA) regarding these rules of origin, the Canadian Vehicle Manufacturers’ Association stated that—as of May 2023—the United States had not modified these rules, as required by the dispute-settlement panel’s decision.

Focusing on the first six-year review of CUSMA’s operation, the [Canadian Vehicle Manufacturers’ Association](#) claimed that a decision in 2026 by the CUSMA signatories to not renew the agreement following that review would “constitute a major [NTB]” for Canada’s automotive sector because the country’s access to the U.S. market would not be guaranteed.<sup>3</sup>

The [Canadian Vehicle Manufacturers’ Association](#) speculated that hundreds of thousands of automobile sector jobs in Canada “depend on” vehicle safety and emissions standards that are the same in Canada and the United States, with the [Automotive Parts Manufacturers’ Association](#) describing the alignment of the two countries’ automotive regulations as “extremely important.”

The [Canadian Vehicle Manufacturers’ Association](#) asserted that Canada’s trade agreements with Japan and South Korea have not addressed those countries’ “long-standing” NTBs that are affecting automobiles imported from North America. The [Automotive Parts Manufacturers’ Association](#) highlighted Japanese taxes based on a vehicle’s dimensions, weight and engine displacement, estimating that these taxes total 105,000 yen annually for such Canadian-manufactured automobiles as Dodge Challengers and Chargers, as well as Chrysler 300s, an amount that is higher than taxes totalling 79,000 yen annually for a “Japanese domestic market Nissan Maxima with a base engine.”

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3 The *Canada–United States–Mexico Agreement* (CUSMA) must be reviewed in 2026 and every six years thereafter. CUSMA will terminate in 2036 unless—as part of the 2026 review, or at any time after the completion of the review but before CUSMA’s termination—each signatory provides written confirmation that the agreement will continue until 2052.



Moreover, the [Automotive Parts Manufacturers' Association](#) pointed out that fuel prices in Japan are 40 cents per litre higher than in Canada due to taxes and other factors, and suggested that the relatively higher Japanese fuel price is an NTB because Canadian automobiles are less fuel-efficient—and thereby more costly to operate—than Japanese automobiles.

Claiming that certain regulations affecting the aerospace sector “add to the complexities of the global trade environment,” [Magellan Aerospace Corporation](#)—a supplier of engineered aerospace products and services—said that Government of Canada actions to address NTBs are vital for the firm’s growth and continued success.

## **NON-TARIFF BARRIERS: SMALL AND MEDIUM-SIZED FIRMS**

The [Asia Pacific Foundation of Canada](#) argued that Canadian and Asian micro, small and medium-sized firms “often lack the resources to comply with NTBs,” which affects their ability to export to new markets. Similarly, the [Canadian Agri-Food Trade Alliance](#) contended that Canadian firms that are small or medium in size may have limited access to foreign markets because they “generally do not have the resources” needed to comply with SPS measures, and other regulatory and technical requirements.

According to [Stewart Beck](#), a former federal assistant deputy minister for international business, development, innovation and investment who appeared as an individual, small and medium-sized firms “lack the resources to navigate complex regulatory environments.” The [Canadian American Business Council](#) asserted that certain administrative and regulatory requirements have “a disproportionate impact” on these firms and entrepreneurs.

Noting that firms owned by women tend to be small in size, [Organization of Women in International Trade Ottawa](#) claimed that it is difficult for small and medium-sized firms to benefit from trade agreements because they and/or their foreign suppliers do not understand certain provisions in such agreements, such as complex rules of origin.

## **ACTION: NEGOTIATE TRADE AGREEMENTS**

[Pulse Canada](#) emphasized the importance of addressing NTBs through trade negotiations and the implementation of trade agreements, and the [Canadian Pork Council](#) stated its desire for Canada to negotiate trade agreements that allow “as few [NTBs] as possible.” The [Asia Pacific Foundation of Canada](#) argued that Canada should negotiate provisions that “balanc[e] the legitimate use [of NTBs] with concerns about their use as a protectionist measure.”

Cereals Canada's [brief](#) urged the Government of Canada to negotiate trade agreement provisions that limit signatories' ability to adopt NTBs and that ensure scientific assessments that are risk-based. Likewise, the [Canola Council of Canada](#) asserted that the Government should prioritize provisions that are science-based. [CropLife Canada](#) advocated provisions that would limit the use of NTBs and ensure that settlement mechanisms can be applied to these provisions.

[Stewart Beck](#) contended that it is "crucial" for Canada to reduce or eliminate NTBs. [He](#) characterized the CPTPP as the "gold standard of agreements," and encouraged the Government of Canada to replicate that agreement as Canada negotiates with jurisdictions in the Asia-Pacific region. [Pulse Canada](#) claimed that, during their trade negotiations, Canada and India should work together to ensure that their SPS measures are science- and risk-based, and do not impede trade in agri-food products.

The [Canadian Cattle Association](#) expressed concerns that the United Kingdom will accede to the CPTPP without meeting the SPS-related requirements imposed on the other signatories, with the [Canadian Agri-Food Trade Alliance](#) asking the Government of Canada to address—through bilateral negotiations or discussions—NTBs that affect Canada's beef exports to the United Kingdom.

The [Canadian Canola Growers Association](#) argued that Canada's future trade agreements should have agricultural biotechnology provisions that are identical to those in the CPTPP and CUSMA. Similarly, [CropLife Canada](#) asserted that future agreements should both contain such provisions and address "trade issues related to differences in pesticide regulations."

[Ian Laird](#), a lawyer who appeared as an individual, contended that the Government of Canada should enhance its collaboration with Canadian firms to ensure awareness about "the exact issues at stake" when addressing NTBs during trade negotiations.

The [Canadian Pork Council](#) claimed that the Government of Canada could encourage foreign governments to reduce their NTBs by reminding those governments that Canada "ha[s] some ideas of barriers we could use in response."

Finally, [Omar Allam](#)—an international trade consultant who appeared as an individual—mentioned that, during negotiations for "strategic trade and economic partnership agreements," Canada could ask a potential trade partner to eliminate an NTB in exchange for a Canadian commitment to "fast-track" the approval of "foreign takeovers" or "investments in critical infrastructure projects."



## **ACTION: ENFORCE COMPLIANCE WITH TRADE AGREEMENT PROVISIONS**

In [Ian Laird](#)'s view, Canada's trade agreements "absolutely need dispute-resolution provisions" because NTBs give rise to trade disputes. Likewise, [Pulse Canada](#) argued that the Government of Canada should address NTBs by ensuring that its trade agreements have effective dispute-settlement mechanisms, and [Cereals Canada](#) suggested that—during trade agreement negotiations—the Government should pursue provisions that ensure the "timely" settlement of NTB-related disputes in a "binding" manner. The [Canadian Vehicle Manufacturers' Association](#) emphasized the importance of ensuring that all of Canada's current and future trade agreements have "functional" mechanisms.

[CropLife Canada](#) mentioned that all trade agreements to which Canada is a signatory should include dispute-settlement mechanisms that can be used to enforce NTB-related provisions, including those relating to SPS measures and TBT measures. Similarly, the [Canada West Foundation](#) asserted that such mechanisms should apply to SPS measures.

Claiming that the WTO's system for notifying members about proposed NTB measures is "quite effective at diffusing problems before they end up before a dispute settlement panel," the [Canadian Centre for Policy Alternatives](#) contended that the WTO provides Canada with "appropriate venues" for addressing differences with other countries regarding TBT measures, food standards and other trade-related policies.

According to the [Canadian Canola Growers Association](#), once a trade agreement enters into force, the Government of Canada should have a strategy and "dedicated resources" to ensure full implementation and compliance, especially with the agreement's provisions relating to SPS measures and TBT measures.

Finally, in the [Canadian Chamber of Commerce](#)'s opinion, Canada's trade commissioners need to "call out"—on a consistent basis—NTBs that "are being used unfairly," and ensure that foreign regulators prioritize meetings with their Canadian counterparts, who can then explain how Canada's products "meet the spirit of local requirements."

## **ACTION: PURSUE REGULATORY COOPERATION AND INTERNATIONAL COLLABORATION**

The [Canadian Chamber of Commerce](#) suggested that the Government of Canada should ensure that "regulatory co-operation groups" are included in Canada's trade agreements. Providing examples of such groups, the [Canadian Chamber of Commerce](#)

drew attention to CETA's mechanisms—including a forum and numerous committees—that enhance regulatory cooperation among the signatories.

Recognizing the efforts of the Canada–United States Regulatory Cooperation Council to ensure that rules and regulations that affect bilateral trade are aligned, whenever possible, while protecting the health and safety of Canadian and U.S. residents and the environment, the [Canadian American Business Council](#) called on the Governments of Canada and the United States to “redouble” their “regulatory harmonization” efforts. Moreover, the Canadian American Business Council claimed that governments must address “counterproductive regulatory redundancy” for the benefit of the public sector, firms and “everyday Canadians and Americans.”

The [Canadian Vehicle Manufacturers' Association](#) requested that the Government of Canada should maintain the country's “alignment with the United States” regarding automotive regulations. Likewise, [Global Automakers of Canada](#) argued that Canada would benefit from continued alignment of Canadian and U.S. automotive policies, rules and regulations.

Moreover, the [Canadian Chamber of Commerce](#) contended that Canada could reduce or eliminate NTBs in the Mercosur countries by negotiating a trade agreement that includes “good regulatory co-operation.” As well, the [Canadian Chamber of Commerce](#) asked the Government of Canada to “try to focus on regulatory cooperation” in its trade negotiations with India.

Drawing attention to the proposed Indo-Pacific agriculture and agri-food office announced as part of the 2022 Indo-Pacific Strategy, and advocating for the establishment of similar offices in such other jurisdictions as Europe and South America, [Cereals Canada](#) predicted that “[s]ustained in-region relationships” between Canadian regulators and their foreign counterparts will “build trust and lines of communication that can pre-empt the use of NTBs and help resolve regulatory misalignments.” Similarly, [Pulse Canada](#) and the [Canola Council of Canada](#) asserted that the proposed Indo-Pacific office could help to support “regulatory and technical capacity building” in that region.

Furthermore, according to [Cereals Canada](#), “persistent government-to-government engagement and industry-to-industry advocacy” are among the best options for addressing NTBs that affect Canadian cereals exporters. Highlighting the benefits of such advocacy, Cereals Canada's [brief](#) pointed out that, in 2019, Canadian agricultural producers, Peruvian millers and the Government of Canada “established a protocol” that addressed Peru's restrictions on imports of Canadian cereal products.



[CropLife Canada](#) asked the Government of Canada to “engage at all diplomatic levels to make Canada's objection to the EU's unilateral approach to ... setting [maximum residue limits] clear and unequivocal.”

## THE COMMITTEE'S THOUGHTS AND RECOMMENDATIONS

Some NTBs—including certain SPS measures and some TBT measures—have significant negative effects on Canada's international trade. Among their other impacts, NTBs can be “disguised protectionism,” can limit market access for Canadian firms, and can require these firms to commit significant time and other resources to ensure compliance with NTB-related requirements.

When negotiating trade agreements, countries often attempt to reduce—if not eliminate—NTBs. The Committee observes that addressing NTBs is among the priorities pursued by Canada's officials who negotiate new trade agreements or changes to existing trade agreements. At present, negotiations are occurring with a number of jurisdictions, and one goal should be the elimination of NTBs. Those that are not eliminated should be science-based, should not be arbitrarily applied or constitute a disguised trade barrier, and should meet legitimate public policy objectives, such as protecting human, animal or plant life and health.

After a trade agreement is signed, governments, firms and others often focus on implementing the agreement and ensuring that the signatories comply with the agreement's provisions, including those relating to NTBs. In this context, the Committee recognizes the importance of processes that can be used to resolve differences among the signatories. Timely and binding dispute-settlement mechanisms in all of Canada's current and future trade agreements are instrumental in preventing the country's trade partners from maintaining NTBs that negatively affect Canadian exporters.

Canada has a long history of working with trade partners to harmonize regulations, including those that affect the country's agricultural and automotive sectors, and has a demonstrated commitment to collaborating with foreign counterparts to eliminate NTBs. The Committee acknowledges that not all regulations are NTBs, and that some exist for legitimate purposes. That said, foreign regulations can have negative impacts on Canadian exporters, including because of associated costs and uncertainties. Discussions that Canadian policy makers, regulators, firms and other stakeholders have with their foreign counterparts can lead to both harmonized regulations and an understanding that regulatory differences across jurisdictions can have the same desired outcomes.

In light of the foregoing, the Committee recommends that:

### **Recommendation 1**

**The Government of Canada, in its trade negotiations, pursue the elimination of non-tariff barriers. The focus should be barriers that are not science-based, that do not achieve a legitimate objective or that are the most trade-restrictive from the perspective of Canadian exporters. In particular, the Government should prioritize enhancing its efforts designed to eliminate non-tariff barriers that limit opportunities for Canada's small and medium-sized firms. Moreover, the Government should enhance the mandate of Global Affairs Canada's Trade Commissioner Service so that trade commissioners have a responsibility to work with such firms with the goal of increasing their benefits from Canada's existing trade agreements.**

### **Recommendation 2**

**The Government of Canada ensure that the country's trade agreements contain timely and binding dispute-settlement mechanisms that apply to provisions addressing non-tariff trade barriers. In particular, the Government should review the mechanisms in existing trade agreements to confirm that concerns about sanitary and phytosanitary measures can be resolved quickly. If the review identifies opportunities for stronger mechanisms, the Government should discuss changes with relevant trade partners.**

### **Recommendation 3**

**The Government of Canada continue with, and enhance, its efforts with trade partners to harmonize regulations and eliminate non-tariff trade barriers. In this regard, the Government should prioritize Canadian sectors that are experiencing—or have the potential to experience—non-tariff barriers with severe adverse impacts, including the agricultural and automotive sectors.**

### **Recommendation 4**

**The Government of Canada be required to monitor agri-food product imports at Canada's borders to ensure that reciprocity of standards exists and is not only a theoretical objective. This monitoring should occur without negative impacts on the efficiency with which Canada's international trade occurs. Moreover, the Government should take actions to ensure that the practices and inputs that foreign manufacturers use to produce goods that are imported into Canada do not have negative impacts on the producers of equivalent domestic goods.**



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### **Recommendation 5**

**The Government of Canada take actions to preserve its sovereign right to legislate for the common good. As well, in situations where unjustified NTBs are alleged to exist, the Government should engage in meaningful discussions with relevant parties to resolve the issue.**

## APPENDIX A LIST OF WITNESSES

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

Organizations and Individuals	Date	Meeting
<b>Automotive Parts Manufacturers' Association</b> Flavio Volpe, President	2023/04/27	60
<b>Canadian Centre for Policy Alternatives</b> Stuart Trew, Senior Researcher	2023/04/27	60
<b>Mondo Foods Co. Ltd.</b> Tom De Nardi, President	2023/04/27	60
<b>Organization of Women in International Trade</b> Nathalie Bradbury, President, OWIT Ottawa	2023/04/27	60
<b>Canadian Chamber of Commerce</b> Michael Harvey, Vice-President, Policy and International	2023/05/01	61
<b>Canadian Nuclear Association</b> George Christidis, Vice-President, Government Relations and International Affairs	2023/05/01	61
<b>Global Automakers of Canada</b> David Adams, President	2023/05/01	61
<b>Tree of Life</b> Lisa MacNeil, President	2023/05/01	61
<b>As an individual</b> Stewart Beck	2023/05/04	62
<b>Canadian Agri-Food Trade Alliance</b> Dave Carey, Treasurer Adam Taylor, Executive Director	2023/05/04	62

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Canadian Cattle Association</b> Jack Chaffe, Foreign Trade Chair Dennis Laycraft, Executive Vice-President	2023/05/04	62
<b>International Cheese Council of Canada</b> Joe Dal Ferro, Chair Patrick Pelliccione, Vice-Chair	2023/05/04	62
<b>As an individual</b> Ian Laird, Lawyer	2023/05/08	63
<b>Asia Pacific Foundation of Canada</b> Jeff Nankivell, President and Chief Executive Officer	2023/05/08	63
<b>Canadian Vehicle Manufacturers' Association</b> Brian Kingston, President and Chief Executive Officer	2023/05/08	63
<b>National Cattle Feeders' Association</b> Will Lowe, Chair of Board of Directors Janice Tranberg, President and Chief Executive Officer	2023/05/08	63
<b>Pulse Canada</b> Mac Ross, Director, Market Access & Trade Policy	2023/05/08	63
<b>Canadian American Business Council</b> Maryscott Greenwood, Chief Executive Officer	2023/05/15	65
<b>Canadian Canola Growers Association</b> Dave Carey, Vice-President, Government and Industry Relations Janelle Whitley, Senior Manager, Trade and Marketing Policy	2023/05/15	65
<b>Canadian Pork Council</b> Stephen Heckbert, Executive Director René Roy, Chair	2023/05/15	65
<b>Canola Council of Canada</b> Chris Davison, Vice-President, Stakeholder and Industry Relations	2023/05/15	65

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Cereals Canada</b> Mark Walker, Vice-President, Markets and Trade	2023/05/15	65
<b>As an individual</b> Omar Allam	2023/06/01	68
<b>Canada West Foundation</b> Carlo Dade, Director, Trade and Investment Centre Sharon Zhengyang Sun, Trade Policy Economist, Trade and Investment Centre	2023/06/01	68
<b>CropLife Canada</b> Émilie Bergeron, Vice-President, Chemistry Gregory Kolz, Vice-President, Government Affairs	2023/06/01	68
<b>Magellan Aerospace Corporation</b> Rushi Ghadawala, Manager, Business Development	2023/06/01	68



## APPENDIX B LIST OF BRIEFS

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

**Cereals Canada**

**Innovative Medicines Canada**



# REQUEST FOR GOVERNMENT RESPONSE

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

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 60-63, 65, 68, 76 and 86](#)) is tabled.

Respectfully submitted,

Hon. Judy A. Sgro  
Chair

