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Chair

The Honourable Mark Eyking

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• (1605)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Good afternoon, everyone.

Before I start with the minister, I would just like to let the rest of the committee know we had a very successful trip to the western United States, and I have to thank the clerk and the analysts here for pulling that trip together. It was a very busy, active, productive trip, and I have to thank committee members for keeping up with the pace.

We definitely had the Canadian flag flown down there for us. It was a good interaction, and I hope that continues when we travel to the rest of the United States. So thank you, everybody, for being cooperative, and again, thanks to the people who organized it.

Minister, welcome.

Thank you for taking the time to come here. As I told you, this is the most vibrant, hard-working, influential, and handsome committee on the Hill.

Hon. François-Philippe Champagne (Minister of International Trade): You're taking words from my speech, Mr. Chair.

The Chair: Anyway, welcome, Minister.

Also, Minister, I'd like to comment on the great work your parliamentary secretary is doing to keep us informed of what you're doing and keeping us all together here too. So thank you, and without further ado, because we're starting late today—

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): We're starting right after the bells.

The Chair: Okay, we're good to go.

So, Minister, thank you for coming. Thank you for all the work you're doing, and the floor is yours, sir.

Hon. François-Philippe Champagne: Thank you very much, Mr. Chair.

[Translation]

Honourable members, I'm happy to be here with you for the first time.

[English]

This is my first of, I hope, many such appearances before your committee. I think, when it comes to trade, we have to act as one

team, and I really want to thank the committee for the tremendous work you've been doing over the last 13 months. Really, I have heard from different members of this committee, Mr. Chair, of all the work you've been doing on behalf of Canadians, and I really want to commend you. You've travelled and you've listened to Canadians, and I very much look forward to reading the report.

In particular, I want to thank you for the extensive consultations the committee undertook during your study on the Trans-Pacific partnership, and I'll be happy, dear colleagues, to answer any questions following the meeting we had in Chile, as I mentioned today in question period. I look forward to reading your full report on this study. I commend you for undertaking that. It's important to hear the views of Canadians, and I hope that we will continue to engage together in this endeavour. Your diligent work on that important file will no doubt inform and guide the government's trade efforts in the Asia-Pacific region in our pursuit of a truly progressive trade agenda in the years to come.

Clearly, if I may say, Mr. Chair, Asia-Pacific is and will remain a key pillar of our trading relationship. I want say that to each and every one of you who took time away, probably also from your families and your other travels, to have undertaken that.

[Translation]

Given what's happening in the world, the work we're doing on behalf of Canadians is more important than ever. Canada's participation in international trade is vital to the entire nation's prosperity. Canada has always been a trading nation.

Exports are key to our economy. They contribute to growth and productivity, and they help create jobs across the country and in each of our constituencies.

Overall, exports represent about 30% of Canada's GDP. Approximately one in six Canadian jobs depends directly or indirectly on our export activities.

[English]

Mr. Chair, this is to say that Canada represents about 0.5% of the world's population and about 2.2% of world trade, so we are a nation dependent on trade, and that's why the work of this committee and our officials... I'd like to thank the deputy minister, the parliamentary secretary, all members of this House, and this committee. What we're doing is extremely important in the lives of Canadians.

This is why we believe that trade and investment means growth for our businesses and the economy, and growth in turn means well-paying jobs for the middle class and those obviously working hard to join it.

[*Translation*]

We know this is true, as a result of the dramatic improvement in standards of living since the Second World War, in both developed and developing countries. Free and open trade in recent decades have played an important role in this regard.

We also know these advantages haven't benefited everybody to the same extent, and we're seeing the results today. With this in mind, we need to take the legitimate concerns of our citizens seriously, and take concrete action.

[*English*]

As Prime Minister Trudeau said in Hamburg recently, "it's time to realize that this anger and anxiety we see washing over the world is coming from a very real place. And it's not going away."

We need to do everything we can to ensure that the benefits of trade are more widely and equitably shared. Failure to do so will only strengthen the forces of protectionism and embolden those opposed to freer and more open trade.

[*Translation*]

That's why Canada is establishing a progressive trade program with its partners in the country and abroad.

What does "progressive trade" mean?

Progressive trade means ensuring that all segments of society can take advantage of opportunities flowing from trade and investment, while focusing in particular on women, indigenous peoples, youth and SMEs.

• (1610)

[*English*]

Progressive trade means codifying these principles in dedicated chapters with trade agreements or the modernization of existing ones. For example, it means adding a chapter on gender, including parity, pay equity, and gender-based risk assessments. These are concrete and real steps we can take to put our trade agenda on a more progressive footing.

This is not just the right thing to do; it's also essential for economic growth and prosperity. SMEs, including those owned by women, youth, and indigenous peoples, are the dynamos of our economies and the lifeblood of our communities.

In Canada, for example, SMEs account for virtually all Canadian businesses, and employ 90% of our private sector workforce. But only a small percentage of these businesses export. Under our progressive or middle-class trade agenda, we are putting their needs and aspirations and those of all non-traditional business owners and entrepreneurs front and centre, to help them reach their full export potential.

[*Translation*]

In addition, progressive trade means showing openness and transparency, and maintaining an ongoing dialogue with civil society and a wide range of stakeholders.

It also means ensuring that trade agreements include strong provisions in important areas such as workers' rights, gender equality and environmental protection, and reinforce the continued right of governments to regulate in the public interest.

[*English*]

In short, it's about efforts that help ensure international trade works for businesses and citizens alike—that it works for people.

Our government stands for these progressive values, and is promoting them in the Commonwealth, at the G7, the G20, the WTO, and elsewhere.

I may add that everywhere I go, I talk about our progressive trade agenda, and I can tell you, it does make a difference. Canada is recognized around the world as a leader in rules-based, principled trade, and that's what makes Canada so special.

[*Translation*]

An example of the implementation of progressive trade is the recent entry into force of the WTO's Trade Facilitation Agreement, or TFA. The benefits of this agreement are expected to be the most significant for developing countries and SMEs, for which trade costs are excessive.

The WTO estimates that the full implementation of this agreement could reduce trade costs by an average of over 14%, and boost the value of global merchandise exports by up to \$1 trillion. Up to \$730 billion of that amount would benefit developing countries.

According to the World Bank, up to 10 million women business owners in the developing world could benefit from efforts to allow SMEs to become more competitive from an export perspective.

These are the accomplishments that we must share and the results we should try to achieve together.

[*English*]

Canada looks forward to working with the developing countries to fully implement their commitments under the TFA, including through the Global Alliance for Trade Facilitation. Canada is a co-founder of the alliance, which was launched in December 2015. As a platform for leveraging public and private sector expertise, leadership, and resources, the alliance helps developing country members of the WTO implement commercially meaningful TFA-related reforms.

Canada also looks forward to the provisional application of our modern, progressive free trade agreement with the EU, otherwise referred to as CETA. This agreement represents a landmark initiative towards ensuring our country's prosperity. We have negotiated market access and improved conditions for trade that go beyond NAFTA. But more importantly, we have done so in a progressive and responsible manner. This agreement will help to generate much needed growth in jobs, while fully upholding Canada's and Europe's standards in areas like food safety, environmental protection, and workers' rights.

I think, Mr. Chair, this is something we should all be proud of as Canadians. This was an agreement that was crafted more than 10 years ago; many people have worked on making this a reality for Canadians. As I've said, of the many places in the world, this is the right deal at the right time for the world.

● (1615)

[Translation]

Also, CETA will open opportunities for Canadian businesses in the European Union's \$3.3 trillion government procurement market. Let me add, Mr. Chair, that it will also provide access to a market of over 510 million consumers.

Once the agreement enters into force, Canadian businesses will be able to supply goods and select services to all levels of the European Union government, including the European Union's 28 member states and thousands of regional and local government entities.

CETA will also offer consumers lower prices and more choices. It will benefit workers by helping to create better quality jobs related to exports. It will also benefit our businesses, regardless of their size, by helping to reduce costs resulting from the elimination of tariff and non-tariff trade barriers.

[English]

The Canada-Ukraine Free Trade Agreement that was just completed also included several key progressive elements. These elements will help ensure that as we deepen our trade relationship with Ukraine, the economic gains are achieved while promoting Canadian values and priorities. For example, the agreement includes comprehensive commitments on labour and environment in dedicated chapters. These chapters are high standard and provide strong protections, including mechanisms for any citizen to raise trade-related concerns in either of these areas and, if necessary, a dispute resolution process.

The agreement also includes anti-corruption provisions that oblige Canada and Ukraine to adopt or maintain legislation on anti-corruption, and these are also subject to dispute settlement mechanisms for use in the event of a perceived violation.

[Translation]

CETA—

[English]

The Chair: I don't want to interrupt you. Do you have much left, because we're concerned about getting our questions in?

Hon. François-Philippe Champagne: Mr. Chair, if you want me to stop there, but I'd like—

The Chair: Just round it up—

Hon. François-Philippe Champagne: If you leave me about another three to five minutes, I'm willing to extend the time so that every member can ask their questions. The last part is talking about Asia and what we've been doing. If the committee, obviously...

The Chair: Okay, if you're going to stay longer, go ahead, sir.

Hon. François-Philippe Champagne: I'm happy to stay another five minutes if I take five minutes more. I'd like to share with the committee what we've been doing in the last 100 days.

The Chair: That's good. Go ahead.

[Translation]

Hon. François-Philippe Champagne: CETA, the Canada-Ukraine Free Trade Agreement and the WTO's TFA show that progressive trade agreements can be secured on both a bilateral and multilateral basis. Canada is proud to participate in these agreements, which place the middle class and those working hard to join it at the heart of the trade program.

[English]

In other words, we need to make trade real for people, consumers, workers, and exporters across our country, because we all know that trade means growth and growth means jobs. In the coming months, I will continue to pursue my mandate on two important fronts that I'd like to share with the committee.

First, I will continue my work on trade negotiations. None of the benefits of trade that we celebrate will be available to Canadians in the absence of a rules-based approach to trade. Second, but no less important, I will continue to promote trade. Canadian businesses are among the best in the world, and it is my task to promote them across the globe. I know that a number of members of the committee have done likewise, and I'd like to thank them for that.

As the chief marketing officer of Canada, I will continue to push Canadian talents to buyers and investors abroad. I will also work to ensure that Canadians know what opportunities are available to them. I'm engaged constantly with our trade commissioner service to ensure that Canadian companies both small and large get the assistance they need to get their products to market.

By the end of next week, it will have been 100 days since I was appointed Minister of International Trade. It has been a busy and exciting journey so far. I have travelled to India to advance the case for Canadian pulps. I met with key ministers in Qatar to explore new opportunities for commercial investment in Canada. In Dubai, I promoted Canada as a strategic destination for investment and financial growth. I met with the minister of youth, and invited her to meet with the youth council of our Prime Minister to make sure that we start building these relationships between our two countries.

In Sydney, Australia, I reiterated and expanded on our commitment to support more women entrepreneurs in trade. In Chile, I reaffirmed my desire to have free trade and preferential access for Canadian exporters throughout the Asia-Pacific region. In Mexico, I met with my trade counterpart to explore the opportunities that Canada and Mexico can foster through working together.

These are just to name a few. In the interest of time, I'm happy to finish there, and engage with the members of the committee in what we have done in the last 100 days. Let me just finish by saying that I am grateful for the invitation, grateful to be working with all of you. I think that together we can achieve a lot. Trade is something that touches every Canadian, touches every region of our country, touches every riding in our nation. I'm pleased to see the work you've done because when we are out there, we are Team Canada.

Thank you, Chair.

• (1620)

The Chair: Thank you, Minister.

I've got six slots, three Liberals, two Conservatives, and an NDP member. If we can, we'll keep going as long as the minister can.

We'll try to keep to five minutes to keep it tight. We're going to start off with the Conservatives and Mr. Hoback.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, and thank you, Chair, and Minister, great to see you here.

You'll find that this committee is a very well-functioning committee, well-behaved. We work well together, and we plan to continue doing that.

I do have some concerns in regard to NAFTA, to the renegotiated NAFTA that's coming forward. I know that the U.S. isn't your file, but Mexico is your file. I also have concerns in China, because there seems to be a progression to renew a trade deal with China at the same time as trying to do NAFTA. Because of the delink between you not being involved in the U.S. file, the understanding is that moving forward into China could actually have negative implications with our number one trading partner, the U.S. Have you taken that into consideration?

The other thing I want to draw to your attention is an article that came out in *The Globe and Mail* today. Robert Fife and Steven Chase are talking about a survey they have done where 88% of Canadians aren't comfortable with the prospects of deeper economic ties with China. They're talking specifically about state trading enterprises and giving them unfettered access to the Canadian market. The other concerns of course are democracy and human rights.

When we did a trade deal with Honduras, for example, democracy and human rights were front and centre. That was a big part of that trade deal. Then to hear our new ambassador basically saying that it's not clear whether human rights per se will be part of any trade agreement is very concerning.

Can you shed a little light on that aspect of it, because as you go down that road, I have a lot of concerns of us doing a trade agreement with China, and actually doing more harm with our existing trading partners by going down that avenue?

Hon. François-Philippe Champagne: First of all, what I would like to say is thank you for the question and thank you for your work on the committee.

The Minister of Foreign Affairs, as you rightly said, has the lead on the file with respect to the U.S. negotiations; however, as you will appreciate, this is a whole-of-government approach. When I was in Chile, even when the U.S. was represented at the table, Canada was asked to be the first to speak to set the stage. In my remarks, I welcomed the presence of the U.S. at that table.

With respect to China, I would say that Canada will follow its own process. For me, what we've said is that we owe it to Canadian workers, Canadian families, and Canadian exporters to look carefully at this market. What we've said is that the essential first step, as I call it, is to have exploratory talks to see in which industry there would be a net benefit to Canadians. That's why we are going step by step, engaging with the officials to have meetings, and engaging with Canadians. I've already had round tables; I think one was in Winnipeg.

We want to hear from Canadians, and I want to hear from you as well. It reminds me a bit of when we engaged on the CETA deal. Those who crafted that a decade ago could not necessarily have anticipated at the time the impact this would have on the economy, but I think you would appreciate, having met a number of Canadian businesses, and Mr. Ritz would know.... We were just having a discussion about CAFTA, for example, which is obviously very keen on us engaging. I would call it a step-by-step engagement. We want to hear from Canadians. We want to hear from you. I want to hear from industry. We're looking at that very carefully.

One other step I'm taking as Minister of International Trade is that I have been engaging with our Australian colleagues to take up the lessons learned. You would expect a minister to engage with them, and we're doing that regularly to make sure we understand what has been their experience in having a free trade agreement with China.

Mr. Randy Hoback: When I look at China—and China is an important market—it sounds like you're going to tread very lightly and that it's going to take a period of time before this moves forward.

What about Japan? Wouldn't it be better to be looking at Japan more seriously at this point and to be making sure that we have key market access into Japan for our beef and manufacturing? The reason I say this is that the U.S. is proceeding on a bilateral agreement with Japan, so that means our beef sector and our grain sector are going to be left out of that market. Wouldn't our resources be better utilized at this time in exploring a bilateral agreement with Japan if we can't do it through some sort of TPP multilateral facet?

• (1625)

Hon. François-Philippe Champagne: When we were in Chile, Canada and Japan were very close in that discussion. Like I said, we are the largest customer to the United States.... They are a very large economy.

I had a number of discussions with my Japanese counterpart. When we were in Chile, that meeting was about purpose, action, and ambition. The “purpose” was that people recommitted to free trade and rules-based trade in the Asia-Pacific region, namely Japan, but all the other countries. For “action”, we have agreed to task our officials to come back with options for when we meet at the next summit, which is at APEC in Vietnam. We also agreed that we should maintain a level of “ambition” and progressive elements. I was pleased to see other delegations taking words from the Canadian comments to include in their own comments in saying that “progressive” needs to be part of that.

I am in very close contact with Japan. I have proposed this to our Japanese counterpart. I said that we might as well work together on the track of increasing trade on a multilateral level in the Asia-Pacific region. I've already offered to our Japanese colleagues that I would very much be interested if they want to start the bilateral discussion again. As you know, we had one. It was put on hold at their request because they wanted to focus on TPP.

I have indicated to various ministers—because they came with three ministers and other ones—at every opportunity the wish of Canada to work co-operatively with them with respect to the Asia-Pacific, but also in a bilateral nature, because just as you've said, I think they would be interested. I'm waiting to hear from them. Perhaps when we come back from Vietnam, we'll have.... I think this is under consideration on their side, but this is something that we obviously would be interested in doing.

The Chair: Thank you, Minister.

We're going to move over to the Liberals.

I hear you're going to split some time. Go ahead, Mr. Dhaliwal.

Mr. Sukh Dhaliwal: Mr. Minister, thank you for coming. I would like to echo Mr. Hoback's comments that we are working together very well. When we were in the U.S., we were Team Canada.

Minister, more and more on the international scene we see protectionism coming forward. How do you envision Canada's role while proceeding with these trade agreements? If we do that, how are they going to help the middle class?

Hon. François-Philippe Champagne: I've had the chance to attend the Commonwealth meeting, the bilateral relations with Australia, and also the discussions in Chile. Oftentimes I have reflected on how in a world of uncertainty, where there's a level of unpredictability, Canada stands out as a beacon of stability and predictability with its rules-based laws and very strong financial system. It's also a nation that is both inclusive and diverse, which is very much attracting investment and interest in our country.

The progressive trade that has been put forward—one that would obviously favour women in business, that would consider youth and indigenous people, under-represented people, and that would focus on SMEs—is making a real difference. I cannot state enough to this committee how much the views of Canada are respected in the world. People see us, as I said, as a beacon of stability in the world, but the world is looking at Canada and at CETA, which is the most progressive trade agreement ever negotiated by either Canada or the European Union. At most meetings I've been at, people refer to CETA as the most progressive deal and are looking at this agreement

as the gold standard in the world. I heard that time and time again as I was travelling.

Definitely, in my view, the way to push against protectionism is for Canada to continue to engage as we're doing, whether it's with CETA, whether it's in the Asia-Pacific region, whether it's with the Pacific Alliance, or whether it's with Mercosur, always promoting a rules-based system and one that contains progressive elements. That's what distinguishes Canada in the world today. That's why people want to do trade with Canada.

Mr. Sukh Dhaliwal: Thank you.

Madame Lapointe.

[*Translation*]

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

Mr. Champagne, thank you for being here.

Earlier, you said that you visited a number of countries, including Australia. You heard about businesses run by women and owned by women. Here, in Canada, only 5% of women-owned businesses successfully export.

What measures will the government take to boost women in business when it comes to international trade?

• (1630)

Hon. François-Philippe Champagne: Thank you for the question, Ms. Lapointe.

I did indeed hold a round table with women entrepreneurs in Australia. We did the same thing in the different countries we visited. I think that, essentially, relationships between people are very important. During my discussions, in both Chile and Australia, I worked on developing networks. I'll give you the example of Chile. We were joined by a woman representing a group of entrepreneurs from Toronto, whose name escapes me, that had established a relationship with businesswomen in Chile. We tried to do the same thing in Australia. It's in our best interest to share experiences and knowledge, but also to establish this type of relationship with countries with which we already have important trading relationships.

You're talking about a very important matter. I'll give you an example. There's an international association that provides support to first nations when it comes to exports. The president of this association is a Canadian from Winnipeg. We met with her while we were in Winnipeg. This association's next summit will take place in South America. In a concrete way, we want to use this summit to join forces with her. I'll probably go with her to the summit. This summit will help women in aboriginal communities and first nations from different countries find business opportunities with foreign buyers. We know that major fairs of this type are held in different countries. Companies increasingly want to support women, youth or the under-represented communities in the business world. Various associations have this mandate. We want to join forces with these associations, to place them at the forefront.

My first meeting in Chile, my first as a minister, was held with UN Women, an organization based in Chile that advocates for women from first nations in the business world.

When Canada joins forces with a partner, we can focus on specific activities that shed a positive light on women in business. We try to establish networks between these businesswomen and the businesswomen at home to create growth.

[English]

The Chair: Thank you. Those were good questions and good answers.

We're going to move over to the NDP.

Go ahead, Ms. Ramsay.

Ms. Tracey Ramsey (Essex, NDP): Thank you, Minister, for being here today. As you've said, we have a very active committee, and we are certainly looking at a lot of different files.

You spoke a lot about the Liberal government and its desire to be progressive, open, and transparent. I think China will be a big test of that. It will really be the first agreement negotiated by the Liberal government. All the agreements so far have been from the Conservatives, and we're kind of picking up where they left off.

We also have the trade in services agreement, TISA, which the government has been silent on. There are many labour groups, many groups across this country, that are concerned about TISA and its implications. This is in very advanced rounds. In the EU, the European Commission reports after each round. This is past the 21st round of negotiating, yet we hear nothing here in Canada. This is, I believe, where people are continuing to feel left out of trade agreements, and to feel that there isn't openness and transparency.

Can you update us on TISA and on when we will see the transparency and openness that's been promised around TISA?

Hon. François-Philippe Champagne: Throughout the CETA negotiations, we made public at every round the documents coming out of... I appreciate that the question is about TISA, but you were questioning whether we have been open and transparent. I think there has been a desire from the beginning to engage people in the negotiations and to be very transparent. That's why, for example, with regard to China, we're starting negotiations—

Ms. Tracey Ramsey: With all due respect, Minister, that's not across every agreement. What happened in CETA is different than what's happened in TPP, and it's different than what's happened in TISA. My question is specifically around the trade in services agreement.

Hon. François-Philippe Champagne: My answer to you was that we are committed to openness and transparency when we negotiate these agreements. We have been engaging with provinces and territories, and we are continuing to do that. I have been fairly transparent, even in the discussions that led...and the ones that I just recently had on different agreements.

With respect to TISA, I'd be happy to come back to you to look at the officials and what we can provide you with for more transparency. What I tell you—

• (1635)

Ms. Tracey Ramsey: It's not just myself. I think.... On the Global Affairs website, it's very thin. When we compare it to the European Commission and what it's posting for all Europeans to see, there's a vast difference in the amount of information being shared with European people versus what's being shared here. If there really is a desire to share things and be open and transparent, perhaps the European model is a good one to follow, and in the spirit of our agreement with them as well.

We've been doing a study here on Chinese steel dumping. This is a very real, serious concern for our steel industry in Canada. We saw it alluded to in the budget.

My first question is, when can we expect the changes to the trade remedy system that are being called for across the board? I've never heard every person at the table calling for the exact same thing. That's an update, a modernization, of our trade remedy system, and that's what's coming out of that sector.

My second question is, will Canada grant market economy status to China?

Hon. François-Philippe Champagne: With regard to China and steel, I met with industry representatives just recently. I note, like you, in the budget... I can't tell you for sure when that particular measure would come into place. With regard to market economy status, it's my colleague, the Minister of Finance, who is looking into that. What I can say to you is that we are very cognizant of what's going on in steel—and not only in Canada. When I meet with my counterparts, this is something that we are considering and discussing. This is a real issue. We are very cognizant of the fact.

The budget, like you said, mentioned a number of things. We are consulting with the industry. I even did that in my previous role with the industry, so I'm quite familiar with them. With respect to the exact date of the application, we will have to come back to you with that.

Ms. Tracey Ramsey: Will Canada grant China market economy status at the WTO?

Hon. François-Philippe Champagne: As I said, that's not a decision that is made by the Minister of International Trade. We will look into that, but the Minister of Finance is the one who makes that determination on behalf of Canada.

Ms. Tracey Ramsey: Can you tell us then what conversations you've had with the Chinese around steel dumping and the issue that we have here?

Hon. François-Philippe Champagne: Yes. I did not have a discussion with the Chinese on steel dumping personally.

Ms. Tracey Ramsey: Okay.

My next question—

The Chair: Sorry, you have 25 seconds.

It will have to be a quick question and a quick answer.

Hon. François-Philippe Champagne: I will do my best, Mr. Chair.

Ms. Tracey Ramsey: Are we pursuing TPP 2.0? You've come out of Chile with these clear guidelines on where you go between then and Vietnam. Is it your desire then to pursue, to collaborate, something out of what is left of the TPP?

Hon. François-Philippe Champagne: How many seconds do I have to respond to that, Mr. Chair?

The Chair: With all due respect, everybody wants to hear this one. You have at least 30 seconds.

Hon. François-Philippe Champagne: That's good, because I was afraid I'd have two seconds.

At the meeting in Chile we said we have tasked our officials to look at various options. We recommitted to rules-based trade and open trade in the Asia-Pacific region. A number of countries around the table wanted to take the various options under advisement and ask the officials to come back with options to be discussed in Vietnam. That's the process that was laid out, because different nations were at different places with respect to the best options to follow. A number of options were on the table, but they wanted to seek officials' counsel before they committed at the table. I expect we will hear more about that when we meet in Vietnam. That's the process we have agreed to.

The Chair: Thank you. Those are good questions and good answers, and away we go.

We're over to the Conservatives—oh, we're still finishing this round. We still have Liberals, and they're going to split the time.

Madam Ludwig and Mr. Fonseca, go ahead.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Thank you, Mr. Minister, for joining us today.

As you know, I represent the riding of New Brunswick Southwest in Atlantic Canada, and there was definitely much excitement and discussion about the trade opportunities within the fish and seafood sector. There are reports that lobster fishers in Maine are none too happy about Canada's new-found access to the European market. Should Canadian fish and seafood producers see opportunity as a tariff-free springboard to greater markets?

Hon. François-Philippe Champagne: I'm happy you asked that question, because when I was in London, I made the headlines talking about lobster and maple syrup. I was on Nick Robinson's show on BBC in the morning. They asked me for a very concrete example, and I said lobster. Fishermen today who export lobster to the European Union would have a tariff of up to 25%, and with a provisional application, these tariffs would go down to zero. I used that example to say we have 9,000 tariff lines, which will come down to zero on day one of the provisional application of CETA. This was a very clear example when you're asking what that would do for people.

You look at consumers and you think that should lead to better choices and better prices. It looks at exporters. I think our fishing and seafood industry is looking at that favourably, obviously, because this is opening up a new market, which was obviously extremely difficult to enter with the tariff that high, and it's also looking at workers, because that should lead to more employment. I think what

you were alluding to is that one governor south of Alberta saw that, and I think it's just a reflection of what preferential market access can do for Canadian SMEs and Canadian businesses.

This is a very clear example of getting preferential market access in Europe, the largest consumer of food products in the world. It is a game-changer for a number of people in this industry and that's exactly the example I used on BBC, which was reported on the front page of *The Sun* newspaper, that Canadian lobster should now be more freely available and provide more choice and better prices for consumers in England and throughout Europe.

● (1640)

Ms. Karen Ludwig: Thank you.

Do I have more time?

The Chair: Not if you're going to split it.

Go ahead.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Minister, in some ways we've been top-heavy in our trade with the United States, our biggest trading partner, and for too long, maybe because things have been easy in some respects, we have not looked to diversify our markets. Now, with a laser-like focus, we have a tremendous opportunity with CETA having gone through the House, being ratified here, and moving toward looking at that market.

When we were on a committee trip out west, we heard from a group in Denver, and what they had to say was amazing. We heard from a corporate lawyer, who would not divulge his client, but he said his client is looking to locate in Canada from Europe, because of CETA. So it's working already. It is already starting to bear fruit. They are in the wind turbine business, locating here, being able to do business also with the United States and vice-versa, looking at us as a gateway.

Can you inform us of the strategy for CETA, as we look to attract more businesses here to Canada from Europe, as well as from the United States now, through Canada into Europe, and looking at Canada as a gateway using CETA as the vehicle?

Hon. François-Philippe Champagne: It's a very interesting question, because when I was in Asia I would say that Canada was almost a bridge between the Pacific and the Atlantic. Very shortly, at the provisional application of CETA, we will have preferential market access to about 1.1 billion consumers, and access to a public procurement market in Europe, which is about \$3.3 trillion.

Obviously, to your point, this is being registered around the world. People understand now that Canada, because of its geography, progressive trade agenda, and well-managed economy, is becoming very attractive. These numbers are big.

You start saying to people, whether in the Asia-Pacific or elsewhere in the world, that if they locate in Canada, employ Canadians, and provide services or goods, they will now have access to a very large market in Europe. We have access, obviously, through NAFTA to the U.S. and Mexico, and we are pursuing our trade agenda in the Asia-Pacific. So, Canada is becoming the place of choice.

I have been in different places, and people are saying, just as you did, that locating their business in Canada now makes more sense than ever, as we are becoming this bridge between the Pacific and the Atlantic, and we have, obviously, our very privileged geography of being in North America.

This is something that resonates. I would say, when the committee is travelling.... Those are the types of messages that we need to repeat when we go abroad as Team Canada, because people take note of these numbers. It might sound obvious to us, but when you repeat them, people take notice, and this is to our advantage.

• (1645)

The Chair: Thank you.

Before we go to the second round, I have a quick question for you. You said you were speaking to the BBC, so one would assume you were speaking mostly to the British. Did the conversation come up...? You were talking about the lobster, but they are planning on leaving the union. What did you say to the British audience about former agreements? How did that play out?

Hon. François-Philippe Champagne: As you would expect, in London people are focusing on Brexit. What we have been saying is that we will have a free trade agreement with the U.K. very soon. It's called CETA.

As long as the U.K. remains in Europe, and depending on the time of their process, they will have a free trade agreement. Even Dr. Liam Fox recommitted to me to push that along in their own Parliament, to ratify CETA.

What I have been saying, as well, is that this is our largest trading partner in Europe, so we are very committed to continuity, stability, and predictability. This is in Canada's best interest, as well as in their own interest.

What I have been saying to them—there are informal discussions taking place—is that things that work well should continue. Now, in what form they will continue, we'll have to see over time, but certainly on both sides we want to ensure stability and predictability, and continue that very good relationship that has been beneficial for both Canada and the U.K. This is what I repeated when I was in the U.K., and this is what I say when I'm in Canada. I think that's a message that people understand very well on both sides of the Atlantic.

The Chair: Thank you, sir.

Are you good for 10 more minutes with us?

Hon. François-Philippe Champagne: Yes.

The Chair: Okay. We're going to go with five minutes for the Liberals and five minutes for the Conservatives.

Go ahead, Mr. Peterson.

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

Thank you for being with us today, Minister. We appreciate your insight.

I want to look at the macro level. You've been effectively travelling for the last 100 days, learning a lot about international trade, and speaking with some of our partners in international trade. I want take a step beyond CETA for a moment and ask if you have any indications—

Hon. François-Philippe Champagne: That was my interview on the BBC.

Mr. Randy Hoback: It sounded really good.

Mr. Kyle Peterson: It was a great interview. Do you have any insight or thoughts about what other countries we are looking at? What sorts of trade opportunities are available for Canada, especially in light of some of the more protectionist sentiments that might be in some other countries? Do you feel this is an opportunity for Canada and, if so, what are we doing to tap into that opportunity?

Hon. François-Philippe Champagne: Very much, indeed.

We talk a lot about CETA and obviously provisional applications, so we know that this is coming.

As I said, Asia-Pacific is obviously engaging very constructively with.... Canada, I think, was one of the leaders in these discussions to make sure that countries would recommit to open and rules-based trade in that part of the world.

We mentioned Japan. We said that we would be happy to restart a bilateral.

There is also ASEAN, which is obviously a very big grouping in that region. As you know, my predecessor had asked for a preliminary feasibility study. I have been pushing. Canada is more than ready to go ahead. It seems that the institute that has been tasked by ASEAN may need a bit of support, so I have been talking to the Philippines and Singapore to try to ask them to be our ally in pushing the issue a bit. We want that study to be done very quickly because I would like to start engaging with ASEAN. Obviously this is an essential step that was put into the process, which we are very much.... I have discussions with my counterparts every time, asking them to try to make sure that on their side they put in the resources needed to go to that feasibility study.

If I have a few seconds, Chair, I would say that as you may have seen, the Pacific Alliance has also mentioned recently that they would have a tiered approach. Canada was first, but they are looking at a potentially different level of integration, so we're in discussions with them.

We are also, as you would expect, in contact with the Mercosur countries to make sure that we are engaging, to see where we could push.

My premise, capacity being available, is that for us, we need to be in pretty much.... The point you touched on is diversification. This is what I wake up and say every morning, “How can we diversify our market and touch on different files that we are facing now?” For me, diversification is key. Every time I think there is a net benefit for Canadians, I am willing to engage constructively, as I said, whether it's with China, Japan, or in the South American region.

I just came back...with the free trade agreement we have with Chile and the modernization. Everywhere we can, where it makes sense for us, we want to engage proactively and constructively but also take a leading role as we've been doing in Chile.

Definitely the key is diversification. We're looking east, west, and south to make sure that we can open as many markets as possible for SMEs, with a focus on making it work for workers, but also for SMEs, which have the biggest potential, in my view. If we can engage SMEs, an under-represented group in trade, we will have achieved something great for Canada.

• (1650)

The Chair: Thank you.

We're going to move over to the Conservatives, and you can wrap it up.

For five minutes, go ahead, Mr. Ritz.

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): Thank you, Mr. Chair.

Thank you, Minister. Tim, it's good to see you. Deputy Sargent, sorry. You have a title now.

The one thing with the Japanese bilateral is that you never get the same level of ambition that you do in a multilateral. I'm still very much in the camp that we need to resurrect TPP 2.0—whatever it takes—and I think I've seen a growing desire from Australia, New Zealand, and Japan themselves to make that happen.

The best way to bring the Americans onside is to leave them out. I think we'd have a lot stronger stand in NAFTA when we're looking at other markets like that.

You mentioned that diversifying your portfolio is important whether you're investing or trading. You're absolutely right.

The first question is a fairly short one. Will you maintain the agriculture and CFIA presence in the embassies and consulates around the world? It was helpful on a lot of the issues we fought. Deputy Sargent, you're well versed in some of the BSE situations and so on. Will you seek to maintain that footprint dedicated to agriculture and CFIA?

Hon. François-Philippe Champagne: I think that would be under the purview of the Minister of Agriculture, but let me say, as a personal story—

Hon. Gerry Ritz: You have to provide the space.

Hon. François-Philippe Champagne: If it's only space, we'll provide—

Hon. Gerry Ritz: Indoors, not—

Hon. François-Philippe Champagne: In some markets you prefer that.

In a very good sense, I was at Gulfood, one of the largest food exhibitions—

Hon. Gerry Ritz: Yes, I've been there.

Hon. François-Philippe Champagne: —and we had someone, and I want to thank that person. In the program that is in place, someone from Agriculture Canada was with me, and we had a round table. To your point, Mr. Ritz, his advice, his relationship, his determination was instrumental, I thought. The feedback I got from industry at the round table was that they welcomed that presence.

Hon. Gerry Ritz: Sure.

Hon. François-Philippe Champagne: On that basis, I would say that things that work well should continue.

Hon. Gerry Ritz: Just to follow up on negotiations with China, I've been there a number of times and I'm a huge booster of Canada-China trade on our terms and our timeline. I'd love to be a fly on the wall when you break the news to them that they have to include gender parity in an agreement. I think that would be an interesting discussion.

Market economy, extradition agreements, and so on, are markers that China has put down before they'll even continue with their talks. I know you say it's the finance minister who will make the decision on market economy, but is he not seeking your counsel on that? I would certainly think this would be a whole-of-government approach; it wouldn't just be Minister Morneau making that off-the-wall decision on his own. So I would hope he's seeking your counsel.

Hon. François-Philippe Champagne: I would not expect the Minister of Finance to do that without talking, but despite the comment in the article, I think China very much understands, as you said, sir, that we will do that on our terms and our time.

The progressive elements have been part of our policy. They are clear to everyone. I think they have been clear to the officials from day one, but as you said, we will do that on our terms, and our terms include that we want some progressive elements. Human rights have been part of our foreign policy and our trade policy, and I think people register what I'm saying now and should take that into consideration if we are going to have a win-win discussion together to pursue trade between our two nations.

Hon. Gerry Ritz: Right. I'll shift gears. There could be a downside to going too far with China when we're still negotiating with the U.S. There's a bit of concern there. I understand that Trump and Xi did have a good meeting the other day.

That said, President Trump has presented before Congress a list of 40 issues that he wants addressed in NAFTA. Some pertain to Mexico. Some will get caught in the crossfire.

Are you providing a list such as that to your cabinet? I would imagine your deputy minister is hard at work on that list to present before Parliament in Canada, to say, here are our offensive positions, and here are our defensive positions. Is that work under way, and when will we have a chance to look at it? President Trump has gone public with his list.

• (1655)

Hon. François-Philippe Champagne: Yes, he has gone public.

As you rightly say, my colleague Chrystia Freeland, is taking the lead on that.

Hon. Gerry Ritz: Again, you must be of counsel.

Hon. François-Philippe Champagne: Yes, I appreciate that, but it would be premature for us to comment on their position. As you know, this is not an official position. This was a draft. You've seen it and I've seen it.

We're very much prepared, but on the basis of a draft circulated in the media, it's wise for us to look at that but keep our position under consideration for the time being.

When they put something official on the record, we will be prepared to respond.

Hon. Gerry Ritz: Well, forewarned is forearmed.

I want to go back to CETA. You talk about it being the gold standard, and I couldn't agree more. It was great to be part of that from day one. It's not a 10-year-old agreement. Negotiations started almost 10 years ago, but the agreement was signed in principle in the fall of 2014. So it's as current as you're going to get.

I do agree with you that it's a gold standard deal, as is the Ukrainian deal, as you also pointed out. However, TPP followed on that as well, and I wonder why the reticence. The other countries in the world that I talked to and continue to deal with, the ambassadors, trade ministers, and agriculture ministers, are looking for some leadership from Canada. When you go to Vietnam, if you're speaking first, I hope you're actually saying, "Let's form a parade; we're ready to lead it."

Japan is looking to link arms with somebody; they've already ratified it. Australia and New Zealand are well along those lines as well. Vietnam and Malaysia, of course, are countries that need our help to draw them this way as opposed to being taken into the RCEP with China and Russia, and so on. So I'm hopeful that you're going to be that stern when you get there and say, "Let's get this done sooner rather than later." The outline is there. There's not a lot of work required to make the changes, to make a TPP 2.0.

Hon. François-Philippe Champagne: I appreciate the question. We are very much leading. As you said, with the colleagues we have had, Canada was very much front and centre. Not only was Canada asked to lead first, but we were asked to lead even when China and the U.S. came into the room. They asked whether Canada could start again to lay the ground.

So Canada was first—

Hon. Gerry Ritz: Well, at this point, neither one of them is part of TPP.

Hon. François-Philippe Champagne: No, I know, but they were invited in that later discussion. It's just to give you an example. You asked whether Canada was leading.

You have Minister Muñoz who said, "You started first. Can you start again first?" That's going to lay the ground and then hopefully we'll have a constructive discussion.

With New Zealand, Australia, and Chile, we had a number of discussions before getting there. We cannot be more front and centre in pushing the agenda, and also working very closely with Japan to make sure that we are.

To your point, we want to be front and centre. We are front and centre, but we thought, in Chile—

Hon. Gerry Ritz: You want that to be in a positive way.

Hon. François-Philippe Champagne: Yes, in a very positive way. It was the smart thing to do when we were in Chile. For some nations, to recommit to open and free trade without the U.S. in that part of the world was already a step in Chile. It would probably have been too much to ask that some delegations start looking at options without having had...advisement.

Hon. Gerry Ritz: For some of them, with the U.S. [*Inaudible—Editor*] easier. There's a huge anti-U.S. sentiment.

The Chair: I'm sorry, we're going to have to—

Hon. François-Philippe Champagne: It was just difficult, as you can appreciate, for some nations to commit without having had the chance to consult with their own officials. That's what we said in the process. There were a number of nations that wanted to take that under advisement.

Hon. Gerry Ritz: Thank you. We'll have you back.

Hon. François-Philippe Champagne: I'm happy to come back.

The Chair: Thank you. That ends our rounds.

I have a question for you, Minister.

Our committee is very successful because we plan quite far ahead all the time. In May we're going to be dealing with probably 24 stakeholders dealing with the United States. We're going to wrap up in June in the United States, in Washington, on a trip. Probably, when we come back at the end of September for a week, we're going to finish our report on Canada and U.S. Looking ahead, we have October and November, and we're going to start planning that today.

What do you think our committee should be looking at in October and November, leading up to December?

Hon. François-Philippe Champagne: Let's put it the other way around, where would I welcome input from the committee and the important work you're doing. I see CETA as a game-changer for our nation. I think there is enormous potential, particularly for SMEs. If this committee were to consult Canadians broadly on how we can make it real for SMEs to take full advantage... Mr. Ritz would know this. These agreements are good, but they're only good if people take advantage of the provisions in the agreements.

We have a rollout process in place. As the Prime Minister said, better is always possible. If the committee were to engage with Canadians to hear how we can make this agreement real for them, certainly we would welcome that and listen, obviously.

The other thing that comes to mind, Chair, would be Asia-Pacific. As we move to the following months, clearly, we will be engaging. I think a number of members mentioned China. As you know, we have started a public consultation on China. I would certainly welcome it if this committee could spend some of its time listening to Canadians on China—their concerns, their hopes, their challenges, what they see in that agreement, what they would like this government to do on their behalf. I would certainly welcome the input. We're going to do part of the work on our own, but I think this committee has enormous...not only in consulting, but there are people on this committee who have enormous experience in the field that I think would be beneficial for us and our officials to listen to.

I'd certainly be willing to listen to you. If you ask me what's on the top of my list, it would be CETA, making it real for people so that we make sure Canadians benefit from what they have in front of them in the coming weeks. Then looking forward, hearing what I've heard today, and some concerns, I would say let's listen to Canadians. If you can assist me in that process so that we have the best possible agreement, if we have an agreement... In our consideration of our feasibility study, certainly I would welcome the input from the committee as part of the feasibility phase.

● (1700)

The Chair: Thank you very much, sir.

Mr. Randy Hoback: Minister, I just want you to know that your consulates in Seattle, San Francisco, and Denver did a tremendous job helping us last week.

Hon. François-Philippe Champagne: I appreciate that.

Mr. Randy Hoback: The people there were professional, first-class. I think it's important you understand that.

Hon. François-Philippe Champagne: I appreciate that.

Thank you, because I got feedback also from your tour. Whenever we can be helpful.... Even when we cross this building, this is Team Canada in action. You're very much part of the team that can help Canadians. It's every region, every riding.

Chair, I will be happy to report back, perhaps when I come back from Vietnam, to let you know. I very much welcome your input. Thank you again for your work.

The Chair: Mr. Hoback was so right. Our committee is going to send some appreciation notes, but it wouldn't be bad if you or your deputy minister could send that on. It was really very active.

Minister, thank you for your extra time and your advice and for taking the questions. Thank you for opening up to meeting us again. We'll be looking forward to that. Your parliamentary secretary keeps us well tuned to what's going on between both of us. Thank you.

We're going to suspend and go in camera.

[Proceedings continue in camera]

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