



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on International Trade**

---

CIIT • NUMBER 065 • 1st SESSION • 42nd PARLIAMENT

---

**EVIDENCE**

**Thursday, May 4, 2017**

—  
**Chair**

**The Honourable Mark Eyking**



## Standing Committee on International Trade

Thursday, May 4, 2017

• (1520)

[English]

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

I am sorry for the problems we had on Tuesday. It was nothing that we caused. Something caused a big gas leak, and I think good judgment was used to see that we would not have a meeting in the midst of a gas leak. We were looking forward to that meeting with Minister Freeland, of course, but it didn't happen. However, we have been assured that she will meet with us before the end of June. They're working on dates for her coming back to speak with us.

I welcome the witnesses here today. Thank you for coming. As you know, our committee is very active. We have just finished our huge study on CETA. We have also travelled across Canada on the TPP, and our report was tabled. We're also in the midst of a steel study. Right now, because of the various circumstances that face us on the North American side, our committee is doing a study on our relationships with our other trading partners in NAFTA going forward.

Our committee just returned a couple of weeks ago. We travelled to the western United States. It was a very well received trip. We went to Washington State and visited Boeing and Amazon. We were in California and Colorado. It was really good to start it that way. Our committee is planning on doing this in some eastern states also. We're going to Detroit, Michigan; and Chicago; and will finish up in Washington, D.C.

It was very good to get out to these other areas to meet other representatives, because many times we focus only on Washington. Of course, that is the centre of all activity, but it's very good to get to these other outlying areas. This month we are mostly going to have witnesses come forward to explain their take on our future relationship with those countries.

We try to keep it tight. We have quite a few witnesses, so if you could keep it to five minutes or less, we would appreciate it, so we can have lots of time for later dialogue with our MPs.

Today our witnesses are from the Business Council of Canada, the Canadian/American Border Trade Alliance, the Canadian American Business Council, and the Canadian Vehicle Manufacturers' Association. Welcome.

Without further ado, we'll start with the Canadian Business Council of Canada. You have the floor. Go ahead.

**Mrs. Andrea van Vugt (Vice-President, North America, Business Council of Canada):** Thank you, Chair and committee members. Thank you for the invitation to take part in your consultations on bilateral and trilateral trade in North America.

The Business Council of Canada represents chief executives and entrepreneurs in more than 150 leading Canadian companies in all sectors and regions of the country. Our member companies employ 1.7 million citizens, account for more than half the value of the Toronto Stock Exchange, contribute the largest share of federal corporate taxes, and are responsible for most of Canada's exports, corporate philanthropy, and private sector investments in research and development.

The prospect of a new round of NAFTA negotiations presents both a risk and an opportunity for Canada. Our country's economic health depends heavily on the ease with which goods, people, and investment move back and forth across the Canada–U.S. border. In the words of Stephen Schwarzman, chairman of President Donald Trump's strategic and policy forum, “the U.S. and Canada [trade relationship] is really very much in balance and is a model for the way that trade relations should be.”

I'd like to organize my thoughts under three key principles.

Our first principle for the Canada-U.S. relationship, and the NAFTA negotiations in particular, is to do no harm. Canada must protect the framework of rights, benefits, and privileges that our companies and citizens currently enjoy under NAFTA. It's also imperative that any agreement be based upon reciprocal access and treatment.

There's speculation that U.S. negotiators will attempt to rewrite NAFTA's rules of origin for goods. While it's unclear what they want in this regard, the unintended consequences could be quite dire. We support the modernization of outdated NAFTA tracing systems. We support the application of dispute settlement provisions. We do not support country specific rules of origin.

With respect to dispute settlement, the TPP offers a useful model for improving NAFTA in this regard. However, disputes related to NAFTA provisions must not be decided by domestic courts. This was a deal breaker for NAFTA in the original negotiations, and it should remain our position today. While doing no harm is our first principle, achieving only this would be a missed opportunity.

Our second principle is to modernize NAFTA and its predecessor, the Canada-U.S. Free Trade Agreement. They were negotiated in a different era. Opportunities to build upon NAFTA exist in many areas, including intellectual property, e-commerce, state-owned enterprises, competition, sanitary and phytosanitary measures, telecom, customs, labour, environment, procurement, and regulatory co-operation. Again, TPP offers a helpful template in many of these areas.

Labour mobility and customs procedures are two areas, in particular, where NAFTA is clearly outdated. For example, the list of eligible positions that was negotiated under NAFTA almost a quarter of a century ago didn't contemplate today's digital economy. Similarly, in today's world it's incredible that some of our customs procedures are paper based.

Modernizing NAFTA to reflect current business practices and to anticipate future needs would benefit all parties to the treaty.

Together, the Canada-U.S. Free Trade Agreement and NAFTA lay the groundwork for a mutually beneficial energy relationship, and this is an opportune moment to strengthen that.

The Trump administration's approval of the long delayed Keystone XL pipeline is a reminder that our governments have work to do to streamline the permitting process for cross-border energy infrastructure. In renewing NAFTA, we should strive to improve energy security, promote greater co-operation on technology, and expand access to a low-carbon energy solution. Doing so would significantly bolster the competitive opportunities of North America.

Our final principle is that we should go further. Infrastructure and government procurement are important areas in which Canada and the United States should work together. Each country has pressing domestic demands and limited public resources. A U.S.-Canada infrastructure pact could generate a common template for structuring P3 projects, including a recommitment to the principle of non-discrimination against U.S. content in Canada and discrimination against Canadian content in U.S. products. To the extent possible, such a pact could extend to state and provincial governments.

Regulatory co-operation is also an area where progress could mean substantive savings for Canadian and U.S. consumers. We recommend that the two governments establish, as a permanent entity, the existing regulatory co-operation council or a version thereof. This council should work closely with industry to ensure that the council has a mandate of harmonization. The approach should be to harmonize regulations, except in cases where authorities convincingly demonstrate that doing so poses a risk to health and safety. The Business Council of Canada stands ready to work with the government and with committee members to support the coming negotiations.

With that I conclude my remarks. Thank you for the opportunity.

• (1525)

**The Chair:** Thank you.

We're going to move now to the Canadian/American Border Trade Alliance.

**Mr. Daniel Ujcz (International Trade Attorney, Dickinson Wright PLLC, Canadian/American Border Trade Alliance):** Thank you, Mr. Chairman, and thank you, honourable members of the committee.

I'm Dan Ujcz, an international trade and customs attorney with the law firm Dickinson Wright PLLC. I'm appearing on behalf of the Canadian/American Border Trade Alliance.

As many of you know, Can/Am BTA is an organization of the leading infrastructure operators and logistics providers in the major U.S. and Canadian companies that move goods and services across the Canada-U.S. border. Can/Am BTA will be celebrating its silver jubilee next week here in Ottawa. Jim Phillips, its long-standing founder and CEO, sends his best regards in a typical Jim fashion. He looks forward to seeing you next week at his conference.

By way of background, Dickinson Wright is a law firm that was founded in Detroit in the 1870s. It has since expanded to 17 offices located throughout the United States and Canada, and our offices here in Ontario date back nearly to Confederation. We are a binational law firm. We represent many of the leading Canada-U.S. companies, and we do so on the ground in the U.S. Midwest, Southeast, and Southwest. Issues having to do with Canada-U.S. trade and the North American trading corridors are vital to our operations.

I'll just build on the chairman's opening comment. We are members and supporters of most of the Canada-U.S. business groups, including many of those seated here today. We founded in 2015 the U.S.-Canada S.A.G.E. initiative to coordinate, for the first time, the efforts of all the Canada-U.S. business groups including those sitting here. We came together in beautiful Columbus, Ohio, my home town and the political battleground of Ohio. It's also the home state of LeBron James. We came together for the first-ever U.S.-Canada summit, from which the parties issued the first statement of general principles governing the Canada-U.S. relationship, the Columbus Statement. We have been meeting on a regular basis ever since.

In the coming days, we will launch a NAFTA renovation initiative that will serve as a clearing house of information and intelligence on NAFTA. We will be having a monthly web-based town hall in which the U.S. administration and Congress have agreed to participate. We would like to invite members of this committee, and representatives throughout the Government of Canada, to participate as well.

Last, but not least, prior to the launch of the formal negotiations in the fall, we will be holding a cross-continent advocacy blitz regarding NAFTA. U.S. and Canadian companies will be going throughout the United States and meeting in key congressional districts to produce common communications and messaging. We believe that if all politics is local and all trade is personal, the next 6 to 12 months will require the largest on-the-ground advocacy campaign in local districts that we have seen in several decades.

My overarching theme today is that we cannot let this once-in-a-generation chance to modernize Canada-U.S. and North American relations pass without taking significant steps. I am mindful of the political realities on the ground in the United States. I live and work in the U.S. Midwest. Where I grew up in beautiful Youngstown, Ohio, two things were true. First, although I had heard there was such a thing as a Republican, I had never met one. Second, when I was working in a steel mill, NAFTA wasn't a four-letter word, though it was usually preceded or followed by one. The truth is that NAFTA is nearly a fatally damaged brand. Attempting to tweak the status quo will not work. Voters in places like Ohio and Michigan in the mid-term elections will run to the extremes of either party, creating more political and business uncertainty.

Additionally, I've been engaged in Canada-U.S. relations on the ground for nearly two decades in the U.S. government, the Canadian government, and the private sector. I can tell you that I don't expect we will see another opportunity like this in our lifetime. In the U.S., we have shiny-ball syndrome, so when the attention is on an issue it's time to act.

Last, but not least, we can't assume that the status quo will continue. The U.S. is doing much more on trade than with NAFTA alone, including something called particular market-scenario situations, where the U.S. is looking at China and its proxies and going after those with trade enforcement measures. Now is the time to stitch together preferential access.

In that vein, I offer a three-point strategy, all surrounding the letter E.

First, we need to show that the Canada-U.S. trading relationship is the example of what a 21st century trading agreement looks like. We applaud the Prime Minister's successful visit with President Trump, and we've hosted a number of the ministers and Team Canada. We have stretched across political parties and levels of government to come into the United States. Now is the time for the next set of messengers and messages. There are at least five consultation periods going on, on various trade issues. It's time to get the Canadian views and U.S.-Canadian companies to participate in this effort and give real-world examples of these issues.

•(1530)

We also support one of the lessons, which is that we need to embed—the second E—the progress we've made on issues like

border management. We learned over the decade of border thickening that if the border doesn't work, NAFTA doesn't matter. Can/Am BTA and a number of folks, including those sitting on this panel, did a lot of work on the border, in admittedly a more hostile and inward-looking United States following 9/11. The best thing Canada can do at this point is to pass pre-clearance legislation and also embed the regulatory cooperation council. We believe that is the next phase of international trade. To the extent that Canada and the United States can establish that and make it work—and we're probably the only two countries of our size in the world that can make that work—it will give us a competitive advantage vis-à-vis the rest of the world.

With that, I'll yield my time. Thank you.

**The Chair:** Thank you, sir.

Now we're going to move over to the Canadian American Business Council.

Go ahead.

[*Translation*]

**Ms. Maryscott Greenwood (Chief Executive Officer, Canadian American Business Council):** Good afternoon, everyone.

I am very pleased to be here with you today.

[*English*]

Mr. Chairman, members of the committee, thank you very much for the invitation to appear before you on behalf of the members of the Canadian American Business Council.

We didn't coordinate it, but this is a perfect tee up to what I'm about to suggest to you today. It's certainly an interesting time to be focused on Canada-U.S. policy matters, more broadly on the common ground and uncommon friendship that we have long shared, a hallmark of an enduring, affectionate, productive relationship between Canada and the United States. Mr. Chairman, I'm delighted to know that you're travelling the country with the committee and getting outside of the swamp where I live. I'm a swamp dweller, if you will, and I'm glad that you're seeing the real America and taking the story of our integrated economy to the United States. That's very important to do.

For those of you who are not completely familiar with the Canadian American Business Council, please allow me just a moment to describe our organization, and then I'll go into our specific policy recommendations for you to consider.

We are 30 years old, a non-profit, non-partisan, issues-oriented organization dedicated to delving into the issues that affect businesses and citizens in Canada and the United States. Our aim is to maximize competitiveness for companies large and small on both sides of the border as we face challenges in the global economy. Our members are key business leaders and stakeholders, who range from entrepreneurs and small businesses to some of the biggest brand names on the planet. Collectively, CABC members employ about two million people and have annual revenues of close to \$1.5 trillion. All four witnesses here share some common members, and then we have some unique members.

For the past three decades the CABC has nurtured, cultivated, and celebrated a uniquely close Canada-U.S. relationship, bringing our message to critical stakeholders on both sides of the border, Capitol Hill, Parliament Hill, and beyond. Notwithstanding the periodic strains in our trade and commercial relationships, there remain countless areas of goodwill and co-operation between our two countries that we'd both be wise to capitalize upon. One is staring us right in the face at the moment. It was alluded to, and I'm going to go into it more deeply. Despite recent tensions over dairy and softwood lumber in the North American Free Trade Agreement, President Trump's executive order of February 24 of this year, entitled "Enforcing the Regulatory Reform Agenda", is aimed at streamlining federal regulations. That executive order directed U.S. agencies to create task forces to identify regulations that eliminate jobs, are outdated or are too costly. That's not all it does. It also provides a perfect opening to accelerate and enhance a long-standing bilateral project known as the Canada-U.S. Regulatory Cooperation Council, which is also working to streamline regulations on both sides of the border.

Bilateral regulatory co-operation may not be as enthralling as Russian spies or border walls, but it is critical to businesses on both sides of the border. Regulatory harmonization will also have a direct impact on your constituents, all of whom are consumers and some of whom own businesses that spend far too much money every single year dealing with red tape that is the result of regulatory disharmony. For a president who's eager for some wins, this is a golden opportunity for Canada, and it has a win-win potential for both governments.

In the sectors of agribusiness, energy products, medical devices, medicines, and especially consumer products, there are an array of conflicting regulations that make it difficult to do business on both sides of the 49th parallel. In some cases those regulations even impede a consumer's ability to buy the goods that they want to buy or obtain the medications that they want or need if they are suffering from certain illnesses or conditions. Some cosmetic products in the United States, for example, aren't available in Canada. Some medications that are sold over the counter in the United States are still prescription-only in Canada, and vice versa, causing headaches for companies trying to market their products in both countries. There are also differing recall mechanisms for medical devices on either side of the border, and imposing regulations, for example, on a drug that helps people with Parkinson's syndrome, and the list goes on and on.

Meat producers in both countries deal with an antiquated, old headache involving the requirement that an actual veterinarian

certificate be manually placed on a certain outward-facing spot in every case of exported or imported meat, even though the information is more easily available via other methods. It's an example of a costly and dubious regulatory requirement that also prevents producers from fully embracing automation, such as high-tech shipping methods. There are plenty of redundant and expensive regulations just like it on both sides of the border.

Why not leverage President Trump's interest in cutting red tape and creating regulatory harmony for the benefit of the bilateral economy? This doesn't have to wait for NAFTA renegotiation or WTO trade actions. It is something that is ready to go right now, today. Canadian and American officials have been working together on this since 2011, as many members of this committee know well. As the great Canadian Gary Doer would say, it's time to "put the puck in the net". The CABC has also been on the front lines of this issue working hard to ensure that the concerns and suggestions about regulatory harmony, from stakeholders on both sides of the border, are being heard.

● (1535)

In the midst of fears about President Trump's NAFTA intentions, now is the time to work even harder on the Canada-U.S. relationship and to focus on the issues that are not contentious. Regulatory harmony is a critical piece in that strategy, and success there could well ease tensions everywhere.

Now is not the time to cave—like the Toronto Maple Leafs did to the Washington Capitals earlier. Now is the time to focus on the positive and keep our eye on the prize. Remember, as always, that every long-term relationship has its chilly periods. The trick is looking for the bright spots—and here we believe that regulatory harmony could be one—and the shared goals and common ground that ensure the Canada-U.S. relationship remains as vital and robust as always.

With that, thank you for having us today, and because it is today, I have to end with "May the 4th be with you".

**The Chair:** Thank you. What a great presentation.

Now we're going to the Canadian Vehicle Manufacturers' Association. Mr. Nantais, it's great to see you again. You're a great contributor to our committee. You always bring a vast wealth of information for us. Thank you for coming again and giving us your perspective.

You have the floor, sir.

● (1540)

**Mr. Mark Nantais (President, Canadian Vehicle Manufacturers' Association):** Thank you very much, Mr. Chairman.

Good afternoon, honourable members. It is indeed a pleasure to be back, and I'm very grateful for the opportunity to appear before you again today.

As you know, I'm here and pleased to represent our member companies, Fiat Chrysler, Ford, and General Motors, who are among the largest multi-national companies in the world. Together they're responsible for approximately 60% of all annual production in Canada and for roughly a century of high-value paying jobs in Canada. The sector accounts for 140,000 direct jobs and about 500,000 direct and indirect jobs right across the country. In 2016, vehicles were in fact the top Canadian export, valued at \$64 billion, 95% of which were exported to the United States.

Recently, all three CVMA member companies have collectively announced billions of dollars of new investment in Canada. Additionally, they have made exciting investment announcements in innovative research and engineering related to artificial intelligence and connected and autonomous vehicles, right here in Canada. They're contributing to the future landscape of our industry, if you will. This will harness our highly skilled workforce and capitalize on our world-class research and development capacities.

Let me turn to NAFTA and the reason it has been so important to our industry and the economies of its three participating countries.

Since the Auto Pact of 1965, Canada's auto industry and its supply chains have become deeply integrated with those of the United States and, over time, of Mexico. We build vehicles seamlessly on both sides of the border, and the resulting deep integration has led to a more competitive auto industry and greater consumer choice of vehicles that are more affordable.

The NAFTA, which followed, has been the foundation for a strong, globally competitive trading bloc. The geographic proximity of the three NAFTA partners facilitates the multi-billion dollar parts sector and the just-in-time supply chains critical to our vehicle assembly plants in operation. It also creates inherent transportation and supply chain logistical cost advantages.

Autos account for 20% of total NAFTA trade; that is, about \$230 billion. Since Canadian vehicles assembled have slightly higher content, in terms of parts and materials, from U.S. than from Canadian sources, any disruption of the integrated supply chain will impact U.S. auto companies and suppliers' jobs as much as, if not more than, our own.

Much has changed in the global and North American market since NAFTA was first negotiated. The CVMA believes there is an opportunity to modernize NAFTA, which brings into sharp focus the need to ensure that Canada capitalizes on opportunities and also protects what is essential to the long-term health and global competitiveness of the auto industry and the economy overall.

In the auto sector, NAFTA duty-free access and the associated 62.5% minimum content requirement is really the highest of possibly any trade agreement in the world that I know of. It promotes the free trade and flow of vehicles and parts across the borders of the three NAFTA partners. Any changes to the duty-free access and content rules will disrupt the highly integrated supply chains and reduce the massive benefits, undermining the global competitiveness of that integrated automotive industry we talk about.

The CVMA recommends leveraging the existing deep integration of the auto sector to drive additional economic growth for Canada. This may be accomplished by the following means.

Free trade agreement rules of origin must fully consider our strong historical and ongoing reliance on deeply integrated supply chains. This will continue, going forward, as companies rely on existing manufacturing footprints and sources of inputs.

Strong and enforceable currency manipulation disciplines should be added. While the U.S., Canada, and Mexico have not manipulated their currencies, the inclusion of strong and enforcement currency manipulation disciplines in NAFTA would set an important precedent and establish a platform for collaboration, in distinction to other countries that use currency manipulation to benefit their economies and protect their domestic industries.

We've heard several of the panels today talk about regulatory co-operation. This is absolutely critical as we move forward.

Alignment of and recognition of vehicle technical and safety standards ensures that Canadian consumers have access to the safest, cleanest cars in the world at the most competitive prices. Vehicles assembled in one jurisdiction need to be available for export and sale in another without regulatory constraint. Recognition of vehicle safety and technical standards will need to be an accepted component of any trade agreements to support global competitiveness in any trade agreement Canada chooses to pursue moving forward.

● (1545)

Streamlining customs procedures by reducing the unnecessarily burdensome and redundant reporting requirements in Canada that others have spoken about would increase border efficiency, make exports more competitive, enhance border security, and facilitate the legitimate trade that NAFTA seeks to achieve.

Finally, the CVMA recommends that border infrastructure be improved. Improving ports and border crossing facilities will help prevent inefficiencies and bottlenecks, and improve the competitiveness of Canadian exports.

In closing, the CVMA encourages the Canadian government to work with its U.S. counterparts to ensure that any changes with regard to auto trade rules help all partners grow economic activity, create more jobs, and avoid any further regulatory complexity. More regulation will only hurt employment and employment mobility, as well as increase costs for consumers.

Getting a modernized NAFTA right will have implications for future trade agreements, such as the TPP, without the continued participation perhaps of the United States, and a potential trade agreement with China. We want a focus on continued strong integration with our partners in NAFTA to support Canada's competitiveness at the global level.

Mr. Chair, I will conclude on that point, and I would certainly be pleased to answer any questions that members may have. Thank you.

**The Chair:** Thank you, sir.

Thank you, everyone, for those presentations.

The committee might see a group of students come in here. As you know, this is the most exciting committee, and I heard they might be dropping by, so be on your best behaviour and we'll be doing all right.

Without further ado, we'll start the dialogue with the MPs. We have the Conservatives up first for five minutes.

Mr. Van Kesteren, go ahead, sir.

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

Thank you all for being here. Welcome to our American friends. It's good to see you again. It's the first time I think we've met Daniel, but I appreciated your testimony earlier.

I want to go first to Mark, then I'm going to skip over to you quickly, Daniel, because I have a question.

Mark, I was listening to some of the things you were saying, and you're spot on. I remember, having been on the industry and finance committees, we had you many times before and you've always given us great direction as to where we should be going—on harmonization, the lessening of red tape, lower taxes, the thinning of the border, and the investments. We've made a number of investments in the centres of excellence in Ford Motors, and of course, the bailout in 2009 proved to be a great thing to do. We need to have those Detroit three strong again, and they're moving in the right direction.

Daniel, you mentioned the thickening of the border. One of the things we recognized as a Conservative government when we were in power was that we had to make the busiest crossing in the world flow more easily; hence, the Gordie Howe bridge, which no one thought would ever happen, is becoming a reality. But I'm concerned about the American side. I wonder if you could tell the committee if you're seeing any problems starting to crop up to get that task completed as far as the obligation on the American side is concerned.

**Mr. Daniel Ujcz:** Thank you for the question.

It seems as if the Gordie Howe bridge—"the bridge" as we call it in Detroit-Windsor, both in my days of working in the Canadian government and then coming back to the dark side of private law practice—is just a never-ending issue, but it is moving forward. There's no question about that. Certainly on the U.S. side, and in particular Governor Snyder of Michigan and his team, are committed to moving the project forward.

But there are the standard issues that we face on the U.S. side whenever there is a development of that size and scope: local issues

of zoning, acquisition of property, those types of issues. I think those who are on record as supporting it have not wavered. There continues to be public support. All facts on the ground indicate that, and they're moving forward.

The current owner of the Ambassador Bridge certainly is moving forward with his objectives as well. That's part of what a free market is all about in some cases. The view on the ground is that things are moving as originally planned. I think there has been a little delay on some of the RFQs. It's a complicated project. I do a great deal of P3 work. We do a lot in our firm on municipal financing and P3s, and it's a very tricky project. There's no question about it.

That corridor itself is very tricky, just in terms of the geography and other types of issues. Again, from an on the ground perspective, I think everything is moving according to plan.

**Mr. Dave Van Kesteren:** Maryscott, did you want to add to that?

**Ms. Maryscott Greenwood:** Mr. Chairman, if I might jump in for a moment on the politics of border policy, it's important to remember that the President and this Congress were elected on a "build the wall" chant that continues at every rally and every turn. I agree completely that it's enormously important for our border to work well for legitimate commerce and to be secure against threats.

I would just caution on the use of vocabulary. I've been saying this for many years, and apparently to no avail. When Canadians say "border thickening" to each other, people understand that's a bad thing. To American ears and to an administration that's trying to physically build a wall on a border, the border is the last line of defence. I agree that it needs to be efficient, but I think it would be useful, just from the point of view of vocabulary, to think about a smarter, more secure border, one that's more efficient, and not thick versus thin. A thin border sounds like an insecure border to American ears.

The politics of advocating for that, even if that's not what you're suggesting.... You're not suggesting that there be a less secure border, but quite the contrary. Anyway, it's the thick-thin words that I take issue with, but nothing else.

● (1550)

**Mr. Dave Van Kesteren:** Mark, do you want to just jump in on that?

I apologize, as I was going to talk to you about some other things.

**Mr. Mark Nantais:** The border issue is exactly as Maryscott says. Language, how we say it, does make a difference. Smart, efficient, productive borders are things that we pursue in our discussions with the U.S.

There is still room.... I mean, we talked about the regulatory cooperation council. The other half of that piece was the Beyond the Border initiative. The Beyond the Border initiative is equally important. Not only should we be talking about efficient and smart borders, but we also need to talk about what comes with that.

Certainly in our industry, where we move not just parts and components across the border every single day as many as six or seven times, but we also move people, labour mobility is key. We will bring in, for instance, some experts to do emergency work on a line. If we have a line that's shut down, that's \$1.5 million an hour in lost revenues. Sometimes they can't get across because they don't have a letter saying what their university credentials were in simple terms.

Nothing could be worse than that. The lists of the jobs that qualify for that movement back and forth across the border under NAFTA needs to be updated. It needs to be updated in any case. We also need to update the procedures around that to make it more flexible and timely, because the two-week turnaround time for an approval is unacceptable in our industry.

**The Chair:** Thank you, sir.

We were a little over time there. I caution my colleagues to be careful with your quick questions in the last 15 or 20 seconds. But that was a good question and a good answer.

We're going to move on to the Liberals, five minutes.

Madame Lapointe, you have the floor.

[*Translation*]

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

Good afternoon to the witnesses. Thank you for being here with us today.

Ms. van Vugt and Mr. Nantais, you spoke about infrastructure at the borders, pipelines and ports. What should we add to improve the transport of merchandise between our two countries?

[*English*]

**Mrs. Andrea van Vugt:** I think that the experience we went through with the Gordie Howe international bridge, securing the financing and going through the regulatory process, underlines the need for some sort of an understanding between Canada and the United States on building infrastructure. We need a way to identify funds quickly to ensure a responsible and expeditious process through the approval of those infrastructure projects. It's through those infrastructure projects and those investments that you'll be able to move people and goods quickly, which contributes to the competitiveness of our region.

Also, along the lines of border security, anything we can do to make the border more secure, to focus on those people who are not a threat to the security of our country, enables the resources that we do have at the border—which are limited on both sides—to focus on those people who would be a threat. Former Secretary Alan Bersin used to say that if you reduce the size of the haystack, you can find the needle.

Anything that our two governments can do to make the border more secure will also make the border more efficient, which I'm sure would help Mark's members get their products more quickly to market.

[*Translation*]

**Ms. Linda Lapointe:** Mr. Nantais, you spoke about labour mobility. I don't know if you had the opportunity of studying the CETA accord that was negotiated with Europe. You spoke about the recognition of credentials and diplomas. Is that what you were referring to?

[*English*]

**Mr. Mark Nantais:** That is indeed it. We're very much aware of CETA and something that we supported. Why? Because when it was negotiated, it recognized the integration of our industry. It set down placeholders, if you will, for the accumulation of content that goes into our vehicles vis-à-vis NAFTA.

That was also premised on the U.S.-EU proceeding with an agreement—which is not the case at the moment, or at least it's in hiatus—but it recognized the integration of our industry and put down placeholders, and said we will put down quotas until such time as we are able to formally include that in a U.S.-EU agreement.

That allows us to still build vehicles and send them to the EU—in limited numbers, of course. How we allocate those numbers and the methodologies that go behind establishing those numbers must be flexible. They must respond to market conditions and so forth. But it recognized the integration of our industry. It recognized essentially the integration, in a broader sense, with NAFTA, and that is what's so critical.

That's one thing that from a Canadian perspective we've not done very well so far. We're always out there, particularly in a bilateral. We've got to get the deal on the bilateral basis, when in fact we should be looking at any new agreement through the lens of what it means economically for our country. What does it mean for our jobs? What does it mean for the products we produce? It should not be at the expense of what we build or the jobs we have here, but in a way that promotes them and expands or increases the levels of employment and investment in this country.

● (1555)

[*Translation*]

**Ms. Linda Lapointe:** You also referred to ports, with regard to infrastructure. Were you thinking of imports and exports? Would you include the east and west of the country?

[*English*]

**Mr. Mark Nantais:** Yes. Absolutely. One thing in our industry, and I'm sorry to be rather focused on my industry, is that if we're going to export vehicles, we pretty much have to batch them together and send them through the United States, outbound from U.S.-based ports. We have capacities, primarily inbound capacities on our east and west coasts, and the rail service generally supports them, but on the outbound it's a different story.

I'm not sure we're competitive in that sense. I'm not sure the capacities on the outbound side are sufficient at this point in time. As we get new agreements to export our products more broadly across the globe, then we should also be able to export them through our country, through our own ports, which are competitively priced with ports in the United States. Again, we're integrated, so we will go out of Baltimore, for instance, to European markets.

[Translation]

**Ms. Linda Lapointe:** Thank you.

I only have a little bit of time left. I would have a question for Ms. Greenwood.

[English]

**The Chair:** No, sorry. We have to move on to the NDP. Maybe you'll have a chance later on to get your question in.

The NDP has the floor now for five minutes, Ms. Ramsey.

**Ms. Tracey Ramsey (Essex, NDP):** Thank you, Mr. Chair. Thank you so much to all of you for being here today and presenting. My riding is Essex, down on the border in southwestern Ontario, and I think those of us who represent border ridings in Canada feel more keenly the response to what's being said in the U.S. Certainly, there has been some strong language recently that really has impacted our particular region.

Of course, we have a lot of challenges at the border—you've identified some of those—that need to be fixed and repaired before we have the new bridge crossing. We need to address these issues at our border, because I can tell you that every week I have people contacting me in my riding. They have issues with labour mobility going across that border. They have issues bringing goods across that border. They lose goods. I have fish plants that sometimes cannot get their goods across into the U.S. We understand how integrated that chain is. Twenty-three years on from NAFTA, we feel that very strongly.

My question really is around the executive order on Buy American and Hire American. We responded very viscerally to this in our region, as most Canadians did. I'd like to ask Mark what this means for these very integrated chains in auto, and I'd like to ask the rest of you, too, what you think Canada's response should be.

Mark, when those chains are so deeply integrated, if a policy like this becomes implemented in the States, how will that impact the auto sector here in Canada?

**Mr. Mark Nantais:** Right now, as I mentioned, the situation in the parts industry is that we generally have a higher level of U.S. parts content and therefore related jobs in Canadian-built vehicles. The question becomes what the nature of that legislation or those policies would be. It's hard to speculate, other than simply you must buy and hire American. We're already doing that in the auto industry to a very great extent. In other sectors, that's not necessarily the case. It could have very significant implications for them. We'll have to see on that front. Others are going to have opinions here, I can see—

• (1600)

**Ms. Tracey Ramsey:** Yes. Everybody's going to get—

**Mr. Mark Nantais:** They're chomping at the bit here.

**Ms. Tracey Ramsey:** Yes.

**Mr. Mark Nantais:** Maybe in the auto industry we're a little different because of that integration that has been in place for so long, but I'm not going to say there aren't or won't be any problems.

**Ms. Tracey Ramsey:** I think it was interesting and well done by Ford when they made an announcement in Michigan and the next

day made an announcement in Canada. They had that balance between those announcements.

**Mr. Mark Nantais:** Yes.

**Ms. Tracey Ramsey:** Is there anyone else?

**Ms. Maryscott Greenwood:** Since I'm chomping at the bit, may I...?

**The Chair:** Go ahead.

**Ms. Maryscott Greenwood:** Thank you so much.

I had the opportunity to testify before the foreign affairs committee this morning and wanted to provide different testimony, so I have focused on regulatory issues. A lot of the border arguments and NAFTA arguments are in the earlier testimony, and I would refer you to those.

We talked about Buy American rules in particular. What the Canadian American Business Council feels is that when you look at Buy American rules, they should be “Buy American-Canadian” rules. In other words, if you were to consider Canada “domestic” for the purposes of U.S. procurement, that would solve a lot of things. That would solve Buy American rules. That would solve country of origin. It would solve border adjustability. It would really help.

There is a model for this, and the model is actually in the defence industry. Since the 1950s, Canada and the United States have had the defence industrial production agreement, in which it is required that Canadian defence suppliers be treated exactly the same as U.S. suppliers to the Pentagon. Our thought is to take a page from the defence sector and apply it across all sectors.

Just in case my friend Dan doesn't get a chance to speak, his shorthand for this is that when you say “Buy American”, you capitalize the C, so that it's “Buy AmeriCanadian”—if I can just steal your recap there, Dan. That's what we're advocating very strongly. We think it would solve a world of problems. We would recommend that to you.

**Ms. Tracey Ramsey:** We hear “North American” a lot, even for a vehicle. You can't purchase a “made in Canada” or “made in the U.S.” vehicle. It's a North American product.

**Ms. Maryscott Greenwood:** That's right.

**Ms. Tracey Ramsey:** Dan, I'm interested to hear what you have to say on that as well.

**Mr. Daniel Ujcz:** On Buy American, just to be very clear, when we're talking about Buy American and the executive order, though, that is only when the U.S. government is purchasing. That's federal procurement, so it's not really a requirement on the private sector per se.

That said, when we're talking about Buy American, I think our strategy as the Canada-U.S. community should be less about free and open markets for everybody than about our having a procurement policy for an integrated Canada-U.S. and North American market. For example, if we can demonstrate that companies are established on each side of the border and that there are well-established supply chains, as I said, we could start certifying supply chains as "AmeriCan made", with a capital C.

The other issue on the "Buy American, Hire American" order is that the Hire American piece of that is much broader than highly skilled workers. It is reviewing all immigration programs.

The number one issue that all of our companies have is moving bodies across the border right now.

**Ms. Tracey Ramsey:** This is the issue that I hear about all the time in my office.

**Mr. Daniel Ujcz:** In terms of people, the border is going to be a very different place over the next few months because of that provision.

**Ms. Tracey Ramsey:** It's very different now.

**Mr. Daniel Ujcz:** Absolutely.

**Ms. Tracey Ramsey:** Ever since the new administration, the calls have increased.

**The Chair:** Okay. That's your time.

**Ms. Tracey Ramsey:** We have very highly skilled and trained people, paid by companies in Canada, who are trying to go to service American customers and can't get across the border.

**The Chair:** Ms. Ramsey, your time is quite over. We're going to have to move over to the Liberals.

Madam Ludwig, you have the floor.

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

Thanks to all of you for your excellent and very informative presentations.

I want to start with an example of a smart, efficient, and friendly border. I represent the riding of New Brunswick Southwest. We have five international border crossings. The friendly example is that we have mutual aid with our American friends. In the case of structural fires, there is pre-clearance for the emergency vehicles to cross the border to attend to the fires, and vice versa. The challenge usually is that when the firefighters are returning to their own country they've forgotten their identification.

My first question is for Mr. Ujcz. You mentioned public consultation. We spent all or quite a bit of last year, 2016, working on public consultation regarding the TPP. I'm wondering if you could explain a bit of your process, but I'll give you the context for it.

As we look at NAFTA, what we often hear is the rhetoric on the news about how damaging and bad it is. When you're listening to the comments through these consultations, I'm wondering how scholars and policy-makers will separate NAFTA's direct effects on trade and investment from other factors, including rapid improvements in technology; expanded trade with other countries, such as China;

unrelated domestic developments in America, Canada, and Mexico; and, other variables such as economic growth, inflation, and currency fluctuations and manipulations. There's a big question for you.

• (1605)

**Mr. Daniel Ujcz:** That's a great question. Starting with the latter point on what the other reasons are for the workforce issues that we have in the United States, particularly in our market in the U.S. Midwest, it's not a shortage of jobs. If you talk to any company, we have jobs. We simply don't have anybody who can do them. In the tool and die and marks industry, I go back to my days working in a steel mill and I wish I had trained to be a welder, because you can't find a welder these days in those areas.

However, NAFTA has become the bogeyman for all issues with trade. I think most people don't even know that it doesn't involve China, to be quite candid with you. That said, I've maybe been in politics a little too long. I don't tell the voters that what they believe to be their problem isn't their problem. There is just an ingrained spirit that NAFTA is bad for them. At the same time, that doesn't necessarily mean Canada. All of us around this room know that.

I think what's very important in the consultation period is to come up with examples. It would have been far more of a crisis if on day one Donald Trump had withdrawn from the TPP and torn up the NAFTA. Instead, we have seen over the last three months or so—100 days and change—that there is a very programmatic consultation process looking for facts, and now is the time to put the facts on the table. This is an administration driven by anecdotal evidence at the top. We keep hearing about the Chinese steel that goes to Japan that becomes an exhaust pipe through Mexico. That's one example that I think, frankly, somebody heard in a meeting and has shared. Examples like a hamburger a couple of days ago in Washington, and using other types of stories, such as the automobile that crosses the border, are the types of examples that we need to get out on the ground into the regions, talking about those, to show how integrated our trading relationship is.

**Ms. Karen Ludwig:** Thank you. I want to simply give you an example.

In the maritime region we do a significant amount of export to the New England area. I just did the math earlier, so it could be a little off, but looking at the New England states, 335,000 jobs are directly related to trade and dependent on Canada. That's in the United States. One of the concerns that I've heard throughout my riding and in the business community is the threat of a potential border tax and what that might mean on our side of the border. Is that being considered or discussed within the business community in the United States in terms of the threat it poses to jobs on the other side of the border? As our colleague here from the auto industry mentioned, the supply chain is so integrated. It's a North American supply chain, so any disruption within that has the potential to cause significant job losses or job changes.

I'll ask Maryscott to answer that.

**Ms. Maryscott Greenwood:** That's absolutely right.

The border adjustment tax idea is being hotly considered. The comprehensive tax reform was the Congress's answer to NAFTA repeal. When the President was campaigning on tearing up NAFTA, the Congress's answer was, "You wouldn't have to do that if you did tax reform. You'd make us more competitive by incentivizing exports, by disincentivizing imports, by border adjustability, by lowering the corporate tax rate, by repatriating funds made abroad."

The good news, if you will, for people like us who are not fans of the border adjustment tax is that there is a deep division in the United States in the business community. There is a well-formed coalition that's for it, and there are a lot of us who are strongly against it.

There's going to be a long debate. We haven't had tax reform in the United States since 1985, so it's going to take a while to get through this. Border adjustment in particular is quite controversial, and I think we need to continue making it controversial so that people will know the impact, like the statistics that you mentioned in the Maritimes and New England. That's true right across our country in terms of our dependence on Canada.

**The Chair:** Thank you. That wraps up the time.

We're going to start our second round. We'll start with the Liberals. We have Mr. Peterson.

Go ahead. You have the floor, sir.

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

Thank you everybody for being here today.

Mr. Nantais, I want to start with you, in part because of the importance of the auto sector to my part of the world. I'm from Newmarket—Aurora and, of course, Magna International is headquartered there. It's one of our biggest employers.

The auto industry in North America has been integrated for over 50 years now, starting with the Auto Pact in 1965, then the Canada—United States Free Trade Agreement, and now into NAFTA.

Do you see this NAFTA 2.0, or whatever comes out of any negotiations, as being part of that continuum of improving the agreement between Canada and the U.S.—in this case Canada, the U.S. and Mexico—to continue to help the auto industry flourish in North America?

• (1610)

**Mr. Mark Nantais:** We do, and on the basis that there will be opportunities. It is 23 years old, and the world has not stood still during that time, so there will be opportunities. By the same token, there are things we have to preserve. There are things in NAFTA that have really worked. In our industry, it has been responsible, along with the Auto Pact, for literally hundreds of thousands of jobs. There are some things we need to preserve, but there are definitely opportunities, whether it comes to border efficiencies or labour mobility.

We are worried about things such as changing rules of origin, for instance. In our industry that would be quite detrimental, depending

on how they do it. Will it be changes to the actual content rules or will it look at the methodology for calculating content or other things that relate to that and would give the appearance of making it more stringent? Politically, that may be one of drivers for the U.S. administration. It's hard to say. Border taxes and things such as that could have very disparate impacts on different companies and sectors.

The key thing here is how we can maintain our competitiveness. How do we maintain Canada as a place to invest? Clearly, NAFTA has been very beneficial to us. Certainly, the CVMA is coordinating with our U.S. counterparts through the American Automotive Policy Council, as well as with our Mexican counterparts.

There are definite opportunities. We'll be at least trying to identify them and helping negotiators work those through.

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

Mr. Ujcz, I want to ask you a couple of questions, notwithstanding your being from the same hometown as LeBron James and that my Raptors are struggling with Mr. James's team now. We won't hold that against you. I won't bring up Ms. Greenwood's Leafs comment either. It's tough to be a Toronto sports fan.

I like the phrase that Ms. Greenwood attributed to your earlier example, buy "AmeriCanadian", with the C and A. Do you foresee that only in the public procurement sphere? Is that the concept?

**Mr. Daniel Ujcz:** No, that should be an idea across the board in the sense of generating goodwill. The problem with Buy American policies is that most of the time it is less about the actual procurement process than the perception it sends throughout the supply chain of the community. You'll have procurement officers at all levels of government, and even some in the private sector, saying that they'd better do things...that they don't have to give the best bid an opportunity, that they can keep it local. If we start encouraging that kind of behaviour and thinking about ourselves as one market in Canada, the U.S., and North America, it will serve as a barrier or a preventative measure against more protectionist action.

If you asked your average American on the street if they want to keep Canadian goods out of the United States, or about Buy American, half the time they'll say they didn't even know it applies to Canada. That's the issue usually. We represent American companies that have Canadians in their supply chain and are prevented from bidding by their own policy.

I do think that addresses the broader issue of what we're trying to accomplish in this NAFTA negotiation. These are not tooth-and-claw lunatics running trade policy in the White House right now. They have been speaking about these issues on China and Asia for 20 years. They have a policy. They are going after Asia. Now is the perfect opportunity to stitch North America, particularly Canada and the U.S., together as a bulwark against that. That's the case we should be out there making as opposed to saying we need access to this market and speaking in the language of 20th century exports, surplus and deficits, and those types of issues.

**Mr. Kyle Peterson:** Thank you.

I think I have a minute left maybe?

**The Chair:** Half a minute.

**Mr. Kyle Peterson:** Okay.

Ms. van Vugt, do you see “do no harm” as protecting the status quo? What priority would there be to change to make things better, one priority?

**Mrs. Andrea van Vugt:** Just quickly, the first priority is to do no harm. We have a well-integrated supply chain and need to make sure that we don't do anything to undermine that supply chain. The next thing you can do to improve it is to modernize it. NAFTA didn't include things like e-commerce, because it didn't exist. That's one of the ways you can improve upon, but there are lots of others.

**The Chair:** We're moving to the Conservatives.

Mr. Ritz, you have the floor, sir.

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

Ladies and gentlemen, thank you. It's great to see all of you again.

Dan, you made the comment that you have this title “AmeriCan”. Did you trademark that? You're a lawyer.

**Mr. Daniel Ujcz:** No, MaryScott is using it.

**Hon. Gerry Ritz:** Oh, it's yours. I should have known you were the smarter one.

To follow up, Dan, you talked about the timeliness of this. When you are taking on something this massive, of course, timing is everything, especially with the United States always being in an election cycle. You said that the mid-terms in Ohio could really be a turning point, a real problem for us. It's also one of the 35 states whose number one trading partner is Canada. There are allies there, too.

You are absolutely right. It's how we market this, how we draw people out, and how we build that bulwark. We did this very successfully with country-of-origin labelling by identifying people on the ground and making it a ground war, not an administrative war. I think that's the key in this.

There are so many other things that work into this, too. The geopolitics of it has been talked about. China is sitting out there watching all of this. They are trying to negotiate with the U.S. They are trying to negotiate with us. Of course, they're trying to go faster with us because we're smaller. At the end of the day, there will be a huge miss if we don't get this right, because China is sitting there ready to pick up anything that falls off the table and then build from there.

How do we make sure that the new NAFTA—NAFTA 2.0, or AmeriCan, whatever you want to call it, is proactive? There are all kinds of provisions in there to take someone to task when there is a grievance. That's reactive. How do we build in a proactive side so that, before you get to the grievance side, you can sit down and say, “This is going to come up. How do we address it?” How do we constantly modernize, refurbish, and keep this deal vibrant? How do we work at the speed of business?

●(1615)

**Mr. Daniel Ujcz:** That is the quintessential question for the NAFTA renovation: How do we continue to recycle it and get out of this Canada-U.S. world, where we are running from dispute to dispute time after time?

On dispute resolution, reasonable minds can disagree. For example, I think chapter 11 has no place in a new NAFTA. It doesn't make any sense for Canadians or the United States to have that. That was put in there for the Mexicans, no question about that. Reasonable minds can also disagree, or agree, on chapter 19.

What I do believe is that this is where the regulatory cooperation council is critical. The RCC isn't something I'd bring up on a first date. There is nothing sexy or sensational about it. But it is the most

**Hon. Gerry Ritz:** It sets the basis for everything else.

**Mr. Daniel Ujcz:** It is critical, because it can be ongoing. Once Congress approves it, it can have a life of its own and evolve over time.

That's similar to the issue of trying to update the NAFTA list of professional workers. That list will be outdated at the speed of business the minute we create it.

**Hon. Gerry Ritz:** As soon as you write it....

**Mr. Daniel Ujcz:** Absolutely.

We have to look at things such as positive regulation, where everything is considered—rules of origin, these types of things—unless we say otherwise. I think those are the types of things we should look at doing in Canada and the U.S., and use this time to do it.

**Hon. Gerry Ritz:** It's going to take a little longer to do that. The problem is that, while all of this is being talked about, you lose the bankability and predictability that business needs to make investments, because nobody knows what the end result is going to be.

**Mr. Daniel Ujcz:** Absolutely.

**Hon. Gerry Ritz:** How do you have the stability to keep the integration in North America, and keep it strong, while we have blood on the floor, at times, doing these negotiations? How do you send that message out there?

**Mr. Daniel Ujcz:** We have a great example right now with food safety. Both Canada and the United States are changing their food safety laws, the Food Safety Modernization Act, in the U.S., and the Safe Food for Canadians Act.

I'm speaking to these folks every day. There is going to be an issue at the border when these come in, because our regulations are different. These aren't containers of car parts. These are perishable goods.

What we can do right now is send a signal—

**Hon. Gerry Ritz:** It's based on the outcome, not on the day-to-day....

**Mr. Daniel Ujcz:** Absolutely. If we send a signal right now that we are going to mutually recognize each other's standards, as we have already done with our larger food safety standards, we can get a win right there so that businesses can plan ahead. I think that's the signal the RCC actually sends, that on issues outside of the big hitters in North American softwood, dairy, etc., we are going to have this mutual recognition program between Canada and the United States.

**Hon. Gerry Ritz:** The first thing we need to do is take the politics out of all this, and then we'll actually have a shot at making it happen.

The bottom line is that every time there is a border tax, a carbon tax, a regulation, or red tape, consumers pay for it. Whatever we come up with, whatever this creature looks like at the end of the day, it's all going to be based on rules and regulations to keep everything fair, when really they can't. At the end of the day, the consumer pays for it.

The tariff on softwood lumber right now is costing American home builders. It's not going to hurt Canada, with a 72-cent dollar. It's going to hurt Americans trying to build a home the first time around.

**Mr. Daniel Ujcz:** In that vein, on the Canadian side there is the drywall dispute, in which the U.S. has been pushed out of the gypsum industry, and Alberta and western Canada building contractors are now increasing prices to rebuild in Fort McMurray and elsewhere.

**Hon. Gerry Ritz:** There is a U.S. counterpart and a Canadian counterpart that are both owned by a company in France.

**Mr. Daniel Ujcz:** Absolutely.

**Hon. Gerry Ritz:** They are fighting each other, trying to gain a market share by suing each other. We actually won that through our CIIT panel, but the government hasn't put in the recommendation.

**Mr. Daniel Ujcz:** It's coming to eastern Canada soon.

**The Chair:** Thank you, Mr. Ritz. It's been a good dialogue, but you ran out of time.

We are going to move over to the Liberals. They're splitting their time.

Madame Lapointe, you're going to start. Go ahead.

• (1620)

[Translation]

**Ms. Linda Lapointe:** Thank you very much, Mr. Chair.

Ms. Greenwood, I could ask the question I wanted to ask you earlier. You spoke about the harmonization of regulations. You referred to veterinary products and medications. How could we go about harmonizing those regulations, among others?

[English]

**Ms. Maryscott Greenwood:** The United States and Canada have been working together on regulatory harmony since 2011. President Obama and Prime Minister Harper at the time announced this regulatory co-operation effort. It is now supported by Prime Minister Trudeau and President Trump. It's a really good idea. We've been talking about it.

In terms of your particular question, there have been 35 different sectoral working groups in which officials in these various agencies, from Canada and from the United States, have been meeting pretty regularly, including with stakeholders to figure out where there are areas of just a slight difference, where's basically the same level of safety, but just a slightly different way it's tested.

The recommendations that we make on food safety, veterinary products, and medical devices would simply mutually align. If something is deemed safe in Canada, it's been inspected in Canada, and it's good enough for Canadians, the Americans would say, "That's good enough for our consumers too", and vice versa. It's an immediate mutual recognition, which would be the first step.

The end goal is something that both of us mentioned. We call it a negative list; you called it a positive list. That's where you take the list of everything, all things, and say, "Everything regulated in the future must be harmonized, unless we set it aside and it's not." In other words, instead of going line by line through every single medical device, food product, and manufacturing supply chain, and trying to figure out how to work it out, it's all got to be harmonized or mutually aligned, unless it's so contentious, or for whatever reason, you've got to set it aside as a negative list notion.

[Translation]

**Ms. Linda Lapointe:** Did you want to add something, Mr. Nantais?

[English]

**Mr. Mark Nantais:** Madame Lapointe, if I may, we've had some great success with the regulatory co-operation council, but one of the key things that we continue to recommend between Canada and the U.S., as part of this next round, is to institutionalize or hardwire the process from the beginning of the regulatory process. That includes, by the way, even alignment on the research agenda, the data driven agenda, that the regulatory agencies should co-operate on, and start from the ground level.

That becomes institutionalized, so that when the United States or Canada decides to develop a regulation, then they should work together from ground zero on the development of that. That includes both the research and the establishment of the regulation, so there is no uncertainty about the future, because we cannot have that as industry or business. You have to have a sightline on the future; you have to have that certainty. Changing this along the way because it's politically expedient to do so—I don't mean any disrespect by that—is not on. That will not work.

**Ms. Maryscott Greenwood:** May I have one last point?

**Ms. Linda Lapointe:** We have enough time I think.

**Ms. Maryscott Greenwood:** Dan said he wouldn't bring up regulatory cooperation on a first date.

**Voices:** Oh, oh!

**Ms. Maryscott Greenwood:** That's why we never dated, because I think it's super hot, and the reason I do is that it would save billions of dollars over time. It would help so much small businesses, mom and pops, right up to big businesses.

I would complement the automotive industry. When we started with regulatory co-operation in 2011, any sector could have raised its hand and said, “We’re ready, try us first”, and a lot of the sectors sat back and said, “Well, we’re not really sure what this is, we’ll just watch”, and the automotive sector said, “We want to be in the front of the line, as we’ve got some examples, and we’ll give you case studies whether it’s seatbelts, airbags, crash testing, you name it”, and that’s one of the reasons, because they’re—

**Ms. Linda Lapointe:** They are doing that crash testing north of my riding, in Blainville.

**Ms. Maryscott Greenwood:** Fantastic. So yes, regulatory co-operation is about the sexiest thing I can every imagine talking about.

[Translation]

**Ms. Linda Lapointe:** Did you want to answer that, Mr. Ujczko? Do you have something to add?

[English]

**Mr. Daniel Ujczko:** I agree with that wholeheartedly—not the dating part of it or the sexy part of it

**Voices:** Oh, oh!

**Mr. Daniel Ujczko:** —but I think the issue with the RCC, though, that we have to look at is the fact that we had a build a consensus within the bureaucracy on it. To get that, we actually spent a lot of time with Johns Hopkins University, going around talking to regulators and getting their reactions. The second issue had to do with early wins, like automotive and elsewhere. The real wins next will be with RCCs when we have new products being developed, as opposed to waiting and trying to fix something that’s already there. As new technologies are developed, let’s set up a common regulation at that time.

•(1625)

**The Chair:** Okay, the time is up.

We’re going to move to the Conservatives.

Mr. Aboultaif, thank you for joining us here today. Go ahead, you have the floor.

**Mr. Ziad Aboultaif (Edmonton Manning, CPC):** Thank you very much for having me today for the first time on the international trade committee. It’s quite a pleasure to be here among this wonderful group.

**The Chair:** It’s a very exciting committee.

**Mr. Ziad Aboultaif:** Yes.

Welcome to the panellists.

The question always on my mind is the productivity level in Canada versus the U.S. and the rest of the world, especially Germany and other places. So far so good, but we’re trying to establish ground here on where we stand on productivity in order to enhance our position on NAFTA. The NAFTA negotiation is going to be up to who can produce things better and more cheaply. That always dominates trade between two countries.

Can you brief us on our productivity levels in Canada versus the U.S., and how that’s going to play out in the future renegotiation of NAFTA?

**Mr. Mark Nantais:** If I may start, some of the Canadian plants are the most productive, high-quality plants in the world. That has come about as a result of things like regulatory efficiencies and regulatory harmonization as one of the elements. Regulatory complexity is another. We have a long way to go on this.

When we get into regulatory complexity as it affects manufacturing, that is primarily a provincial jurisdiction. A province adds complexity and costs to your doing business. It has an impact, not just on your ability to bring new investment to Canada, but it could also have an impact on your productivity. That’s something that we really have to be mindful of. It’s something that you have to think about in conjunction with all of the things we’ve talked about here.

Federal-provincial co-operation is another key thing. Not only do we need north-south regulatory co-operation; we need east-west co-operation as well. That’s also critically important. That even includes going down to the level of weights and dimensions of the transport trucks moving across our provincial borders as well as north-south. It’s very complicated, but it’s something that is also ripe for assessment and improvement.

Then when it comes to NAFTA, let’s face it, we have negotiating partners. We have opponents, if you will, trying to get the best deal for their respective countries. That’s something that we have to be mindful of. I think Canada thus far, as its approached NAFTA, has done the right thing. Canadian officials haven’t overreacted to some of the hyperbole. They haven’t gone out there and lost their cool. They’ve gone about it an very methodical way. I think that’s the right way, and we’re fully behind them on that.

**Mr. Ziad Aboultaif:** I guess one of the elements of NAFTA or any trade agreement is really to improve efficiency, not so much competition, between two trade partners. I think NAFTA has played quite a role in that regard in making Canada and the U.S., together, competitive on the world stage, because one of the elements a trade deal is also for countries to be selling to new markets.

The one comment I would have on what you just said is that if things continue the way they are, it will really give investors and business and industry cold feet. Are we to see a new industry altogether come into play, in terms of investments, in both markets as a result of the uncertainty that’s been created by President Trump’s administration and what he’s been saying about NAFTA? Don’t you see that as being the secret or key point that nobody has been able to explain or discover?

**Mr. Mark Nantais:** I think what you’re talking about here something that’s maybe even separate from NAFTA. Again, what we’re talking about here is what will drive investment in Canada. Would a very good and beneficial trade agreement help? Absolutely. But how do we ensure that the cost environment in which we operate here is competitive both federally and provincially. In Ontario, for instance, some great steps have been taken to bring new investment to Canada. But it’s not about being equivalent to other jurisdictions; it’s about being better than other jurisdictions.

As I said earlier, nothing is static. The moment we move forward and put in place some very good and helpful support systems for new investment, other countries, the United States, Asian countries, or whatever, will also be moving ahead, even doing better or more than what we are doing. That's the world in which we live now, and that's something we have to be very mindful of in the context of a trade agreement and the regulations we put in place that govern industry, both from an investment and manufacturing perspective in this country.

• (1630)

**The Chair:** Thank you, sir. We're going to move to the NDP now.

Ms. Ramsey, you have three minutes.

**Ms. Tracey Ramsey:** Thank you.

We talk about this chill, and Canadians are nervous. We can see why. The softwood decision has come out. This is very serious. We have 200,000 forestry jobs in Canada. Businesses are nervous. Communities are nervous based on this. How do you see this inability to come to an agreement on softwood impacting NAFTA negotiations?

**Ms. Maryscott Greenwood:** Canadians are nervous, and rightly so. People around the world are nervous. There are a lot of Americans, I might say, who are perplexed, perhaps.

To the particular question of how the softwood lumber dispute impacts NAFTA, it is negative. It has been considered on a completely separate track forever, as has dairy.

Now, we have the U.S. Secretary of Commerce, Wilbur Ross, saying last week that everything impacts everything. What that means is that the U.S. is coming up with its big list of things all at once, its complaints and all of that, as well as the things that it's willing to negotiate on.

Canada, for its part, ought to put together its list of what it wants, what its complaints are, and what it will negotiate. It's going to be "everything in" and let's see how it all comes out. If it could be negotiated separately, that would be terrific.

One thing about the Trump administration is that it is nothing if not unpredictable. He is willing to change his mind, so the facts could really change. However, at the moment, everything is in. Everything is on the table. It's time to get going on it and just negotiate.

**Mr. Daniel Ujcz:** I would just add, that is one end of Pennsylvania Avenue. I agree wholeheartedly with what Ms. Greenwood has said. It has taken the varnish that Canada is coming in with clean hands, in particular.

Particularly for members of Congress, things like log export restrictions on private lands are very difficult to defend in a free trade environment to folks who don't understand all the broader issues as well.

Also, when you look at the new decision that came out on preliminary duties, that is a key feature of that. That is something different from what we've seen in the past on this issue. We thought there would be nothing new on softwood. That's one of them, and it's clearly on the administration's radar right now.

**Ms. Tracey Ramsey:** It's almost like this is a test balloon to see how we will negotiate this together, and what will happen over the softwood prior to it.

I only have a couple of minutes. I do want to ask a question, and it's a whopper to leave you with only a minute for.

Let's talk about the impact of Mexico not being in NAFTA. Clearly, there's a Mexican election coming up. Things are unstable. We don't know what is going to result out of it. They're in their own kind of process right now, and we are talking about our trilateral relationship. What are your thoughts on that?

**Ms. Maryscott Greenwood:** In 10 seconds or less, I have a strong preference for keeping Mexico in the negotiation. We're all linked together physically. We're linked together economically and commercially, and we all share the same space on the planet together, so there is a strong preference to keep it together. However, if you can't, I wouldn't sacrifice a good Canada-U.S. deal because the pace at which we both negotiate with Mexico is different. Eventually, we all will work together, but I would love to have Mexico in it.

There may be a TPP without the United States, in which Canada and Mexico could modernize a few things, and the U.S. could perhaps bolt on to that.

**The Chair:** Thank you. Those are interesting comments.

We're going to move over to the last of our dialogues with an MP.

Madam Ludwig, you have the floor.

**Ms. Karen Ludwig:** Thank you. I have two questions.

New Brunswick sawmills are facing a very difficult situation regarding the softwood lumber case with the United States. The Atlantic region has always received—for the last 35 years—the maritime exclusion. I'm wondering if you could offer any encouraging words to the New Brunswick industry regarding the maritime exclusion.

**Mr. Daniel Ujcz:** It was there again in the preliminary duties. The early indications were that we're still moving down that route. We'll have another wave of this in June with the anti-dumping decision, but things look to be continuing on that path. This isn't any insider knowledge, other than just being around this issue for quite some time and reading the decisions, but it looks like it will continue in that vein.

• (1635)

**Ms. Karen Ludwig:** Thank you.

My next question is a little easier. It's about the relationship between Canada and the United States. Where I live in New Brunswick, people often don't even see the border. They cross it so often every day. They walk across. They buy their milk. They buy their gas over there.

Have we become complacent in our two countries regarding the relationship, not seeing the interconnectedness but just seeing ourselves more as allies? How do we get the message out there to Canadians and Americans regarding the importance of our relationships and integration to our continuing quality of life?

**Mr. Daniel Ujcz:** I would agree wholeheartedly with your comment. I think we became complacent as opposed to content. We've done that in North America as well. If you talk to any of the original NAFTA negotiators, and people who ran around the Hill, they will all say that they went home after it passed through Congress. They had their toast of champagne and went home and kind of forgot about it. We just thought it was going to go on in perpetuity.

This step is exactly what we were saying earlier, which is that trade statistics are not going to do it. The number of jobs that are created, those are the baselines, but we need the real-world stories about people and processes, the level of integration, and getting that message out. The swamp is important in D.C. as it is here on Parliament Hill, but as I said earlier, all trade is personal. We have to get out in those districts, in key congressional districts, and share these stories of how integrated we are.

There is a favourable audience in the U.S. All polling suggests that the U.S. overwhelmingly supports Canada-U.S. trade. It's just when softwood and dairy and other issues pop up, it's like, "We didn't realize they were doing that". Then you see this reaction. That's why it's very important in my view—and I'll turn it over to Maryscott—to get the positive message out of what we want to get out of NAFTA on digital technology, the workforce, and shared procurement, etc.

**Ms. Maryscott Greenwood:** Thank you.

Very quickly, it is important to show up. So keep going to the United States, but also invite Americans up here. Two under-appreciated areas where you can do that are tourism and education.

The Maritimes are beautiful. They're a wonderful vacation spot, and that's important.

**Ms. Karen Ludwig:** We have Roosevelt's cottage.

**Ms. Maryscott Greenwood:** That's right. Absolutely. Campobello

The other one is education. The relative value.... As a parent of a college-aged kid—I'm paying out-of-state tuition; it's outrageous. I would spend a lot of time talking to high school kids and parents of high school kids about coming to school in Canada. There are many wonderful universities. Even for out-of-country tuition, it is much cheaper, and the education is world class. Then you get the alumni network and whatever. It sounds trite, but the minute you come to Canada as an American, you can't help but fall in love. You have to get people to come.

**Ms. Karen Ludwig:** Thank you. That's my time.

**The Chair:** Do you want to add to that? It's up to you.

**Ms. Karen Ludwig:** That ended on such a nice note.

My next one was on China.

**The Chair:** Thank you.

What a great dialogue we had this afternoon. Thank you very much for coming. Just when you think we know it all or have heard it all, you gave us quite a different perspective. Thank you again. We hope that we can count on you another time. When we get this report done, we'll send you copies.

We're going to suspend for two minutes and then get right into future business.

*[Proceedings continue in camera]*

---





Published under the authority of the Speaker of  
the House of Commons

---

### SPEAKER'S PERMISSION

---

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

---

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

---

### PERMISSION DU PRÉSIDENT

---

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

---

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>