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Chair

The Honourable Mark Eyking

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• (1010)

[*English*]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Good morning, everyone. What a crowd we have here today. I haven't seen so many people since a Bryan Adams concert. It must be a big show in town here today.

My name is Mark Eyking. I'm the chair of the trade committee, and on behalf of all our members, I welcome everybody who's here today and anybody who's covering this committee meeting and, of course, anybody who's out there watching us.

I'd also like to welcome the two ambassadors we have with us here today, the ambassador from Mexico and the ambassador from Taiwan.

Our committee is a very active committee. Of course, everybody knows that Canada is a trading nation, but over the last few years, since this Parliament, we've had a lot on our plate in dealing with the trade agreement with Europe, and the TPP, and right now our focus is on present and future relationships in North American trade with our trading partners, the United States and Mexico.

I have a few housekeeping things to mention. I know that we have a bigger crowd than usual, but we have translation here for you. If you are not sitting in one of those green chairs and you need translation, there are headphones in the back for you. I'd also just remind everybody that you are not allowed to take photographs during this meeting.

So, why are we meeting here in the middle of the summer? Well, this is a very important time for Canada, with the United States and Mexico, and we've invited the minister responsible for the United States, the Minister of Foreign Affairs, to be here today.

We welcome you, and I hear you've brought your officials here. You have been very busy, and we've come to know you very well. With the other trade agreements, you've been very gracious to be here any time we've needed you. So thank you for coming and I personally commend you for the team you're putting together for these future negotiations.

So without further ado, Minister, welcome. You have the floor.

Hon. Chrystia Freeland (Minister of Foreign Affairs): Thank you very much, Mark, and I'd really like to thank the whole committee for being here. As Mark said, a Monday in the middle of August is not generally a time when intense committee hearings are held, and the fact that you've brought us together here I take as a sign

of your really hard work and the real commitment that every member of this committee has to a great outcome for your constituents and Canadians in these talks. It's a privilege and an honour for me to be here to speak to you, and I want to thank everyone who is here. As Mark has pointed out, it's a pretty full room for a summertime committee meeting, which I also think speaks to how consequential these talks are for Canadians.

I'd like to make some opening remarks, and then I'd be happy to answer your questions.

I'd like to start by acknowledging that we're gathered on the traditional territory of the Algonquin.

[*Translation*]

Trade is about people. It's about creating the best possible conditions for growth, jobs, and prosperity for individuals and working families. That is why we are modernizing the North American Free Trade Agreement, known as NAFTA. That is why we are seizing this opportunity to make what is already a good agreement, even better. The North American free trade area is now the biggest economic zone in the world. Together, Canada, the United States, and Mexico account for a quarter of the world's GDP, with just 7% of its population.

Since 1994, trade among NAFTA partners has roughly tripled, making this a \$19-trillion regional market representing 470 million consumers. Thanks to NAFTA, Canada's economy is 2.5% larger than it would otherwise be. It's as though Canada has been receiving a \$20-billion cheque every year since NAFTA was ratified. Thanks to NAFTA, North America's economy is highly integrated, making our companies more competitive in the global marketplace and creating more jobs on our continent.

[*English*]

These historic NAFTA negotiations are to begin in two days. We're keen to get to work, not least because we know that uncertainty is never good for our economy.

At every opportunity we've explained to our southern friends—and many of you have been part of that effort—that Canada is the largest export market for two-thirds of U.S. states, and America's biggest overall customer by far. Indeed, Canada buys more from the U.S. than China, the U.K., and Japan combined. I think quite a few of us have uttered that sentence in recent months.

Our American partners have been listening. Today they understand, as we do, that our relationship, the greatest economic partnership in the world, is balanced and mutually beneficial. To wit, in 2016 Canada and the United States traded \$635.1 billion U.S. in goods and services. That exchange was almost perfectly reciprocal. In fact, the United States ran a slight surplus with us of \$8.1 billion U.S.—less than 1.5% of our total trade. So it's very, very balanced.

We've also been working energetically with our Mexican friends. I'd like to welcome the Mexican ambassador, my friend Dionisio, whose birthday we celebrated at lunch in Mexico City, together with the foreign minister and Minister of Economy and trade. The relationship has, of course, also included regular conversations between Prime Minister Trudeau and Mexican President Enrique Peña Nieto.

Most importantly, we have been listening to Canadians. As of today, we have sought and received more than 21,000 submissions of Canadians' views and concerns about NAFTA. That includes contributions from 16 academics and think tanks, 158 associations, and 55 businesses and corporations.

The Canadian objectives I will now outline are built on these extensive consultations. This process is just beginning. Our negotiations with our NAFTA partners will be informed by continuous consultations with Canadians.

Here are some of Canada's core objectives.

First, we aim to modernize NAFTA. The agreement is 23 years old. The global, North American, and Canadian economies have been transformed in that time by the technology revolution. NAFTA needs to address this in a way that will ensure that we will continue to have a vibrant and internationally competitive technology sector and that all sectors of our economy can reap the full benefits of the digital revolution.

• (1015)

[*Translation*]

Second, NAFTA should be made more progressive. We will be informed here by the ideas in CETA, the most progressive trade deal in history, launched by Conservatives and completed, proudly, by our government.

In particular, we can make NAFTA more progressive, first, by bringing strong labour safeguards into the core of the agreement; second, by integrating enhanced environmental provisions to ensure no NAFTA country weakens environmental protection to attract investment, for example, and to fully support efforts to address climate change; third, by adding a new chapter on gender rights, in keeping with our commitment to gender equality; fourth, by adding an indigenous chapter, in line with our commitment to improving our relationship with indigenous peoples; and, finally, by reforming the investor-state dispute settlement process, to ensure that governments have an unassailable right to regulate in the public interest.

One reason that these progressive elements are so important, in particular with respect to the environment and labour, is that they are how we guarantee that the modernized NAFTA will be not only an exemplary free trade deal, but also a fair trade deal. Canadians broadly support free trade. Their enthusiasm wavers, however, when

trade agreements put our workers at an unfair disadvantage because of the high standards that we rightly demand. Instead, we must pursue progressive trade agreements that benefit all sides and help workers both at home and abroad enjoy higher wages and better conditions.

Third, this negotiation is a valuable opportunity to make life easier for business people on both sides of the border by cutting red tape and harmonizing regulations. We share the U.S. administration's desire to free our companies from needless bureaucracy, and this negotiation is a welcome chance to act on that goal.

Fourth, Canada will seek a freer market for government procurement, a significant accomplishment in CETA. Local-content provisions for major government contracts are political junk food, superficially appetizing, but unhealthy in the long run. Procurement liberalization can go hand in hand with further regulatory harmonization.

[*English*]

Fifth, we want to make the movement of professionals easier, which is increasingly critical to companies' ability to innovate across blended supply chains. NAFTA's chapter 16, which addresses temporary entry for business people, should be renewed and expanded to reflect the needs of our businesses. Here again, CETA provides a model.

Sixth, Canada will uphold and preserve elements in NAFTA that Canadians deem key to our national interest, including a process to ensure that anti-dumping and countervailing duties are only applied fairly when truly warranted; the exception in the agreement to preserve Canadian culture; and Canada's system of supply management.

In all of these discussions, we will come to the table with goodwill and Canada's characteristic ability and willingness to seek compromise and find win-win solutions. But we are committed to a good deal, not just any deal.

[*Translation*]

So, I would like to say to Canadians today what I will say to our negotiating partners on Wednesday: Our approach in these talks will be in keeping with our national character, hard-working, fact-based, cordial, and guided by the spirit of goodwill and the pursuit of compromise. We also know that there is no contradiction between being polite and being strong. It is no accident that hockey is our national sport.

These negotiations are a deeply serious and profoundly consequential moment for all of us. Trade deals always matter. Done right, they are a vehicle for helping to create more well-paid jobs for the middle class.

•(1020)

[English]

Preparing for these negotiations has already united us as a country. I've been astounded and moved by the extremely high level of support and collaboration I and my team have received from business, from labour, from civil society, from every level of government, and from many of you around this table even though we are not all members of the same political party. Time and again Canadians across the country have told me how proud they are to be Canadian at this moment in time and how committed they are to doing everything they can do to help in these consequential negotiations.

Our bipartisan NAFTA Council is evidence of this, and all Canadians are truly fortunate that in these talks we will be represented by the best trade negotiators in the world. Canada's trade officials are internationally renowned for their prowess, and it is a privilege for me to work with this outstanding team of Canadian public servants. Let me take this moment to acknowledge the great Canadians who are sitting alongside me and with whom the committee will have a chance to speak directly later on: Tim Sargent, our deputy minister for trade; Steve Verheul, our chief negotiator for CETA, who is very familiar to many people in this room; and Martin Moen, who is also working very hard on the softwood file in his spare time.

[Translation]

As I said, these talks are profoundly consequential. There may be some dramatic moments ahead, yet I am deeply optimistic about the final outcome.

That is due to this fundamental reality: the Canada-U.S. economic relationship is the most significant, mutually beneficial, and effective anywhere in the world. We know that, and our American neighbours know it too.

[English]

Based on those very strong economic fundamentals, I am essentially optimistic going into these negotiations. Together with this fantastic team of trade negotiators, we're going to work very hard and we're going to get a great deal for Canadians.

Thank you, and I'm happy now to take your questions.

The Chair: Thank you, Minister.

Before I start, I'd like to welcome Parliamentary Secretary Leslie here. We also have two visiting members to our committee: Mr. Nater from Perth—Wellington and Madam Fortier from Ottawa—Vanier.

Welcome.

We're going to try to get everybody in, but the only way that's going to happen is if we keep everyone under five minutes, so keep your questions tight so the minister can have enough time to answer them. I don't want to have to cut off a member or the minister, but I'm going to try to keep it to five minutes so everybody can get a shot at this.

We're going to start with the Conservatives, and we have Mr. Hoback for five minutes.

Go ahead, sir.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

I appreciate your comments about keeping things tight. I'll do the best I can, but five minutes, with such a big topic....

The first thing, Minister, is that I want to compliment you. You put together a good team, with Steve Verheul and Martin and Tim. Putting Kirsten Hillman in the U.S., I think, has been a wise move and shows that we're focused on the file. So I can compliment you on that.

The second thing I also want to talk about is how we've been working together to make sure that the U.S. understands how important this relationship is and how all that has gone. I think the Americans now—at the governor level for sure—definitely understand what's at stake. I think after Trump gave his second notice of cancelling NAFTA that all of a sudden the business community, both in Canada and in the U.S., woke up and said, "Wait a minute, there's something very serious going on here." That's what makes this so different from any other trade deal. This is a renegotiation. I think you comprehend the fact that this is the type of situation in which, if we don't get it right, things will actually go backwards instead of moving forward. I think what's concerning the business community is how we move forward.

I think I'm going to get a little bit into the process of consultations, what we're doing to make sure that we've consulted properly and that we're properly prepared, and then look at what we are doing while the negotiations are ongoing to make sure that we keep people actively informed on what is happening and what things are playing.

Then, Minister, I'd like to have some idea of the outcomes. What do we expect to achieve at the very end for the business community, so that when they look forward they can say, "You know what, after this deal is done, Canada is now even more competitive in the global marketplace and Canada is even better positioned to do more exports around the world because we've put everything together in a good NAFTA agreement"?

Five minutes is tight, so it will have to be very quick, and then I have a few more questions I'll ask later. Let's start off with the process. How are you going to interact with this council? How are businesses and other groups going to be able to interact with the negotiators while the negotiations are ongoing?

Hon. Chrystia Freeland: Thank you very much, Randy, for that, as usual, highly informed question.

I do want to start by thanking you personally for your work, and also thanking parties on the other side of the House. I really am grateful for the way that, particularly south of the border, we've been working together to advance Canadian national interests. I'm glad that you share with me acknowledging the excellence of our negotiators. It's true also that having Kirsten Hillman in Washington is an advantage. I'm not going to claim any credit for the excellence of our public service, particularly in that space.

I know that Gerry, sitting next to you, interacted a lot with Steve as agriculture minister.

I believe, Gerry, you won't contradict me when I say that we share—well, you might on some things—the highest regard for our trade negotiators. It's really, really important.

I just also want to pause on one thing that you mentioned, Randy, that I agree with very strongly. One of the particular aspects of this negotiation that is different from previous big deals Canada has been involved in is that it is not a greenfield negotiation. In a greenfield trade agreement, of course you want it to work because it has the possibility of bringing great benefit to Canadians. But as I said in my remarks this morning, this is more like renovating a house that you're still living in. That makes it a really delicate operation. A great deal of our economy is based on the existing NAFTA, and that is something that we heard in our consultations leading up to this moment. Canadians are very aware of that, and I want to assure the committee that I and the team are very aware of the delicacy of what we are engaged in.

You asked about the consultations, so let me start by saying that we've been focused on two things. One is working hard with our partners and raising their awareness.

We've been working hard with our Mexican partners, and I thank you, Dionisio, for being here. We've been focused very particularly on outreach to the U.S., which you've been a part of.

I just want to remind people that we've had 185 visits to the U.S. We've reached 300 U.S. decision-makers, 200 members of Congress, 50 governors and lieutenant-governors. On our outreach to Canadians, we've had more than 22,500 submissions from Canadians, as well as contributions from academics, think tanks, 158 associations, and 55 corporations.

As I said in my remarks earlier today, our intention is that the consultation with Canadians will be ongoing throughout the talks. The model here is very much like that for CETA, and that's why I'm turning to Steve. I think the CETA effort has an unprecedented number of stakeholder tables and ongoing consultations, and we're going to continue with that practice. Let me say that in those consultations, labour, environment, indigenous groups, and women will very much be included. I think people are aware of the NAFTA Council that we have set up.

• (1025)

The Chair: Thank you, Minister. I'm sorry but we have to move on.

Hon. Chrystia Freeland: Have I run out of time?

The Chair: Yes. We're going to move on to the Liberals now.

Madam Ludwig, you have the floor.

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

Good morning. I'm very honoured to represent New Brunswick Southwest. Minister Freeland, as we've spoken about before, New Brunswick and Maine share a very special connection and relationship. Our relationship with border states is integral to the communities on both sides of the border. We are each other's closest partners and neighbours. When we talk about renegotiating and modernizing NAFTA to reflect the 21st century, what is Canada doing to ensure that our businesses can continue to work closely

together and that trade barriers do not impede the flow of goods and services?

Thank you.

Hon. Chrystia Freeland: Thank you very much for the question.

All of us have a stake in trade and a great trading relationship with the United States, but for your New Brunswick constituency, I think the relationship is particularly engaged and important. The relationship between New Brunswick and Maine is absolutely essential. You know that 38,500 Maine jobs depend directly on trade with Canada, and Canada by far is Maine's largest export market.

As we're talking about the New Brunswick-Maine relationship, I do want to offer a particular shout-out to Governor LePage of Maine. I have been in close contact with him. I often speak with him on the phone. He is an influential voice in this administration and understands very, very well the intense and interconnected relationship between Maine and Canada. He understands it in detail. He happens to have a personal background in the forestry sector that really informs his point of view in a very useful way, and I have found him to be a fantastic advocate of the relationship and its importance for Maine. I have also found him, not solely in conversation with him but also in his advocacy in Washington, to be very good at explaining a key element of our economic relationship with the United States, which is that we build things together. That is a key element that can sometimes be missed. People can think of trade as something simply being made in one country and sold to another, but the Canadian and U.S. economies are so closely integrated that we actually make things together. An input is produced in Canada and sold to the United States. More work is done on that input. It goes across the border, and that happens over and over and over again in the course of the creation of so many products. We're familiar with that from the auto industry, from manufacturing, but it's also very true in New Brunswick's trade with the United States.

That is why your question is so important, because something that we have done successfully is to make it possible for us to have that kind of a closely integrated and very effective commercial relationship. A core objective for Canada is not only to maintain that relationship, but as I said in my remarks, to also use this negotiation as a real opportunity to make that kind of work even easier.

One of the things we have heard again and again in our consultations, including when I was in Edmonton on Friday speaking to people from the agricultural sector, is that cutting red tape and making it easier to trade is something that Canadians really really see as a concrete and useful outcome. Indeed, one useful thing that we have heard repeatedly from this U.S. administration, both in direct conversations and publicly, is the real desire to cut red tape to make it easier for businesses to do business.

I think that cutting red tape and making our economic connection even easier is going to be one of our chief goals and is something that Canadians across the country, very much including New Brunswick, are very keen for us to achieve.

•(1030)

The Chair: Thank you very much.

We're going to move over to the NDP now.

Madam Ramsey, you have the floor.

Ms. Tracey Ramsey (Essex, NDP): Good morning, Minister.

I'm pleased to see today that Canadians finally have some understanding of the priorities of the Canadian government. I thank you for sharing some of those with us and I look forward to the further priorities you will reveal to Canadians as we move through this process. I welcome the negotiators to the table as well. It's nice to see all of you.

Like my colleague, I represent a border riding. Down in Essex in southwestern Ontario, you certainly don't have to look far to find people who understand NAFTA, including those who have felt the negative impacts of NAFTA in the manufacturing sector, and also businesses that have benefited from the flow of traffic across what I believe is the largest border crossing in Canada, the Ambassador Bridge, and soon to be Gordie Howe bridge.

My question for you is this. You mentioned supply management and the United States has of course released its long list of negotiating priorities, and from that list we know that the Trump administration will be taking aim at our supply-managed system.

Your Liberal government has eroded supply management under CETA and was attempting to do so in the TPP. I want you to be clear today: will you commit that you will not accept any further erosion of supply management through an expansion of tariff-free access for U.S. dairy, poultry, or eggs, or any other mechanism?

•(1035)

Hon. Chrystia Freeland: Thank you for the question.

It is a real service to Canada and to your constituents, Tracey, that you're on this committee, and I know that you know very well and that you represent a constituency that understands and is involved in this trading relationship as much as any part of our country is. I know you speak from a very informed place.

On supply management, as I have said repeatedly and as I said in our remarks today, our government is fully committed to supply management. There is something we have said both in public and in private to our American partners and it bears repeating today as an important point to underscore. That is about the balanced and mutually beneficial nature of Canada's overall trading relationship with the United States. It is truly reciprocal. When it comes to dairy, the United States sells us far more than we sell them. It is—

Ms. Tracey Ramsey: And yet they still want further access, so the question really is about whether we'll grant that.

Hon. Chrystia Freeland: And that is why it's important to point out to them, as we do both in private and in public, that when it comes to dairy, today the balance of trade is 5:1 in the U.S.'s favour. I would call that already a pretty good deal, and both I and my

negotiators, who have great experience particularly in the agricultural sector, are very aware of that.

Something else that is very important, and that again we point out in public at the table and in our private conversations, is that when it comes to dairy, Canada has our system of supply management for supporting the interests of our producers. The U.S. clearly does not have supply management, but the U.S. has its own system for supporting dairy producers in the United States.

Ms. Tracey Ramsey: It has subsidization.

Hon. Chrystia Freeland: Dairy producers in the U.S. are beneficiaries of an extensive web of government supports. That is the reality as well. We remind our American partners of that fact when we enter into this conversation, but I think it's also worth pointing out to Canadians, because I have noticed that in some of the Canadian discussions—

Ms. Tracey Ramsey: I'm sorry. I don't want to interrupt you, but I have another question and I want to make sure I can get it in.

Hon. Chrystia Freeland: Okay, but let me, Tracey, just finish this.

Ms. Tracey Ramsey: Okay, you can finish this off.

Hon. Chrystia Freeland: I'm speaking now particularly to our journalist friends. Something that I feel may sometimes be missing from the public discourse in Canada is a full appreciation of the extent to which the U.S. dairy sector also benefits from an extensive network of subsidies. Their way of doing it is different from ours, but there are significant government supports.

Ms. Tracey Ramsey: My next question is around chapter 11. Canada is the most sued country under the investor-state dispute settlement provisions contained in NAFTA's chapter 11, which allows companies to sue governments over anything they think has reduced their profits. That includes taking aim at our environmental protections and health and safety. This threat of challenges under chapter 11 has had a very chilling effect at all levels of government —

The Chair: You have only 15 seconds, so I think we should leave it to the minister.

Ms. Tracey Ramsey: Okay. My questions is this: will you seek to remove chapter 11 from the agreement?

Hon. Chrystia Freeland: As I said in my remarks earlier today, Canada takes a strong interest in improving and making more progressive investor-state dispute settlement mechanisms. That is something that we were very proud to push hard on in CETA and is definitely an area that we are interested in pursuing here. In particular, of paramount importance is preserving a sovereign, democratically elected government's right to regulate.

The Chair: Thank you, Minister.

We're going to go over to the Liberals. Madam Lapointe, you have the floor.

[*Translation*]

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

Minister, thank you for appearing before the committee this morning. I appreciate your being here.

I'm going to continue along the same lines. As you know, my riding is in the northern suburbs of Montreal. I'd like to know how the province and the Quebec government are contributing to the NAFTA negotiations. As we all know, Quebec was involved in CETA.

Could you describe the role that Quebec, the provinces and territories play in the negotiation process?

Hon. Chrystia Freeland: I'd like to thank you for your work, Ms. Lapointe, as well as your question, which is a very important one.

Not only are the provinces and territories involved in the NAFTA negotiations, but they are also at the centre of our trade relationship with the United States. As everyone knows, a number of issues and challenges affect the Canada-U.S. relationship. We continue to work closely with our provincial and territorial friends and counterparts.

As you highlighted, Quebec has a special role to play given its extensive relationship with the United States and Quebec's importance to the U.S. On that point, I have told the U.S. administration on numerous occasions that the electricity for Trump Tower is supplied by Quebec. It's key that our American counterparts never forget the importance of those economic ties.

As I mentioned, we consulted Canadians quite widely, including the provinces and territories, and those consultations will continue throughout the negotiation process. The CETA negotiations proved that Canada was stronger when the provinces, territories, municipalities, and federal government all worked together. The strongest team we can have is one that truly represents Canada.

Quebec played a special and very key role during the CETA negotiations, and, once again, I want to thank the province for that. On Thursday, I discussed NAFTA with my provincial and territorial counterparts, highlighting the federal government's approach and our desire for continued co-operation. Many provinces and territories are sending their experts and officials to Washington for the first round of negotiations, and that will be incredibly beneficial.

Mr. Hoback indicated that state governors play a very significant role and have a lot to bring to the table. I feel the same way. Perhaps it has to do with the fact that governors have a solid grasp of the economy because they are closer to the day-to-day reality in the country.

• (1040)

Ms. Linda Lapointe: I have another question about the involvement of the provinces.

We all know that Quebec had a strong presence during the CETA negotiations. What lessons did you learn from the CETA negotiations? What did you take away from that experience? You were the Minister of International Trade at the time. In light of that, what are you bringing to the table now? A bit earlier, you touched on CETA

elements that you would like to see addressed as part of the NAFTA renegotiation.

Hon. Chrystia Freeland: The provinces and territories played a key role in the CETA negotiations. Lessons were learned, and they will inform the NAFTA negotiations.

This is important for a number of reasons. For one, because we are in constant consultation with the provinces, we've gained a lot of information that will help us during the negotiations.

Another reason the role of the provinces and territories is so important is that they've developed vital ties with our partners and therefore have the potential to exert influence. What we saw during the CETA negotiations was how Quebec was able to influence the governments of France and Belgium, particularly in the case of the Walloons.

As for ties with the U.S., the provinces and territories have formed their own relationships. Quebec, for instance, has worked a great deal with the State of New York.

Thank you.

• (1045)

[*English*]

The Chair: Thank you, Minister.

That ends our first round. We're going to go to our second round, but, Minister, before we go there, I'd like to mention that we've done a western tour, as you know, and, in the United States, a central tour, and we have also visited Washington. We mentioned your negotiators and people here, but the people down on the ground in the United States were really tremendous for us, especially in putting meetings together. In Washington, I think one of the most important meetings was with the ways and means committee, one of the most powerful committees. We had a good time with them and good discussions there, so I'd like to thank your team on the ground in the United States for pulling that together. We're going to be visiting there again.

We're going to the second round, starting with the Liberals.

Mr. Fonseca, you have the floor.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Mr. Chair.

Thank you, Minister. When we look at Canada and the United States, we've had the longest trading relationship in the world. Four hundred thousand people cross our border every single day as well as \$2.4 billion in goods. In my community of Mississauga East—Cooksville, I have a huge a very diverse diaspora. They were very excited about our CETA agreement and the amount of trade they're going to be able to do between Canada and Europe and many other countries where they have roots and linkages.

The same thing happens when you look at Canada and the United States. We're probably the two most diverse countries in the world, bar none. I think about the small and medium-sized businesses within our diaspora. The Polish community in my riding will be able to do a lot of trade with places like Chicago. The Portuguese will with Massachusetts, along with the Indo-Canadian community. Can you explain to us how these communities are going to be able to benefit from this trade deal through NAFTA and how that will enable them to grow their businesses in the same way they feel is going to happen with CETA?

Hon. Chrystia Freeland: Thank you very much for the question, Peter, and for your very hard work on this file.

I strongly agree with the direction of your question. I also represent a diverse riding, as, I'm sure, many of us do. My riding in particular has very strong Portuguese and Italian communities, and there's been a lot of enthusiasm around CETA, which is going to enter into force on September 21, and we're so happy about that. It presents real opportunities for those communities in Canada to build even closer relationships with the communities in the countries they have come from, and also to use their cultural ties to build some economic benefit for both the EU and Canada.

I really agree with you that our relationship with the U.S. presents many opportunities of a very similar nature. When I am speaking to Americans, I like to say that we're not just friends and neighbours but that so many of us are relatives. It's hard to find a Canadian—and in some of the border areas of the U.S., it's hard to find an American—who doesn't have a close personal human connection with Canada. I think that's one of the reasons that our trading relationship has over time been so strong and so effective.

The former U.S. ambassador to Canada liked to tell a story about how when he travelled around Canada he would say, "So, do you guys do a lot of foreign trade with companies?", and they would say, "Oh no, we only trade with the United States." I think that anecdote tells a lot about how Canadians view trade with our biggest trading partner and neighbour.

When it comes to opportunities, you referred specifically to small and medium-sized enterprises. I think that is an important area to focus on. In the consultations I've personally done—and I know my negotiators have had the same experience—including in Edmonton on Friday, I have heard the same message that for those enterprises the red tape is a particular obstacle. We've even heard from people who have said they don't bother using the NAFTA preferences because it's so much of a hassle to fill out all the forms. One of our core objectives—and I think this has particular relevance for small and medium-sized businesses—will be to use these negotiations to cut red tape, to continue the really good work we've already been doing on harmonizing regulations, and to make this trading relationship even more frictionless.

Again here, I do want to emphasize that we see some real opportunity here in our negotiating approach, because this is really consistent with something we have heard in public and in private from this U.S. administration, which is that it is focused on cutting red tape and on making life easier for businesses, and that this is an opportunity for it to do just that.

When I was with the Prime Minister in Rhode Island at the governors' meeting, there was a lot of emphasis from the governors on exactly that point. They said, "Let's use this as a big opportunity to cut red tape to make things easier for businesses."

I think Mark wants me to stop talking now.

Some hon. members: Oh, oh!

• (1050)

The Chair: You know very well, Minister, that this light signal is working. Maybe other committees can start using it. Anyway, we're doing very fine here.

We're going to move over to the Conservatives now. Mr. Ritz, you have the floor.

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

Thank you, Minister, officials, and gentlemen. It's good to see you again.

I want to just step back one point. I know you were in Beijing late last week, Minister. Did you have the opportunity to raise the John Chang issue with China to make sure that John will have a chance to come home soon?

Hon. Chrystia Freeland: Yes, I did.

Hon. Gerry Ritz: Good. Do you have any idea of the timeline on that?

Hon. Chrystia Freeland: I raised it directly with the foreign minister. He acknowledged that I had raised it, so let's hope that creates some opportunity—

Hon. Gerry Ritz: Will Ambassador McCallum follow up on that?

The Chair: If I could interject here, Mr. Ritz, I would just remind you that we're going to try to keep to the trade issue.

Hon. Gerry Ritz: This is still trade. John will follow up—

The Chair: That's why we have the minister here.

Go ahead.

Hon. Chrystia Freeland: Pardon me?

Hon. Gerry Ritz: Will John follow up that intervention? Will Ambassador McCallum follow up?

Hon. Chrystia Freeland: He was with me at the time, as were our officials.

Hon. Gerry Ritz: Thank you.

Hon. Chrystia Freeland: I do want to say this. I know we're here to talk about NAFTA, but that is an important case. We as a government have been very focused on it.

Hon. Gerry Ritz: Yes, I can see that. Good.

Hon. Chrystia Freeland: I was glad to have an opportunity to raise it. What I did say to the foreign minister was that this was an issue of great concern to Canadians, and concern particularly to Canadian businesses.

Hon. Gerry Ritz: Good. Thank you.

Moving on, I saw your speech this morning. In the last few days you talked about labour and environmental clauses being very important in these negotiations. I'm wondering why, then, when you're using CETA as the gold standard... We agree it's a great trade agreement, but the TPP goes beyond that. In it there are enforceable clauses/chapters on labour and environment. Why would you not then ratify the TPP, as Mexico is continuing to do, and have two to one on the Americans on enforceable chapters on the environment and labour? Why not ratify the TPP to give you that extra strength?

Hon. Chrystia Freeland: There are two questions embedded in that, and let me take them in turn.

When it comes to the labour and environmental chapters, I'm glad to hear Conservative support for our government pushing very hard in these areas. I think that holds real opportunity for Canada. I am very pleased with the progress we've made there in CETA, a deal that is actually going to be provisionally applied in a few weeks.

Hon. Gerry Ritz: Sure, but the clauses aren't enforceable. In the TPP, they are.

Hon. Chrystia Freeland: Hang on. That gives it particular value. It's particularly useful in trade negotiations to refer to a trade deal that is actually in force, not to something that is simply written on a piece of paper.

I'm aware of those provisions that were negotiated in the TPP, and I think they're very interesting. We will also use some of the ideas from the TPP, very much including some of the labour and environmental ideas, which have particular value because there was some U.S. input on them. However, I would point out that the TPP is a deal that this U.S. administration has rejected. We need to be aware and mindful of that.

Also, when it comes to the TPP, we need to realize that embedded in the body of that agreement—and I know you know this very well—is a provision according to which the agreement cannot enter into force. Even if the TPP 11 parties were all to ratify that agreement, it would not enter into force without U.S. ratification. All of our conversations about the TPP need to be based on that fundamental reality.

I do want to say, though, that I was in Manila last week and had very good conversations with many of our TPP 11 partners, including Australia, New Zealand, Malaysia—

• (1055)

Hon. Gerry Ritz: Japan.

Hon. Chrystia Freeland:—Singapore, and Vietnam. We are very pleased to be part of continued discussions among that group. Canada absolutely sees the opportunities in the Asia-Pacific, and we are pursuing them energetically.

Hon. Gerry Ritz: I have one last point. Softwood lumber was to be done. You had a 100-day plan that is long gone. It was to be done before NAFTA negotiations started. Are we to believe that softwood

lumber now becomes part of NAFTA, or is it just going to be left aside until all the NAFTA work is done? There are a lot of people out in B.C. who are very concerned about their jobs, the future of mill towns, and so on. Where are we at?

Hon. Chrystia Freeland: I share those concerns. The softwood lumber issue is absolutely a key issue. It's—

The Chair: When I hit the light, you have 15 or 20 seconds left.

Go ahead.

Hon. Chrystia Freeland: It's a priority of mine and of our government. In fact, I was speaking about the issue less than 12 hours ago with some key representatives of the B.C. industry, and as I mentioned, Martin Moen is my partner in crime on this particular file.

We are very engaged with the U.S. on softwood lumber. We want a good deal and we think that is achievable, but we don't want just any deal, and the Americans know that. We want a deal that is good for Canadians.

I think at the moment that the softwood lumber negotiations will continue in parallel with the NAFTA negotiations, as has historically been the case. We are open to other modalities, but for now I think they'll continue in parallel.

Thanks.

The Chair: Thank you, Minister.

We're going to cut back a little bit on time. We're going to go to four minutes now.

Mr. Peterson, you have four minutes. Go ahead.

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

Thank you, Minister, for being here today, and thank you to those who have joined you at the table. We appreciate the input from all of you, as always.

You mentioned that earlier this week you met with some agricultural stakeholders in Edmonton, I believe, and that you're meeting with some labour people at a round table tomorrow in Toronto, if I'm not mistaken.

I want to focus on the automotive and manufacturing sector. It's a big employer in my riding of Newmarket—Aurora, and I heard you mention Magna today in your comments at the University of Ottawa. I know you've put Linda Hasenfratz on the NAFTA Council, which is great.

How else are we engaging with this sector to ensure that its interests are met in the NAFTA renegotiations?

Hon. Chrystia Freeland: Thank you for the question, Kyle.

You're absolutely right that the auto sector, which is so important for your constituency, is important for all of Canada. The concerns of the auto sector, including those of car parts manufacturers like NAPA, and those of labour, are an absolute priority for us in our NAFTA negotiations.

I want to make one other point, because Gerry asked me about softwood lumber and I didn't have enough time to answer. I'll just say quickly on softwood that I do want to highlight what an engaged partner Wilbur Ross has been in those conversations. He has really gotten immersed in the detail of the file, has really been personally involved, and I really appreciate that.

On autos, we are consulting very actively and energetically, and are going to continue those consultations as the negotiations progress. We are talking to the big auto companies. We're talking to the car parts suppliers at multiple levels. As you know, it's a really complicated industry. I'm very pleased that Linda is serving on our council, and also, a really important piece for us is talking to labour. Labour understands the auto parts sector very well and has an important perspective.

One of the incredibly important things that our auto sector brings to the NAFTA conversation and that will be an issue that Canada will keep bringing up at the negotiating table is the extent to which our trade with the United States is really integrated and sophisticated. Flavio Volpe likes to say that we make things together. Don Walker likes to say that too about Magna, right? And that is really the point, that our relationship, particularly in a complex and highly integrated sector like auto parts, is really all about a highly integrated sector that works. One of the things that we are really going to focus on in the negotiations is being aware of the complexity of that economic relationship and ensuring that is reflected in the negotiations. We're going to work hard to make the trade there even easier.

There's something else for which I do want to really thank all the Canadians who work in the auto sector. Randy spoke right at the beginning about the work we have all been doing in reaching out to our partners and colleagues south of the border. That has also been a sector-to-sector outreach, and I think some of the most effective conversations that have been happening to date have been between Canadians and Americans who build things together. People in the auto sector have been particularly effective in having that dialogue and in ensuring that their American partners are fully aware of how important NAFTA is as a foundation for that very effective, integrated economic relationship.

• (1100)

The Chair: Thank you, Minister. I'm sorry, but we're out of time.

We're going to move to the Conservatives now, and Mr. Van Kesteren, for four minutes. Go ahead, sir.

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

Thank you, Minister, for being here.

Minister, we've been here long enough to know that it's really these guys that do the negotiating. It's our job, as legislators, as

parliamentarians, to make sure that our priorities are stressed to our excellent bureaucrats that you've mentioned. I have three questions, and one sub-question. These questions are ones that I would think you, as the minister, would tell your negotiators going into the negotiations, "Listen, whatever you do, make sure this, this, and that gets done".

I don't think we got a really clear answer on the dairy issue, so my first question is this. Will you trade away any access to the dairy sector, and will farmers be at the negotiating table with you, or with the negotiators when they're there?

Second—and these are questions that are pertinent to my part of the country in Chatham-Kent—Leamington—will you maintain the flexibility of container sizes in our processing industry? That is very important to us as well.

Third, will you consider the impact that decisions like the carbon tax will have on industries like the greenhouse industry in my riding?

Fourth, and I know this isn't part of the trade negotiation, but in your capacity as minister, will you continue to insist that the bridge gets built? We can do all the great trade deals we want in this place, but if we don't have access for our market....That has got to be built.

Could you just address those four things? Thank you.

Hon. Chrystia Freeland: Thank you very much for those questions.

As you raised dairy, I can't resist asking whether Max Bernier is also with the program here.

Sorry, I couldn't resist.

Mr. Dave Van Kesteren: Well, I'll answer that question.

It really doesn't matter. We've made a strong commitment to this.

Hon. Chrystia Freeland: Pardon me?

Mr. Dave Van Kesteren: It doesn't matter. We've made a strong commitment—

A voice: You're negotiating; Max isn't.

Mr. Dave Van Kesteren: Yes, we're not doing the negotiating. With all due respect, you are.

Hon. Chrystia Freeland: I'm sorry, I just couldn't resist.

I was very clear in my speech earlier this morning, in my opening remarks here, and in my answer already that our government supports supply management. I think from the questions here that we are now hearing cross-party consensus on this. What is very important is how we frame this issue, both for our American partners and for Canadians. It's important to remind our American partners that in the dairy trade they already benefit 5:1. It's important to remind them also that while supply management is our system for supporting our dairy producers, they have their own systems for subsidizing and supporting their dairy producers. Again, as I mentioned in response to an earlier question, it's particularly important to underscore that in the Canadian public discourse. Those will be the points that we'll be making, and we're very clear on our position on that.

You asked about container sizes. Again, we're very aware of the value and importance of flexibility there. I would also put that in the category of how important it is for us to cut red tape and make trade easier. Certainly I believe that one of the objectives we share with the U.S. administration is that governments should not be creating unnecessary impediments or frictions that make business more difficult. We really see NAFTA as an opportunity to act and improve on that.

You mentioned the carbon tax. I think this may be one of points on which we have to have a friendly disagreement on both sides of the house.

Have I run out of time?

• (1105)

The Chair: Yes, you're out of time. Sorry.

We're going to move over. I think we have two minutes for the NDP.

Ms. Ramsey, if you could maybe just ask a question....

Ms. Tracey Ramsey: Very quickly, will you require that all three parties ratify the eight core conventions of the International Labour Organization and adhere to the ILO's decent work agenda?

On the environment, can you speak to how you can ensure and be confident that you can even put the words "climate change" in NAFTA with a president in the U.S. who basically says that climate change is a Chinese hoax?

Hon. Chrystia Freeland: I'm sorry, Tracey, because of the echo in the room I didn't exactly get your last point. Could you repeat the climate change point?

Ms. Tracey Ramsey: My question for you is how confident can you be that the Americans will even include the words "climate change"? They've pulled out of what happened in Paris and they have a president who claims that climate change is a Chinese hoax. How can you be confident that we will ensure that in NAFTA where we're going in Canada is protected?

Hon. Chrystia Freeland: I thank you for that question.

Something that our government is very proud to have done is to ratify the outstanding ILO conventions. Labour is very important to us, and those conventions are a very important way for Canada to be part of an international community of commitment to high labour standards. The ratification of those conventions was part of our

CETA negotiation process, so the ILO conventions, in our experience already, can be part of a trade discussion.

Certainly, in negotiating with our NAFTA partners, we are going to share with them the value that we believe those conventions have, and the value that they have for all economies.

As I said in my remarks, we do really see some opportunity, and it was great to hear that the Conservatives support strong labour protections in trade agreements too—they did; don't laugh, Gerry, it's true—and I see some real opportunity here to raise the bar on labour across North America.

The Chair: Thank you very much, Minister.

We have one more left. Madam Fortier, you have the floor for four minutes. Go ahead.

[*Translation*]

Mrs. Mona Fortier (Ottawa—Vanier, Lib.): Thank you.

Thank you for being here today.

I know that both you and the Prime Minister have been in regular contact with your U.S. counterparts to help them realize how extensive the economic ties between Canada and the U.S. are.

Could you give us an overview of the steps that have been taken since the new president, Donald Trump, was inaugurated on January 20?

Hon. Chrystia Freeland: Thank you for the question.

First, I'd like to underscore something the chair said. Of course, talks with the Americans are a government responsibility, but that responsibility also falls on Parliament and all of its members. I know that the committee members have already done a lot of work on this issue, and I'd like to thank you for that. I'd also like to point out, however, that that is just the beginning. We still have a tremendous amount of work to do.

As you know, the legislative process in the U.S. is absolutely critical during trade deal negotiations, and you, as members of Parliament, have a unique and important relationship with your American counterparts. I want to thank you for all your efforts so far and urge you to keep them up. This is just the beginning. We have a long road ahead.

You asked about the work that had begun in January. Having already spoken at length about the consultations, I'd like to point something else out: our work did not start in January or February but, rather, last summer, before the U.S. elections.

As Minister of International Trade, I had asked department officials to put together materials on NAFTA. We saw that NAFTA had become an election issue during the campaign in the U.S. I want to make that clear because I think it's important for Canadians to know just how much Canada has been preparing. We've been at it for over a year. For me, negotiations have always been like exams: preparation is the most important thing. I want to thank our officials for the work they started more than a year ago.

I'd also like to make another point about our discussions with the Americans. I think that we, as Canadians, understand how the U.S. system works better than anyone, aside from the Americans themselves.

• (1110)

[*English*]

Okay, that's it, sorry.

[*Translation*]

I have just one last thing to say.

We realize that it is not just relationships with Washington or the White House, with the president and members of cabinet, that matter. While those relationships are indeed essential, those at other levels are important as well. The entire Canadian team, which includes our companies, has endeavoured to work with their U.S. counterparts at all levels, and that is extremely important.

[*English*]

The Chair: Thank you, Minister.

That kind of wraps up our questioning for you today. Again, I'd like to thank you and your staff for coming here today, and I wish you and your team good luck. You have your sleeves rolled up and you're heading down south of the border in the next few days, so good luck. If you need us, give us a call.

We're going to suspend for just two minutes, and we'll come right back with the officials.

• (1110)

_____ (Pause) _____

• (1115)

The Chair: Now we have the officials here for any more detailed questions that anybody has. We're not going to be able to do two full rounds, but will try to do almost one and a half.

Is everybody good to go?

I'll ask everybody to keep their questions to NAFTA and future trade agreements within North America.

We're going to start with the Conservatives right off the bat.

Go ahead, Dave.

Mr. Dave Van Kesteren: I wasn't expecting that right off the bat, so....

I'm going to tell you what's on my mind.

Thank you all for being here. You know we're big fans of the great work you've done, and you certainly have proven that we have some great people at the helm.

A reporter was asking me about the last question I asked, about container sizes and the importance of our ministers and government officials understanding that—and she didn't understand the question. The response was that we need to harmonize, but, Steve, you understand those container sizes and why we're kind of lucky that we had put these things into place a long time ago. Doing that saved a lot of jobs as a result. It's kind of like when I drive down the 401. I love to go at a steady speed, and I know everybody does, but when you have somebody about a mile up the road who's gawking, a mile back you're stopped. For negotiators—and I don't want to put you on the spot—it's so fast, and it's something that needs to be seamless, so if you're not getting quick responses and government officials understanding these issues to the degree that they should, that can slow the process down so much.

I'm not trying to ask you to tell tales out of school, but are you finding that your negotiation is moving forward? Are you getting the proper help that you need?

For us Conservatives, I know that's our job as opposition. We always say this government doesn't know what it's doing, and it said the same thing about us, but do you have that confidence level that the people at the helm know what they're talking about and understand the issues that are so important to Canadians like the ones Tracey and I know, in the auto industry and the ag industry and the greenhouse industry? Do you have that confidence level?

Mr. Steve Verheul (Acting Assistant Deputy Minister, Trade Policy and Negotiation, and Chief Negotiator for the North American Free Trade Agreement, Department of Foreign Affairs, Trade and Development): Thank you, Mr. Chair.

On those kinds of issues and on container sizes, I can tell you that I've been familiar with that issue for, I don't know, 25 years or more maybe. We haven't yet heard from the U.S., and certainly not from Mexico, as to whether it's interested in pursuing that issue that may arise. But for the moment, I think that we're in a position that just as we have some issues like that, there are many issues on the U.S. side that are equally of concern to us. I think we have a good balance such that we will not be pushed too hard on those types of things.

I think certainly we are getting the kinds of resources we need. We have a lot of people involved in these negotiations. We're going to have 28 negotiating tables, and all will be fully staffed by Canadian federal government officials, so we are ready to go and we have what we need.

• (1120)

Mr. Dave Van Kesteren: Thanks.

You just finished an important—I think it might rate as the most important—agreement we've seen in 25 years. It remains to be seen how it will compare to NAFTA. You had good experience. You understood how the Europeans conduct business and the complexities that would result from different member states. There are 53 member states that you have to negotiate through.

With the Americans, we have such a close relationship. Can you talk about some of the differences and some of the challenges and some of the advantages to negotiating with our neighbours to the south versus the negotiations that took place across the water?

Mr. Steve Verheul: I think in any negotiation you have to take account of what kind of negotiating partner you have. For a country like Canada, where we're often the smaller player in a negotiation—we were the smaller player in negotiations with the EU, and we're a smaller player in the negotiations with the U.S.—we have to accommodate our style and our approach to some extent to the other trading partner. The U.S. style of negotiating is very different from the EU style, and we will make those adjustments. Plus, we have Mexico, so it's a trilateral negotiation in this instance, as compared to that with the EU.

We've been doing a lot of research on what the U.S. will be looking for, looking not just at its stated negotiating objectives but well beyond that. We have a good sense of what it's going to bring to the table and what the value of it is. I think we're certainly well positioned to respond to whatever might come, very well prepared. The U.S. style is something we can deal with. We've dealt with it for many years. We've negotiated with the U.S. in various configurations, not just in NAFTA, but in other negotiations, and we know it well.

The Chair: Thank you.

We're going to move over to the Liberals now.

Madam Ludwig.

Ms. Karen Ludwig: Thank you.

Thank you very much for all the work that you've done and that you will be doing going forward.

As I mentioned in my previous question for Minister Freeland, I represent an area that borders on the United States. In fact, we have five international border crossings to the U.S. When we were in Washington at the beginning of June, we heard from the House ways and means committee, and have from others across the U.S., regarding the significance of the change in technology over the last 23 years since the agreement was first signed.

How do you foresee technology coming into play in the renegotiations? Do you see technology being incorporated as an individual chapter? Do you see it being incorporated across all chapters in the new agreement?

The other point I wanted to stress and ask a question about is nimbleness. We heard from the chair of the House ways and means committee in Washington, who talked about the possibility of there being some nimbleness with the agreement moving forward so that we can adapt to some of the changes a bit more expeditiously than by waiting for an agreement to expire.

Thank you.

Mr. Steve Verheul: It has been 23 years since NAFTA was negotiated. A lot has changed, and I think there will be a number of areas in the agreement that we will want to modernize and bring up to date where things have changed. Specific chapters will address some of those changes, such as those on the digital area and on electronic commerce. Those will be brand new chapters that the original NAFTA did not have. Intellectual property has changed a lot. There's a lot of new technology in that area, so we'll have to be working on those issues.

One of our bigger objectives will be the use technology in moving goods back and forth across the border, with electronic authorization and automatic approvals for whether you're claiming a NAFTA rule of origin or not, so we can bring that up to more modern times. Some of the existing provisions take time and are more expensive, and industry has said that we have to move on that as well. Even in the area of the movement of people back and forth across the border, we have new professions that didn't exist at that point in time and we need to incorporate those into the NAFTA.

So those types of issues are going to appear, some in individual chapters but with many spread across almost the entire agreement.

•(1125)

Ms. Karen Ludwig: Thank you.

Another area that came up in our discussions in the United States had to do with harmonization. We've heard this before at our trade committee. Regardless of the trade agreement we have studied, harmonization has been a concern amongst a number of business people.

How do you see foresee harmonization, in terms of pre-clearance and harmonization of customs between Canada and the U.S., so there is not so much a lessening or a "thinning" of the border, as some people like to call it, but much more an attempt to get together on a more efficient, smarter border crossing so that the flow of traffic is eased? How do we do that while also maintaining a focus on security?

Mr. Steve Verheul: Certainly harmonization is a significant issue that we'll spend some time talking about. We don't really see issues like pre-clearance as harmonization. It's more a matter of coming up with common approaches to have a smooth process back and forth across the border.

When it comes to regulatory issues, some stakeholders are calling for harmonization between Canada and the U.S., and Mexico in some cases, but I think that's not necessarily going to be something that we would pursue across the board. Where it makes sense in a specific industry that is very integrated, then we may pursue that. In other areas, it's more about making sure you have some kind of regulatory coherence or co-operation to ensure that although regulations may be different, they don't pose an obstacle, because they're essentially trying to achieve the same objective. Those, I think, we can deal with more easily, and that's probably the more common approach that we'll take.

Ms. Karen Ludwig: Thank you.

The Chair: It will have to be a very quick question and a quick answer.

Ms. Karen Ludwig: Sometimes we hear concerns that NAFTA has had negative impacts on the U.S. economy. What examples would you give? How do you measure the impacts of NAFTA across North America when we've had such globalization, with so many injections into our North American economy? Certainly most of us would argue that NAFTA and other agreements have made our North American economies stronger.

Mr. Steve Verheul: I think in the case of NAFTA, we've heard some discussion, particularly from some commentators in the U.S. We don't think NAFTA has resulted in all of the losses that are sometimes claimed by some people. We think automation, advancements in technology, and globalization more broadly have resulted in a loss of jobs, or the evolution of jobs. Some older jobs are now being performed by machines. They're no longer being performed by people, and that evolution has clearly happened.

With respect to NAFTA, I think it can—

The Chair: I'm sorry, sir, but we're out of time. We're going to have to move over to the—

Mr. Gerry Ritz: Despite what he said?

The Chair: I know, but he can get a shot in a little later on in another question.

We're going to move over to the NDP.

Ms. Ramsey, you have the floor.

Ms. Tracey Ramsey: I just want to quickly comment on that last train of thought and say that we haven't had any greenfield manufacturing sites. That's largely attributed to trade deals, the fact that it is more beneficial for companies to go to other countries than it is to stay in Canada. That contributes to job loss, because there are spin-off jobs and everything that's attached to that. If we can't attract those greenfield sites, as we've been unable to do under some of the trade deals we have, that's a very real issue for us.

I have one quick procedural question. Upon conclusion of the agreement, will you table an explanatory memorandum to inform parliamentarians of what we will see in the actual implementing legislation?

Mr. Steve Verheul: It is our usual practice, once we finish negotiation, to provide explanatory documents to provide a more easy-to-follow explanation of what has been achieved in the agreement. So, yes.

Ms. Tracey Ramsey: It didn't happen with CETA, so I'm hopeful that it will happen with NAFTA. I think it's incredibly important to parliamentarians.

The next question I have is about Buy American and procurement. The policies of Buy American have really shut out Canadian companies from significant contracts in the United States. The Trump administration said that it wants to make things even worse in NAFTA. It would like to go even further. Is there a commitment that Canada will not accept any preferential, uneven access for U.S. companies to bid on Canadian contracts without reciprocity?

Mr. Steve Verheul: Without a doubt we will be looking for a fair and balanced outcome when it comes to government procurement. We have long expressed concerns about U.S. Buy American policies. We will be pursuing that in the negotiations and looking for improved access. If we are not going to be receiving improved access on the U.S. side, I find it hard to imagine that we would be putting much on the table on our side for increased access.

● (1130)

Ms. Tracey Ramsey: My next question is about labour. I'm wondering if you can tell us how you'll address right-to-work states and jurisdictions in the U.S.?

Mr. Steve Verheul: On labour—and I think the minister has said this clearly—we will be pursuing a fairly ambitious outcome. With respect to the ILO core conventions, we'll be promoting those. We will also be promoting fair labour practices across the three countries. We do have some concerns about certain practices in the U.S. We will be seeking to pursue disciplines in those areas too.

Ms. Tracey Ramsey: Thank you.

My next question is about energy proportionality.

NAFTA's energy proportionality provisions prohibit Canada from reducing our oil and gas exports to the U.S. even if we experience shortages ourselves. With non-renewable natural resources declining and climate change posing an urgent threat, will the government pull out of these regressive provisions that are outlined in article 605 of NAFTA?

Mr. Steve Verheul: There will be quite a bit of discussion on the energy chapter. The U.S. has indicated an interest. We have indicated an interest. I think the issue of the proportionality clause in particular will be something that we'll be discussing at the table without a doubt.

Ms. Tracey Ramsey: My next question is one that the minister didn't have an opportunity to answer, and it really is around climate change.

The inclusion of the words “climate change” is incredibly important in this document. We, of course, in Canada are signed onto the Paris accord, which the U.S. has withdrawn its support from. I really would like to hear from you, then, as to how you envision us pursuing environmental protections with a country whose president has essentially said that climate change is a hoax—that's something that's quite public, which Canadians have heard—and has pulled out of commitments to the EPA, which has incredible impacts on the Great Lakes in my region. I'm wondering if you can speak a little bit to the challenges that you face, and how you will address those.

Mr. Steve Verheul: Similar to the case with labour, the minister has also mentioned how we will be pursuing an ambitious agenda when it comes to the environment. We will be bringing the chapter into the agreement, and not only that but will also be looking at much more ambitious objectives on the environment than we have in the past. In this day and age, it's hard to imagine that an environment chapter is not going to have some reference to climate change. We will be pursuing issues related to that when we negotiate the environment chapter.

The Chair: You have only about 20 seconds, so it will have to be a quick question and a quick answer.

Ms. Tracey Ramsey: In the time I have for my last question, I would like to give notice of a motion that I have presented to the committee. It really is about the submissions you've received online and the consultations you've done as well.

I'll read my notice of motion into the record: That the Standing Committee on International Trade requests that the Ministers of Foreign Affairs and International Trade submit in both official languages:

(a) a breakdown of consultations that have been done to date with Canadians on NAFTA, including the dates and names of stakeholders, industry lobbyists; provincial and territorial officials, civil society groups, aboriginal groups and leaders, academics, organizations, think tanks, student leaders, individuals, outside consultants and officials within Global Affairs Canada or other government departments;

(b) a breakdown of comments submitted to date via email to NAFTA-Consultations-ALENA@international.gc.ca, and submitted to date via the online consultation form, including the number of comments both in support of and opposed to NAFTA;

and that the ministers submit this information to the Standing Committee on International Trade by August 31, 2017.

I think this would provide us with the information.

The Chair: That's just a notice of motion, right?

Ms. Tracey Ramsey: Yes.

The Chair: We're going to move on to Madam Lapointe.

Go ahead.

[Translation]

Ms. Linda Lapointe: Thank you for being here today.

I have two questions.

I have four minutes, is that right, Mr. Chair?

The Chair: Yes.

Ms. Linda Lapointe: The Standing Committee on International Trade went to Washington in June. We discussed the cultural exemption. Earlier, the minister told us that the exemption was something that had to be preserved. That's not at all what we heard in Washington.

I'd like to hear your comments on the issue. Some eight million francophones live in Canada, so we're talking about a lot of people.

We've spoken at length about the relationship with the United States but little about everything that's been done with Mexico. We should not lose sight of the fact that Mexico is also a key partner. The renegotiation of NAFTA includes Mexico.

Those are two different questions.

• (1135)

Mr. Tim Sargent (Deputy Minister for International Trade, Department of Foreign Affairs, Trade and Development): I'll answer your questions first, and, then, Mr. Verheul can provide additional details.

I'll start with the second question. NAFTA is a trilateral agreement. Mexico is a very important partner to Canada. The minister, Mr. Verheul, the team, and I have had many discussions with our Mexican friends about how to approach the negotiations. It's important to understand that Mexico, like Canada, wants a better deal that will generate more economic activity and international trade. We also want to make it easier for companies to create jobs.

This is a three-way partnership, and our goal is to foster growth and jobs in all three countries.

Why is there a cultural exemption? We are very mindful of how important the exemption is. In the course of all negotiations, we work very hard to preserve the cultural exemption. It varies depending on the agreement, but we've always been able to preserve a strong cultural exemption.

Ms. Linda Lapointe: I'd like to delve a bit further.

I said that the committee had gone to Washington; in September, we are heading to Mexico. Are there certain things we should keep in mind when we meet with our Mexican counterparts?

Mr. Tim Sargent: It's more or less the same thing as when we go to the United States. It's important to fully understand how integrated our three economies are. Numerous products are made in Mexico, the U.S., or Canada, and cross the two borders a number of times. We're talking about a highly integrated economy.

As the minister mentioned earlier, we build things together. That's true for Canada and the U.S., and it's also true for Mexico. When we talk to our friends and partners, we highlight how important it is to understand that we work together in this economic space. We aren't really competing with them but, rather, with other global regions. Mexico is an integral part of the North American economy.

Ms. Linda Lapointe: Thank you.

[English]

The Chair: Make it a short one.

[Translation]

Ms. Linda Lapointe: As you know, my riding is south of Mirabel, where Bombardier and Bell Helicopter are located.

Do you have anything to suggest in terms of aerospace, specifically?

Is there anything aerospace-related we should keep in mind when we go to Mexico?

We talked about the auto sector, but we haven't talked much about aerospace.

Mr. Tim Sargent: Like the auto sector, the aerospace industry is very integrated. It's another sector where the focus should be on the changes that are needed. We shouldn't undo the relationship we've built since NAFTA was introduced, and even before. Plants in Canada make parts for plants in Mexico and vice versa.

Ms. Linda Lapointe: Thank you very much.

[English]

The Chair: We'll go on with Mr. Fonseca.

You have four minutes. Go ahead.

Mr. Peter Fonseca: Thank you, Mr. Chair.

I think that since before the U.S. election, it's been all hands on deck looking at NAFTA, through our officials like you, our diplomatic corps, and now also on the political side. I'm glad to see that we've done it for the most part in a non-partisan way, and we understand just how important this is for us.

There's been a great deal of consultation, through our online portal, in meeting with associations, chambers of commerce, and many elected officials, business leaders, etc., and stateside. Have there been a number of "Aha" moments for you when you've thought that something is a really great idea that you can bring to the table, on which you could find that common ground and there's a win-win for everybody? Are there any that you would be able to share with us, that we can move on? We've heard about the modernization, the harmonization of regulations, etc., but maybe you can go into a little bit more detail on some of those—and those can be from any sector. Could you highlight some of those for us?

• (1140)

Ms. Catherine Gosselin (Deputy Director, Trade Negotiations - North America (TNP), Department of Foreign Affairs, Trade and Development): Yes, we've heard some common trends, I think, from many of the people we consulted, the different groups. One of the common trends was "do no harm", to try to preserve what we already have access to in the negotiations. Another trend had to do with what some call "harmonization" or regulatory co-operation, to try to get some coherence in specific sectors. That's another common trend in what we've heard in the consultations.

We also heard a lot about labour mobility and how we can ensure that the services that are provided can be followed through in regulations, etc. That's a common theme across the different groups that we have consulted with.

Another point that was made was about technology and how the advances in the last 20-plus years get reflected in the modernized NAFTA.

Mr. Peter Fonseca: Thank you.

So those are the trends.

What are some concrete irritants that you have found a solution for? Maybe you can highlight those for us, bring them to light just so we can take something back, something tangible that we can speak to, be it with one of our associations, or... I have a meeting in a couple of weeks with the Mississauga Board of Trade, which is going to want to know something about the negotiations, and also some of the things that would be concrete for them that they can think would be really helpful.

Also, maybe tell us a little bit about the team that you will be taking down to the first set of negotiations in Washington, D.C.

Mr. Steve Verheul: In terms of the issues on which I think we should be able to move to common agreement, and win win win across the board fairly quickly, many relate to customs facilitation and improving the process at the border. The common complaint we and the U.S. have heard is that we do have a very antiquated system for getting NAFTA preferences, for getting goods across the border, and not getting advance rulings, and those kinds of things. That can be speeded up considerably through automatic electronic processes that are used in other places. We should have those in NAFTA, and I think we can move there very quickly.

Other issues relate to movement back and forth as well, including movement of people back and forth. We can speed that up and accelerate it. If a business in the U.S. is looking to have somebody travel to Canada to work with a subsidiary that may be in Canada,

those people should be able to move back and forth without any kind of holdups or extra complications at the border.

Most of the issues that we can move quickly on are of that nature: streamlining or modernizing.

The Chair: Thank you.

We're going to move over to Mr. Ritz.

Go ahead.

Hon. Gerry Ritz: Thank you, Mr. Chair.

Ladies and gentlemen, thank you for your time and your expertise here today.

I have a couple of questions for all of you who will be up to your ears in this file. Do you feel you have a mandate that will get the job done? We're looking at a target of January 2018. If we have no level of ambition, I guess that's doable.

Steve, you've done this all your life. Is that target just a goalpost, or is there a rationale and a reality that it's doable?

Mr. Steve Verheul: First of all, we've had many discussions internally. We know what kind of objectives we're going to be pursuing in the negotiations. We have a political endorsement of those objectives, so we are very clear on what we're setting out to do this coming week.

As to the deadline, I think, as members will well know, negotiations are difficult to predict. I've predicted the end of negotiations many times, and I have usually been wrong. So you just negotiate as hard as you can, and negotiations always have a certain rhythm. You never know when you're going to get stalled, when you're going to get delayed, or when you're going to make huge breakthroughs that can accelerate the negotiations.

Hon. Gerry Ritz: Those are the fits and starts of negotiation, and it comes down to what we've discussed at times, negotiating momentum.

Mr. Steve Verheul: Yes.

Hon. Gerry Ritz: You start to get on a roll, and you have to get back to someone and ask questions, and then they get back to you so you can continue. You know, you step out of a meeting 24 hours a day. This is going to be a little different because the time zones are better than they were in Brussels, but having said that, I remember meetings in the middle of the night and calls back to say okay, here we go to there.

Are you secure in the knowledge that you'll have that ability, that that negotiating momentum will be yours?

• (1145)

Mr. Steve Verheul: Well, it's really—

Hon. Gerry Ritz: You have counsel you have to talk to now. You have a cabinet to work through, and so on.

Mr. Steve Verheul: Yes, but I think in the early stages, certainly in the first few rounds, we'll be laying the groundwork. We'll be dealing with the easy issues, getting them out of the way and off the table, and as we gradually go on, we will focus in on those most difficult issues that will require some political direction in all likelihood.

We do have mechanisms set up so that we can get that political direction quickly when we need it to keep pace with the pace of the negotiations. So I think we're well set up.

Hon. Gerry Ritz: Do you have an idea of addressing new technologies and how you can make the new NAFTA a living document that can adapt? We've seen some tinkering, eleven times or something, over the 23 years, but is there a protocol in place or the ability to make certain clauses living documents so you can adapt and adjust them as is required, without opening a Pandora's box?

Mr. Steve Verheul: Well, that's the danger. If you have provisions that allow you to modernize or improve certain elements without having to start to unravel the whole agreement, then it can be done.

In CETA, for example, we have a number of provisions that allow, or even require, us to revisit certain issues to see whether they need to be modernized and updated. In NAFTA, not across the board, but in those areas that are most likely to need some kind of updating, we will be looking at provisions that could achieve that.

Hon. Gerry Ritz: Have you as the chief negotiator had the opportunity to sit down with Kenneth Smith Ramos who is going to

lead the Mexican delegation? He's a tremendous guy. I've known Ken, as you probably have, for years. He's very knowledgeable, just a wealth of information on NAFTA as a whole. And of course there is your American counterpart. Have you had the opportunity to at least have a phone call and start to get to know each other? A lot of it is personality.

Mr. Steve Verheul: It is, and there does need to be a good relationship among the negotiators at the table. I have certainly met with both John Melle and Kenneth Smith Ramos on two occasions face to face, and have also spoken to them on the telephone a number of times so far. Clearly, this coming week we'll be having a lot of time together.

The Chair: Thank you.

Thank you, Mr. Ritz.

That wraps up our time. Thank you, officials, for coming here and for all the hard work you do, not only on behalf of Parliament but for Canadians. Keep up the good work, and good luck in the next few months. You're definitely going to have your hands full.

Folks, we're only suspending for one minute, because we have 10 minutes of future business to do. Everyone who is not part of the committee, please leave the room.

[Proceedings continue in camera]

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