



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

---

# Standing Committee on International Trade

EVIDENCE

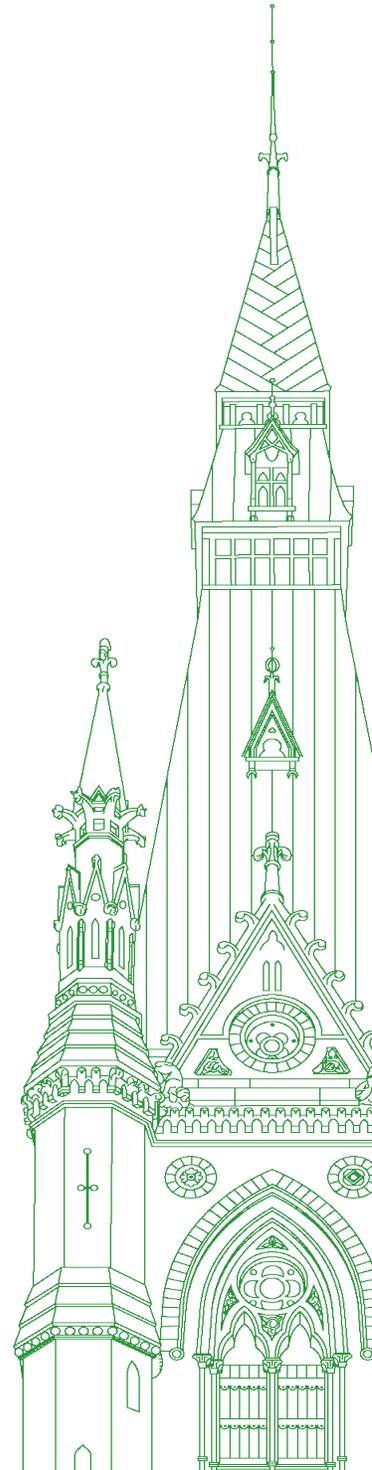
**NUMBER 014**

**PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT**

Monday, April 25, 2022

---

Chair: The Honourable Judy A. Sgro





## Standing Committee on International Trade

Monday, April 25, 2022

• (1535)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I am calling the meeting to order.

This is meeting number 14 of the House of Commons Standing Committee on International Trade.

Today's meeting is taking place in a hybrid format, pursuant to the November 25 House order. Per the directive of the Board of Internal Economy of March 10, 2022, all those attending the meeting in person must wear a mask, except for members who are at their place during the proceedings.

I need to make a few comments for the benefit of the witnesses and members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike and please mute your mike when you're not speaking. For those participating via Zoom, you have interpretation options at the bottom of your screen of floor, English or French.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on March 21, the committee is beginning its study on trade opportunities for Canadian businesses in the Indo-Pacific.

With us by video conference today from the Department of Foreign Affairs, Trade and Development, we have Arun Alexander, associate assistant deputy minister, trade policy and negotiations; Jay Allen, director general, trade negotiations; Weldon Epp, director general, north Asia; Steven Goodinson, director general, trade commissioner service operations; Emmanuel Kamarianakis, director general, investment and innovation; and Peter Lundy, director general, southeast Asia and Oceania.

Welcome to all of you. Thank you for taking the time to appear before the committee today.

We will start with opening remarks.

Mr. Alexander, I invite you to make opening remarks of five minutes, please.

**Mr. Arun Alexander (Associate Assistant Deputy Minister, Trade Policy and Negotiations, Department of Foreign Affairs, Trade and Development):** Thank you very much, Madam Chair and honourable members.

My name is Arun Alexander. I am the associate deputy minister for trade policy and negotiations at Global Affairs Canada, and also the chief negotiator with the Canada-Indonesia CEPA negotiations.

It is indeed a pleasure to appear before you today.

Now and in the coming years, the prosperity, security and well-being of Canadians will be increasingly linked to economic, social and political developments in the Indo-Pacific region. The global economic centre of gravity is shifting in that direction, and decisions made there will increasingly affect Canada's place in the world.

It is also a region where the rules-based international order is under pressure. Upholding and expanding support for international rules has become all the more important in the context of growing challenges to sovereignty, democracy and human rights, as we have all seen with the ongoing crisis in Ukraine. Maintaining open, transparent and rules-based trade is critical to Canada's national interests, prosperity and values, and will be key, especially in the Indo-Pacific region.

The Indo-Pacific presents Canada and Canadian businesses with many opportunities but also some challenges. In parts of the region, economic nationalism and protectionism have intensified during the pandemic. COVID-19 has also exposed vulnerabilities in the complex global supply chains that flow through that region. Of course, the reality of China's market heft, growing influence and deep economic integration with the region cannot be ignored.

For Canadian businesses, the Indo-Pacific is a relatively distant market where competition can be fierce. Doing business in the region is further complicated by market, non-market, cultural and linguistic barriers that Canadians do not face when trading closer to home, but the opportunities and rewards are also immense. The region is developing rapidly. There are markets for Canadian raw materials, agriculture and agri-food products, manufactured goods and services. The region accounts for over half of the global population, and by 2030, it's expected to account for two-thirds of the global middle class.

Against this backdrop, Canada has developed a new approach to the Indo-Pacific aimed at intensifying and diversifying our engagement in the region. This work aligns directly with the Prime Minister's mandate to the Minister of Foreign Affairs to develop and launch a comprehensive Indo-Pacific strategy, the adoption and release of which is undergoing consideration by the government.

Building on our existing people-to-people, trade and investment ties, Canada will be seeking to deepen our engagement in the region, including on the economic front. This will support the government's trade diversification strategy and promote more resilient global supply chains. Our existing FTAs and new FTA initiatives in the region will be critical to this approach.

Canada already has significant trade agreements in the region with the Canada-Korea FTA and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP. Canada also has five foreign investment promotion and protection agreements in force with Indo-Pacific economies—namely, China, Hong Kong, Mongolia, the Philippines and Thailand.

We also have a strong trade commissioner presence in the region to help Canadian businesses benefit from these agreements. There are 373 trade commissioners in 49 locations in the Indo-Pacific region, representing 39% of all TCS resources outside of Canada. The trade commissioner service also has five Canadian technology accelerators and two global mentor programs in the region.

Canada has an opportunity to build on this foundation. To this end, Canada has launched trade negotiations with ASEAN and Indonesia; resumed negotiations with India; is exploring new FIPAs, including with Taiwan; and is looking to expand membership in the CPTPP. These initiatives will lay the foundation for greater economic engagement in the Indo-Pacific region.

I am joined here today by Jay Allen, director general, trade negotiations; Weldon Epp, director general, north Asia; Peter Lundy, director general, southeast Asia and Oceania; Emmanuel Kamarianakis, director general, investment, innovation and education; and Steven Goodinson, director general, trade commissioner service operations.

My colleagues and I look forward to your questions and to discussing Canada's initiatives in the region with you.

Thank you very much.

**The Chair:** Thank you, Mr. Alexander. It sounds like everybody is very busy.

We will move to Mr. Hoback, for six minutes, please.

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

Thank you, gentlemen, for being here this afternoon to give us an overview of what we should be looking at with regard to these negotiations, and what to maybe expect as some of the hurdles or concerns we may have.

My first question would be by sector. What are the largest gains expected with these agreements? Which sectors do you think are going to be the big winners, and which are the ones that may not like it as much? Have you had a chance to do any analysis on that?

• (1540)

**Mr. Arun Alexander:** We have done an analysis on the sectors that are likely to gain from the agreement. I will speak about Indonesia, and then I'll turn to Mr. Allen to speak about the agreements for which he is responsible.

With respect to Indonesia, we estimate that a CEPA with Indonesia could raise Canada's exports to Indonesia by about \$447 million by 2040. A wide range of sectors are expected to benefit from the agreement, including business services, machinery and equipment, agri-food, chemical products, computer and electronic products, and transport.

There is also the potential for increasing trade in sectors that are not currently exporting to Indonesia, including clothing and textiles, seafood, motor vehicles and parts, and metal products. We see great potential for increasing trade between Canada and Indonesia with a CEPA.

I'll ask Mr. Allen to speak to the other agreements.

**Mr. Jay Allen (Director General, Trade Negotiations, Department of Foreign Affairs, Trade and Development):** Thank you, Arun.

Canadians tend to export the same sorts of things. We tend to export a lot of raw materials. We export a lot of agricultural and agri-food products, and we increasingly are exporting more and more manufactured products.

As Mr. Alexander said, the sorts of benefits we would see in Indonesia are essentially the same ones we would expect to see when it comes to ASEAN and India.

This entire region has significant tariffs. As those tariffs come down, we will be able to export more and more different types of products. Right now, certainly in the India context, we're looking at gains with respect to pulses. We want to clear up some market access barriers on pulses. We certainly want to export more with respect to manufactured goods. Clean tech is a big one for us, throughout the region.

Similarly, in ASEAN, we would expect to see significant gains when it comes to agricultural products—pork, beef, grains and oilseeds—but also in the clean-tech field and the advanced manufacturing fields. It's largely similar across the board, because those are the interests Canadians have.

**Mr. Randy Hoback:** What areas do you think would be sensitive for Canada? What sectors would feel a little threatened or need some concern?

**Mr. Arun Alexander:** Thank you very much for the question, honourable member.

In our consultations with Canadians, the sectors that raised some concerns were particularly clothing, textiles and some leather products. They raised concerns about increased competition from sectors in Indonesia and in the Asia-Pacific region.

Jay, do you want to add anything to that?

**Mr. Jay Allen:** Sure.

I think we always see sensitivities with respect to our supply-managed products, although the government has been very clear that we will not allow new market access for those products.

In the case of India, there are certainly sensitivities with respect to ensuring that we have reciprocal market access. The sectors don't want us to open our doors to a flood of manufactured products if we're not getting the same sort of access. In the ASEAN context, really, the sectors that Mr. Alexander highlighted—textiles, apparel and leather goods—seem to be at the forefront.

**Mr. Randy Hoback:** Where do you see synergies between Canadian businesses and businesses in those countries and those regions in actually developing partnerships and exporting around the world? Do you see much of that as a possibility?

**Mr. Arun Alexander:** Thank you, honourable member, for the question.

We do see that opportunity. We see that this is a growing region. It's growing both economically and by population. It will become the centre for global supply chains in a variety of sectors, and we see the opportunity and the potential for Canadian companies to integrate into those sectors and to serve global supply chains through their contacts and establishment in the Indo-Pacific region.

**Mr. Randy Hoback:** Who are our competitors? Who's in there? Is it the Australians and the Americans? Who else is knocking on the door?

**Mr. Arun Alexander:** I think the answer is exactly what you've said. It is a very fiercely competitive region. It's a fast-growth area, like I said. There's great potential there, so all our regular competitors, including Australia, the U.S. and the Europeans, are also looking to enter into the market and establish themselves there. Some of them are also negotiating free trade agreements and economic agreements with members of the Asia-Pacific region.

**Mr. Randy Hoback:** In our agreement, how are we going to differentiate ourselves from them? How are we going to find an advantage that's truly Canadian?

**Mr. Arun Alexander:** Thank you very much for the question.

I think the Canadian advantage is the quality of our products.

We make very high-quality agricultural products: everything from grains to meat. Our services sector is very competitive. As for our other sectors, including things like mining and minerals, we produce the products countries need, so I think we can be competitive against the United States, Australia and the other major countries in the region.

• (1545)

**Mr. Randy Hoback:** I have a quick question on first-mover advantage: Do we have it?

**Mr. Arun Alexander:** I would say that we're right on the precipice. I think other countries are turning their attention to this region as well, just like we are. There is the opportunity for us to have first-mover advantage. As we know, in earlier agreements like the CPTPP, that was a definite advantage, where we established ourselves in markets before our competitors could enter.

**The Chair:** That's terrific.

Mr. Virani, you have six minutes, please.

**Mr. Arif Virani (Parkdale—High Park, Lib.):** Thank you very much, Madam Chair.

Thank you to the officials. I see some familiar faces.

Thank you for your comments, Mr. Alexander and Mr. Allen.

I have some pointed questions that build on some of what Mr. Hoback was raising. I personally have had some meetings with a particular industry, if we zone in on agriculture. For example, I've had beef farmers here in Canada explain some of the access that they would like in Asian markets.

I'm wondering if you could tell me about the prospects of beef being sold in Asia, for example, particularly in Indonesia, where they have significant requirements for halal meat. Is there some learning that needs to occur on the Canadian side about how to meet those expectations in a predominantly Muslim nation that is very sizable, with upwards of 250 million people?

I'll direct that to you, Mr. Alexander, since you are a lead negotiator with Indonesia. Congratulations on that role.

**Mr. Arun Alexander:** Thank you very much for the question, honourable member.

Yes, access for Canadian beef to Indonesia has been an issue of significant concern, and the halal issue is one of the key barriers to entry. We have raised this bilaterally with Indonesia, including by Minister Ng. We've raised this multilaterally at the WTO, and we're raising it during our CEPA negotiations. I have raised it myself with my counterpart.

I think part of the process is that there was a change of ministries responsible for halal certification in Indonesia in 2016-17, so they've been slow to certify new bodies. It's been very slow. It's 2022 now. We're putting significant resources and activity into ensuring that Canadian halal producers regain full access to the Indonesian market. It is a key priority for us, and we will work very hard. We have made this clear to the Indonesians—from the minister, to me, to the ambassador in Indonesia as well.

**Mr. Arif Virani:** This is open to you, Mr. Allen, or anyone else. On the agriculture side, when we're dealing with the conflict in Ukraine, we're dealing with very troubling concerns about both the ability of the eastern Europeans to feed themselves and the ability of Ukraine to feed other parts of the world. Do you feel that concern for global food insecurity in terms of our Asian partners that we're either working on agreements with or seeking to enter into agreements with?

We talked about policies, and we can talk about beef, etc. Are nations seeing what's happening with Europe clambering for other sources of quality products, and also those that can be delivered on time through agricultural exporting? Does that make us more attractive to the Asian markets, given the sense of global food insecurity?

**Mr. Arun Alexander:** Thank you very much for the question, honourable member.

I think that countries are realizing through the global food insecurity that's arisen out of the Ukraine crisis that it's important to diversify suppliers and have reliable suppliers. I think that really creates an opportunity for Canada, because our products are not only some of the highest-quality agriculture products in the world, but we are a reliable supplier and we will live up to our commitments to supply goods. Keeping the free trade open is a key priority for Canada, and I think Asian countries will see this as an advantage in dealing with Canada.

**Mr. Arif Virani:** Okay.

Could I ask you about the clean-tech side? Obviously, this is a flagship sort of issue for our government in terms of trying to promote environmental sustainability domestically but also abroad. Could you create a hierarchy among the ASEAN nations? There are many members of ASEAN, but are there certain sectors or nations that are more interested in clean tech and addressing the environmental agenda than others? Can you give us a sense of how you would prioritize clean tech in terms of who it is most attractive to amongst the ASEAN members?

**Mr. Arun Alexander:** Thank you very much for the question, honourable member.

Perhaps I can speak about Indonesia, and I'll turn to Mr. Allen to speak about the other countries.

Indonesia still uses a lot of hydrocarbons in the production of electricity, especially coal, oil and natural gas. Being an island nation and located in the tropics, there is also great potential for renewable energy sources. I think there will be a great interest in the clean-tech sector for Indonesia. Being an island nation, they're also vulnerable to climate change and realize that they need to reduce their GHG emissions to fight climate change. There is great potential for Canadian industries in the clean-tech sector in Indonesia.

Maybe I'll turn to Mr. Allen to speak about the other countries.

• (1550)

**Mr. Jay Allen:** Thank you.

With respect to ASEAN, one of the ones that clearly stand out is Vietnam. They have a very clear government process, a government policy, in terms of greening their cities and advancing their smart cities. We think there's a tremendous market for clean tech there.

Obviously, across the region there are opportunities. This is a rapidly growing region. They are rapidly modernizing. They're rapidly urbanizing. All of that leads to more pressure on the environment, whether it's in terms of managing waste, providing clean drinking water or noise abatement. All those sorts of issues fall within the clean-tech sector. Those are opportunities for us across the region.

Similarly, in India, we have a lot of opportunities to partner with Indian companies, especially in terms of developing the technologies and broadening their application in the country. The opportunities are vast.

**Mr. Arif Virani:** With respect to India, I think all signs with respect to that early progress agreement between Minister Goyal and Minister Ng.... That was a terrific development, so kudos to the departmental teams that have been working on that for some time and addressing the fumigation issue, which I know has been an irritant for some time. Those are important initiatives.

Madam Chair, how much time do I have?

**The Chair:** You have 15 seconds, so I don't think you have any more time left.

**Mr. Arif Virani:** I'll just say thank you very much. We look forward to working with you and also assisting you in that work as a committee.

**The Chair:** Thank you, Mr. Virani.

Mr. Savard-Tremblay, you have six minutes, please.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** Good afternoon.

Thank you to the witnesses for being here and for providing their input.

I have here the Quebec government's Indo-Pacific strategy. It's called the pathway to economic growth: new ambitions for Québec. Towards the end of the document, the government addresses sustainable development and the green economy, a core area of action. That is the first item of interest. One of the pillars under that core area is reinforcing Quebec's commitment to the green economy, and to do that, Quebec intends to promote its products, services and expertise in the green economy and responsible tourism sector among stakeholders in the Indo-Pacific region.

I listened closely when the parliamentary secretary asked you which regions would be more open to clean tech. Have you spoken with officials in the Quebec government to coordinate Quebec's and Canada's strategies in that area?

[*English*]

**Mr. Arun Alexander:** We consult regularly with all provinces, including Quebec, on our negotiation strategy. We take input from them. We have regular meetings. After negotiating rounds, we have debriefing sessions with provinces where we discuss issues that were raised. I did one immediately after the first round of negotiations with Indonesia and had a very constructive dialogue with all of the provinces, including Quebec.

Mr. Allen, I'll ask you to speak about any other negotiations.

**Mr. Jay Allen:** We take the same approach and have had regular contact with the Government of Quebec, including on this issue.

[*Translation*]

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

I have a more specific question. Indonesia is home to an industry that a number of environmental groups and others find concerning, palm oil production. There is concern that a future trade agreement to which Indonesia is a signatory could lead to greater deforestation.

Have you examined the issue? In your future discussions, will you be imposing strict ethical standards when it comes to the production of palm oil?

[English]

**Mr. Arun Alexander:** We have looked at the palm oil issue. We think it is a very important issue. We want to ensure that trade and economic development goes hand in hand with the environment. We've made it a priority to emphasize during our discussions with Indonesians—I would note, that we are only after round one—the importance of environmental stewardship. Our objective is to seek out strong and enforceable obligations in an environment chapter that would promote the sustainable use of forestry and the sustainable use of [Technical difficulty—Editor]. It is a key priority for the government in our negotiations with Indonesia.

• (1555)

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Nevertheless, since 2007, palm oil imports to Canada have risen by 400%, so it is reasonable to think that any future agreement would result in even more palm oil imports.

Does it not concern you that opening the door to more palm oil imports to Canada would naturally result in deforestation?

[English]

**Mr. Arun Alexander:** I would note that palm oil imports to Canada are relatively low. In 2021 we imported approximately 43 million dollars' worth of palm oil from Indonesia.

We think that working with Indonesia in a collaborative and cooperative manner on forestry stewardship and sustainable forestry practices will help Indonesia manage its ecosystem and plantations for palm oil products in a manner that is responsible and sustainable. That would be our goal through an agreement.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** I gather, then, that, before Canada's negotiating team deems any future agreement to be acceptable, Indonesia will certainly have to meet minimum requirements regarding its oil production.

[English]

**Mr. Arun Alexander:** Yes, we have negotiating objectives that we have presented before Parliament. We are seeking to have an enforceable environment chapter with high-standard obligations and a collaborative element to work together with Indonesia to promote responsible environmental stewardship.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you for pointing that out. I'm happy to hear you are already considering the environmental component. We will be paying close attention to those developments.

If I understand correctly, Canada is working to negotiate a free trade agreement with the region and, in parallel, a bilateral agreement with Indonesia. Is that correct?

[English]

**Mr. Arun Alexander:** Yes, that's correct. There are bilateral negotiations with Indonesia and negotiations with ASEAN as a region.

[Translation]

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

I have no further questions at this time.

[English]

**The Chair:** Thank you very much.

Mr. Masse, you have six minutes.

**Mr. Brian Masse (Windsor West, NDP):** Thank you, Madam Chair.

Thank you to our guests for being here.

One of the things I'd like to start on is small, medium or large arms manufacturing. Are there any discussions of that as trade? Which companies are being focused on?

**Mr. Arun Alexander:** We are still very early in the negotiations, so we haven't gotten into specific product categories, like arms. We're discussing goods in general and we are consulting with Canadian companies, but we haven't reached that stage where we're discussing specific product categories.

Jay, is there anything you'd like to add?

**Mr. Jay Allen:** No. We're in the same situation. It's round one with India, and we haven't had a first round yet with ASEAN.

**Mr. Brian Masse:** You're starting the negotiations without even an idea of what types of products or services would be a priority. You're not including, for example, auto or parts manufacturing or agriculture.

**Mr. Arun Alexander:** Yes, we know which areas are the priority. I think I mentioned them earlier. They're business services, machinery and equipment, agri-food, chemical products, computer and electronic products, and the potential for clothing and textiles, seafood, motor vehicles and parts, and metal products.

We haven't started going through line by line yet on product-specific sectors in our negotiations. We're still in the early phases.

**Mr. Brian Masse:** What would the timing be for the discussion of arms manufacturing? It seems that it would be its own line item, since we have small arms and other arms manufacturing in Canada.

When would that be engaged, if it's not now? It seemed to be a general category, similar to other ones, and it's a unique one, obviously, that has sensitivities. When does that come into play? Is it added later on?

**Mr. Arun Alexander:** The discussions are still at an early stage. We're still at round one, which is an explanation of each of our approaches to the various chapters. As we move along in the negotiations, they will become more specific. We'll deal more specifically with sectors, and specific sectors, at that time.

I can't tell you exactly when we'll start doing that—it will depend on the willingness of our partners in Indonesia and other countries as well—but we will move to those in a timely manner.

• (1600)

**Mr. Brian Masse:** What has Indonesia, for example, presented back to us as a priority? They must have presented some topics back to us.

I'm a bit surprised that arms manufacturing would not have come up in either country's discussions, since it is very much an attractive trade element. Some of these countries that we're dealing with have some sensitivities related to that. Opening the door for trade that could include that, without any terms and conditions, is something I'm concerned about.

**Mr. Arun Alexander:** We haven't opened the door to any trade without terms and conditions. As I said, we're still at a very high level in our negotiations. We're still in round one.

Indonesia has indicated interest in certain sectors, especially clothing, leather, textiles, agriculture and agri-food products for export to Canada, and motor vehicle parts as well. However, we're still at a very early stage in the negotiations. As the negotiations progress, we will get more into each of the sectors.

**Mr. Brian Masse:** When, for example, arms manufacturing comes up, will that trigger any other review from CSIS, from our military or from any other agency that the government can now get some type of intelligence on? Is that going to take place? How does that take place in the process?

**Mr. Arun Alexander:** I'm not an expert on arms exports, I must say. We have an export permit system in Canada, so the export of arms to countries will be looked at on a case-by-case basis. The Minister of Foreign Affairs provides permits for the export of arms and armaments to countries. They would be looked at by various agencies and organizations in Canada before being exported.

**Mr. Brian Masse:** The reason I'm asking this is that a number of years ago, Canada, with Indonesia, led a mission for the procurement of arms and military during the time East Timor was invaded. This is something that has quite a bit of history.

I guess what I'm looking for is the comfort of knowing—not only for the committee but also the government—when this starts to take place. I thought it would be a bit different in terms of the process. It's quite difficult, even for auto manufacturing and the politics around some of that, as well as production for environmental and

labour issues. For military equipment, manufacturing and exchanges, it also becomes highly complicated.

**Mr. Arun Alexander:** Thank you very much for the question and the comment.

All I can say is that we have a very rigorous arms export permit system. That would be applied to Indonesia and other countries, as appropriate.

**Mr. Brian Masse:** I'm wondering if we could get some help from the researchers regarding the process for this, in terms of how Canada engages in arms manufacturing trade during these types of general agreements.

**The Chair:** Thank you, Mr. Masse.

We'll move on to Mr. Baldinelli for five minutes.

**Mr. Tony Baldinelli (Niagara Falls, CPC):** Thank you, Madam Chair.

Thank you to the witnesses for being here and for their presentations.

After reviewing the briefing material presented, I'd like to ask our guests this question: What are the key differences we hope to achieve in the ASEAN talks versus the bilateral talks we'll be holding with Indonesia?

**Mr. Arun Alexander:** Thank you very much for your question, honourable member. Perhaps I'll begin and then I'll turn to Mr. Allen, as well.

I think our overall goal is the same for both agreements—to increase access to key growing markets for Canadian businesses with respect to trade, services and investment, and to promote environmental stewardship, good labour practices and inclusive trade.

Indonesia is the largest economy in ASEAN. It is probably one of the more developed economies. We see the potential to conclude an agreement with Indonesia faster than we could with ASEAN as a whole. We're putting some priority on that. We see that there are great opportunities for Canadian companies and businesses in Indonesia, with its huge population and its growing and very vibrant economy. Our priority is to close an agreement with Indonesia in a timely manner.

With ASEAN, perhaps, with its varied membership and levels of economic development, it might take a little longer. We want to create opportunities for Canadian businesses as quickly as possible.

Jay, do you want to add anything?

**Mr. Jay Allen:** With respect to ASEAN, what we're looking to get out of it—where it differs slightly, as Mr. Alexander said—is.... It will likely take us longer, given differences in levels of development and the fact that we're dealing with 10 partners. Indonesia will likely come sooner, and because it's one partner that is relatively well developed, we're likely to get a higher level of commitment.

ASEAN holds a number of benefits for us. First, it gives us an agreement that spans the region. It gives us market access to 10 different countries, four of which are already CPTPP partners, with two of them having ratified the agreement. It would give us access to that. It would also allow us to integrate more into the regional supply chains, because we would have a common set of rules of origin that would allow us to cumulate, which is to use product from throughout the region in our own manufactured products and to sell into the region.

The other main goal of ASEAN, aside from the market access, is.... There's strategic value in doing an FTA with ASEAN. ASEAN plays a very key role not only in the economy but also in the security relationships in Asia. Deepening our engagement and relationship there will help us on a strategic front, both in terms of supply chains and our political relationships. All of those things come from having an FTA. It helps on a number of fronts.

• (1605)

**Mr. Tony Baldinelli:** Thank you, Mr. Allen and Mr. Alexander.

In your responses, it seems like the higher priority among the two agreements would be the one with ASEAN nations, but you're indicating that it seems like an agreement with Indonesia would be easier to accomplish in the shorter term.

My question on that point is this: Can you confirm whether the agreement that would be considered the priority is the ASEAN agreement?

**Mr. Arun Alexander:** I'm sorry. I'm not sure I understood your question.

**Mr. Tony Baldinelli:** Of the two priorities, which one is higher for Canada?

**Mr. Arun Alexander:** I would say that both are priorities for Canada. I think it's just that we're more likely to conclude the Indonesian agreement before the ASEAN agreement. We're both working very hard to conclude agreements, but, given the context and membership of ASEAN, it is more likely that the Indonesian agreement would come first.

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

You mentioned environmental and labour practices as well. If you can answer quickly, will labour standards make their way into these agreements? Will that be a position the Canadian government will be forwarding?

**Mr. Arun Alexander:** The government intends to put forward strong labour standards in these agreements. We're seeking strong commitments with respect to collective bargaining, freedom of association and non-discrimination. We're looking to have enforceable agreement on those aspects.

We'll also look to have collaborative elements where we can work together to improve labour standards in ASEAN countries

and work with Canada to improve standards, as we've done with Mexico under the CUSMA.

**The Chair:** Mr. Baldinelli, you have five seconds.

**Mr. Tony Baldinelli:** I'm just wondering about the consultation process. How does the department work to keep stakeholders updated and involved?

**Mr. Arun Alexander:** Thank you for the question.

We meet regularly with stakeholders after each round of negotiations, sometimes after each day, depending on the level of discussions. We meet with provinces each day after a round of negotiations. With private sector stakeholders, we meet after each round of negotiations, but we also have continual contact with them in between rounds to hear from them on their key priorities and their areas of concern.

There is continual engagement with stakeholders.

**The Chair:** Thank you very much.

We'll go to Mr. Miao, please, for five minutes.

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

Thank you to the officials who are joining us today.

A Canada-ASEAN free trade agreement would boost Canada's GDP by \$1.2 billion by 2027, with much of the benefit coming from higher wages and improved terms of trade. Also by 2027, the bilateral trade impact of a free trade agreement would be in the range of \$4.8 billion to \$10.9 billion.

How do nations like Singapore and Indonesia contribute to this projected boost to Canada's GDP?

**Mr. Arun Alexander:** Perhaps I'll ask Mr. Allen to respond to that question.

• (1610)

**Mr. Jay Allen:** Countries like Singapore and Indonesia obviously offer relatively well-developed markets. With Singapore we already have an FTA, but even on top of that, there's a projected gain as a result of having an ASEAN FTA.

As Mr. Alexander explained, Indonesia simply offers a massive potential market. It is a booming market with a growing middle class and a massive population. It offers us the opportunity to sell them a lot of stuff.

**Mr. Wilson Miao:** As a follow-up question, how has industry been consulted or which emerging industry should be focused on, regarding a potential free trade agreement with ASEAN nations?

**Mr. Arun Alexander:** As I stated earlier, we engage in consultations with the industry on a continual basis, and especially after each round of negotiations. We listen to them to understand their needs, their priorities and their concerns.

We also had a very open Canada Gazette process where we received consultation submissions from a variety of stakeholders in the industry.

This all gets taken into account as we develop our processes and practices for negotiations. It's a very important part.

**Mr. Wilson Miao:** Can you speak to the rate of growth in the ASEAN region? Are there any specific driving forces promoting this rapid growth at this moment?

**Mr. Arun Alexander:** I don't have the GDP numbers in front of me—Mr. Allen may—but I can tell you that Indonesia and the other ASEAN countries are rapidly growing. They have growing populations. The middle class is a burgeoning sector of the economy. As a region, they'll have the largest middle class in the world by 2050. This presents great opportunities for Canadian businesses to sell into this class, which is growing by population but also by wealth, and to create new jobs and new opportunities for Canada.

Mr. Allen, I don't know if you have anything to add.

**Mr. Jay Allen:** Not really. I think you hit it on the head.

It's really about the growth in the population. It's about the increasing urbanization. They are rapidly becoming advanced economies. That is what is leading their growth. That's why they've become such a manufacturing hub and why they're so important to global supply chains.

**Mr. Wilson Miao:** What advantages would Canada have by entering into a free trade agreement ahead of other nations right now?

**Mr. Arun Alexander:** I think the key advantage is that we would be first, or one of the first, into it, so we can establish ourselves. I've been a trade commissioner in Asia, and I know that a lot of trade between countries is based on relationships. Canada would be there first to establish relationships and establish themselves in the market.

Being there first is important. Being there early is important. We're working very hard to ensure that Canadian businesses have access to these markets in a timely manner.

**Mr. Wilson Miao:** What other opportunities do countries like Vietnam, the Philippines, Indonesia and Singapore present for Canadian industries? How would those opportunities benefit Canadians or Canada's GDP?

**Mr. Arun Alexander:** All of these countries are rapidly growing. They have growing populations and growing economies. This creates opportunities for exporting products to these countries, which will create jobs in Canada. There is also potential for exporting services. Services are a fast-growing sector in these economies. Canada has excellent services, especially in areas like IT and environmental service, which will be open in these markets.

Finally, there's a potential for increased Canadian investment in these markets, which will create wealth in those countries and also for Canada. There's really great potential in these countries for growing the Canadian economy and growing their own economies.

**Mr. Wilson Miao:** Thank you very much for your answers.

**The Chair:** Thank you very much.

We have Mr. Savard-Tremblay for two and a half minutes, please.

[*Translation*]

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

As everyone knows, the new NAFTA—in other words, CUSMA—does away with the investor-state dispute settlement mechanism. The committee conducted a study on that.

I realize that the negotiations have only just begun, so you probably haven't dug deep into the details yet. Nevertheless, will Canada advocate including the mechanism in any future agreement with the Indo-Pacific region?

• (1615)

[*English*]

**Mr. Arun Alexander:** Thank you very much for your question, honourable member.

Maybe I'll turn to Mr. Allen to speak about this.

**Mr. Jay Allen:** The government remains committed to helping investors and Canadian investors protect their interests overseas. There are a number of ways that we can do that. Negotiating free trade agreements and foreign investment protection agreements helps to provide the transparency and predictability that our investors need.

Traditionally we've sought to include provisions that allow investors to defend their own interests. That's largely been handled by way of investor-state dispute settlement. Our approach to including investor-state dispute settlement in our agreements is flexible. It will largely depend on the partner that we're dealing with.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Ultimately, the agreement would cover a number of countries. Am I to understand that it could include separate dispute settlement regimes between different sets of countries? In other words, Canada could have one mechanism with India, another with Malaysia, and yet another with Indonesia.

[*English*]

**The Chair:** Give a brief answer please.

**Mr. Jay Allen:** Indeed. With respect to India, we are looking at investor protection outside of the comprehensive economic partnership agreement. We're looking at negotiating a foreign investment protection agreement with India. The Canadian proposal has investor-state dispute settlement in it.

With respect to ASEAN, we are expecting to negotiate an agreement that includes investment protections within its scope. The Canadian proposal has not yet been tabled because we have not yet had our first round of negotiations, but one would expect that it would include investor-state dispute settlements.

We already have an investor-state dispute settlements with Singapore and Vietnam, which are partners with us in the CPTPP context. Malaysia and Brunei have agreed to it in the CPTPP context, but they have yet to ratify the agreement.

**The Chair:** Thank you very much.

We'll go to Mr. Masse for two and a half minutes, please.

**Mr. Brian Masse:** Thank you, Madam Chair.

Mr. Alexander, I know that you may not be able to provide full specifics on certain topics, but I am interested and obviously that's why we even engage in the trade talks.

What has been the talk on the pharmaceutical industry, for example, in India? I know generics are an issue. I guess they'll have new industries. In 2020, India started producing medical cannabis for the first time. Obviously we've changed recently over the last number of years.

Have those types of discussions taken place with regard to pharmaceuticals?

**Mr. Arun Alexander:** Thank you for the question, honourable member.

Madam Chair, I will turn to Mr. Allen, who is responsible for the India negotiations, to respond.

**Mr. Jay Allen:** With respect to India, we have had discussions. They're really at the initial stages. In fact, just this morning we wrapped up our first round of negotiations with India. The subject has been raised. India is obviously a major world producer of both pharmaceuticals and pharmaceutical ingredients. They have a big interest in exporting this to us.

**Mr. Brian Masse:** When would it be advantageous for committee members...? I guess the lobbying will start on us. When in the time frame, do you think there will be more of an inventory of what's really a priority on the table? Will we get a briefing on that? I can tell you that's what's going to happen. I've been around enough to know that it's going to start, so that's part of our questioning today.

Thank you, Madam Chair, and thank you to the witnesses.

**Mr. Jay Allen:** Madam Chair, could I answer the question?

**The Chair:** Go ahead.

**Mr. Jay Allen:** The timing, as Arun was saying, is really dependent on the course of the negotiations. We expect that an early progress trade agreement with India could take a matter of months, as opposed to potentially a couple of years to negotiate a comprehensive agreement, so it could come at any point in the spectrum. I expect that stakeholders will be reaching out early and often.

With respect to when you will get a more fulsome briefing, that's outside of my remit. I can't promise you that. You have my apologies.

**The Chair:** Thank you very much, Mr. Allen.

Mr. Martel, you have five minutes.

● (1620)

[*Translation*]

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

Thank you to the witnesses for being here.

We are fortunate in my region to have a number of key industries, including aluminum, forestry and, on the agricultural side, dairy. We also have considerable mineral potential. I'm referring to vanadium, niobium, tantalum and mafic phosphate.

What opportunities do Indo-Pacific countries hold for Canadian businesses in those sectors?

[*English*]

**Mr. Arun Alexander:** I'm sorry. I didn't hear, after vanadium, what minerals you were saying.

[*Translation*]

**Mr. Richard Martel:** I mentioned niobium, tantalum and mafic phosphate.

[*English*]

**Mr. Arun Alexander:** Thank you very much.

I'm not an expert on minerals by any means, and I apologize for that, but I'm assuming that these are critical minerals used in manufacturing. I would say that there is great potential for exporting these, especially as new technologies develop. I assume these are minerals that are used in high-tech products.

The supply chains of Indonesia and ASEAN are supplying the world with high-tech products, and I would see that there would be opportunities for exports of these products from Canada to the region.

Jay, is there anything you'd like to add?

**Mr. Jay Allen:** I think another side of it too is that, when we negotiate a trade agreement, it creates opportunities for inward investment. The production of minerals such as these is expensive, so looking for investment from outside the country is something that the government takes very seriously. An FTA with ASEAN or Indonesia or India presents an opportunity to try to attract that investment into these important industries.

[*Translation*]

**Mr. Richard Martel:** Not all Indo-Pacific countries are as advanced as Canada when it comes to the traceability of goods and services.

How can we make sure a future agreement with ASEAN provides for an adequate traceability process?

[English]

**Mr. Arun Alexander:** Thank you very much for the question.

I'll maybe ask Mr. Allen to respond on ASEAN.

**Mr. Jay Allen:** If I could ask for clarification with respect to the question, what is meant by traceability, and in what sense?

[Translation]

**Mr. Richard Martel:** I mean some sort of process to track and identify where components or goods originate, so we know they weren't obtained illegally, for instance.

[English]

**Mr. Jay Allen:** Thank you.

When we negotiate a free trade agreement, we put in what are called rules of origin. These rules of origin are specific to product. We put in place what we call PSROs, product-specific rules of origin, to help us determine exactly what goes into a product, and also the mechanism for tracing them back, the mechanism for ensuring that they meet the rules, because we only want goods that originate in the exporting country to benefit from the trade agreement. That's on the one hand.

On the other hand, if it's trade, for example, in a wildlife product that isn't meant to be traded, we have rules in our environment chapters that deal with that and commit countries to implementing their commitments under, for example, the CITES treaty, which is the trade in endangered species.

Those two elements I think cover off what the member was asking about with respect to how we go about ensuring traceability.

The other angle that I would say our trade agreements include is co-operation. We offer our partners co-operation with respect to these sorts of things to help them implement their obligations so that they can meet the terms.

[Translation]

**Mr. Richard Martel:** How much time do I have left, Madam Chair?

[English]

**The Chair:** You have 20 seconds, Mr. Martel.

[Translation]

**Mr. Richard Martel:** All right.

Taiwan is being bullied by China virtually every week. Taiwan manufactures nearly 90% of the microchips required for electronics. If Taiwan ends up in the hands of the Chinese, it would put that supply chain at risk.

What type of agreement could Canada reach with Taiwan to send a strong message to China and protect that supply chain?

• (1625)

[English]

**The Chair:** You may answer.

**Mr. Arun Alexander:** I will have to turn to Mr. Epp to speak about Taiwan. I'm not a specialist on Taiwan.

Go ahead, Weldon.

**Mr. Weldon Epp (Director General, North Asia, Department of Foreign Affairs, Trade and Development):** The honourable member is correct in pointing out the critical role that Taiwan plays in global supply chains for the high-tech industry. In fact, Canada has a very long-standing and rich partnership with partners in Taiwan on research, development and high tech. We've seen additional investments in that area.

It's a direct concern to our economy because Taiwan is one of our largest partners. They are 12th as an overall trade partner globally and fifth in Asia. It is not only an economic concern. It's also a national security concern to Canada.

Unfortunately, I cannot respond to the hypothetical of what we would do if there were a forced resolution to long-standing historical challenges across the Taiwan Strait. I would simply say that it is a priority for the Government of Canada to continue to encourage peaceful means to dialogue between authorities in Taiwan and those on mainland China.

We've made it very clear and the government has spoken out recently on a number of occasions, bilaterally but also with partners, to call out unprovoked and unprecedented military actions in the Taiwan Strait that we think destabilize not only the region but, as the honourable member has pointed out, global supply chains in a critical area for everything from cars to the phones in our hands.

**The Chair:** Thank you very much, Mr. Martel.

We'll move on to Ms. Dhillon for five minutes, please.

[Translation]

**Ms. Anju Dhillon (Dorval—Lachine—LaSalle, Lib.):** Thank you, Madam Chair.

I appreciate all the witnesses being with us today.

Can you give the committee an update on how implementation of the CPTPP with Canada is going?

[English]

**Mr. Arun Alexander:** I'll turn to Mr. Allen to respond to that.

Go ahead, Mr. Allen.

**Mr. Jay Allen:** I'm happy to say that last year CPTPP saw its eighth signatory, Peru, ratify the agreement and become the eighth party to the agreement. On that front we're doing very well. There are still three left to ratify: Chile, Malaysia and Brunei, and we're working with them to support their eventual ratification.

We are in the process of negotiating the United Kingdom's accession to the agreement, which has been going on now for about a year. We also have accession requests from China, Taiwan and Ecuador, as well as a number of other countries that have signalled their interest in joining the agreement as well.

With respect to the implementation, it seems to be going very well. Generally speaking, our trade with the region is doing very well.

[Translation]

**Ms. Anju Dhillon:** How would you say Canadian businesses have benefited from the agreement's implementation? Has the agreement been especially positive for any specific sectors?

[English]

**Mr. Jay Allen:** I don't have specifics with respect to individual industries, but what I can tell you is that, for a number of countries, we've seen dramatic growth in our exports of beef and pork, for example. We're seeing increased exports of manufactured goods to a number of countries, including Australia.

Overall, our exports to Australia, Japan, New Zealand and Singapore as a group rose by 9.4% in 2021 over the pre-CPTPP levels. We're up over 9% in trade with those key economies in the first three years of the agreement. With respect to Japan in particular, our trade is continuing to increase. I think we were up 16.4% in 2021 over 2020, so the numbers are generally going very well. Our industry has been very pleased with it.

**Ms. Anju Dhillon:** Thank you.

This question is for any one of the witnesses. Canada is committed to increasing access to global markets for all Canadian businesses and to ensuring that Canadian businesses have the ability to compete in global markets. Where do you find that Canadian businesses can be placed in markets such as the Indonesian market, which is now considered to be a fast-growing market? How can Canadian businesses benefit from that?

In your opinion—it's a huge question—what are the contributing factors that make Indonesia a fast-growing market?

● (1630)

**Mr. Arun Alexander:** Thank you very much for the question.

It is indeed a large question, and I will try to start answering it. I might turn to my colleagues in the trade commissioner service to add to my answer. On the factors that make Indonesia an attractive market, I think one is the size of the market. It has a very large population—over 250 million people—and a growing population as well. Also, the increased wealth, especially the growing middle class, will create opportunities for sales of agricultural products, automobiles and automobile parts into the market, so there are really great opportunities for that.

A key priority for the government is inclusive trade to ensure that the benefits of trade accrue to the largest number of businesses and people possible, so a key priority for us is to ensure that under-represented groups in trade do benefit from the agreement both by ensuring there are provisions in the agreement to assist under-represented groups to take advantage of the benefits of the agreement and by promoting the agreement to under-represented groups in Canada. That is a key priority.

Maybe I'll ask Mr. Goodinson to speak about the trade commissioner service and its priorities in the region.

**Mr. Steven Goodinson (Director General, Trade Commissioner Service Operations, Department of Foreign Affairs, Trade and Development):** Thank you, Mr. Alexander. That was an excellent response on behalf of the trade commissioner service. I don't have a lot to add except to say that in Indonesia, as elsewhere, the trade commissioner service works a lot with small and medium-sized exporters to increase their market access and to make business connections for them to increase their sales.

I would say that among the priority sectors for the Indonesian market for the TCS in the next fiscal year are sectors as diverse as agri-food, mining, infrastructure, information technology and clean tech—all ones that we have discussed recently.

Thank you.

**The Chair:** Thank you very much to our witnesses for the very valuable information as we begin our study. I know we will see you again as we continue with this study.

We are now going to go in camera, so members and authorized staff who are participating virtually, please log off of this meeting and use the in camera Zoom link.

I will suspend for a few minutes until we get that done. Thank you again.

[Proceedings continue in camera]





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

---

### SPEAKER'S PERMISSION

---

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

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 House of Commons website at the following address: <https://www.ourcommons.ca>

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

---

### PERMISSION DU PRÉSIDENT

---

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

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 des communes.

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 de la Chambre des communes à l'adresse suivante :  
<https://www.noscommunes.ca>