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Chair: Judy A. Sgro





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• (1530)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** Welcome to meeting 13 of the Standing Committee on International Trade.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, September 18, 2025, the committee is resuming its study of Canada and the forthcoming CUSMA review.

We have with us today, from the Department of Foreign Affairs, Trade and Development, Sara Wilshaw, senior assistant deputy minister, international trade, and chief trade commissioner; Aaron Fowler, associate assistant deputy minister, international trade branch, and chief trade negotiator; and David Hutchison, director general, trade strategy bureau.

Thank you all very much for finding the time to see us today. It has been a little while since we've had you before the committee, so it's a perfect time, and we're very grateful to have you here.

Ms. Wilshaw, I invite you to make opening remarks for up to five minutes, please.

**Sara Wilshaw (Senior Assistant Deputy Minister, International Trade, and Chief Trade Commissioner, Department of Foreign Affairs, Trade and Development):** Thank you, Madam Chair, for the opportunity to address the committee with my colleagues. I'm happy to see how we can assist with this study.

[Translation]

Trade in Canada has evolved over decades within a global trading system based on rules, new free trade agreements and a fairly stable geopolitical environment.

Canada's trading patterns reflect its proximity to the U.S., the world's largest economy.

That said, the recent shift in American trade policy and the new geopolitical reality have dramatically altered the landscape. The reasons for trade diversification have never been so clear.

[English]

Earlier this fall, the Prime Minister announced work towards a new trade diversification strategy and a goal of doubling Canada's non-U.S. exports over the next decade. This strategy will focus government efforts in support of diversification objectives, alongside new investments in trade-enabling infrastructure, among other things.

We know that ultimately it is Canadian businesses that will diversify and expand Canada's trade, and this can be challenging, requiring new operating models, new risks and new partnerships. We also know that Canadian businesses have what the world wants, and they have what it takes to succeed. Between 2017 and 2024, Canadian exports to overseas markets increased by over 50%, reaching \$292 billion in 2024 in non-U.S. trade.

I would like to take a moment to highlight Global Affairs Canada's priorities in helping Canadian businesses to build on that track record going forward.

First, we will continue to unlock new opportunities for Canadian companies in overseas markets. The recently signed comprehensive economic partnership agreement with Indonesia exemplifies this line of effort. Canada is also working to conclude a free trade agreement with ASEAN. We are renewing negotiations with Mercosur, and at the same time, there's a new road map for Canada-India relations that will provide a pathway for expanded trade with the world's most populous country. We are also taking a pragmatic and constructive approach to working with China, which will help expand business opportunities while supporting Canada's economic security.

[Translation]

Second, we will seek to capitalize further on partnerships, and reap the benefits of Canada's efforts.

Canada has already signed comprehensive free trade agreements and strengthened ties with leading world economies, such as Europe and the Indo-Pacific region.

We will intensify our efforts to encourage businesses to take full advantage of these agreements and the market access they offer, and help them through this process.

With this in mind, last month's trade mission to Italy, led by the Minister of International Trade, reaffirmed Canada's interest in trading with its European partners and expanding that trade.

[English]

We will also sustain the momentum of Canada's Indo-Pacific strategy and our team Canada trade missions to the region to capitalize on the strong interest and potential to deepen Canada's commercial ties across the Pacific.

In terms of working with Canadian businesses, we recognize that close partnership between government and business will be essential to securing these new opportunities in today's international environment. The new strategic exports office proposed in budget 2025 embodies this approach. It will help mobilize whole-of-government support for high-value export pursuits in strategic sectors.

• (1535)

[Translation]

Canada's trade commissioner service will continue to play an essential role by helping Canadian businesses diversify their markets.

[English]

In 2024-25, the TCS provided nearly 60,000 services to more than 11,000 clients, facilitated \$6.1 billion in new deals and helped over 1,700 SMEs expand into 113 new markets. Ensuring that the TCS continues to deliver high-impact services to businesses alongside partners like EDC, Export Development Canada, is a top priority.

Finally, we are also very focused on attracting new investment into Canada. FDI is critical to the Canadian economy and its growth plans. It connects our firms to global markets. It unlocks new sources of capital. It embeds Canadian companies in international supply chains, and it makes them more productive and more competitive. Achieving strong alignment across federal partners in attracting FDI, including the TCS, Invest in Canada, the Major Projects Office and others, is a key focus and will enable us to attract more investment from a wider range of players.

[Translation]

We know that trade diversification is a shared priority across the country. We look forward to working closely with various partners, including provincial and territorial governments, indigenous groups and industry. Global Affairs Canada is committed to helping businesses diversify Canadian trade and investments to support our country's resilience and prosperity.

[English]

Thank you, and we look forward to your questions.

**The Chair:** Thank you very much, Ms. Wilshaw.

Mr. Mantle, go ahead, please.

**Jacob Mantle (York—Durham, PCC):** Thank you, Madam Chair.

Thank you, gentlemen and lady, for attending. I appreciate you being here and giving us your time.

We're coming up on one year since we went into a prorogation and then an election. Is there a deal on the table right now from the Americans?

**Aaron Fowler (Associate Assistant Deputy Minister, International Trade Branch, and Chief Trade Negotiator, Department of Foreign Affairs, Trade and Development):** I believe this committee heard recently from Ambassador Hillman, who is Canada's chief negotiator for ongoing conversations with the United States, as well as from other senior officials at Global Affairs Canada who are engaged in those talks.

I believe you will be aware that presently no active negotiations are going on. That has been the case for a number of weeks, but we remain engaged with the United States more broadly, with a view to picking those conversations up at the appropriate time. That's where I would situate things for the moment.

**Jacob Mantle:** Just to clarify, this committee has not heard from Ms. Hillman. She has not appeared before the committee, but I want to be clear here. The current state of the negotiations is that there are no active negotiations going on between Canada and the United States at this moment.

**Aaron Fowler:** That is my understanding. I am not presently engaged in the discussions with the United States, but the President announced recently that he was pulling back from them for a period of time, and my understanding is that this continues to be the prevailing situation.

**Jacob Mantle:** When was the last time you or your team spoke with your U.S. counterparts?

**Aaron Fowler:** As I indicated, I am not part of Canada's Canada-U.S. negotiating team, so I'm not equipped to provide you with that information at this point in time. I'm sorry.

**Jacob Mantle:** Would you be able to find out for us? I mean, you are the chief negotiator.

**Aaron Fowler:** I am Canada's chief negotiator. I am not, as I mentioned in my last visit here, the chief negotiator for the Canada-U.S. file, but I will certainly endeavour to follow up for the committee with that information.

**Jacob Mantle:** Thank you for that.

When was the last time you briefed any ministers on the state of negotiations in your role as chief negotiator?

**Aaron Fowler:** Are you speaking about the Canada-U.S. negotiations or negotiations more broadly?

**Jacob Mantle:** I mean the Canada-U.S. ones.

**Aaron Fowler:** I don't brief ministers, because I am not part of the Canada-U.S. negotiating team.

**Jacob Mantle:** Do you receive briefs?

**Aaron Fowler:** I receive information from time to time, but not generally speaking. My files cover the rest of Canada's negotiating agenda.

**Jacob Mantle:** When was the last time you received "information" about the state of negotiations from your staff?

**Aaron Fowler:** It was recently, I suppose.

**Jacob Mantle:** Is recently a week ago, a month ago?

**Aaron Fowler:** "Information" could be a lot of things.

• (1540)

**Jacob Mantle:** It's your word, not mine.

**Aaron Fowler:** Within the last week, I've probably received some sort of information on the state of those conversations, which I think is reflected in the answers I've given you thus far.

**Jacob Mantle:** Would you be willing to share that with the committee?

**Aaron Fowler:** I just did.

**Jacob Mantle:** In terms of the information you've received, you have nothing further to offer, and there's nothing further offered by your staff other than that you currently have no ongoing negotiations.

**Aaron Fowler:** That's correct. That may seem strange, but I am not actively participating in those negotiations.

**Jacob Mantle:** Strange or not, I'm just looking for facts on where we are in the negotiations.

One of the things we have discussed at this committee is transparency. As you may have seen from some of the evidence of our witnesses, there's a feeling that there's a lack of transparency on the part of the government. In fact, Mr. Herman, for example, expressed his disappointment that the public knows very little about these negotiations, which was also echoed by the Canadian Federation of Independent Business and others.

Do you feel that there is sufficient transparency offered by a you as chief negotiator or anyone working on the Canada-U.S. negotiations?

**Aaron Fowler:** Yes. I believe the level of transparency that has been provided is appropriate to the level of sensitivity that those negotiations entail.

I'm aware of the request that the committee has put forward for information from the consultations. Work is under way to respond to that request within the timelines that were provided, and I'm sure that information will be received by the committee for its review very shortly. There may be more focused or detailed questions that follow, which we would be happy to receive, of course.

**Jacob Mantle:** Thank you. I'm glad to hear that.

I will say that I don't think the committee should have had to pass a motion to request information about public consultations on probably the most important topic for the country right now. I would encourage Global Affairs, you as chief negotiator and others to offer more information and more transparency to Canadians about this process.

In your last appearance, you said, "I hope that the committee and, more generally, Parliament feel that they are well informed about our agenda." My answer is, no, we don't feel well informed.

The last time you were here, Mr. Fowler, you also stated that you believed "the United States, in this commercial negotiation, will be guided by commercial and economic considerations." Has your position changed on that, given that we are now not in any active negotiations?

**Aaron Fowler:** No. My position continues to be that I assume the United States will be guided by its economic and commercial considerations in this negotiation, as it is in other negotiations.

**Jacob Mantle:** Are you aware that that's not the government's official position? Negotiations have been paused as a result of an ad that was put out by the Government of Ontario. That's what the government's position is.

**Aaron Fowler:** Do you mean the Government of the United States or the—

**Jacob Mantle:** I mean the Government of Canada and the Government of the United States.

**Aaron Fowler:** That is the explanation the President provided as to the pause in talks. I don't know that this is inconsistent with my position on what will guide their positions at the negotiating table.

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

Mr. Fonseca, go ahead, please.

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

Thank you to our officials for being with us here today.

Back in 2017-18, we had set a stretch goal to increase and diversify our trade by 50% outside of the United States. That target was achieved successfully in 2024. Now we're here in 2025 and looking at another stretch goal over this decade, which would be to increase our trade again by 50%. That would be \$300 billion more in trade outside of the United States.

Can you take us through what brought us to the success we had in setting that first goal? Going forward, are we going to implement the same strategy, or are there changes to the strategy for achieving the next goal of 50% more diversification?

**Sara Wilshaw:** Thanks for the question.

If I may, I'll just say just a word or two about that 50% expansion in non-U.S. trade. Obviously, trade in general expanded at the time as well, so there was significant growth there, but there was also significant growth in key areas where we have, as we've pointed out, agreements with major partners.

During that period of time, we had CETA, which is an agreement with Canada and the EU, and we had the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. They were at the heart of those big expansions. We saw a lot of growth in the EU, growth in the U.K. and growth in the Indo-Pacific region in particular.

This new goal is a stretch goal. It is not going to be easy. It is going to pose a challenge for us. I think what we need to look at, as we looked at then, is where to find opportunities for Canadian businesses. Where do we have potentially a competitive advantage for our products and services and for our exporters? What kinds of supports are needed by companies to get them to go abroad?

The gravity model of trade is a challenge for us. Obviously, there's a very large, very attractive market to the south, and it's sophisticated and familiar. It can be challenging for companies to think about going beyond that market. This is where the trade commissioner service and our negotiators work together to overcome, to de-risk and to make the unfamiliar a little more familiar for businesses.

We put in place a number of things back in 2018 that helped us: the Canadian technology accelerators; an expansion of CanExport, which is co-funded financing to help small businesses in particular approach new markets; and e-commerce expertise, where we put in additional trade commissioners around the world.

Are we going to be able to rely upon those same things this time? Probably not. We will have to do things a little differently. We'll have to focus on very high-growth and high-potential sectors like agriculture and agri-food, defence and aerospace, natural resources and energy services, ICT, digital and quantum. All of these are places where, again, we know that Canada has some great advantages, such as in critical minerals and clean-tech infrastructure. We have a lot of strengths, and we have a lot of things that the world would like us to bring to the table.

We have to make it easier for folks to do that. Part of that is in the investments that are being proposed for infrastructure to get things to tidewater so we can overcome the natural north-south tendency in the flows of trade. There are lots of challenges ahead, but I think we are up to the task.

• (1545)

**Peter Fonseca:** Thank you, Ms. Wilshaw.

Is that diversification leveraged at the table when you're going into a CUSMA review or when you're looking at other agreements? We just did one with Indonesia and we're looking at ASEAN and others. When others look at Canada, is that diversification something that could be leveraged at the table so they can see we have other markets to work with and are able to use them?

Mr. Fowler, maybe you can speak to that, or Ms. Wilshaw.

**Sara Wilshaw:** I can perhaps start, if you don't mind, and then pass it to my colleague.

Very quickly, I think what we're trying to do is what the rest of the world is trying to do as well, which is to figure out partnerships where we can advance our economic security and prosperity with partners that want to come to the table with us.

Everybody is doing this right now. It's a very active period in terms of negotiations and trying to find different types of partnerships, and not necessarily even the big free trade comprehensive partnerships. People are looking for those specific areas where they can create these linkages.

I don't know, Aaron, if you want to add to the negotiations agenda.

**Aaron Fowler:** Sure.

I would agree with the premise behind the question, which is that the extent to which a particular market is important to Canada for a particular sector is very well known by our negotiating partners.

Reliance on a particular market—in this case, let's say the United States—as an export destination for a Canadian sector and its long-term well-being is something the Americans will take advantage of, as any negotiator would and as I would if I had a negotiating team across the table from me that was extremely dependent on the Canadian market.

The more we can diversify opportunities for Canadian businesses so those businesses can take advantage of opportunities to reduce their dependence on the United States as a marketplace, the less ability American negotiators will have to hold us over a barrel and, therefore, the better our ability will be to deploy our coinage in the areas we feel are important to us.

• (1550)

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

Mr. Savard-Tremblay, you have six minutes.

[*Translation*]

**Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot—Acton, BQ):** Thank you, Madam Chair.

I'd like to thank the witnesses for joining us today.

Mr. Fowler, I just want to make sure I heard you correctly. You said earlier that there are no ongoing negotiations with the U.S. right now. Is that right?

**Aaron Fowler:** From what I understand, that's correct. A few weeks ago, the U.S. suspended negotiations, and the situation hasn't changed since.

**Simon-Pierre Savard-Tremblay:** Are other forms of communication or engagement happening, at least for other stated reasons?

**Aaron Fowler:** Our relationship with the U.S. is a complex one. Other than the negotiations, many topics require daily attention. Our team in Washington and the U.S. team in Ottawa are discussing a myriad of other topics, but there are no negotiations. That's my understanding, anyway.

**Simon-Pierre Savard-Tremblay:** The Americans have yet to set conditions to resume official discussions. We know that they wanted to carry out this review, as did the partners involved. According to what you've said and what's been announced, though, that's not the case.

Have the Americans shown any interest in resuming discussions? Have they set any conditions? Have they said anything?

**Aaron Fowler:** I don't know whether the U.S. has set out conditions.

That said, I'd like to clarify a few things. The discussions that were ongoing with the U.S. were not related to the CUSMA review.

**Simon-Pierre Savard-Tremblay:** Of course, but the review was still planned and will be extremely complex. That said, if we can't agree on something less important than the review, it doesn't bode well for the review itself.

**Aaron Fowler:** Discussions are never easy.

However, according to a provision in the American act to implement CUSMA, government officials need to start the review process in 2026. The discussions being held a few months ago were related to something other than the CUSMA review, another mechanism. I would say the administration is more flexible regarding discussions.

**Simon-Pierre Savard-Tremblay:** Obviously, we'll follow this file closely.

I know discussions are difficult, and you just confirmed that. Many experts have talked about annual reviews, not just one, and this option was already in the agreement. What's your view on that? How do you prepare for this option? If things aren't progressing now, will the agreement be reviewed annually?

**Aaron Fowler:** Our discussions with the U.S. are focused on more than just diversifying trade between our two countries. You're asking about a hypothetical situation.

It might not happen that way. I don't really have an answer for you. It's hard for me to imagine what's to come.

**Simon-Pierre Savard-Tremblay:** I wasn't talking about trade diversification. I was talking about the possibility of having annual reviews of the agreement, not just one.

**Aaron Fowler:** I understand, but I thought this meeting was to talk about the government's efforts to diversify trade, not necessarily to talk about the U.S.

It doesn't change my answer, though. I don't know what will happen, and I don't want to speculate on situations that might never arise.

**Simon-Pierre Savard-Tremblay:** Still, I imagine you're ready for that possibility. Every scenario has to be looked at, so you must have considered the annual review option, which would lead to permanent pressure from the U.S.

• (1555)

**Aaron Fowler:** Yes, but it might not happen. I don't know how we've come to anticipate such a position from the Americans. I don't think that's an option the three parties to the agreement have planned on discussing.

**Simon-Pierre Savard-Tremblay:** Obviously, since there are no discussions.

**Aaron Fowler:** Although there are no negotiations, we are preparing for this review. Mexico and the United States are also preparing for the review. These are not negotiations, because we are preparing on our own, within our own governments.

In my opinion, the United States is definitely thinking about their approach, but up until now, I haven't heard anything that would indicate they are moving towards an annual review.

[English]

**The Chair:** You have 20 seconds remaining, sir.

[Translation]

**Simon-Pierre Savard-Tremblay:** In that case, I will ask you a question that can be answered by "yes" or "no", Mr. Fowler. We can continue our discussion during another turn.

Although negotiations are very piecemeal and haven't yet begun, do you know the Americans' requirements, conditions and positions regarding the review? You say that you are already preparing and that there are discussions on the topic.

**Aaron Fowler:** Are you asking if the United States knows their requirements?

**Simon-Pierre Savard-Tremblay:** I am asking if you yourself know them. Have they shared their requirements?

**Aaron Fowler:** No, they didn't do so directly.

A few weeks ago, they completed their consultations with American industry and American interests. I believe that will give us information on the positions the United States will bring to the table.

The process is ongoing.

[English]

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

Mr. Groleau, go ahead, please, for five minutes.

[Translation]

**Jason Groleau (Beauce, CPC):** Hello, Madam Chair.

Hello, dear guests.

Mr. Fowler, you just said you are currently preparing for the renegotiation of CUSMA.

**Aaron Fowler:** Actually, it is a review.

**Jason Groleau:** All right.

Are you currently preparing?

**Aaron Fowler:** Yes, the Canadian team is getting ready.

**Jason Groleau:** Do you know Steve Verheul well?

**Aaron Fowler:** Yes, I know him.

**Jason Groleau:** Have you worked with him? He's a trusted member of government, isn't he?

**Aaron Fowler:** Yes, he's a former official.

**Jason Groleau:** On October 30, he was here and said that currently, the government is ill prepared to undertake the CUSMA review.

What do you make of that comment?

**Aaron Fowler:** In my opinion, we are very well prepared. We have made a lot of progress in our preparations.

I know Mr. Verheul very well, and I have enormous respect for him. He has been working with us for many years, but he may not be completely up to date on our preparations.

**Jason Groleau:** What do your preparations entail? Do you consult with companies in certain sectors to learn about the challenges they face?

**Aaron Fowler:** We have already conducted two formal consultations through the Canada Gazette, one last year and one this fall. These consultations give us something that the United States and Mexico do not have, namely, an indication of our private sector's standing prior to the trade policy developments that have occurred over the past 12 months.

Moreover, after many months of challenges with our American partner, our industry is still in good standing. We are more closely linked to several more sensitive, highly technical or complicated sectors. We have already begun.

**Jason Groleau:** Mr. Verheul, once more, mentioned that you didn't consult companies sufficiently, but did consult a few multinationals. As for SMEs, you don't consult them. They are, after all, the specialists of each sector.

Why don't you consult them?

**Aaron Fowler:** I disagree with Mr. Verheul. We are involved, and small and medium enterprises can share their opinions with us and inform us of their activities here and in the United States, in order to strengthen Canadian positions and strategies.

I am convinced that other discussions will take place at some point but, up until now, many Canadian companies from various sectors, and national and provincial associations are already involved, very closely in some cases.

• (1600)

**Jason Groleau:** I'm happy to hear that, Mr. Fowler.

I come from a region where agriculture plays an important role. Yet all the negotiations surrounding CUSMA are making farmers extremely nervous.

My question is simple. Will you be sacrificing agriculture once again for the benefit of other sectors?

**Aaron Fowler:** Thank you for your question.

[*English*]

No, I would say we are not going to sacrifice. I would reject the premise that the agriculture sector has previously been sacrificed for the benefit of other sectors.

I'm sure that Canada's negotiating team in this negotiation, as in every negotiation, will do its best to advance Canadian interests across the full waterfront of issues that are taken up in that negotiation, recognizing that in order to reach an agreement, compromise is possible. We try to ensure that this compromise does not negatively impact or overly advantage one sector, one region or one set of interests vis-à-vis others. We try to strike a balance. That's the art of the negotiation.

[*Translation*]

**Jason Groleau:** The farmers disagree with you. Just take the example of the Comprehensive Economic and Trade Agreement between Canada and the European Union, or CETA. Pork industry stakeholders were promised access to an export market of 500 million people, which never happened.

I was recently informed that officials from the Canadian Agri-Food Trade Alliance met with their American counterparts in Washington.

Is that right? Are you aware of the negotiations and discussions that took place in Washington regarding agriculture?

**Aaron Fowler:** No, not necessarily. I don't know when the meeting in question took place.

**Jason Groleau:** It was a few weeks ago.

[*English*]

**The Chair:** Mr. Groleau, I'm sorry, but your time is up.

Go ahead, Mr. Lavoie.

[*Translation*]

**Steve Lavoie (Beauport—Limoilou, Lib.):** Thank you, Madam Chair.

I want to thank the witnesses for joining us.

My first question is for Ms. Wilshaw.

I was happy to hear you speak earlier about the great opportunities for opening up growth markets. You listed a few, such as the Indo-Pacific region and Italy, where a meeting took place. That sounds great.

Based on your experience in the field and meetings with international partners, how is Canada's approach to diversifying its export markets and doubling the value of its exports within 10 years viewed by its future partners and by its current partners with which it would like to increase trade?

**Sara Wilshaw:** Thank you for your question.

A few weeks ago, we led a group of Canadian business representatives to Italy, where we were warmly welcomed by the Europeans and Italians. They were open to meeting with us and our businesses. Hundreds of business-to-business meetings took place. We hope that these meetings will lead to agreements, as we anticipated. This was the case during the latest trade missions to the Indo-Pacific region.

We've held close to nine trade missions. According to my data, 3,100 meetings have taken place between Canadian and foreign businesses. Several hundred Canadian businesses accompanied us. The tangible results confirmed so far are estimated at about \$30 million. The value of the expected benefits for participating businesses is estimated at about \$222 million. These results were obtained from a survey conducted among Canadian businesses that participated in the mission. However, only 41% of participants responded to the survey. The value of the benefits is bound to be higher than this amount. Nevertheless, based on this data, the mission received a really positive response.

• (1605)

**Steve Lavoie:** This is quite impressive. You're confirming that 3,100 business-to-business meetings have already taken place. The 40 or so people who responded to the survey said that these meetings could generate over \$200 million in additional revenue.

This brings me to my second question. How do European countries view trade with Canada? I can see that the current initiatives are receiving a positive response.

**Sara Wilshaw:** It's always a matter of following up.

First, the businesses must follow up with their counterparts in Europe or other parts of the world, such as the Indo-Pacific region. However, the trade commissioner service can also help them with this task. We're on the ground 24 hours a day, seven days a week. We're always there to help businesses contact businesses in other parts of the world. It's necessary to follow up and to visit trading partners a number of times.

We need to build ties and relationships with other businesses and partners, which may also include research institution partners, for example.

We can establish all kinds of partnerships with institutions and organizations in other countries. They can become, for example, innovation partners.

**Steeve Lavoie:** Thank you.

[English]

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

Mr. Savard-Tremblay, you have two and a half minutes.

[Translation]

**Simon-Pierre Savard-Tremblay:** Before you start counting my time, I would like to verify something.

Mr. Fowler said that he believed that the meeting concerned diversification rather than a review. I wanted to make sure that the information on today's topic was properly conveyed.

[English]

**The Chair:** The invitation to Global Affairs has exactly what we are studying. It says we're resuming our study of Canada and the forthcoming CUSMA review.

**Aaron Fowler:** I apologize, Madam Chair. I wasn't trying to create any confusion. I understand that this is part of the ongoing study that's linked to CUSMA. I had understood that today's session in particular was focused on Canada's trade diversification efforts and was intended to provide a contextual lens to the committee's study.

In any event, I've tried to answer the questions. I hope that you don't feel like I've evaded any of them as a result of the misunderstanding.

**The Chair:** Thank you.

[Translation]

**Simon-Pierre Savard-Tremblay:** Was the witness told that today's meeting would focus on diversification?

[English]

**The Chair:** Go ahead, Mr. Clerk.

• (1610)

**The Clerk of the Committee (Grant McLaughlin):** When I extend invitations to federal departments, I generally share the motion of the study, and that was done in this instance.

[Translation]

**Simon-Pierre Savard-Tremblay:** In that case, hopefully there won't be any similar confusion in the future and that the invitations will always clearly state the topic.

Madam Chair, you can start the timer.

Mr. Fowler, I was a bit surprised when you told my colleague that agriculture hadn't been sacrificed in the past. Yet shares were sold off. This was seen as such a big sacrifice that the government spoke about compensation. Usually, when you compensate for something, it means that a problem, a setback or harm has occurred in some area.

If this example doesn't qualify as a sacrifice in Canada's current position, at what point would agriculture be considered sacrificed?

**Aaron Fowler:** Thank you for your question.

Honestly, I wouldn't describe our negotiations and free trade agreements that way.

For example, in the industrial sector, our approach and policy for decades has been to completely eliminate non-agricultural tariffs for both Canada and our partners. Our approach to the agriculture sector is different. It's a bit more nuanced given certain sensitive aspects of the agriculture sector.

As a result of our efforts in these sensitive areas of agriculture, our expectations are somewhat lower than our ambitions for non-agricultural sectors.

Some people in the agriculture sector, like others in the industrial sector, feel that certain agreements don't do enough to meet their expectations. Others believe that they can't comply with certain provisions included in the agreements.

In general, I would say that this isn't the case in either the agriculture or in non-agricultural sectors. I don't think that any sector can say that its interests weren't protected by the Government of Canada during the negotiations.

**Simon-Pierre Savard-Tremblay:** Please answer yes or no—

[English]

**The Chair:** I'm sorry, Mr. Savard-Tremblay. Your two and a half minutes are up.

Mr. Chambers, go ahead, please, for five minutes.

**Adam Chambers (Simcoe North, CPC):** I was reviewing the departmental spending report that recently came out. I'm just curious if it includes some of the information in the budget that was recently tabled by the government.

**Sara Wilshaw:** I'm not sure whether the last report would include what is proposed in the budget for this year. I would assume not.

I don't know what the member was looking at, but if it was the past spending—

**Adam Chambers:** It's your departmental spending report that came out this year and projects what you will spend.

**Sara Wilshaw:** Right. I think that refers to our current budgets for 2025-26, and the budget that is proposed now would be forward-looking, after that.

**Adam Chambers:** The departmental spending reports were provided to parliamentarians after the budget was produced by the government, and the departmental spending report says what the department will spend in future years. I'm just asking whether it includes the measures that were in the budget.

**Sara Wilshaw:** Forgive me, but I don't know the answer to the question. It would be better referred to the CFO of Global Affairs Canada. I apologize.

**Adam Chambers:** If you could follow up with an answer, that would be helpful.

I'm asking because if trade diversification is important—and I think we all agree it is—the departmental spending report shows a reduction in the trade and investment branch for the next few years.

I'm wondering how, on one hand, we can say it's really important to diversify trade, but, on the other, the government is signalling that it is actually going to spend less on the trade and investment branch in the next three years.

• (1615)

**Sara Wilshaw:** Budgets are a challenging topic at the best of times. We do the best we can with what we are allocated by Parliament. We know those aren't easy decisions to make.

We are doing what we can to create efficiencies and to find other ways to save the government and the taxpayers money. We believe we can do what we set out to do on trade diversification with the budget we've been allocated.

**Adam Chambers:** Your spending authorities approved by Parliament are about \$420 million, but you typically only spend around \$375 million. I'm wondering why you wouldn't spend the amount of money you're allocated. I think you actually lapse money every year in this branch. Is that correct?

**Sara Wilshaw:** I am not perfectly equipped today to respond to detailed questions on budgets.

**Adam Chambers:** That's quite okay. No worries. I'll move on. I'm just making the point that if it's important, I'm not sure the budget reflects that.

This is for either of you. To your knowledge, have the sectoral tariffs on autos been discussed with our American counterparts yet? Has that been raised?

**Sara Wilshaw:** I haven't been privy to those discussions.

**Adam Chambers:** In your information, Mr. Fowler, have you heard that autos have been discussed or not?

**Aaron Fowler:** Again, I'm not actively participating in those negotiations, so I would be speculating.

**Adam Chambers:** Thank you.

I have about a minute left. I'm trying to understand what makes a good trade commissioner. How do we know if they're doing a good job? What metrics do you use to determine whether they're good at their job? Is it how many meetings they have? Is it their follow-

through on orders? What are some of the things you use to measure them?

**Sara Wilshaw:** I love that question because I'm a real stickler for our key performance indicators across the board.

The trade commissioners we have in the field know that we track, and we provide reports to them, to their heads of missions and to their senior trade commissioners at each of the posts around the world, every month. The reports show how many services they have provided, how many companies they have dealt with and how many results there have been.

In terms of what you're looking for, we have a pipeline process. We offer services, and then we hope that people take up the opportunities presented to them—

**Adam Chambers:** My final question in my last two seconds is this: Are they compensated based on those metrics?

**Sara Wilshaw:** They are not compensated by the metrics. They are incentivized by the metrics, by the follow-up we do and in the training we provide on them.

**Adam Chambers:** Thank you, Madam Chair.

**The Chair:** We'll go to Madame Lapointe, please, for five minutes.

[*Translation*]

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

I would like to welcome the witnesses.

Thank you for joining us. This isn't your first appearance before the committee.

Ms. Wilshaw, you spoke about e-commerce. I would like to know your strategy. What aspects do you take into consideration when it comes to digital matters and intellectual property?

It's difficult to quantify and measure these areas. What preventive measures are you taking to ensure that you reap all the benefits and secure what belongs to us?

**Sara Wilshaw:** Thank you for your question.

It's a fairly new field. Actually, e-commerce isn't new, but it has exploded in recent years.

This is also the case for well-known platforms such as Amazon, Flipkart in India or Alibaba in China, which offer their products. At the time, we implemented a strategy to help Canadian businesses, especially small and medium-sized enterprises, access international markets more securely. This was particularly important for businesses that wanted to reach consumers directly.

Our trade commissioner service works mainly in the B2B sector, meaning business-to-business trade. However, consumers who want to access Canadian goods of a certain value or quality find it easier to do so using e-commerce platforms. We guide businesses to make it easier for them to access these platforms, for example.

You said that intellectual property was a really important aspect. We've also implemented a strategy to provide more information about the risks associated with intellectual property when doing business abroad. This is certainly the case for small and medium-sized enterprises, which don't have the same capacity to pay for this information and expertise.

• (1620)

**Linda Lapointe:** How does your trade commissioner service work? You said that it has been highly successful. How do you attract the interest of SMEs and other businesses? What's your approach?

**Sara Wilshaw:** Thank you for your question.

It's interesting.

We often use social media, especially LinkedIn, to provide information about upcoming missions. We also work with chambers of commerce, industry associations, our partners in the provinces and territories and business groups.

We also work closely with our federal partners in order to inform the businesses that may wish to participate in our missions.

**Linda Lapointe:** Thank you.

We've heard from various witnesses. I gather that, by using trade delegations, we can actually open up our markets more. So we should focus on these measures.

Is that right?

**Sara Wilshaw:** I apologize. I didn't have the opportunity to hear the simultaneous interpretation.

I believe that you were asking whether businesses might be interested in our missions. Yes, they are.

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

[*English*]

**The Chair:** We have a few minutes left.

Do any of the committee members have a burning question, since we have our wonderful guests here with an immense amount of knowledge?

Go ahead, Mr. McKenzie.

**David McKenzie (Calgary Signal Hill, CPC):** Thank you, Madam Chair.

We have an embassy in Washington and 15 consulates across the United States. Do you receive feedback from them as to their reactions to the current trade situation between Canada and the U.S.? What would the nature of that be?

**Sara Wilshaw:** We get reports back on the outreach of those consulates general, in particular, and how they engage with folks on

the ground. There is a lot of advocacy going on. I think that may be what the member is referring to.

Obviously, our teams, including the consuls general, the senior trade commissioners and the other employees in those missions, would be out regularly engaging with U.S. businesses, with U.S. chambers and with local politicians to try to make the case for trade with Canada and explain the benefits they have enjoyed over the years in working with Canada in trade investment.

**The Chair:** Thank you.

Go ahead, Mr. Naqvi.

**Yasir Naqvi (Ottawa Centre, Lib.):** Thank you, Chair.

My question is about the great privilege of travelling in different parts of the world on behalf of our country and our government, and our really impressive trade commissioners talking to companies. There's a set of companies that know the trade commissioner service really well and brag about the access and service they get, but then there are many other businesses that have no idea about the service.

How do we rectify this? How do we get more companies, especially small and mid-sized companies in Canada, learning about the trade service and using the service available to them?

• (1625)

**Sara Wilshaw:** I wish more folks knew about the service that's available to them. I heard recently from a private service provider who makes introductions that they were charging between \$12,000 and \$15,000 to do what the trade commissioner service does for free, which was a little distressing.

That was one of the things we noticed before. We have been trying really hard through our social media campaign and through many of the contacts I mentioned in the previous question to reach out and to let people know that we are there. We work with EDC, which also has thousands of clients. We have around 50,000 to 60,000 who now receive a newsletter from us regularly.

We are trying to extend that reach as much as possible, but we certainly welcome any other outreach we can do. I should mention that we also have regional offices all across the country. In 2018, these were invested in precisely for this effort to help people reach us.

**The Chair:** We have Mr. Savard-Tremblay for a brief question.

[*Translation*]

**Simon-Pierre Savard-Tremblay:** My question can be answered with a yes or no.

Again, in order to clarify Canada's position in these negotiations, I would like to know whether the three gaps in the supply management system agreements meet the definition of "sacrifice".

**Aaron Fowler:** Thank you for your question.

I wouldn't use that word. I think that the market access provisions for supply-managed products here in Canada lay the foundation for a comprehensive and global free trade agreement that greatly benefits the Canadian economy. The market access for supply-managed products is a fairly small portion of the Canadian market, as was the case during the negotiations.

The Canadian market has expanded since those years. I would also say that the impact on the domestic industry has diminished compared to the access provisions included in the agreement.

There are indeed provisions that affect the sector. Is it a sacrifice? I wouldn't use that word.

[English]

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

Thank you to our wonderful witnesses for sharing all of that knowledge with us and giving us a better understanding of how GAC works and how you carry out your responsibilities.

We will suspend the meeting while we get our witnesses checked out.

• (1625) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1635)

**The Chair:** I'm calling this meeting back to order.

With us this session, we have, from the Coalition for the Diversity of Cultural Expressions, Marie-Julie Desrochers, executive director, and H el ene Messier, French-speaking co-chair. From Innovative Medicines Canada, we have Bettina Hamelin, president and chief executive officer. From MRC de Th er ese-De Blainville, we have Kamal El-Batal, general director. They are all appearing by video conference. They all have been sound-checked, and we think everything will work fine.

We will start with opening remarks of no more than five minutes, please. If you see me raise my hand, please stop speaking so that members can get around to asking you questions.

Ms. Desrochers, I open the floor for you, please.

**Marie-Julie Desrochers (Executive Director, Coalition for the Diversity of Cultural Expressions):** Thank you, Madam Chair.

I am the executive director of the Coalition for the Diversity of Cultural Expressions, and I am here today with H el ene Messier, the coalition's francophone co-chair, who is also the CEO of the Association qu eb coise de la production m ediatique.

As we have simultaneous interpretation, I will speak in French, but it is important for me to emphasize the pan-Canadian nature of our organization.

[Translation]

For more than 25 years, the Coalition for the Diversity of Cultural Expressions has carried and amplified the English and French-speaking voices of Canada's cultural sector. We represent more than 350,000 creators and artists, as well as over 3,000 cultural en-

terprises in the audiovisual, music, book, visual arts, digital arts and performing arts sectors across the country.

Our core mission is to ensure that cultural goods and services are excluded from international trade agreements, so that Canada retains the ability to adopt policies that support its culture.

Our work is grounded in the 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions by the United Nations Educational, Scientific and Cultural Organization. The convention states, and I quote, "cultural activities, goods and services have both an economic and a cultural nature, because they convey identities, values and meanings, and must therefore not be treated as solely having commercial value". The convention further recognizes "the sovereign rights of States to maintain, adopt and implement policies and measures that they deem appropriate for the protection and promotion of the diversity of cultural expressions on their territory". Canada was the first country to ratify this convention and has since been recognized as a leader in its implementation.

It is in that same spirit that a cultural exemption clause has historically been included in Canada's trade agreements with the United States, from the 1988 Free Trade Agreement to the Canada-United States-Mexico Agreement, or CUSMA. This exemption ensures that cultural industries are carved out from the scope of the agreements, allowing Canada to retain the freedom to support its cultural industries.

Today, this achievement is more essential than ever, as our American trade partners put pressure on certain Canadian measures aimed at supporting its audiovisual and music industries, among others. The coalition stresses that Canadian culture is not negotiable: All its richness and diversity must remain excluded from ongoing trade negotiations with the United States.

In addition, given the considerable economic weight of cultural industries, the importance of the cultural exemption is not just symbolic. According to a study released in October 2025 by the Canadian Chamber of Commerce's business data lab, Canada's cultural sector contributed \$65 billion to the national economy in 2024, representing 2% of GDP and 1.1 million jobs across the country. The arts, entertainment and recreation sector supports more jobs per million dollars of output than sectors such as retail trade, construction, agriculture, or oil and gas.

I will now turn it over to Ms. Messier.

• (1640)

**Hélène Messier (French-Speaking Co-Chair, Coalition for the Diversity of Cultural Expressions):** The audiovisual sector, which I represent, generates nearly 180,000 jobs in Canada. The audiovisual industry contributes close to \$11 billion to GDP, with a production value of \$9.6 billion. The content it brings to the screen shapes our identity and it entertains, it informs and it brings together Canadians.

Canadians themselves reaffirmed their attachment to cultural content in a recent survey conducted for the Canadian Media Producers Association, or CMPA. Results show that 91% of Canadians believe it is important to protect Canadian culture and identity, particularly in the face of U.S. influence. Moreover, 86% of respondents believe that the Government of Canada should actively support cultural and creative industries through tax credits and direct funding.

It is precisely to safeguard this richness that maintaining a cultural exemption clause in the Canada-United States-Mexico Agreement, or CUSMA, is crucial. In this regard, the CDEC, the Coalition for the Diversity of Cultural Expressions, reiterates the Canadian government's clear commitment in trade negotiations with the United States. The French language, and Canadian and Quebec culture, will never be on the table.

This commitment was made during the electoral campaign by Prime Minister Mark Carney and reiterated on October 7 during an event organized by the CMPA and the Minister of Canadian Identity and Culture, Steven Guilbeault. These commitments are reassuring, but we believe that vigilance beyond the exemption itself is necessary.

The rise of generative AI, which is profoundly transforming the cultural ecosystem, is creating unprecedented challenges for cultural diversity. This highlights the need to carefully monitor all digital trade and AI clauses in trade agreements. It is essential to act now to ensure that our trade commitments do not limit our ability to support culture.

[English]

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

Go ahead, Ms. Hamelin.

**Bettina Hamelin (President and Chief Executive Officer, Innovative Medicines Canada):** Thank you, Madam Chair.

Good afternoon, committee members. My name is Bettina Hamelin, and I am the president and CEO of Innovative Medicines Canada. I welcome the opportunity to speak with you as part of your study of the forthcoming CUSMA review.

IMC is the national association representing the innovative pharmaceutical industry in Canada. Our members are at the forefront of discovering, developing and delivering life-changing medicines, diagnostics and vaccines that benefit all Canadians. Our member companies support 110,000 high-quality, well-paying jobs and invest \$3.2 billion in R and D every year across Canada. These activities contribute \$18.4 billion per year to Canada's economy.

Since taking office in January 2025, President Trump has implemented several policy changes that significantly impact the phar-

maceutical industry in the U.S. and Canada. In particular, the U.S. administration is expecting the so-called most favoured nations, which include Canada, to pay their fair share for innovations. That is why I'm here today: to reinforce how critical it is for Canada to take timely action so Canadians can benefit from new innovative medicines and to position this need at the forefront of our CUSMA negotiations.

Canada has an opportunity to create a competitive environment that supports pharmaceutical innovation, accelerates patient access to medicines and strengthens intellectual property protections, all of which are necessary to maintain the benefits of our integrated North American pharmaceutical supply chain. In practical terms, we need proactive measures through upcoming trade negotiations, or fewer innovations will reach Canada, which will delay or prevent patients' access to life-changing and life-saving medicines.

My intent here is to convey the importance of addressing this issue now. Science is advancing rapidly, resulting in breakthroughs across a wide range of therapeutic areas, from cancer and Alzheimer's disease treatments to those for rare and more common non-communicable diseases like diabetes and heart disease. However, patients only benefit from these new innovations when they can access them in Canada in a timely manner.

As part of our submission to the Government of Canada's recent CUSMA consultations, we outlined five elements for the government to prioritize in negotiations and implementation. Number one, protect the Canadian supply of medicine and future product launches. Number two, increase Canada's financing of pharmaceutical innovation to be comparable to that of leading jurisdictions, including through establishing a health innovation and resilience fund. Number three, accelerate public access to new innovative medicines by one year. Number four, address necessary regulatory flexibilities in the PMPRB regulation. Number five, strengthen intellectual property standards, including data protections.

In conclusion, it is essential that the pharmaceutical industry and government work together to ensure a strong and resilient North American supply chain so Canadians can access the medicines they need when they need them.

Thank you for your time. I look forward to answering your questions.

• (1645)

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

Mr. El-Batal, you have five minutes.

[*Translation*]

**Kamal El-Batal (General Director, MRC de Thérèse-De Blainville):** Good morning, Madam Chair.

My name is Kamal El-Batal, and I am the general director and clerk-treasurer of the MRC de Thérèse-De Blainville. This RCM in the greater Montreal area is located on the north shore, which serves as a gateway to the Laurentians. It is home to more than 168,000 residents and 5,400 businesses, including more than 285 manufacturing businesses, which provide nearly 60,000 jobs. It's an industrial, bio-food, commercial, institutional and cultural RCM.

Today, I'm going to talk to you about three priority levers that serve to strengthen Canada's economic resilience under the Canada-United States-Mexico Agreement, or CUSMA: reducing our trade dependence on the U.S. market, better mobilizing our diplomatic network and stimulating trade within Canada.

As you know, the structure of the Canadian market is 70% dependent on the U.S. market. This concentration exposes our economy to several systemic risks, namely commercial risks, political risks and economic risks. I sent you a document that gives some explanation on the nature of those risks.

Some regions of Quebec are much more vulnerable than others in Canada, which complicates the development of targeted public policies. In that regard, I propose creating a Canadian sectoral trade dependency index, which would aim to assess the level of concentration of exports to a single market, particularly the U.S. market, by economic sector and region. That index would make it possible to identify strategic sectors at risk, prioritize trade diversification efforts and guide the design of export support policies. The most important thing is to support the planning of future free trade agreements based on an analysis that differentiates the needs by sector.

The second lever is to actively mobilize Canadian trade delegations. Here's my observation on these delegations: Our diplomatic network is strong, but underutilized by our small or medium-sized businesses, or SMEs. Too few of them access the services of embassies and consulates, despite their potential to provide support. My suggestion is to turn our embassies and consulates into genuine monitoring and trade opportunity units, working together with the local chambers of commerce. It's important to target critical supply chains, namely everything to do with clean energy, semiconductors, strategic minerals, health, technological know-how and so on.

The third lever is to promote internal trade across Canada or within Canada. Interprovincial trade is slowed down by internal barriers that are often more restrictive than international ones. I propose launching a pan-Canadian synergistic initiative to liberalize domestic trade in partnership with the Federation of Canadian Municipalities, municipal and provincial associations, chambers of commerce federations, governments and territories. The goal is to propel and foster the economic autonomy and resilience of local SMEs, which create more than two thirds of jobs.

As you know, a number of municipal associations, Quebec municipalities and SMEs want to work together, in synergy, to strengthen interprovincial collaboration. Unfortunately, certain restrictive barriers are holding back the Canadian market, which is huge and has great potential. It's important to remember that the global market isn't just the United States, despite its proximity and our economic dependence on it. There is Asia, India, Europe and Africa. Some African countries are rapidly emerging countries in terms of their gross domestic product. The possibilities are endless. The government can involve the Canadian diaspora, people from immigrant backgrounds who are able to decode certain cultural traits and promote the emergence of international markets.

• (1650)

In conclusion, the CUSMA review represents a historic opportunity for Canada to modernize its economic levers. It isn't a matter of just defending what we have, but rethinking our economic strategy according to three principles: resilience, diversification and decentralization. Canada has the necessary tools, local expertise and institutional network. All that's left is to align our efforts in a synergistic way, harmonize initiatives and act with a certain vision and foresight over the long term.

Thank you for your attention, and I am available to answer your questions.

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

[*English*]

We'll go to Mr. McKenzie, please, for six minutes.

**David McKenzie:** Thank you, Madam Chair.

I might start with Ms. Hamelin.

You mentioned the number of jobs involved in the industry that your organization represents. I'm wondering if you could give us some information on the locations of enterprises across Canada. It would be my general understanding that there's some concentration in this industry, but do you have members clear across Canada in all of our provinces and territories?

• (1655)

**Bettina Hamelin:** Yes, we have employment across the country from coast to coast. There is a concentration of headquarters in Ontario and Quebec, but that doesn't mean all of these jobs are in those two provinces. They are definitely across the country.

I should also mention that our companies' global headquarters are located in the U.S. and Europe, so there is a great opportunity for diversification as well.

**David McKenzie:** That's outstanding. Thank you.

You mentioned the five elements for inclusion in negotiations. I've reviewed that list, and I'm wondering if you can help guide us on the domestic elements of those priorities versus those that would find themselves in international trade agreements. It strikes me that there are a number of parts there about things Canada can do now and that we have the ability to change in our domestic law and policy.

**Bettina Hamelin:** I think it's important to recognize there is an interplay between what government can do domestically and what finds its place in trade negotiations.

One of the key aspects here is that it takes three and a half years after a medicine is launched in the United States or in other leading jurisdictions for Canadian patients to have access to that medicine through public formularies across the country. That process is long because of quite a bit of red tape within Canada. Absolutely, we're working with the Canadian government to take a look at this red tape and find opportunities to shorten the timeline, because it puts Canadians at risk of not getting the medicines they need when they need them.

Where it has an important place in our trade negotiations is that President Trump has taken notice of what other countries do or don't do when it comes to supporting innovation. President Trump's argument has been that 5% of the world's population is American, yet the U.S. pays for 75% of the innovation. He's taken notice of that imbalance. That is where the conversation needs to be placed in the trade negotiations, to use, quite frankly, the opportunity to negotiate with President Trump on how Canada can respond to some of his questions about our contributions to innovation.

I think the conversation around IP and patent protection is an important one. Canada is not at par with other jurisdictions when it comes to patent protection [*Technical difficulty—Editor*]. President Trump has taken notice of that. It's really about having an environment where Canadian companies maintain a launch capacity in this country, so there's a lot of interconnection between the conversations within Canada and the conversations between Canada and the U.S.

**David McKenzie:** It strikes me, if I were to summarize that a bit, that the improvement of our international position has a couple of elements. Some of it is about harmonization of the Canadian regulatory framework with those of our international partners. That is a benefit to our domestic industry immediately, but it also improves our trade negotiating position, particularly with the U.S.

• (1700)

**Bettina Hamelin:** You said it better than I could have said it. Thank you very much.

**David McKenzie:** Well, it's just a bit shorter, that's all.

Could you tell us if these concerns have been heard by the government currently? Of course, to make domestic changes, we can begin that work this afternoon. For other elements in negotiations with our trade partners, it's two to tango. We don't have unilateral control over those things.

Has your message been getting through?

**Bettina Hamelin:** We have definitely been able to engage with government on these issues. We have had several meetings around these issues.

There are a lot of fires burning. Fires are burning around the steel and aluminum and car industries. I understand that. Those are huge issues for our economy, with lots of jobs in these sectors. I would say, however, that 110,000 jobs, \$3 billion of R and D investment and \$18 billion of economic benefit are also important.

Yes, we've had conversations. We need to accelerate the collaboration with government on these issues.

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

Go ahead, Madame Lapointe.

[*Translation*]

**Linda Lapointe:** Thank you very much, Madam Chair.

Mr. El-Batal, welcome to the Standing Committee on International Trade. Thank you for agreeing to come and represent our beautiful region of the Lower Laurentians. I'm very happy to have you here today. We have to talk about our regions. Canada and Quebec are very nice, but the Lower Laurentians are a very diverse and economically prosperous region.

You talked earlier about trade commissioners and embassies. Just before you, we had representatives of Global Affairs Canada, and they spoke to us about trade commissioners. How could we make them better known? Someone has already talked to this committee about a concierge service. How could that help businesses?

**Kamal El-Batal:** Thank you, Ms. Lapointe.

The Laurentians, particularly the Lower Laurentians, is indeed a prosperous region [*Technical difficulty—Editor*].

I think it's just a matter of communication [*Technical difficulty—Editor*] from Global Affairs Canada [*Technical difficulty—Editor*]. I have some statistics here that indicate that certain businesses [*Technical difficulty—Editor*]. They don't even know that there are global [*Technical difficulty—Editor*] available that could help them to [*Technical difficulty—Editor*].

Other statistics indicate that exports from Canadian [*Technical difficulty—Editor*] businesses increased by 20% between 2020 and [*Technical difficulty—Editor*]. Those services are very effective for exploration, but [*Technical difficulty—Editor*] by our SMEs. As a result, the chambers of commerce in our respective regions, territorial organizations, such as municipalities, regional county municipalities in Quebec, the services of [*Technical difficulty—Editor*], Investissement Québec. There are so many platforms [*Technical difficulty—Editor*] on these websites, on these [*Technical difficulty—Editor*].

How can accessibility be achieved? How can the connection be made [*Technical difficulty—Editor*] in the various territories? There's the federation [*Technical difficulty—Editor*], the Fédération québécoise des municipalités, the Union des municipalités du Québec [*Technical difficulty—Editor*]. There's the entire Canadian network that stems from the Canadian federation [*Technical difficulty—Editor*] of networking and strategic communication [*Technical difficulty—Editor*]. There's an exercise [*Technical difficulty—Editor*] that has to be spread across Canada, to reach the maximum [*Technical difficulty—Editor*] diversified, to bring to bear this [*Technical difficulty—Editor*]. According to some studies, it's underutilized.

• (1705)

**Linda Lapointe:** Thank you very much.

Am I the only one hearing interruptions in the audio?

**A voice:** Select the French interpretation channel.

**Linda Lapointe:** Excuse me, Mr. El-Batal. I was missing parts of what you said.

Earlier, you talked about barriers, synergy and collaboration. You also talked about the various levels of government.

What solutions do you propose to make trade even faster and raise businesses' awareness of trade opportunities?

**Kamal El-Batal:** Here, when I mentioned certain barriers, I was referring more to the promotion of domestic trade, trade between the various regions of Canada. Unfortunately, it's clear that there are sometimes more barriers within the country than outside the country, with the exception of what's currently happening with our neighbour to the south. Generally speaking, though, the question is this: How can those barriers between the various provinces be lowered? There are quota systems, and there is sometimes difficulty accessing a market within Canada.

The question is this: Should the government think about developing a pan-Canadian platform that aims to promote each region's products and encourage contact and relationships between the various SMEs that want to explore the Canadian market? The chambers of commerce can work very hard on this, as can the Federation of Canadian Municipalities and the territorial governments. I think the Government of Canada has taken steps in that direction. These are long-term exercises that can yield medium and long-term results, but they will automatically help promote local wealth and consumption and drive down this indicator of economic dependence on our neighbour to the south. That means that the various organizations and the various chambers of commerce in the various territories have to synergize and work together in a determined, intelligent and intelligible way that goes beyond the public support and strategic assistance programs.

The various provinces will have to work together carefully, then, with the obvious goal of mitigating the impact of certain internal barriers.

[*English*]

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

[*Translation*]

**Linda Lapointe:** Thank you.

[*English*]

**The Chair:** Do we want to disconnect and reconnect? Is the connection difficult enough or are we okay?

**Linda Lapointe:** I was listening to the French. Usually I'm listening to the floor. I never use the interpretation.

**The Chair:** Do you want to stop for us to reconnect?

**Adam Chambers:** Sure, that's fine. Let's take five minutes.

**The Chair:** We will suspend for five minutes while we reconnect.

• (1705)

(Pause)

• (1710)

**The Chair:** We're resuming our meeting.

Monsieur Savard-Tremblay, you're up for six minutes, please.

[*Translation*]

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

Thank you to all the witnesses.

My questions will be for Ms. Desrochers and Ms. Messier.

First of all, thank you for your work. I think the cultural exemption is an exceptional contribution by Quebec. It was fought for in Quebec, and today it's a part of Quebec's heritage that benefits all humanity in the way it views trade. Indeed, it has shown that limits can be placed on trade and that not everything should be treated as just another market.

First, it's important to remember its history. Right from the start, under the General Agreement on Tariffs and Trade, or GATT, there was talk of allowing tariffs to block Hollywood movies. That means it has always been allowed. Then came the big struggle in Quebec. There was the World Social Forum, for example. That's a pretty fascinating story in itself. However, overall, the cultural exemption was undermined. First, there was the multilateral agreement on investment, which would have swept the cultural exemption under the rug. It would have had to be added in an annex and renegotiated on a piecemeal basis. In the Canada-European Union Comprehensive Economic and Trade Agreement, the cultural exemption was incorporated by chapter, not through a blanket exemption.

Since we're here to talk about the review of the Canada-United States-Mexico Agreement in particular, could you tell us about the provision on retaliation? What is it exactly? What's the danger of that?

**Marie-Julie Desrochers:** The retaliation clause has always been part of our trade agreements with the United States. Obviously, we don't like that clause. In an ideal world, it wouldn't be there. If one of the trading partners considers that discriminatory measures are in place, it can invoke this clause.

However, I think it is important to mention that, to date, none of our trading partners have invoked the retaliation clause. We hope that won't change. Until now, we have been operating under a comprehensive cultural exemption that has allowed us to protect our cultural industries. That's thanks in large part to work that was done through the convention and even before that.

**Hélène Messier:** We're also concerned that certain sectors, such as e-commerce and AI, may reduce the effectiveness of a general provision or cultural exemption. As you said, given the current trend, it would be better to proceed on a sector-by-sector basis. However, they've excluded the retaliation clause from the e-commerce sector and allowed the cultural exemption to apply to that sector. We must be especially vigilant with the development of new technologies.

• (1715)

**Simon-Pierre Savard-Tremblay:** Before we get back to e-commerce, I want to make sure I understand this correctly. If there's a review, the coalition would still want the retaliation clause removed.

Can I get a quick yes or no, please?

**Hélène Messier:** That would be ideal.

**Simon-Pierre Savard-Tremblay:** You talked about e-commerce, which is indeed a very big issue at the moment. We cannot ignore it. In a brief you recently submitted, you highlighted the need to closely monitor all provisions related to this issue in all future agreements, even potential ones, even those that we are unaware of and that are currently being negotiated.

What, specifically, should we be vigilant about?

What key words would alert us to imminent danger?

What are your recommendations?

What can we do to ensure that the exemption is not compromised?

**Marie-Julie Desrochers:** For key words, I would say something like artificial intelligence. When it comes to e-commerce, things like audiovisual media, music and even books are now mostly consumed through podcasts and audiobooks.

E-commerce and the cultural industry are now inextricably linked. Obviously, we want Canada to be able to maintain its flexibility, its ability to act to protect intellectual property and cultural industries in e-commerce and in everything related to generative AI. That is another matter, and I do not think we need to go into detail about what we want in that realm today. However, it's important to understand that Canada doesn't have the same laws as the United States, particularly with regard to AI.

We want to maintain our ability to adopt laws that protect the works and productions of our creators and rights holders. We want to keep providing financial support to these industries through various measures.

**Simon-Pierre Savard-Tremblay:** I know we're talking about renegotiation and review, but could you send us what you're asking for anyway?

I think it's important to address the policies that need to be on the table in the context of this review. If you send them to us in writing, we can then incorporate them into the report we end up presenting. We would very much appreciate that.

Before that, though, to what extent is the exemption clause important for cultural industries in terms of subsidies, tax credits and legislative measures? How necessary is it?

**Hélène Messier:** It's critical. I don't think any culture is able to survive commercially apart from American culture. Every other culture needs significant government support. Cultural expressions are diverse, and cultural industries depend on direct support and various assistance measures for their very existence. There's just not enough of a market to make it profitable. In addition to commercial value, the sector is of value to our identity and to protecting our language and our values. That means protecting cultural products and the ability of these industries and creators to keep producing cultural content.

I think it's vital. That's what makes our society unique.

[English]

**The Chair:** Thank you very much. I appreciate that.

Mr. Mantle, go ahead, please.

**Jacob Mantle:** Thank you, Madam Chair.

I'm going to split my time with Mr. Chambers. I'm going to use my time to provide verbal notice of a motion for the committee.

I'll just read the motion to put it on the record. The motion is as follows:

That the Standing Committee on International Trade report to the House its disappointment that despite a unanimous request by the Committee, the Minister of Industry has failed to appear before it in respect of its study on the forthcoming review of the Canada–United States–Mexico Agreement (CUSMA); and that the Committee recall its opinion, expressed in its motion of September 18, 2025, which specifically identified the Minister of Industry as a responsible Minister in respect of its study, that the Minister of Industry's appearance is necessary for the committee to complete its review of the CUSMA, particularly given the critical importance of that agreement to the Canadian economy, including those industries for which the Minister of Industry is responsible, such as the automotive, forestry, energy, critical minerals, steel, aluminum, and agricultural industries, and their workers.

The clerk has paper copies in both French and English and will distribute an electronic copy as well.

• (1720)

**The Chair:** Is there anything else, Mr. Mantle?

**Jacob Mantle:** No. Thank you.

**The Chair:** Mr. Chambers, go ahead, please.

**Adam Chambers:** Thank you very much, Madam Chair.

Before I move my motion, I'll just mention that we went through this in another committee in the last Parliament. I know that many ministers enjoy appearing in front of committees when they're invited, but my understanding is that the Minister of Industry has not made herself available or indicated any time she would be available. I hope this isn't the same situation as last time, when the Prime Minister's Office was preventing the Minister of Finance from appearing at committee, but hopefully we'll see the Minister of Industry before we break for the winter recess.

With that, I will move my motion, which was distributed to the committee on Friday. I have no real comments other than we've tried on multiple occasions to have debates in the House and discussions about the importance of various sectors to the economy and the impacts that this unjustified tariff war is having on it. I'll leave it there if there's any discussion, but I'm open to reasonable amendments from my colleagues.

**The Chair:** We have a paper copy. Do you want to read it out?

**Adam Chambers:** It was sent by email.

**The Chair:** If you can, read it out so it's on the record.

**Adam Chambers:** Sure. In order to save some time, hopefully we can dispense with this quickly and get back to our witnesses.

The motion reads as follows:

That the committee report to the House that it condemns the unjustified American tariffs on the Canadian steel and aluminum industry, and that it call upon the government to live up to the promise it made in the election to "negotiate a win" for the workers whose livelihoods depend on a good deal for Canada.

Thank you, Madam Chair.

**The Chair:** I think we need time to have a discussion on this motion.

Monsieur Savard-Tremblay, you had your hand up.

[*Translation*]

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

I will have amendments to propose, so I would like to know if I have to submit them right away. If the debate is adjourned to the next meeting, that would give me more time to do it.

[*English*]

**The Chair:** We only have five minutes left, Mr. Chambers, so could I suggest we complete our witnesses and deal with this at our next meeting if there are going to be amendments made to it?

**Adam Chambers:** If we only have five minutes left in the meeting, that's not even time for another round.

**The Chair:** No, it's not, but we should at least complete our witnesses and deal with this.

**Adam Chambers:** Every party has had an opportunity with our witnesses. I think if there's a friendly amendment, I'd be open to passing it expeditiously. That's if there's a challenge.

**The Chair:** What I'm getting from Mr. Savard-Tremblay and Mr. Naqvi is that this is going to be the subject of, I think, a fairly lengthy discussion. Could we complete our witnesses?

**Adam Chambers:** How's this? In the spirit of giving, we can have the last five minutes with our witnesses—and I apologize for

taking up some time—but I expect we'll be back to this motion on Thursday to start the meeting. If that's agreed upon, then sure.

**The Chair:** Let me hear Mr. Naqvi.

**Yasir Naqvi:** Thank you, Chair.

I think it's only fair to our witnesses that we finish with them. Mr. Savard-Tremblay may have some amendments. I want to re-view the motion a bit further, and I have some suggestions as well. I'm willing to take this up at the next meeting. I'll leave it to your discretion, but clearly we don't have enough time today to deal with it.

**The Chair:** Is everybody good with that?

**Adam Chambers:** If we agree to start there at the next meeting, that's fine by me.

**The Chair:** Is that okay, Mr. Savard-Tremblay? We'll deal with this at the next meeting so we can complete our few minutes with the witnesses.

[*Translation*]

**Simon-Pierre Savard-Tremblay:** I thought the plan for the next meeting was a study with witnesses.

[*English*]

**The Chair:** Is that on Mr. Chambers's motion?

[*Translation*]

**Simon-Pierre Savard-Tremblay:** The agenda for Thursday's meeting was—

[*English*]

**The Chair:** On Thursday, we are scheduled to start on forced labour.

[*Translation*]

**Simon-Pierre Savard-Tremblay:** Do we absolutely have to discuss this at the beginning of the meeting? We could take 15 minutes at the end to talk about it. That would be enough, especially since, by then, we'll have had time to talk about it. That will probably reduce the amount of time for debate here.

• (1725)

[*English*]

**The Chair:** That's a good idea, I think.

We're going back to our witnesses.

Mr. Fonseca, go ahead, please.

**Peter Fonseca:** Thank you, witnesses, for your patience and for the opportunity to still get some questions in.

This is for Madame Messier and Madame Desrochers.

Many countries are adopting new cultural frameworks for their online platforms. How does Canada's approach compare to them internationally?

[*Translation*]

**Hélène Messier:** Canada's current actions are consistent with this trend, particularly with the passage of Bill C-11 on online streaming. There seems to be a desire to regulate the platforms. Quebec has also taken certain measures, Australia just passed legislation on this, and the European community already has a regulatory framework. This is very much part of a global trend.

**Peter Fonseca:** Thank you.

[*English*]

Now I'll go to Ms. Hamelin.

Ms. Hamelin, you brought up that certain drugs are not getting to Canadians until three years later...compared to some of our counterparts, like the United States and Europe. I'm not sure if that's for all countries.

Is this a red tape issue? Why are we seeing that kind of three-year delay? Are there also delays at the provincial level in getting some of the pharmaceuticals to Canadians?

**Bettina Hamelin:** There are delays at every step of the way. The first step is the regulatory approval by Health Canada, which regulates whether a new medicine is safe and effective. That process takes about a year.

There is in legislation what's called reliance, where Canada can rely on other regulators that are credible and are ahead of time. That is one step.

After that step, there is what's called a pharmacoeconomic analysis, which takes another six to eight months. After that, negotiations occur between the manufacturer and the pan-Canadian Pharmaceutical Alliance. It usually takes up to six months for a file to be picked up after Canada's Drug Agency has taken up the file. The provinces may not list the medicine, even when the pan-Canadian Pharmaceutical Alliance, which negotiates on their behalf, has arrived at a price with the manufacturer.

At every step of the way there are delays. It's a mix of red tape and capacity in the system.

It's definitely not a system that is globally competitive. In this time of trade negotiations and trade wars, this is not a good environment to operate in.

**Peter Fonseca:** Ms. Hamelin, right now in Parliament, there are a number of things.... We're looking at balancing innovation, affordability and trade obligations. Of course, we're trying to get pharmaceuticals to Canadians, but we also want to get them at an affordable price.

I think about Canada and what it's done for the world with insulin. We gave insulin to the world for free. I know that is not done today, but we have to find a reasonable price for Canadian consumers when we talk about affordability. This is for Canadians, Europe and the world.

How do you think we should do that as parliamentarians?

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

**Bettina Hamelin:** The global trade system is shifting, and it's crucial that patients are not the collateral damage of that trade system. Canada needs a competitive business environment to keep pharmaceutical supply chains stable, and we need to demonstrate that we value innovation by reducing red tape, accelerating access and streamlining processes so that Canadians can have access to the medicines they need.

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

Thank you to our witnesses. We appreciate the valuable information you shared with us today.

I will now move adjournment of our meeting.

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