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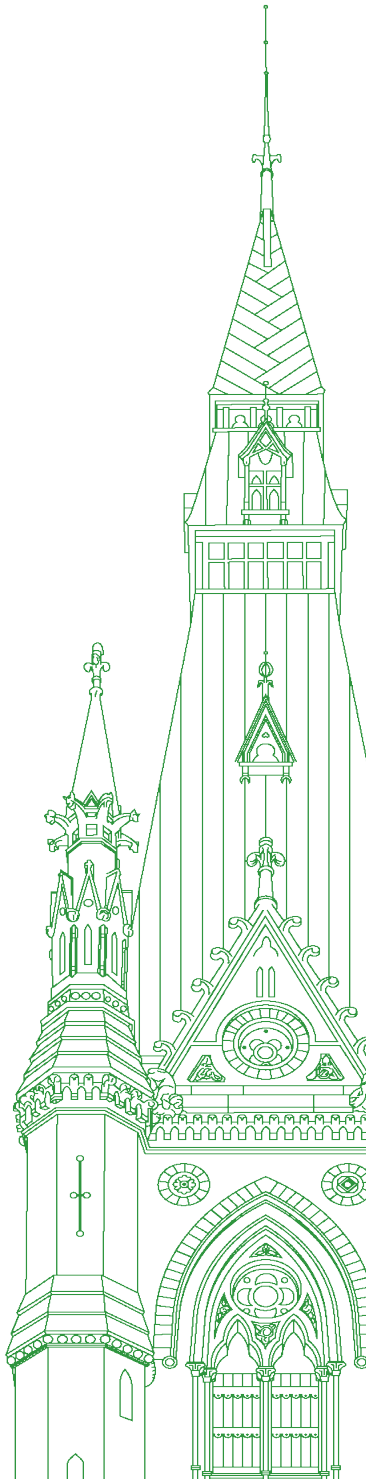
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Chair: Ahmed Hussen

Standing Committee on Foreign Affairs and International Development

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● (1100)

[*English*]

The Chair (Hon. Ahmed Hussen (York South—Weston—Etobicoke, Lib.)): Good morning, colleagues. I call this meeting to order.

Welcome to meeting number 48 of the House of Commons Standing Committee on Foreign Affairs and International Development.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on October 7, 2026, the committee is meeting regarding its new study on opportunities for Canada to strengthen its relationship with the European Union.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely using the Zoom application.

[*Translation*]

I would now like to introduce the witnesses.

[*English*]

We have with us Dr. Achim Hurrelmann, professor of political science at Carleton University; Mark Manger, professor of political economy; and Anand Sundar, expert on transatlantic defence and security, and special adviser to the director, European Council on Foreign Relations, who is joining us by video conference.

Up to five minutes will be given for opening remarks, after which we will proceed with rounds of questions.

[*Translation*]

I would now like to invite Mr. Hurrelmann to take the floor.

[*English*]

Dr. Achim Hurrelmann (Professor of Political Science, Carleton University, As an Individual): Thank you, Chair.

Thanks, honourable members, for giving me a chance to share some thoughts on Canada-EU relations, which I've studied for many years. I want to make four points.

First, Canada and the EU have a very strong and dynamic relationship that is set on a firm institutional basis. I want to mention especially the Comprehensive Economic and Trade Agreement, CETA, the strategic partnership agreement, and the security and defence partnership. I want to note that these agreements are all living agreements, meaning that they include mechanisms for the ongoing intensification of relations. I also want to emphasize that on the Canadian side, these agreements reflect the work of successive federal governments of different partisan stripes, and I think to further build Canada-EU relations it's going to be important that this spirit of cross-party collaboration is maintained.

Second, what are the current opportunities for Canada-EU relations? This is not the first time in history that Canada and the EU have looked to each other at times when relations with the United States were difficult, but today's context is unique in two main respects. First, the current rift with the United States is clearly deeper than during previous crises in the transatlantic relationship, meaning that diversification is an imperative for both partners. Perhaps less obviously, secondly, the EU has made changes to its external policies that make it more predisposed to intensifying relations with Canada. In its external economic policies, it has put a focus on economic security and the risk of strategic dependencies, and Canada is a natural ally in the pursuit of this agenda because of similar geopolitical priorities and because of its energy and resource wealth.

The EU's security and defence policy has also shifted from a focus on international crisis intervention to defence capacity building through programs such as security action for Europe, or SAFE, in which Canada participates. This alleviates previous Canadian concerns about a duplication of efforts with NATO and provides concrete opportunities for collaboration.

Third, we can only make use of these opportunities if we base the next steps on an analysis of the challenges and obstacles that currently complicate Canada-EU relations. I would like to highlight two. First, it has always been easier to conclude Canada-EU agreements and to fill them with economic and social life. CETA, for instance, has resulted in increased bilateral trade, but these increases have been relatively modest. Utilization rates remain suboptimal. European investments have been relatively slow to ramp up and regulatory alignment has been limited. The summit discussed some responses, which we can get into maybe in the Q and A, but I want to emphasize that these patterns will not be easy to change because they reflect geographic and business realities.

We also cannot deny that due to its consensus-oriented decision-making, the EU can be a complicated partner to work with. The difficulties in ratifying CETA in EU member states are an illustration. For Canada, this means two things. First, we must pursue a multi-level approach that does not just focus on relations with EU institutions but always keeps sight of relations with the member states, especially in fields like energy or defence, where they hold most powers. Secondly, it will be important to focus our co-operation with the EU on areas in which EU institutions can act autonomously and with relatively few veto players, such as programs like Horizon, Erasmus+ or Galileo.

Finally, I want to say a few words about the idea of associate membership, which I think was a bit of a distraction from the policy work leading up to the summit, mainly because the EU, frankly, hadn't really done its homework in defining what this status would mean and how it could be integrated into EU law.

In principle, could such a status be beneficial for Canada? I have three thoughts.

First, we must note that an enhanced partnership status is not necessary to further build the relationship. Second, it's clear that the EU's current forms of enhanced association with European states like Norway and Switzerland, which focus on market and institutional integration, do not constitute suitable models for Canada. Third, however, there could be potential in developing an enhanced partnership status, whether or not we call it associate membership, if the purpose is defined as strategic collaboration on shared international priorities such as energy, resources, defence, technology and research.

● (1105)

In these fields, an enhanced partnership status could give us a reliable basis for longer-term collaboration that's not threatened by changes in governments or political contexts, which could emphasize high levels of trust and, therefore, allow for collaboration in areas where that is necessary, such as joint resource stockpiling. It would be of symbolic value to signal the resilience of liberal democracy and multilateralism in an increasingly volatile geopolitical context. However, it will be challenging to develop such a status without its being tied up in the EU's legal complexity and internal divisions.

Thank you.

[*Translation*]

The Chair: Thank you for your opening remarks.

I would now like to invite Mr. Manger to take the floor.

[*English*]

Mark Manger (Professor of Political Economy, As an Individual): Mr. Chair and honourable members of the committee, the now several summits between Canada and the European Commission have generated a fair bit of excitement and caught media attention across the country.

We've learned that Canada is seeking a closer relationship with the European Union, although it is so far still unclear what this new relationship is supposed to be made up of. We've learned that it's going to be a new kind of relationship based on close economic and security co-operation. That's important because our—should I say former—most important ally and trade partner has suddenly expressed designs on our territory and sovereignty. Overall, it seems like a lot of lofty ambitions and bold statements but not yet much substance.

We have also learned that this relationship will not lead to membership in the European Union. That's probably just as well, because any true association agreement requires giving up a lot of sovereignty to the European Union rather than strengthening it. What is surprising to this observer is that there is also no mention and no intention to make meaningful improvements in that part of the relationship that has enormous potential: our commercial relationship.

We're now coming close to a decade of the provisional implementation of the Canada-EU trade agreement, yet nine years later, despite some significant trade diversion from the United States, Canada's merchandise exports to the EU are still only 5.5% of our total exports, and imports are only 11% of our total imports. Since 2016, the last year before CETA was provisionally implemented, merchandise trade with the European Union has therefore increased its share in our total merchandise trade by only about 2%. The picture is not even all that different when we look at services.

What are we really exporting to the EU? We export oil, iron ore, aircraft parts, canola oil and wheat, and that hasn't changed very much because of CETA. We seem to have ruled out any serious improvement to this trade relationship. The House of Commons, a little over a year ago, affirmed that the most critical industry of national interest is, of course, dairy. It so happens that dairy exports are also of central interest to several of our European Union partners. In fact, even countries with whom we might have a lot of overlapping interests such as Denmark perceive this as a problem.

Our reluctance to do anything extends well beyond this well-known third rail of Canadian trade policy. We do not allow foreign providers to take majority stakes in our telecommunications industry, even though it would be hard to argue that T-online or Telefónica de España constitute a security risk if they were to enter the Canadian market.

That's not only unsatisfying. It's worrying. After all the United States has done to us and what we have done in return, although mostly to ourselves with our retaliatory tariffs, U.S. trade is still 68% of our foreign commerce.

A stronger relationship between Canada and the European Union has enormous potential, but for this potential to be realized, we need to do our homework. We need to make Canada an attractive investment location for European companies and sectors, where they actually want to invest. We need to recognize that our comparative advantage will inevitably remain in natural resources and a handful of advanced manufacturing sectors such as aircraft technology.

All the other initiatives are laudable, whether it is greater participation in the European research area, facilitation of student mobility or possibly even a youth mobility agreement, but they won't move the needle very much when it comes to foreign trade, which is really crucial if we want to diversify our foreign relations and strengthen Canadian sovereignty.

● (1110)

The Chair: Thank you for your statement.

I will now invite Mr. Anand Sundar to deliver his remarks.

Anand Sundar (Expert on Transatlantic Defence and Security and Special Adviser to the Director, European Council on Foreign Relations, As an Individual): Mr. Chair, honourable members of the committee, thank you for the opportunity to speak today about the relationship between Canada and the European Union.

In my remarks, I'm going to be focusing specifically on defence and security, which is my personal area of expertise. I will be speaking in my capacity as a non-partisan think-tanker, and from my perspective as a European and German citizen sitting in London—in other words, as an outsider to Canadian domestic political debates.

I'm going to focus on three things: first, why Europe and Canada need each other; second, what that co-operation can look like; and third, what remains to be done.

First, why do Europe and Canada need each other? Europeans are facing the same problem that Canada is: how to reduce their dependence on an increasingly unpredictable United States in a world which is becoming more volatile and filled with a wide array of threats. Canada has concrete capabilities and assets that can help Europe strengthen its own security. It already contributes to European security by leading NATO's multinational brigade in Latvia. It brings significant expertise and know-how to the table, whether through its decades in NORAD or its expertise in Arctic warfare. Moreover, it has the critical raw materials that European arms makers need, and it now spends 2% of GDP on defence, which is more than 14 of the EU's member states combined.

Canada is also an easy partner for Europe politically. It shares Europe's values. It is a G7 economy, and it has neither the distance of Australia, Japan, Korea or New Zealand, nor the political complications of Turkey.

Canada also benefits from a closer relationship with Europe. Almost all of its major weapons, spare parts and intelligence currently come from the United States. That leaves it exposed to an administration that has threatened annexation and has not shied away from punitive measures, including tariffs or, on defence, suspending the Permanent Joint Board on Defence. Canada is about to spend far more on defence over the next decade, but its industry is too small to absorb that money alone, and spending it all at home or in the United States would deepen that dependence. Europe, therefore, offers another source of supply as well as access to a much larger market.

This leads me to my second point, which is what that co-operation currently looks like. In many ways, both parties have come a long way over just the past two years. Canada signed a defence and security pact with the EU in 2025. It was the first non-European country admitted to SAFE, the EU's 150-billion-euro defence loan instrument. Canada also takes part in two PESCO projects, and it has deepened bilateral ties with European governments—most notably through the choice of Germany's ThyssenKrupp to build submarines.

However, it's important to not overstate the level of co-operation. On SAFE, only two Canadian contracts have been announced to date—one last week. Last week's summit in Montreal launched an alliance for the future, but the words "associate member" were dropped from the joint statement, after objections from Germany and a number of other member states. Meanwhile, the final summit declaration was very vague on additional security and defence co-operation.

This leads me to my final point, which is about what the Canadian government should push Europe on. The real decisions over Canadian access to Europe's defence market will be made not in the summit last week or in the negotiations between the EU and Canada over the next few months but in Brussels, in the negotiations over the EU's next seven-year budget or multiannual financial framework, which includes a proposed 131 billion euros for defence and space. Some member states are open to letting third countries take part. Meanwhile, others want that money to stay in Europe.

This is the window for Canada to make the case that it should be included as deeply as possible in Europe's defence industrial base. It could offer a financial contribution, access to its own defence market for European firms and closer alignment on export controls in return for terms similar to those the EU has already granted Ukraine. Deepening bilateral and minilateral relations with European countries and formats, such as the Joint Expeditionary Force, should also be pursued.

Finally, in defining the alliance for the future, Canada should advocate for something narrow but deep, focusing primarily on security, defence and resilience rather than entry into the single market or freedom of movement, which would take years, if not decades, of complicated negotiations.

Crucially, none of this requires Canada to choose between having a relationship with Europe or having one with the United States. NORAD remains essential to both U.S. and Canadian security, and any EU-Canadian defence co-operation should ultimately serve to reinforce NATO. However, Canada and Europe both need insurance against American unpredictability, and building capabilities and defence industries together is the most practical way to get there.

Thank you.

● (1115)

The Chair: Thank you very much for your statement.

I will now open the floor for questions, beginning with MP Aboultaif.

You have six minutes.

Ziad Aboultaif (Edmonton Manning, CPC): Thank you, Chair.

Thanks to the witnesses for appearing before the committee today.

Professor Hurrelmann, you said, before now, "As always in the Canada-EU relationship, it's easier to come up with big pronouncements of new initiatives than to actually follow through on these announcements".

We know that the very important title of this relationship is supposed to be "associate membership", to the great objection of Germany, France and many other members. Canada is one country, and the European Union is a big family. From that perspective, it's very complicated to work with the family all together, to make things agreeable so we can advance. We don't have the luxury of time, for sure, as far as where this is going. We have CETA. That was negotiated. It took about 10 years to do. However, there are still some countries or some parliaments out there in Europe that haven't ratified it, and the trade relationship, with Europe's population of 450 million or 500 million, hasn't gone where it should.

Within that whole cloud, what is the essence of what happened as far as announcements are concerned? How serious is that? I receive a lot of calls, a lot of emails from my constituents, complaining about this whole thing. Some don't believe this is going to happen. Some don't believe this is serious. I would like you, Dr. Hurrelmann, and also the two other witnesses we have here, to please weigh in on this.

Dr. Achim Hurrelmann: The challenge is that we don't know what form it's supposed to take because it's an uncharted concept. The best idea that we get is that—if you haven't seen the statements by Commission President von der Leyen in the press conference after the summit, in which she defined "associate membership"—there are three pillars: policy collaboration, which sounds like just talking to each other about policies; participation of Canada in more programs of the EU, such as Erasmus+; and the third pillar she called governance, meetings between the Canadian federal government with the College of Commissioners and also, potentially, parliament-to-parliament or court-to-court linkages.

I think these are all promising ideas, but the question is this: Do they need such a big concept as "associate membership" to be realized? I'm not sure that is the case. I think the main argument for associate membership is, really, in the reliability and long-term nature of the concept. However, it brings lots of risks, as I tried to outline as well, in getting it approved in Europe.

● (1120)

Ziad Aboultaif: How serious do you think what has happened is as far as where this whole thing is going? Is it a serious step towards something meaningful, or is this just an announcement?

Dr. Achim Hurrelmann: I think the Canadian government and the EU Commission want it to be something serious. I don't think they are fully attached to the concept of associate membership, but they stick to it now because it brings this symbolic attention. Everyone's talking about this, including us here.

I think that is a positive effect of that, and both the commission president and the Canadian Prime Minister, in my interpretation, are keen to maintain it, even if, at the end of the negotiations, the outcome might not be called “associate membership”. Really, what has been suggested doesn't have very much to do with membership, in my view.

Ziad Aboultaif: Dr. Manger, what would you tell Canadians who are listening right now to this conversation? Again, we hear from a lot of Canadians that they're confused. They don't know how serious this is. Some are going with a nostalgic sense from the past. Some see it as, yes, we have to do this because of the sour relationship with the United States right now—on both sides, of course. It's both us and Europeans.

What would you tell Canadians if you were to explain to them what's going on as far as this relationship is concerned?

Mark Manger: I would say there is enormous potential. I agree with my colleague. However, I want to point out that it is pure coincidence that you have three Germans as witnesses here. I, at least, have sworn an oath of loyalty to this country.

Voices: Oh, oh!

Mark Manger: These are noble initiatives. Erasmus+ is, of course.... As a father of two children, I would say that, yes, it would be great if they could spend some time in Europe while they're studying at university and get a subsidy from the European and Canadian taxpayers. These things build long-term stable relationships. Human contact is very important, in the same way that integrating people in Canada into the European research area has enormous potential.

However, in a sense, these are all initiatives into which we would have to put money on the table to facilitate something, and it doesn't automatically generate more than the narrow sectors it is focused on. Youth mobility would be fantastic for young Canadians and for young Europeans who spend time here. There might be something germinating from that, like business ideas and other things, but there is not a lot of substance yet. I'm still waiting for a concrete announcement of something that is more than more co-operation, better relations, etc.

Ziad Aboultaif: Dr. Sundar, you are the expert on the defence and security industry and relationships. NATO is basically a common thing between us and the European Union, as well as other security agreements that have been sitting, for years, between the two parties. How much is this going to change the core of the relationship?

Why are the current arrangements not going to give us exactly what we want to try to make of this relationship?

The Chair: Give a brief answer, please, because we're over time.

Anand Sundar: Just to make it very simple, basically, the EU offers money and industry for defence, but NATO doesn't. NATO doesn't buy weapons, but the EU does. The EU is becoming a much bigger player in the defence industry. SAFE, the 150-billion-euro loan, is one example of that. There's more money coming down the road in the next EU budget. The fact that the EU is putting money out there means that it's also going to play a role in determining how that money is spent.

This is something for which there is added value. This is a separate task from what NATO does, which is more about defining capabilities and setting capability targets, and then also, obviously, implementing them operationally. This is where the EU is obviously playing a similar role.

● (1125)

The Chair: Thank you very much.

We go next to MP Anita Vandenbeld.

You have six minutes.

Anita Vandenbeld (Ottawa West—Nepean, Lib.): Thank you very much to all of you.

I think, in fact, this is probably one of the biggest moments for Canada, as a country, since we signed the Treaty of Versailles. I think we are looking at a geopolitical shift right now that is, again, going to assert our own independence as a country by making the kinds of alliances with countries that will respect that.

My question to you is more of a general question. What does this mean for Canada and for Europe, but also for the different geopolitical power structures in the world? What does this symbolize, and what is the potential? I'll ask each of you to answer in turn, starting with Mr. Hurrelmann.

Dr. Achim Hurrelmann: I'll be very quick. I think it has an important symbolic dimension in emphasizing the resilience of liberal democracy and the resilience of multilateralism. I think that's also, as I tried to explain, why, despite the opposition, the leaders have stuck to the “associate membership” label. It has this symbolic power. It's positive but it also bears some risks, of course, because we may be in a situation in which the legal outcome doesn't justify the label or the symbolic effects potentially trigger a response in the United States. We have to be aware of that.

Anita Vandenbeld: Mr. Manger, go ahead.

Mark Manger: I think this is indeed a crucial moment, although I hope it doesn't have the same consequences as the Treaty of Versailles. Maybe the Ottawa agreements would be a better precedent of finding ourselves having to strengthen relationships across the Atlantic.

Thus far, I think this is a great moment because there is enormous potential, and there are crucial overlapping interests—my colleague who's focused on security policy can speak more to that. For example, when we look at things like intelligence, satellites and all of the things the Europeans and Canadians are relying on the United States for, they are no longer guaranteed. It is enormously expensive and, if we pool our resources, we can probably start to address the strategic challenges.

Anita Vandenbeld: Just to clarify, the analogy is about the asserting of independence. Thank you.

Go ahead, Mr. Sundar.

Anand Sundar: Thank you. I'll just keep it very brief as well.

I think a lot of American allies are realizing how dependent they are on the United States. This is creating a shift geopolitically. I think the EU, as the biggest bloc—aside from the U.S. and China—is realizing that it can use this as a way to become an alternative geopolitical anchor to these countries that now feel a bit adrift, whether it's Canada, countries even closer to the EU's neighbourhood or those further afield.

In terms of defence, the dependence goes very deep. It's probably the deepest on defence and security. There are a ton of strategic enablers for which, basically, all of these countries are deeply reliant on the U.S. To echo my fellow witness, it's possible to achieve independence by working together. This is the idea here. Alone, none of these countries would be able to do it.

Anita Vandenbeld: There's another question I have, because I've been looking at this in quite a bit of detail. There's a lot of talk about labels and what it is called, but to me, that's almost a distraction, because when you look at the actual facts of what this agreement is and what it can become, there are some significant opportunities for both sides, but particularly for Canada.

I'm looking at currency issues and, as was mentioned, defence and trade, but there is people-to-people as well. There's a lot of European diaspora in Canada. I'm one of them. I was born a dual citizen. I ceased to be when I became a member of Parliament. There are a lot of Canadians who have significant personal, economic and cultural ties to Europe. I wonder if there's a way that we can really build on that.

If you could, please talk a bit about some of the specifics that are in the agreement. I am looking at it more in economics and with regard to currency and exchanges and things like that.

Mr. Hurrelmann, go ahead.

Dr. Achim Hurrelmann: I agree. I think there are some positive elements in the summit joint statement, which I think you mean when you say the “agreement”.

For instance, we have the suggestion to create a Canada-EU business council to intensify business linkages, the agreement with the European Investment Bank to boost investment in critical minerals projects, and several initiatives in the category of people-to-people ties in education and culture. I think this is important because, as your colleague cited in something that I said to the media a while earlier, I think people-to-people ties have always lagged a bit behind the government-to-government relations.

● (1130)

Anita Vandenbeld: Mr. Manger is next.

Mark Manger: I think we need to do a little more to realize that potential, and I would argue that we need to see if we can enhance CETA as the most important basis of this. A lot of these agreements are essentially expressions of intent more than anything, but in international agreements, it's desirable to have something locking in a certain trade relationship that makes it clear for Canadian firms and Canadian exporters, but also for people who want to invest in Canada, that this is a long-term relationship with very stable economic and legal parameters. There, I think we need to do more to enhance CETA.

Anita Vandenbeld: Thank you.

Mr. Sundar—

The Chair: Thank you. We're over the time.

[*Translation*]

Mr. Brunelle-Duceppe, you have the floor for six minutes.

Alexis Brunelle-Duceppe (Lac-Saint-Jean, BQ): Thank you, Mr. Chair.

I would like to thank the witnesses for joining us today.

My colleague and friend Mr. Aboultaif said that things could be complicated, because Canada is a single country. We're dealing with the European Union, which consists of 27 countries. That said, even within Canada, we have entities that make up the Canadian Confederation, including Quebec, the provinces and the territories. These entities have exclusive or shared jurisdictions with the federal government. When entering into negotiations to reach an agreement, no matter how significant or exceptional it may be, how should the federal government proceed while respecting the exclusive jurisdictions of the various entities that make up the Canadian Confederation?

My question is for Mr. Hurrelmann, but I would also like Mr. Manger to respond.

[*English*]

Dr. Achim Hurrelmann: Thank you. That's a good question.

I talked about a multi-level relationship, and of course that cuts both ways indeed in Canada. Also, different jurisdictions have legitimate interests in this that need to be respected. It depends, then, on which shape we give this relationship and to what extent matters of provincial competence, such as energy, for instance, are touched upon—or culture. In those areas for sure it will be necessary to involve provincial interests, provincial governments and so on in the development of the relationship.

Mark Manger: Yes, that's absolutely true.

I mean, this is one of the reasons why CETA took so long to negotiate. It was because it wasn't just the federal government negotiating with the EU and its—at the time—28 members; it was also the provinces. Clearly, this touches upon provincial jurisdictions as well. I think this needs to be respected, but I also believe that there's enormous potential.

For example, the number one destination of European exchange students in Canada happens to be Montreal. There is enormous potential there, and I think that by duly taking into account the interests of the provinces, there's even greater potential to improve the relationship.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you.

A number of people have brought up the much-discussed title of associate member. Some call it a distraction, except that Prime Minister Carney actually used that exact wording three times over the weekend. Of course, Ms. von der Leyen also used it a few times. Unfortunately, we don't know exactly what it means in clear and concrete terms. When the Prime Minister uses that wording, shouldn't the federal government come forward to explain it? This could take the form of a debate in the House, which would conclude—as I believe Mr. Carney spoke about—with a vote in the House of Commons on the issue. This is no small matter. We're talking about becoming a member—associate or otherwise—of a group such as Europe.

Don't you think that this matter should be debated in the House as soon as possible to determine what it means, Mr. Hurrelmann?

[*English*]

Dr. Achim Hurrelmann: The challenge is that we really don't know what associate membership is supposed to mean, and we also don't know what legal form it will take. It could be anything from a formal status in the EU treaties that would need to be created by changing the EU treaties.... That's a very complicated process, but that would give it in European law a proper basis. Then becoming an associate member in that sense could only happen in Canada through a vote in the House of Commons.

On the other extreme, it would be just a political statement. The leaders meet and say, “Oh, we are now associate members.” I hope the landing zone will be somewhere in between these extremes. Certainly, anything that's more than just a political declaration will need some form of decision-making on both sides to formalize it.

● (1135)

[*Translation*]

Alexis Brunelle-Duceppe: Correct me if I'm wrong, but the most recent examples of countries that sought to join the European Union show that this process involved a referendum. This applies to countries that sought to leave the European Union and countries that sought to join it. I'm thinking of Iceland, which recently held a referendum on joining the European Union. In the end, the proposal was rejected, albeit by a fairly narrow margin.

In short, when we look at what this means, it's actually a big deal. Unless it's just—as you said—a political statement. However, that can't be all there is to it, given the significance of the wording and the use of the word “member”. Am I wrong?

Mr. Manger, perhaps you could answer this question.

[*English*]

Mark Manger: I think you're absolutely right. When we look at the areas where progress has been made already and where more concrete announcements have been made, they're all things that are purely federal jurisdiction but also where the federal government mainly puts money on the table.

I think we probably, to do more, need to get to the point where we don't just spend money but also spend a bit of political capital and engage with Parliament to really decide what this relationship will be from the Canadian side and to get a sense of how far we are willing to go and what we can really commit to this.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you.

Mr. Sundar, Quebec has a massive aerospace and manufacturing industry. It's home to a number of defence companies. What would an increasingly open and comprehensive defence agreement with the rest of Europe mean for Quebec—and, of course, the other provinces—but particularly for Quebec?

[*English*]

The Chair: Give just a brief response, please, because we are over time.

[*Translation*]

Anand Sundar: Thank you for giving me the opportunity to respond. I'll respond in English, if you don't mind.

[*English*]

Basically, the ideal scenario is that Canadian companies, defence firms, whether they're in Quebec or elsewhere, would be able to bid for these vast amounts of EU money and defence contracts that are now being pumped into the system. There is a lot of potential there for co-operation. I'll keep it at that.

The Chair: Thank you very much.

Next, we go to MP Lawrence.

You have five minutes.

Philip Lawrence (Northumberland—Clarke, CPC): Thank you very much.

I'll build on some of the questions that have already been asked today.

The Prime Minister, in his announcement after the summit, described it as “a historic day.” He said it was a construction of “a Transatlantic Arch”. I have heard some symbolic value in that and you've stated that, but I have seen very little substance. In fact, there is not one part of this announcement that couldn't occur in the absence of an associate membership.

Mr. Hurrelmann, would you like to comment on that?

Dr. Achim Hurrelmann: Yes, I agree.

However, a very smart person suggested this analogy to me: You may have a common-law partnership. You can do a lot of things. You can live together on this basis for your entire life. Still, many people choose to upgrade it to a formal marriage to give themselves even more trust and a more long-term perspective. In my view, that's the most compelling argument for talking about this at all.

I agree with your analysis. The proposals we have heard do not require associate membership at all to be realized, but I think there could still be a case if, on both sides, you want this additional level of long-term perspective, trust and symbolic affirmation. This is important, like moving from common law to marriage.

Philip Lawrence: I'll go to you in a second, Mr. Manger, but I want to continue this analogy a bit, at my great peril.

If we were to be married to the EU or joined as an associate member, that would be—as you've already discussed—fraught with complications and potential challenges, since the EU is an extremely complicated organization.

Would that be fair?

● (1140)

Dr. Achim Hurrelmann: Absolutely. However, Canada, as we've heard, is also a multi-level entity that has its own complications.

Philip Lawrence: I'm not aware of those at all.

Mr. Manger, I'll ask you the same question, but I'll reframe it, briefly.

As I said, the Prime Minister has used the terms “a Transatlantic Arch” and “a historic day”. When I look at the headlines, that all sounds very exciting. However, when I look at the actual substance of the announcement, all the programs and engagements could be done in the absence of an associate membership—could they not?

Mark Manger: Absolutely. Nobody would think Mexico and the European Union are particularly close in the same way that Canada and the European Union are getting closer now. However, many of the same agreements that have been proposed and announced are already in place between Mexico and the EU. Mexico is also an associate member. It participates in specific ways in the European research area, for example. That is not very different.

What is very important is that for anything we do more closely with the EU.... The EU makes it very clear that there will never be any cherry-picking. If you want a closer relationship with the EU, you have to adopt the EU's rules. That's probably as far as we would ever go, because we probably can't and don't want to do that.

Philip Lawrence: To be fair, this probably applies to politicians in all parties. Politicians are attracted to announcements like moths are attracted to light. However, is it not the reality that a lot more good could be done for people in both the EU and Canada by doing some of the hard work, such as getting all the countries to ratify CETA?

Mr. Hurrelmann, is it very difficult to do all the behind-the-scenes work of opening up export doors and import doors to get trade-flow change, as you mentioned? Would you like to comment on that?

Dr. Achim Hurrelmann: Although I don't necessarily see a trade-off, I think we can do one without not doing the other. If you want me to think big picture, you could, perhaps, use this discussion to reframe CETA and make some changes to it that would no longer make it a mixed agreement with the EU. This means it would no longer require member state ratification. An ambitious discussion could potentially help address these real obstacles as well.

Philip Lawrence: Mr. Manger, would you like to...?

Mark Manger: I believe one of the great advantages of having CETA fully ratified would be.... Consider the European Union and Canada as actors. We typically honour our agreements, at least. Signing such an agreement would give us a certain stability.

It worries me a bit that France has not fully ratified CETA. We are looking at a presidential election in France, with a possible change in government that would probably put them somewhere farther away from our shared values than we are now. A binding agreement would help in that case.

Philip Lawrence: Thank you, both, very much. I appreciate that.

The Chair: Thank you very much.

We'll go next to MP Dhillon.

You have five minutes.

Anju Dhillon (Dorval—Lachine—LaSalle, Lib.): Thank you, Mr. Chair.

Thank you to our witnesses for being here today. I'll start with Mr. Manger.

We're in an era when youth are feeling more disillusioned, and when we have to watch out for future generations and their success. You mentioned youth mobility and the Erasmus+ program. That's very interesting.

Can you talk to us a bit about that and how exchanges would benefit Canadian and European students?

Mark Manger: The Erasmus+ program is basically a subsidy for students who want to gain university credits within Europe. European students can go anywhere and they can get their credit recognized, whereas, now we rely on a handful of bilateral agreements. Not every Canadian university has the full range. Basically where you study in Canada is where you can go. This would be greatly facilitated by joining the Erasmus+ agreement because it would give students opportunities to go anywhere in Europe they want to study that suits their particular interests and their education. It comes with a bit of money from our side if we join it, yes.

● (1145)

Anju Dhillon: The success rates have been phenomenal. I was reading that more than 80% of students get jobs within three months.

Mark Manger: I'm not sure that's only Erasmus+, but I think Erasmus+ does something for the European Union in particular because the European Union's idea was that it almost matters more which city you're from than which country you're from for your identity. Erasmus+ has helped reinforce that because you can spend a semester or two somewhere else and realize that these are your fellow Europeans.

If you could spend a semester or two in Europe as a Canadian and realize these are—find a good word for it—fellow citizens with an international cosmopolitan outlook, for example, it would be a tremendous opportunity.

Anju Dhillon: Thank you very much.

Professor Hurrelmann, I will also ask you some questions.

You spoke about Canada and the European Union being natural allies. You also spoke about how this could be win-win for both parties. Can you please tell us a little about that, as well as how to overcome the challenges?

I know there's limited time. Thank you.

Dr. Achim Hurrelmann: Even if we want to have this debate about the associate membership, we need to be aware of the real-world challenges—my colleague addressed those—in the economic sphere especially.

Why is it that the CETA agreement hasn't been very successful, for instance, when it comes to aligning regulations, non-tariff barriers, conformity assessments, recognition of professional qualifications and so on? Those things were put into the agreement and were hailed as being very innovative, but they are the things that haven't, at least in the time so far, generated a lot of success. Maybe that's because it's just too difficult to do, but maybe there's also something in the processes of CETA that make them overly slow and complicated.

A review of these processes would be extremely beneficial. The joint statement from the summit has some very vague language on that, but I would really encourage both sides to look at the CETA governance structure and see how it can deliver these so-called third-generation trade agreement elements more quickly.

Anju Dhillon: You also spoke about the EU and member states balancing themselves as individuals within the EU. Where would Canada fall into this balance?

Dr. Achim Hurrelmann: What I meant is that Canada should not think that we can achieve our objectives just by talking to the European Commission. One clear example is participation in the security action for Europe agreement, where the EU—as our colleague in Brussels explained—provides some funding, but then it actually depends on companies in the member states, working with the national governments, to create concrete projects and involve Canadian weapons manufacturers in that process.

To encourage that, the Canadian government has to talk to the governments of the member states. Otherwise, we will just have an agreement that doesn't get very much uptake. So far, there are only two contracts under SAFE that have been concluded with Canadian participation.

Anju Dhillon: That's an excellent suggestion. Thank you very much.

I think my time is up.

The Chair: You still have 20 seconds.

Anju Dhillon: Would you like to add anything else?

Mark Manger: I would add youth mobility.

For example, right now, there are working holiday visas for Europeans. Canada has agreements with most European countries. They are typically one-year, maybe two-year agreements. If you're from Spain, you can only get one year. If you're from Ireland, you can get two, etc.

I think that could actually be enormously beneficial for Canada because I could imagine that a lot of young Europeans would come here, find a job and maybe decide to stay. I think that is actually a very good avenue for that.

Anju Dhillon: Thank you very much.

The Chair: Thank you very much.

Next, we'll go to MP Brunelle-Duceppe for two and a half minutes.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you, Mr. Chair.

Mr. Manger, I would like to delve a bit deeper into this matter.

Obviously, education—including post-secondary education—falls under the exclusive jurisdiction of Quebec and the provinces. Quebec has an education system that differs from the rest of Canada. It has a network of CEGEPs, for example.

Shouldn't the federal government ensure that Quebec approves this type of agreement, no matter how good it may be? I think that Quebec would be fortunate to benefit from the agreement. Nevertheless, the federal government should be required to consult with Quebec and the other provinces and to obtain their approval.

● (1150)

[*English*]

Mark Manger: I believe Quebec is actually far ahead of other provinces in terms of these collaboration agreements. There are a lot of students from the Francophonie who can study in Quebec and pay domestic fees, for example.

[*Translation*]

Alexis Brunelle-Duceppe: Exactly.

[*English*]

Mark Manger: That is certainly true, and inevitably, in those domains, the provinces will have to be consulted. Education is clearly a provincial jurisdiction, and there will have to be negotiations. However, I think we're talking about something relatively easy, in this case, with Erasmus+, which is putting federal money on the table to facilitate student mobility.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you.

Mr. Sundar, you're actually in a good position to answer my next question. It may not be your area of expertise, but you have ties to both the United Kingdom and Germany.

There are two scenarios. First, when it comes to the possibility of Canada becoming an associate member, Germany doesn't necessarily see this in a positive light. Second, on the other end of the spectrum, the United Kingdom is undoubtedly watching this unfold. It must be looking at certain issues regarding the whole history of Brexit and the status that Canada may obtain as an associate member.

Can you summarize the differences between these two points of view?

[*English*]

Anand Sundar: Absolutely. I think the main thing to remember is that the European Commission has clarified that this associate membership status would not be available for countries that could become actual members of the EU and could accede to the EU. This already basically means that the U.K. could not get this.

Of course, my fellow witnesses have pointed out that this hasn't been defined yet. No one really knows what associate membership is, but whatever it ends up being, it's not going to be available as an offer to the U.K.

The issue with Germany is that Germany and German Chancellor Merz came up with their own proposal for something called associate membership, but they had envisioned this as being an additional step in the accession process, which Ukraine could then participate in, so Germany is worried right now. This is partly the reason for Germany's decision to veto the associate membership label. Germany is worried that it would cause confusion between countries that have actual candidate status for the European Union and countries that are outside the bloc and can never.... A country like Canada, for example, does not, under the current European treaties, have the ability to join the EU at any point.

I hope that explains it.

The Chair: Thank you very much.

We'll go next to MP Duncan.

You have five minutes.

Eric Duncan (Stormont—Dundas—Glengarry, CPC): Thank you, Mr. Chair.

Thank you to our witnesses for being here today.

With the context of CETA being that 10 years later, there are still nine countries that need to ratify the deal, I just wonder, when we talk about an associate status, associate membership status—whatever the title might be or whatever the arrangement may be—how realistic you think it's going to be. In the case of all 27 EU member states needing to ratify that agreement, if we can't get CETA down pat over the course of 10 years, and there are nine holdouts, then with the CETA experience, what realistic expectation do you have that whatever agreement is decided on can actually come into full-on effect?

Mr. Manger, I'll start with you.

Mark Manger: It's important to see the difference among agreements that are relatively easy to ratify and require primarily federal and EU Commission input, agreements that require some input from the member states but from only the federal government on our side, and then things that really require full ratification across all levels, which would be an enhanced trade agreement.

I personally believe it would be very desirable for Canada to enhance the CETA trade agreement. However, as I said before, it requires us to put something on the table. The reason CETA was only reluctantly signed by some European Union member states and hasn't been fully ratified is that we didn't really put a lot on the table in terms of market opening, and this has to be a give-and-take.

The European Union is relatively open as a market, but right now it is also drifting into protectionism in reaction to a changing international strategic environment. I believe we would have to make clear that it's not us knocking on the door and saying, “Can you please now ratify this because we could then actually have the relationship we want to have,” but us saying, “We can do more now because all of us understand that more needs to be done for us to diversify our trade relations.”

Eric Duncan: You alluded in your opening statement to the potential of CETA as not being recognized yet and to the overall effect of, I think, 2% in terms of the actual shift that's been there.

What proportion of Canadian exports could realistically shift toward Europe over the next five to 10 years? Considering the supply chains, the geography and some of the transportation challenges we have, how much could the needle move, realistically, over the course of the next five to 10 years with CETA?

● (1155)

Mark Manger: It's hard to say. There are lot of moving variables. If we were to fully replace a lot of the European Union's imports of raw materials that came before from, say, Russia and parts of the gulf, with something we can offer instead, we could probably double our trade with the EU over 10 years. That's if we were to really do this.

However, there are a lot of things going on. We never know what's happening and what the European Union is doing with other partners.

Eric Duncan: Dr. Hurrelmann, I want to follow up with you.

You mentioned with regard to CETA some of the missed opportunities and things that haven't been followed up on that were in the agreement. I think you mentioned credentials recognition.

I'd like you to comment on non-tariff trade barriers that still exist. Can you talk about what some of those are and the need...? If we're able to resolve those, as opposed to having a debate about associate membership status and all of these grand deals, there are some very tangible barriers that still exist that could help our GDP and the trade relationship.

Can you talk about what some of those non-trade barrier irritants are?

Dr. Achim Hurrelmann: Absolutely. For instance, on the European side, there would be so-called sanitary and phytosanitary measures. Essentially, they are health standards for agricultural goods, which some Canadian agricultural exports don't meet or meet only through very complicated processes.

On the flip side, the Europeans complain that the way in which Canada allocates the dairy quota is very complicated and difficult for European importers of dairy products to meet. There are also concerns about how Canada applies the EU's geographical indications and how they are enforced. The EU would like to see more proactive government enforcement of them. Interprovincial trade barriers play a role here as well.

There is a whole range on both sides, to be very open. It's not just Canada or the EU having these. These are challenges that remain. As you correctly pointed out, CETA includes procedures that were supposed to deal with them, but they have been very slow to produce major effects.

Eric Duncan: In my remaining bit of time left, I think part of the thing is that we have CETA—we have nine countries left to ratify that agreement—but there are a lot of details in there that have not been acted on and moved on.

To me, it's one of those things.... Finish your homework from the first round of all of this before we go and create this whole new negotiation on many other aspects. There are a lot of things in there that I think could move the economic relationship further that we're just not tackling and have been left on the table, so I appreciate your comments on that.

The Chair: Thank you very much.

We go next to MP Clark.

You have five minutes.

Braedon Clark (Sackville—Bedford—Preston, Lib.): Thank you very much, Mr. Chair.

Thank you to all of our witnesses for your testimony today. It's been really interesting.

As I mentioned to you, gentlemen, before we started, it's a very interesting situation to be in, where we're analyzing something so big and complex in real time. None of us should be particularly surprised that there's a bit of a fog surrounding some of these things. I think that's to be expected.

Mr. Manger, you have made some really interesting comments over the course of the meeting about CETA.

Any government worth its salt should look at what's happened in the past and try to learn from that. Are there any lessons that you think Canada should learn from that experience that we can apply to this current context and could be helpful in getting us where we want to get to on this issue?

Mark Manger: The most important thing is to keep in mind that this is not going to be a matter of another year or two of negotiations. It took 10 years to get there, and it took the European Union almost two decades to get to something like an agreement with Mercosur, and even that doesn't look to be very fruitful now. It's complicated to negotiate deep trade agreements.

This is a moment when there's some recognition on both sides that we probably can and should do a little more, and maybe we should think about something like opening certain investment environments in our country, such as telecommunications, to European providers in order to have something we can put on the table. We could say, “This would be possible if, in exchange, you drop some barriers in agriculture, for example.”

It's this give-and-take, of course, in any trade negotiation that is difficult and takes a long time, but because we're in this strategic crisis situation, this moment now is probably the right time to seize this.

Braedon Clark: Dr Hurrelmann, I don't know if you have any quick comments on the same question.

Dr. Achim Hurrelmann: Very quickly, I think what we can learn from CETA is that it's important to find the right legal instruments with the EU. Definitely, if possible, we should try to avoid agreements that require member state ratification, because that is very complicated. A trade agreement could, in principle, be concluded only on matters the EU has exclusive competence on. Other agreements, such as those on participation in EU programs, would also not require member state ratification.

I think on the Canadian side, it's going to be important to ask how quickly this agreement can be put fully into legal force on the European side.

● (1200)

Braedon Clark: Yes. It's a good point. I remember when I was an undergraduate at Dalhousie University, and I took a course on the EU. The org chart was dizzying to look at, so I appreciate that comment.

Mr. Sundar, if I could, I'll ask you a question as well about defence. I'm an MP from Nova Scotia. I'm from the Halifax area. We obviously have a huge defence history and industry, and it continues to grow. As you probably know, Canada's investing significant amounts of new capital in defence. We'll have six new submarines, eventually, in Halifax, for example.

You touched on this a bit earlier when you were answering a question from Mr. Brunelle-Duceppe, but maybe you could expand a bit on where you see the opportunities in defence and security as we work through these new arrangements between Canada and the EU. What might it actually look like practically on the ground, both for investment into Canada and then, vice versa, for Canadian companies that might want to invest in the EU in defence?

Anand Sundar: There are just a couple of areas where both Europeans and Canadians share similar threat perceptions. Those are the areas to focus in on, apart from my comments on the general industrial questions, which I've touched on in the past.

The two main ones would be Arctic warfare, especially now, with a more aggressive Russia. This is coming to the fore more and more often. You have melting ice and a bigger need for icebreakers. There are tons of deals that can be done bilaterally with European countries, as my colleague suggested as well, on these issues. For example, there could be deals both with Germany on submarines, but also with Finland on icebreakers.

You have missile defence, which is an area that Europeans have noticed in the last few years, with events happening outside of Europe. Also in Ukraine, which is a sort of sensitivity, there's increased interest in these sorts of issues. Canada obviously can't help as much on the interceptor side of this question because it doesn't have a lot of know-how or industry on that point, but it can help more on early warning and radars. This is the role it plays in NORAD. This is where there are a couple of different EU projects happening at the moment that could benefit from Canadian know-how or expertise.

I'd point to these two areas, essentially, and then point to the broader industrial aspect.

Braedon Clark: Thank you.

The Chair: Thank you very much.

We go next to MP Mantle.

You have five minutes.

Jacob Mantle (York—Durham, CPC): Thank you, Mr. Chair.

Thank you to our witnesses for appearing and providing their valuable testimony on this issue.

We've spoken about some of the EU programs that have been mentioned in the media or elsewhere. Do you have a sense of what the membership contribution cost is for these? What does it cost to be part of Erasmus+? What does it cost to be part of the European High Performance Computing Joint Undertaking initiative?

I understand that these require financial contributions to both run the organizations and be a member of them. Can you tell me what it costs to join?

Either of you, or both of you, could answer.

Dr. Achim Hurrelmann: I cannot provide you with a concrete number. What I can say is that I was looking at the agreement on SAFE and was actually surprised at how little the contribution was, which suggested to me that the EU was really willing to give Canada a very good deal when the arrangement of the United Kingdom's participation in SAFE had fallen apart, in part due to a dispute over the U.K.'s contribution there.

In that sense, there will be a financial contribution for administration and in exchange for the benefits to Canadian users of these programs, but my interpretation of the only precedent we really have is that the EU seems to be so interested in Canada's participation that it may be giving us a fairly favourable arrangement.

Mark Manger: I suspect, though, that on Erasmus+, and maybe on the European Research Council side, it won't be such a favourable deal because of the fact that we would have a lot of users on our side. Of course, I'm tooting my own horn as an academic, but we have a very competitive university sector, and we would probably win a fair bit of grant money from the European side. I think they would charge us for the exact amount, so the advantage would really be in the synergy and the people-to-people connections.

Taking the U.K. as an example again, they dropped out of Horizon Europe for a while and then renegotiated entry, and it cost them several billion euros.

● (1205)

Jacob Mantle: I'm sorry. I just want to make sure I got that number right. Did you say several billion euros?

Mark Manger: Yes, it was several billion euros. We're talking an entire research enterprise. Canada is smaller than the U.K., so it probably wouldn't be comparable and we wouldn't initially expect a similar success rate. However, these are not programs that come cheap.

Jacob Mantle: Thank you.

I have a question, and we have a couple of academics here. You're smart guys, so I'm hoping you can help me figure this out. There's something I'm confused about.

The government has said that part of the reason they're going toward this associate membership with the EU is to protect and support Canadian sovereignty. By definition, when you enter into an agreement with another country or another bloc, you give up some of your sovereignty and decision-making power in exchange for better access. In exchange for something, you're giving up some decision-making power, especially when you're doing that with a bloc that's much bigger and more powerful than you.

How does joining the EU, in whatever shape or form, protect or expand Canadian sovereignty? I'm not clear on that.

Mark Manger: It would do that primarily by balancing out the enormous imbalance that we have right now in our trade relationship with the U.S. Having an alternative market and alternative partners for strategically important initiatives, like satellites, etc., helps our sovereignty in the sense that we're not fully dependent. Inevitably, as a middle power, we will be dependent on other countries, and we will be dependent on access to other markets. We're just not big enough, and our climate and geography are not such that we can grow everything here that we need.

The question is this: How do we manage this interdependence? We do it by having closer trade relations, and other relations, with an important partner like the European Union that, until now, is much more predictable and reliable as a partner. Are they difficult to work with? Sometimes, but when an agreement is signed, they are much more reliable. We just balance this. That is really what we're trying to do here.

Jacob Mantle: I'm in my last couple of seconds. I'll ask my question, and maybe we can talk about it after.

We have that market access through the CETA, and through it, more than 90% of goods transit duty-free. It seems to me, in all those agreements, we have to make a choice. Are we going the European way, or are we going the U.S. way? When you look at the negotiations for CETA, they pulled us toward their regulatory requirements and their phytosanitary requirements, and the U.S. is pulling us another way.

Where does that leave us? We have two global approaches here: the U.S. and the EU.

The Chair: Give a brief response, please.

Dr. Achim Hurrelmann: CETA is based on the regulatory autonomy on both sides, so it does not pull us into the EU's regulatory orbit, but it also does not require the EU to allow Canadian products that do not meet their regulatory standards. That's the key to understand, and that's at the root of a lot of the non-tariff trade barriers.

Obviously, there's no easy solution, because we don't want to be in the EU's regulatory orbit, precisely for the reasons you mentioned. It would make it more difficult to trade with our largest trading partner.

The Chair: Thank you.

We go next to MP Zuberi.

You have five minutes.

Sameer Zuberi (Pierrefonds—Dollard, Lib.): Thank you, Mr. Chair.

Thank you to all the witnesses for being here.

I'm going to start with our friend online, Mr. Sundar.

I know you specialize in security and defence. I'd like to open up the floor to you for a brief moment if you have any comments you'd like to add to what you've said thus far and what we've heard thus far. I do have some questions for you, though.

Anand Sundar: To clarify, do you mean on defence and security, or more broadly about the relationship between the EU and Canada?

Sameer Zuberi: If you have anything you'd like to add that you didn't yet say, feel free to do so right now.

I have some questions for you at the same time, though.

Anand Sundar: I have a broader point to make about how the EU works, why things are taking a long time and what the potential of this relationship is. It's very important for everyone to understand that you're seeing a tug-of-war right now between the commission, on the one hand, and the member states. Everyone has slightly different interests, and it's a very political game that we're seeing here.

That answers a lot of the questions that have come up so far about who is interested in calling the agreement an “associate membership.” This might be an interest of the commission's but not of certain member states. I think this goes a long way towards explaining some of that.

● (1210)

Sameer Zuberi: I appreciate that.

You touched on the Arctic, and I want to also expand upon other concepts related to security, which include foreign information manipulation and interference. Do you see any emergence on those particular concepts?

Do you see anything that has emerged out of the recent 21st summit or conversations between our new government and the EU?

Anand Sundar: I put FIMI—foreign information manipulation and interference—together in the same pot as hybrid threats, and we've seen a huge number of hybrid attacks in the last couple of months with increasing intensity. It's a miracle that no one has been killed so far, frankly, in Europe. Canada itself has not been the direct target—to my knowledge—of such attacks, but it was also the target of Russian FIMI as well as of Russian intelligence operations, which have been directed against Canadian assets and businesses in the Arctic, for example.

The summit did launch a sort of dedicated initiative on FIMI. This was in the declaration. It committed itself to a framework for working on these issues and for supporting democratic resilience, including early warning and risk management mechanisms. Again, as with most things that have come out of the summit, there is still a lot of meat that needs to be added to these things, but there is at least a commitment from both sides to work on these issues together. I think both sides—

Sameer Zuberi: Certainly agreements in principle are very important, I would suggest.

I'd like to move to our other two panellists who are here in person and ask them the same question around foreign information manipulation and foreign interference. Do you have any comments about how the increased ties between us and the EU have impacted those two concepts and protected us with respect to those two concepts?

Mark Manger: I don't think we have very much to say there. I think it's important to keep in mind that our most important intelligence agreement is still Five Eyes, which doesn't involve the EU. Whatever information we get about foreign interference, we probably get through Five Eyes and not through the EU.

European Union countries, with a few exceptions in Scandinavia and eastern Europe, are probably just as challenged as we are with that. I don't think there's any strengthening that has come out of this yet. However, this is not my area of expertise, so I may just not know about it.

Sameer Zuberi: That's fair.

Maybe I'll pass it over to Mr. Hurrelmann.

Dr. Achim Hurrelmann: Similarly, this is not my main area of expertise. I do want to note, though, that this is one of those areas where enhanced collaboration requires a very high level of mutual trust. I think an enhanced status of the relationship may form a more reliable basis for that type of trust if that were to be developed.

Sameer Zuberi: We're dealing with similar issues, Europe and Canada, with respect to these two concepts, wouldn't you say?

Dr. Achim Hurrelmann: Which two concepts do you mean?

Sameer Zuberi: I mean foreign interference and manipulation. We are, in Canada and Europe, dealing with similar challenges from similar actors.

My time is just about done.

The Chair: Thank you.

Monsieur Brunelle-Duceppe, you have two and a half minutes.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you, Mr. Chair.

Mr. Hurrelmann, you spoke about regulations that don't necessarily need to become aligned when economic agreements are in place.

That said, we recently learned that, because Canada dropped its carbon pricing, it will cost us hundreds of millions of dollars to do business with Europe. In fact, Europe has quite significant legislation. It penalizes countries that don't have carbon pricing when it comes time to do business with them. Canada also scrapped the tax on digital products and digital giants, whereas Europe taxes these digital products and digital giants. Furthermore, new legislation on deforestation will take effect at the end of December in Europe. As a result, wood products will be banned. This legislation will primarily affect China and Russia, even though we don't have any equivalent regulations in Canada either.

When we talk about closer alliances and associate members, shouldn't we tackle these types of regulations right away and try to align—as quickly as possible—the aspects that are quite easy to implement fairly quickly?

● (1215)

[*English*]

Dr. Achim Hurrelmann: It's a very good question. I don't think, though, that the answer is that easy, for the reasons mentioned earlier—namely, that Canada, of course, needs to be open to continued collaboration with our largest trading partner by far, the United States. When it comes to digital regulation, that is an issue that the U.S. administration has highlighted as being critical to them. The Europeans have the market size to nevertheless insist on their digital regulation. Canada is much more exposed to U.S. pressure in this area. That's the main challenge. Potentially, collaboration with Europe may help us, but we do need to be mindful, obviously, of not endangering access to the American market.

When it comes to the environmental measures you mentioned, the carbon border adjustment mechanism and the deforestation regulation, these are EU measures that could potentially make Canada-EU trade more difficult. It will be important for the EU commission and the Canadian government to find solutions that do not impose new non-tariff barriers when these measures come fully into effect.

The Chair: We are just out of time.

To our witnesses, on behalf of all the members, thank you for your appearance before the committee today.

We will now briefly suspend before resuming our meeting in camera.

[*Translation*]

Thank you.

[*English*]

[*Proceedings continue in camera*]

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