HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

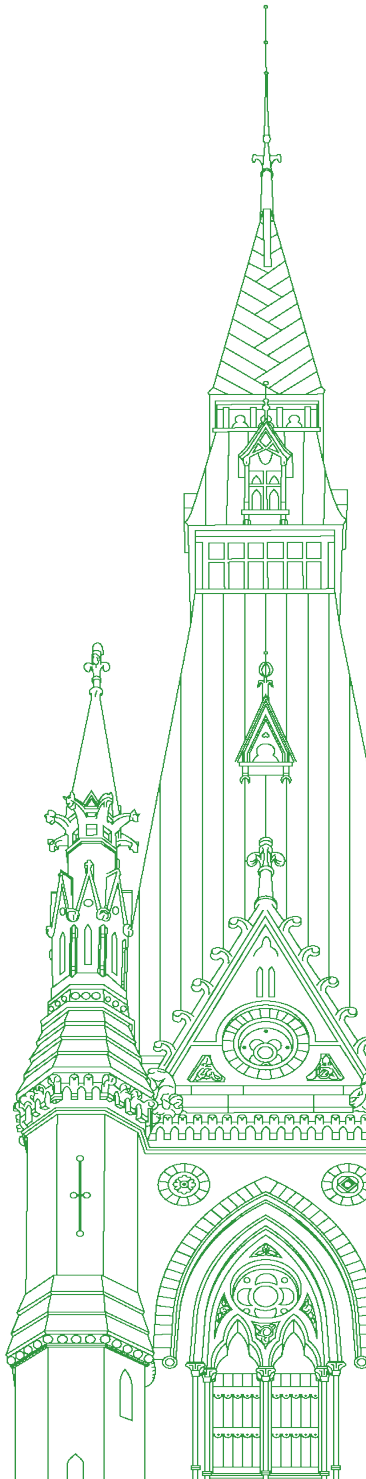
45th PARLIAMENT, 1st SESSION

Standing Committee on Foreign Affairs and International Development

EVIDENCE

NUMBER 049

Wednesday, November 4, 2026



Chair: Ahmed Hussen

Standing Committee on Foreign Affairs and International Development

Wednesday, November 4, 2026

● (1630)

[*English*]

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

Welcome to meeting number 49 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, the committee is meeting regarding its study on opportunities for Canada to strengthen its relationship with the European Union.

Before proceeding, I would like to remind members that an informal meeting with a delegation from the European Affairs Committee of the Danish Parliament will take place at 1 p.m. on Monday, November 16, right after our regular meeting. I encourage all members to attend.

[*Translation*]

I would now like to welcome the witnesses for the next hour.

[*English*]

From the Department of Foreign Affairs, Trade and Development, we have Alexandre Lévêque, assistant deputy minister, Europe, Middle East and Arctic branch. We also have, from the same department, Isabelle Poupart, director general, European and Arctic affairs.

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

[*Translation*]

I would now like to invite Alexandre Lévêque to take the floor.

Alexandre Lévêque (Assistant Deputy Minister, Europe, Middle East and Arctic Branch, Department of Foreign Affairs, Trade and Development): Thank you, Mr. Chair and committee members.

[*English*]

I want to begin by thanking you for the opportunity to appear before you today to discuss Canada's relationship with the European Union and the work that's under way to strengthen this important partnership.

[*Translation*]

The relationship between Canada and the European Union has never been more important. The international landscape is becoming increasingly complex, marked by geopolitical instability, economic uncertainty, rapid technological change and growing pressures on the rules-based international order. Against this backdrop, Canada and the European Union, as partners with shared values and policies based on common principles, are working closely together to advance their shared interests and to tackle common challenges.

[*English*]

As members of the committee will be aware, last week Prime Minister Carney hosted António Costa, president of the European Council, and Ursula von der Leyen, president of the European Commission, in Montreal for the 21st Canada-EU summit.

The summit marked an important milestone in the bilateral relationship and launched the alliance for the future, which is a framework intended to deepen co-operation across a wide range of strategic areas.

[*Translation*]

The summit sparked renewed interest in the relationship between Canada and the European Union. However, we need to recognize that the results announced are the product of considerable work carried out over a long period. Many of the initiatives announced at the summit build on existing partnerships and ongoing discussions, including the Canada-European Union Comprehensive Economic and Trade Agreement.

[*English*]

At the same time, the summit marks the beginning of a significant new transformational implementation phase as mechanisms announced at the summit are implemented and negotiations begin on 17 initiatives launched there.

This work will advance collaboration across six strategic areas: trade and regulatory co-operation; digital, research and communications technologies; critical raw materials and energy; financial services and markets; security and preparedness; and people-to-people ties.

Given the breadth of these focus areas, government departments across Ottawa are engaged in negotiations with European counterparts.

These areas reflect key issues shaping Canada's long-term prosperity and security. They include strengthening supply chains; supporting innovation and competitiveness; advancing co-operation on emerging technologies, including AI; enhancing economic resilience; and deepening collaboration on shared security challenges.

● (1635)

[*Translation*]

Making progress will require the ongoing commitment of governments as well as the steady involvement of stakeholders. The scope of the Canada-European Union program ensures that the provinces and territories, indigenous partners, businesses, educational and research institutions, labour unions and civil society all have important perspectives to contribute. Many of the issues under discussion relate to areas within the jurisdiction or expertise of the provinces and territories. This makes collaboration at the national level particularly crucial. The strength of the partnership with Europe will depend in part on the effectiveness of collaboration within Canada.

[*English*]

For officials, the focus in the period ahead will be on supporting the implementation of the summit outcomes, advancing practical co-operation with European counterparts and ensuring that engagement with Canadian stakeholders informs the development of this evolving partnership.

[*Translation*]

We have a great deal of work ahead of us, but the opportunities afforded by a closer and better-coordinated partnership with the European Union are just as significant.

[*English*]

I look forward to discussing these efforts with the committee and answering your questions.

Thank you.

The Chair: Thank you very much for your statement.

I will now open the floor for questions, beginning with MP Philip Lawrence for six minutes.

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

Thank you, witnesses, for being here.

There are nine European Union member states that have yet to fully ratify CETA, the comprehensive economic and trade agreement. What concrete actions has the department taken to secure ratification? Has the EU summit in any way brought us closer to ratification by those nine outstanding countries?

Alexandre Lévêque: This is an effort that has been going on for years. Where we see movement is in the lead-up to the summit. Already, you can see that Slovenia is the latest member to ratify. It's the first one in about four or five years.

There is a sense of renewed momentum and of the importance of ratifying the CETA. There are two or three other EU members that are on the path to ratifying it in the not too distant future. Ireland is on the way to doing this. Belgium is on the way to doing it. We see a renewed interest in doing it.

As for us, we did ratify. We did our job, and I think the numbers speak for themselves. Close to an 80% increase in trade in 10 years is the best proof you need, and we're demonstrating that.

Philip Lawrence: That 80% number, though, is on a very small, absolute number. Trade to Europe still represents a very small portion of our total exports. Is that not correct?

Alexandre Lévêque: The commercial relationship with the EU represents roughly 8%. It is the second-largest relationship after the United States.

Philip Lawrence: Trade with the United States is quite a bit bigger. Depending on the number you pick, I think it's in the neighbourhood of 75% or 80% of our exports.

Alexandre Lévêque: At its height, it was about 75%. It's been coming down over the past year, but yes, EU trade is still a fraction of what we have with the U.S.

Philip Lawrence: That's right, so the idea that we could replace the exports or the trade we have with the United States with EU trade in even the medium term is unrealistic.

Alexandre Lévêque: I don't think that this is the objective at all. Nobody wants to replace what we have with the United States. What we want to do is grow with the economy that is essentially the second-largest market in the world.

Philip Lawrence: I have no doubt that there were positive discussions between Canada and the European Union. However, there was actually nothing that came out that would make it easier for a Canadian business to sell any of its products in Europe.

● (1640)

Alexandre Lévêque: I don't think that accurately reflects the state of things.

First of all, the CETA is a very comprehensive accord that opens the doors for Canadians to export. We were not going to ever renegotiate the CETA as part of this—

Philip Lawrence: Nor am I proposing that. I'm just saying the CETA existed, obviously, before the Carney government and even before the Trudeau government. The CETA existed before. There's really been no....

If you are a Canadian exporter and you're attempting to export your product, whether you have a farm in Saskatchewan or you're a manufacturer in Ontario, there's been nothing that came from that summit that would make it easier to trade with or facilitate your trade with the European Union. Is that not correct?

Alexandre Lévêque: I would say there are two things that came out of this summit that would make it easier and more accessible for Canadians to do business with the EU.

One is a renewed momentum on addressing some of the trade barriers or regulatory elements that have made it harder for Canadian exporters to penetrate the European market. We've had a lot of success and progress in our talks on how to eliminate these—

Philip Lawrence: I don't mean to be difficult or argumentative, but momentum is different from a barrier actually being removed. Can you point to one barrier that was removed as a result of the summit?

Alexandre Lévêque: I think we're very close to finalizing an understanding of how to remove the unintended consequences of the CBAM, the carbon border adjustment mechanism, as an impediment to Canadian exporters. There was never an intention on the part of the EU to block Canadian exporters through their regulatory processes.

Philip Lawrence: Just on that carbon border adjustment, if I may—because you've brought it up, and it's actually in my next line of questions—is there a willingness on the Canadian side to move up our carbon pricing to qualify underneath the carbon-based initiative?

Alexandre Lévêque: I'm afraid that's outside of the scope of what I'm qualified to talk about. That's really a question for ECCC.

To finish on this, whether it's that or the European Union deforestation regulation, there were some unintended consequences of these regulations being put in place. We're on the verge of being able to open that up and have a common understanding on how not to let that affect Canadian exporters negatively. That is directly as a result of the talks that happened at the summit and at the margins of the summit.

The other one is the announcement of a digital trade agreement. It's not for farmers, but the digital trade agreement will actually make it easier for any small or medium-sized Canadian enterprise in the digital business—

Philip Lawrence: No, that's entirely—

Alexandre Lévêque: No, actually. The conclusion of the negotiations took place a couple of weeks before the summit, and now it's just a matter of it following—

Philip Lawrence: It's implementation, so it's not immediate.

Alexandre Lévêque: That's in the weeks to come, because it needs to be submitted to Parliament for ratification.

Philip Lawrence: Okay. I appreciate your positivity. Maybe it's seven years of being in this House, but words like “momentum” and “on the verge” don't excite me. They do the opposite. They make me nervous as to whether there will be actual change going forward.

For what it's worth, I certainly hope that you are right and that I am incorrect.

Alexandre Lévêque: Thank you.

The Chair: Thank you very much.

We'll go next to MP Sari. You have six minutes.

[*Translation*]

Abdelhaq Sari (Bourassa, Lib.): Thank you, Mr. Chair.

I would like to thank the witnesses for joining us today to shed light on this extremely important topic. It matters a great deal to each and every one of us, and especially to the public in general. I would really appreciate it if you could elaborate on a few points so that people can get a clearer picture.

You followed the summit closely. Is there a way to explain to the people keeping up with our work what concrete measures have been taken and what remains under negotiation? Could you take a minute to explain this to us?

Alexandre Lévêque: I'd be happy to.

I'd say there's a dichotomy or dual component in the measures that were discussed at the summit. The conclusion of a number of initiatives was announced following the summit, including the digital trade agreement, which will come into force very soon, immediately after Parliament ratifies it.

We concluded negotiations with the European Investment Bank on a mechanism needed to support major investments, particularly in mining and critical minerals. This will have a direct impact on mining capacity and the development of certain mines, obviously because of the high level of investment required.

We also concluded an agreement that will give Canada access to what's known as the European High Performance Computing Joint Undertaking, a network of supercomputers much more powerful than Canada's. Researchers in need of high-performance computing will now literally be able to rent time on that supercomputer network to advance Canadian research much faster than is possible using only our infrastructure.

I'll give you a few examples of what the new digital trade agreement provides. First, it will extend certain protections to Canadian firms that want to do business with European firms without having to hand over ownership of their data or source code. The agreement extends more legal protections. For example, a Canadian IT company will be able to enter into contracts and share information digitally, as opposed to doing it the old way, and the contract will be recognized by both sides. That will have a direct effect. That's what has been agreed upon thus far.

I can also talk about negotiations that could have very real benefits for the future. For example, Canada is now starting negotiations to join Erasmus+, the European Union's flagship scholarship and student exchange program. The initiative would directly benefit young Canadians by giving them far more options and opportunities to gain international experience at costs comparable to those in Canada.

The list goes on. You may be familiar with Horizon Europe, a major advanced research program Canada has been participating in for the past year or two now. We are currently looking at deepening Canada's participation as part of the next phase of the program. I have to tell you that, so far, Canada has gotten more out of the program than it has put in from an investment standpoint.

All of this is having a very real impact on young people, researchers and entrepreneurs. Those are a few examples.

● (1645)

Abdelhaq Sari: Those are fine examples.

Before I turn to AI, I want to ask you another question, quickly. I really appreciated what you said about protecting ownership of Canadian innovations so that ownership doesn't get handed over to other countries.

I do want to revisit the critical minerals issue, though. You gave us examples of the digital initiatives, but are there any specific projects you can talk about in the critical minerals sector?

Alexandre Lévêque: There aren't any yet. What the agreement we negotiated does is allow the European Investment Bank to invest in those projects. That work has only just begun. The people at the bank are in the exploratory phase. They are reviewing existing mechanisms and measures that the government has put forward. They are looking for detailed information that will help them assess investment levels and expected returns. The ball is now in their court.

What we wanted to do was remove the barriers and pave the way for investors willing to make fairly significant investments in infrastructure and critical mineral mining projects. Obviously, the goal is to have reliable partners we can trust to make those investments and help build the industry so we can secure the supply of critical minerals our economies so desperately need.

The Chair: Thank you very much.

Now it's over to Mr. Brunelle-Duceppe for six minutes.

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

Welcome to the witnesses.

Mr. Lévêque, a major consideration when it comes to strengthening the relationship with the EU is the total lack of clarity around what associate membership means. Would you agree?

President von der Leyen used the term “associate member”. The Prime Minister used the same term during the Canada-EU summit, but it didn't appear in the joint statement. You're a senior official at the department, so you may have a bit more information than we do.

What does the term “associate member” mean? What does it involve?

● (1650)

Alexandre Lévêque: That's an excellent question, one that's sparked a lot of speculation in the past few weeks.

The first thing I would say is that we are going to have to define the term ourselves. It's a new concept, so it will need to be defined. What do we want to do with that special status?

What's clear is that it refers to the desire to build a unique relationship between Canada and the EU, one primarily rooted in greater institutional engagement and political dialogue.

I'll give you an example. The European political community is a group of 46 countries that meet every six months. For the first time in its history, the group invited Canada. That was in April. We see it as a willingness to formalize the relationship and bring Canada to the table on a more regular basis, either annually or semi-annually.

Alexis Brunelle-Duceppe: I realize you can take this in all sorts of directions, but my question is this: Is this more about political alignment? Does it mean participating in European institutions?

What it is is unclear. You're telling me about 46 countries, but I'm not asking you about Norway, Iceland or the U.K. I'm really talking about the EU and Canada's becoming a member, the keyword being “member”.

Basically, you don't know any more than we do.

Alexandre Lévêque: Please don't put words in my mouth.

Alexis Brunelle-Duceppe: No, it's a question.

Do you know what this means any more than we do? Personally, I don't know what it means.

Alexandre Lévêque: The first thing I said was that it needs to be defined.

Alexis Brunelle-Duceppe: That answers my question.

Alexandre Lévêque: This doesn't exist. This isn't a concept that exists yet.

Alexis Brunelle-Duceppe: Very good.

Alexandre Lévêque: We will be defining what it means together. I gave you some examples of—

Alexis Brunelle-Duceppe: I understand, and I'm not being at all confrontational with you.

I understand that it hasn't been defined and that both sides will have to do that work, because in the rest of the European Union—

Alexandre Lévêque: There are underlying principles, and that's what I had started to explain. It's a closer association between political institutions to foster more frequent consultation and dialogue. That will obviously lead to more economic opportunities, people exchanges and agreements in the future.

Alexis Brunelle-Duceppe: All right. Thank you.

It's also my understanding that if Canada doesn't reinstate carbon pricing, the rules in place in Europe will affect $2.8 billion worth of Canadian exports.

The problem is that Quebec has a carbon pricing system. It has a carbon market with California. From what I gather, Quebec is being penalized right now within Canada. Even though Quebec has a price on carbon, Canada does not and so Quebec's exports are being adversely affected.

How can we solve that problem, so that Quebec isn't penalized? Unlike the rest of Canada, Quebec is doing its part for the environment.

Alexandre Lévêque: I'm not a scientist, and my department definitely isn't responsible for negotiations on the value of carbon. The Department of the Environment is in charge of that, so the people there could give you more information.

Alexis Brunelle-Duceppe: You're responsible for trade and development with Europe, are you not?

Alexandre Lévêque: Yes.

Alexis Brunelle-Duceppe: You should know about the carbon pricing issue, then.

Alexandre Lévêque: Yes, I do, but I don't have detailed information. What you're asking is very technical. What I was going to say is that—

Alexis Brunelle-Duceppe: You work for the Department of Foreign Affairs, Trade and Development.

Alexandre Lévêque: Mr. Chair, I'd like an opportunity to answer the question.

Alexis Brunelle-Duceppe: You're the assistant deputy minister in charge of the Europe, Middle East and Arctic branch. That's your title.

As I understand it, you're not familiar with the carbon pricing issue.

Alexandre Lévêque: Did I say I wasn't familiar with the carbon pricing situation?

Alexis Brunelle-Duceppe: No, but I asked you the question.

Alexandre Lévêque: I was going to say that the intent behind our negotiations with the European Union on CBAM is the mutual recognition of the carbon price in both Europe and Canada. That's precisely what we're trying to do with the agreement. That means eliminating misunderstandings and addressing the lack of mechanisms, which are necessary for the mutual recognition of carbon pricing models.

● (1655)

Alexis Brunelle-Duceppe: I see.

I won't ask you the question I asked last week, because I assume you got the memo.

When you're negotiating critical matters that Quebec has jurisdiction over, whether exclusively or on a shared basis, are you going to check with Quebec before you sign an agreement?

I ask because it's not clear what the term “associate member” means.

Before signing anything, will you get the Government of Quebec's approval? Will the areas under Quebec's jurisdiction be respected?

[*English*]

The Chair: Give a very brief response, because we're over time.

[*Translation*]

Alexandre Lévêque: Jurisdiction will be respected in all the negotiations. We always have a high level of co-operation with our provincial partners. This applies across the board, for all departments conducting talks with their counterparts. Discussions with our provincial partners have already taken place to make sure that everything related to provincial jurisdiction is fully taken into account.

[*English*]

The Chair: Thank you very much.

We go next to MP Barlow. You have five minutes.

John Barlow (Foothills, CPC): I appreciate that this study is on opportunities that may come through closer ties to the EU. I'm hoping that the opportunity is actually to address some of the irritants that already exist with CETA, as my colleague mentioned.

For example, do you know the trade deficit between Canada and the EU when it comes to beef and pork exports?

Alexandre Lévêque: I don't have that number offhand, no.

John Barlow: It is actually quite significant. When our quota, through CETA, is 50,000 tonnes of beef, for example, last year we exported 950 tonnes, which is significantly lower than what the quota is. In comparison, the EU beef exports into Canada are over 8,000 tonnes. It shows you that incredible discrepancy in terms of what should be allowed into the EU and what is actually happening. The numbers are very similar when it comes to our pork producers as well.

My question would be this: Is there anything in this aligning with the EU or becoming an associate member of the EU that would actually resolve these non-tariff trade barriers that currently exist? Is there a mechanism within that membership that actually solves this problem?

Alexandre Lévêque: That is a very good question.

There are a few things on that. The mechanisms that have been developed under CETA to address these non-tariff barriers and irritants already exist and have been utilized in the past. What we have found is that the outcomes have not always been satisfactory to Canadian interests.

John Barlow: I appreciate that answer, Mr. Lévêque, but that's really the impetus of my question. My concern is that under CETA—

Alexandre Lévêque: I'm getting there—

John Barlow: Under CETA, we haven't been able to resolve these issues, and there's nothing new in becoming an associate member that actually resolves these issues either.

Unless we have reciprocal trade, as the Prime Minister said, I don't see why we would go down this road, especially when you look at productivity in Canada compared to the EU. Farm productivity in Canada between 1999 and 2019 is up almost 30%. In comparison, the EU is up 7%. They are not science-based. I am very concerned about aligning our standards with the EU standards.

With that in mind, the EU is looking at a very large omnibus bill, the food and feed bill, which has set off alarm bells right around the world.

In a closer relationship with the EU, that bill would set maximum residue limits, or MRLs, at zero. Canadian canola has a market there of 1.6 million tonnes when it comes to biofuels. That MRL would eliminate access to the EU for all our grain and oilseeds.

Will that MRL issue in the food and feed bill be resolved if we become an associate member of the EU, or do we have to align with that food and feed bill?

Alexandre Lévêque: There's no linkage.

To reiterate, this associate membership is not yet defined, so I cannot tell you if that issue will be resolved if we do this. We still need to define what that's going to mean.

The MRL issue is absolutely central to our advocacy, and yes, we're making progress on getting them to realize that there are a number of unintended consequences that will affect not just Canadian export interests but also their own food security.

You need this constant access and these forcing mechanisms to meet and get to the details. Thanks to that, we're starting to see a lot more receptivity on their end. I would say that generally speaking, the trend is going in that direction.

The other thing that was announced at the summit is an industry representation for a number of—

● (1700)

John Barlow: I just have a minute left. I would hope that when this goes further down the road, there will be something in writing that ensures that we do not have to meet their MRL standards and that the carcass washing and the hormone issues are resolved as a part of that.

Alexandre Lévêque: Absolutely.

John Barlow: I have a last question for you. Especially when it comes to the carbon border adjustment but also the MRL issue, the United States has already flagged this as a trade irritant. Has any discussion happened with the United States in terms of the impact if we align with EU standards? What would be the impact on our access to the American market?

As you said earlier, our trade to the EU is about 8%. The United States is between 60% and 70%. We cannot sacrifice our largest market for a much smaller market. I want to make sure that discussions happen with the United States on the relationship and the impact it could have when it comes to trade, particularly on the CBAM.

Alexandre Lévêque: I am not the official responsible for talking to the United States, but I know that our trade negotiators do, and they always look at the totality of our interests and measure the pros and cons before committing to anything.

John Barlow: Thank you.

The Chair: Thank you very much.

We go next to MP Clark. You have five minutes, please.

Braedon Clark (Sackville—Bedford—Preston, Lib.): Thank you very much, Mr. Chair, and thank you to our witnesses for being here this afternoon.

Obviously a lot of the discussion around this, Mr. Lévêsque, has been around definitions and what things may or may not mean. Obviously we're in the early stages of a very complicated process, and that's, I think, to be expected and natural. One of the things that came out of the joint statement at the end of the summit in Montreal was to work to define a lot of these issues that we're talking about today and that we've talked about in the previous meeting by the next summit, in 2027.

From the department's perspective, between today and then, what does that look like? What work are you doing? What work do you anticipate you will be doing to nail these things down with precision by that point?

Alexandre Lévêque: It will be a lot. The pace has been relentless and will be even more relentless. Already, a few days after the end of the summit, we've had an interdepartmental meeting with senior officials to give a readout of the summit and clearly identify who leads on what. This is truly an across-the-town effort, and it will be an across-the-country effort.

In the departments that are going to negotiate directly with their counterparts, my role has been to coordinate, but we now have to let our negotiators loose. They have their marching orders. They know exactly what the level of ambition is. In literally days, in weeks to come, we will see the launch of negotiations on Erasmus+. Canada wants to be an associate member of this. Talks are already under way. The first meeting is going to happen in the days ahead.

We're going to see the same thing on youth mobility. We're going to see the same thing on Canada seeking a special status and an enhanced arrangement with the European Centre for Disease Prevention and Control. Those preliminary talks have taken place at the deputy minister level. Now we're into launching negotiations to say exactly what that would look like. This is always with the same spirit of getting greater access to a large market, greater access to large infrastructure or high technology, and in return offering, of course, a lot of capability.

Look at AI. Canada is a leader in practical AI and code development. There's already been an acquisition of a European company by a Canadian company, and that creates amazing bridges to be able to negotiate arrangements on data sovereignty, on access to supercomputers, etc.

All of this is going to happen at the same time. We'll have a number of what I like to think of as gate checks between now and the next summit in June. That gives us really seven months, with the holidays in the middle of that. That's really not a lot of time to accomplish so much by the next summit. All of these lines have been triggered, and negotiations are being launched as we speak.

● (1705)

Braedon Clark: That's excellent. Thank you very much.

I'm sure we'll obviously be checking back in, as many will and should over the next number of months.

I did want to ask about one of the challenges, as perhaps I could put it, of negotiating with an organization like the EU. Of course there's the council and there's the commission, but there are also 27 member states. If I can draw an analogy, if you were making a major investment in a Canadian province, you would talk to the federal government and you would talk to provinces and municipalities. We are familiar with that process, but how do individual member states fit into this work that you're doing over the next number of months? How important is it to make sure that we can make this process as smooth as possible?

Alexandre Lévêque: That's the magic question.

To give you a sense of how present it is on our minds, I'll tell you that just this morning I had a meeting with all of our ambassadors across the European Union, meaning both our presence in Brussels and our ambassadors to member states, specifically to raise this issue and to make the point that on some areas we're going to have.... It's going to be an open door. It's going to be an easy negotiation. We know that the European Commission has the delegated authorities and is willing to meet us with our level of ambition. On other things, there's likely to be a little bit more resistance.

The European Commission is only an extension of what member states allow it to do, especially in areas where it doesn't have the full power to negotiate on their behalf. Therefore, if some member states behind the scenes start putting the brakes on.... We have a large network of embassies throughout the EU, and our staff, our ambassadors, are highly aware of the need for them to go deep into the various bureaucracies—not just the foreign ministry, but the industry ministry, the defence ministry, etc.—to advocate for Canadian interests so that it's not just the federal government to the European Commission and we use all access points. That's the benefit of having a very well-developed, very well-connected network throughout the member states.

Braedon Clark: Thank you. That's excellent.

The Chair: MP Brunelle-Duceppe, you have two and a half minutes.

[*Translation*]

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

Mr. Lévêque, recently Canada has sought closer ties with not just Europe, but also countries including Saudi Arabia, Qatar and the United Arab Emirates. You're the assistant deputy minister in charge of Europe and the Middle East at the Department of Foreign Affairs, Trade and Development.

What's your current assessment of the human rights situation in Saudi Arabia, Qatar and the United Arab Emirates?

Alexandre Lévêque: Today's topic was supposed to be the EU, that is—

Alexis Brunelle-Duceppe: We're talking about diversifying alliances. The Middle East and Europe are in your job title, so this is where we are. It ties in with Europe as well. You cost me a bit of time, which is too bad.

When it comes to trade diversification, we are doing business with Europe. The Bloc Québécois has always said that is the place to pursue trade. Unfortunately, Canada has sought closer ties with countries that don't respect human rights. There is a connection here. Shouldn't we focus more on Europe than on those countries? What's your assessment of respect for human rights in those countries?

Alexandre Lévêque: Yes, we should do more business with Europe, and that's exactly what we're doing.

Alexis Brunelle-Duceppe: No, that's not what I asked. I asked you for your assessment of the human rights situation in the three countries I named.

Abdelhaq Sari: I have a point of order, Mr. Chair.

If the member could stick to the topic—

Alexis Brunelle-Duceppe: This has to do with the topic—

Abdelhaq Sari: I'm speaking to the chair. I still have the floor.

Mr. Chair, earlier, the witness wasn't given an opportunity to answer questions he wanted to answer. On top of it, the discussion is now spilling over into a subject that has absolutely nothing to do with what took place in Montreal or Canada's potential alliance with the EU. It would be especially helpful for those following these proceedings and, of course, all the committee's work if the member would stick to the topic.

[*English*]

The Chair: Please go ahead.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you, Mr. Chair. Of course, the member's point of order won't be deducted from my speaking time.

We are talking about strengthening our trading relationships with different countries. We want to diversify our exports, which we agree with. We are talking about Europe today, but the government has sought closer ties with certain countries.

This witness is the director and deputy minister for Europe, as well as the Middle East, and that relates directly to my question. My question is simple, Mr. Chair. I spoke to the witness. He's the deputy minister for the Middle East at the Department of Foreign Affairs, Trade and Development. He should be able to tell us his department's assessment of those countries' respect for human rights. The question isn't a trap. The witness before us today represents the department of foreign affairs and is supposed to answer questions put to him about his area of expertise. If the department of foreign affairs has not assessed the human rights situation in Qatar, the United Arab Emirates or Saudi Arabia and if the witness can't answer the question, I'd like to know why he's here today.

There you have it. I hope I will be allowed to ask my question.

● (1710)

[*English*]

The Chair: Yes, the issue is not the expertise of the witness but the topic we all agreed to study, which is Canada's opportunities for deepening our relationship with the EU. The closer you are to that topic, then the more comfortable, I think, we'll—

[*Translation*]

Alexis Brunelle-Duceppe: That's absolutely true, and I think this relates to our topic today, the relationship with the EU and thus our efforts to diversify trade. Furthermore, the witness said earlier that he wasn't responsible for the U.S., and he was right. However, Middle East is in his job title, and unfortunately for the witness or the Liberal Party, I have the right to ask him the question and to expect him to answer.

Thank you, Mr. Chair.

Abdelhaq Sari: Mr. Chair, I'm going to continue with my point of order.

If we asked every witness we invited questions about everything in their field of expertise, it would never end, Mr. Chair. When we invite witnesses, they really expect us to ask them questions about the subject on the agenda. That is very important.

Asking a witness about their field of expertise is one thing, but that's not what's happening here. We are supposed to ask witnesses questions about the topic that relate to their area of expertise. When we stray from that, I think we lose everyone. We also lose the relevance of having witnesses who can speak to the topic.

[*English*]

The Chair: MP Lawrence, go ahead on the point of order.

Philip Lawrence: In the committees that I've observed, generally there's a broad latitude. I think this fits squarely within that latitude. If you wanted to shoehorn it in or specifically address it, human rights and human rights law and how Canada and the EU would comply would fit right in, as that goes to strengthen European trade.

The Chair: I do understand, of course, that the topic is Canada and the EU, and human rights can be connected to that, but I think the way your questions—

[*Translation*]

Alexis Brunelle-Duceppe: Actually, Mr. Chair—

[*English*]

The Chair: —are going is leading more to other countries beyond the EU. The closer you are to the topic, the more latitude I am happy to provide.

Please continue.

[*Translation*]

Alexis Brunelle-Duceppe: I'll try to reframe my question.

I don't think there's a human rights problem in Europe.

We are looking to diversify our trade relationships. As we speak, we are seeking closer ties not only with Europe—which is a good thing—but also with the three countries I named.

Mr. Lévêque, I was simply asking you about the difference between respect for human rights in Europe and respect for international human rights in Qatar, the United Arab Emirates and Saudi Arabia, and about the department's corresponding assessment. After all, you are responsible for those jurisdictions.

Alexandre Lévêque: There is obviously a difference between how those three countries approach human rights issues and how those rights are understood in Europe and within the European Union.

That said, the government's policy is one of diversification and maximizing trade opportunities. The difference with the European Union is that we're dealing with partners who are not only potential economic partners, but also allies who share the same values and fundamental principles and whom we trust more because of long-standing alliances.

Obviously, this goes well beyond trade agreements with the European Union. We already have CETA, the Comprehensive Economic and Trade Agreement, and that's what the summit was intended to achieve. We're going much further than simply concluding trade agreements or diversifying exports with those countries. That's why we're discussing strategic issues, whether it's satellite telecommunications or access to one another's supercomputers. That's the level of integration we're seeking, and it goes well beyond what we're doing with the Gulf countries.

Alexis Brunelle-Duceppe: Thank you very much.

So you haven't given me your assessment of the human rights situation there.

● (1715)

[*English*]

The Chair: Thank you very much.

Next we're going to MP Anderson.

You have five minutes. Please proceed.

Scott Anderson (Vernon—Lake Country—Monashee, CPC): Thank you very much.

Mr. Lévêque, CETA has been provisionally in effect since 2014. Is that correct?

Alexandre Lévêque: That's correct.

No, I'm sorry. It's 2016 or 2017.

Scott Anderson: I have 2014.

It has removed 99% of tariffs. Is that correct?

Alexandre Lévêque: Yes.

Scott Anderson: It's opened a market of 450 million, which is roughly comparable to the U.S., and it's lowered other barriers that I'm not going to go into here.

The trade is $1.2 trillion with the United States, versus $178 billion. We do seven times the trade with the United States that we do with Europe right now. Why is that?

Alexandre Lévêque: It's proximity and ease. Again, I'm not an expert on Canada-U.S. trade agreements, but they are what I understand to be much more deeply integrated sectors. The borders—

Scott Anderson: Just to cut it short, our supply lines run up and down through the U.S. We have proximity. I assume there are also transport costs involved.

Alexandre Lévêque: No doubt.

Scott Anderson: If we essentially have a flat playing field here right now, other than the effects of geography and other things, it looks like the free market has settled us at seven times the trade with the United States for fairly obvious reasons, I would argue.

We keep talking about diversification but implying replacement, because we have problems with the United States.

My first question is this: Realistically, how much of our trade with the American market can the European market absorb?

Alexandre Lévêque: The premise of the question is, as you said... You used the word—

Scott Anderson: Sir, I'm not.... The premise is a straightforward question.

Alexandre Lévêque: No, it isn't, because you used the word “replacement.” There's nothing in what we're negotiating with the EU—

Scott Anderson: Okay. We can use the word “kumquat”, if you wish, sir. What I'm asking is this: How much of our trade that is currently with the United States can be absorbed by the EU?

I don't mean to be argumentative here, but I would like a straight answer to that.

Alexandre Lévêque: Are you looking for a number?

Scott Anderson: I would like some sort of concept. We have seven times right now. Tell me whether it's two times, three times.... I don't know. What is it?

Alexandre Lévêque: We don't have numbers, and that's because governments don't do trade. Companies do. We can set the stage. We can open doors. We can negotiate agreements. Only companies, only investors, only exporters will decide whether to walk through these doors.

Scott Anderson: That, sir, is exactly my point: Why haven't we walked through those doors yet?

Alexandre Lévêque: I'm not an exporter. I'm a person who develops policy and makes things easier for Canadians to have opportunities. This is what it's about. It's about opening additional opportunities for Canadians. They will choose whether they walk through these doors or not. We're creating a series of very exciting and new opportunities for them to take advantage of.

Scott Anderson: Okay. We're not sure what those opportunities are. We're not sure what we're heading for. I'm just very unclear on.... Nobody seems to know where we're going.

I talked to the PBO in a different committee, and the PBO expressed concern over a lack of information coming out of the government. Nobody seems to know what we're heading toward or how much it's going to benefit Canada.

I'm going to move on to my second question now.

We are negotiating, and we've heard that we're going to get so much from the EU. We're negotiating with them, and the EU wants something from us too. What do they want from us?

Alexandre Lévêque: They too want to diversify their partnerships.

They are currently facing energy constraints—

Scott Anderson: We're going to export our energy there. Is that what they're after?

Alexandre Lévêque: It's part of what they're after. I'm saying that's one of the things that we have to offer that they will be interested in.

There are also critical minerals. We have a joint interest in having these natural resources and in extending them to those countries and institutions that are prepared to invest in their development to create a safe, reliable supply and a safe environment for these natural resources.

With what's going on in the Strait of Hormuz, plus Russia's war and the constriction of the supply of oil and gas around the world, we have something to offer that they will be interested in. We definitely have those things, among many others, to offer.

● (1720)

Scott Anderson: Okay. That's my time, sir. Thank you.

The Chair: Thank you very much.

Next, we go to MP Zuberi. You have five minutes.

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

[*Translation*]

Mr. Lévêque, thank you for being here today.

[*English*]

I always appreciate your coming to the committee and I appreciate the information that you share with us as a professional civil servant who is serving the government.

I want to pick up on some things that have already been discussed here, in particular this strengthened alliance with the EU, which has been termed an associate membership, and the document that was signed around the alliance for the future.

To what extent does that speak to our new government's and Prime Minister Carney's approach with respect to variable geometry, which is essentially developing links based upon interests and values? To what extent is this new strengthened endeavour with the European Union speaking to those concepts?

Alexandre Lévêque: That's probably one of the early, very concrete expressions of what is meant by this variable geometry approach to diversifying partnerships. President von der Leyen, at the closing press conference, referred to this alliance as “the nucleus”, with Canada and the EU being the nucleus of the future of such alliances. That necessarily means that if there's a nucleus, there are going to be other elements that will be drawn by this and will be attracted by this, again in a variable geometry kind of way.

Sameer Zuberi: Certainly. Wouldn't you say that this—

The Chair: We'll just pause very briefly—

Sameer Zuberi: There's a lot of noise, Mr. Chair.

The Chair: There's a technical issue that we have to resolve with the translation.

Sameer Zuberi: Are we good?

The Chair: Yes.

Sameer Zuberi: At this committee, there have been concepts around human rights around the world that have been raised, although not specifically on the subject of the EU. Wouldn't you say that this increased closeness—not that we aren't close with the EU already—is critically important, because we have similar standards for human rights and similar values? Would you agree with that statement?

Alexandre Lévêque: I would. I would say that's one of the central elements of it.

Sameer Zuberi: Therefore, the energy we're putting into this is significant and important, and this is something we should be focused on.

Alexandre Lévêque: Absolutely.

Sameer Zuberi: With respect to the outcomes of the alliance for the future, do you want to mention anything else that has not been mentioned thus far? If not, I'll move on to other questions, but I'll give you a moment to answer that.

Alexandre Lévêque: I'll say one quick thing that I think addresses a question that one of the other honourable members asked a little bit earlier, which is this: What does it mean? We don't know what it means.

I would simply point you towards the joint statement, which I have in front of me. What an alliance for the future is going to be is contained in paragraphs 20 through 44, which are filled with the very concrete elements we're now committed to negotiating, whether it's greater joint technological development, securing better sources of energy and critical minerals or giving opportunities for our young people to diversify their experiences abroad, for researchers for.... That's what it is. It's economic, values-based and technological.

Sameer Zuberi: Earlier in your testimony, you said that over the last 10 years, trade with the EU has increased by 80%. I know it's very early to say this, but how do you see things going in the future with respect to trade with the EU? Do you see us being on course to double trade with countries other than the United States through this pact, or, I should say, through these agreements?

Alexandre Lévêque: I think so, and I would say it's a numbers game.

An honourable member was talking earlier about the fact that we're starting from a low base, and therefore the 80% only represents so much. At the same time, the EU is the second-largest economic bloc in the world. You're not going to double your non-U.S. exports over 10 years if you limit yourself to very small markets. The opportunity here is that it's a single market of 440 million people and an enormous GDP.

● (1725)

Sameer Zuberi: Exactly, and you talked about those numbers. Those numbers are very large, with 440 million people who are geographically quite close. It makes complete sense that we would be strengthening ties with the EU, as we are right now.

Thank you, Mr. Chair, for the time.

The Chair: Thank you very much, MP Zuberi.

That brings us to the close of this first hour.

Thank you, witnesses, for your appearance before the committee. We really appreciate it.

We will now briefly suspend before resuming our second panel.

● (1725)

_____(Pause)_____

● (1730)

The Chair: I call this meeting to order.

I would now like to introduce our witnesses for the next hour.

We have Professor David Collins, professor of international economic law, joining us by a video conference today.

From the Canadian Chamber of Commerce, we have Catherine Fortin LeFaivre, senior vice-president of international policy and global partnerships, and Monika LeRoy, senior director, internal policy and global partnerships.

From the Canadian Global Affairs Institute, we have Colin Robertson, fellow, by video conference.

From the Centre for Strategic Statecraft, we have Vina Nadjibulla, co-founder and chief executive officer, joining us by video conference.

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

I now invite David Collins to deliver his remarks, reminding him not to exceed five minutes.

Welcome.

David Collins (Professor, International Economic Law, As an Individual): Thank you very much.

It is very difficult to assess the implications of Canada's potential associate membership, alliance or partnership with the European Union when we have no clear idea of precisely what these terms mean.

I'm also dismayed that Prime Minister Carney has continuously emphasized the importance of preserving Canada's sovereignty—this was purportedly why Canada did not sign a trade agreement with the U.S. in September—only for him to be prepared to yield it so readily to the EU.

There are potential economic benefits to a closer trade relationship between Canada and the EU. Greater access to European markets, co-operation on critical minerals and energy, improved investment flows and closer regulatory co-operation could all be worthwhile; however, closer economic integration also carries significant risks for Canada, particularly if the ambition extends beyond an enhanced free trade agreement—which we already have under CETA—towards something resembling single market participation.

Canada will almost certainly become a rule taker rather than a rule maker in any arrangement. Under dynamic alignment, when Canada's laws on, for example, the environment or labour divert trade or investment away from the EU, it will be compelled to change its laws to mirror those of the EU. This is what is required by the level playing field provisions of the EU-UK Trade and Co-operation Agreement.

Some countries, such as Norway, are outside the EU but are participants in its single market. This means that it must incorporate substantial amounts of EU legislation into its domestic legal systems; however, Norway does not have equivalent voting rights in the EU institutions responsible for making those rules. The Court of Justice of the European Union, the ECJ, has final say over the meaning of the rules within the single market, and there are no Norwegian judges who sit on it.

Is Canada prepared to accept the jurisdiction of a foreign court? Will Canada allow Brussels to dictate who it appoints to federal courts, as the EU has attempted to do in Poland?

There may be additional strings attached to the new proposed arrangement. What if the EU demands that Canada accede to the European Convention on Human Rights, as required of all EU members? This might create friction with the Canadian Charter of Rights and Freedoms and 40 years of homegrown jurisprudence. What if the EU starts to meddle in Canadian elections, as it has done in Hungary, Romania and Poland, where the president of the commission expressly endorsed the pro-EU candidate?

There may be a large bill to pay for EU membership in some kind of an enhanced partnership. The U.K. paid about £20 billion per year to be a member of the EU, and it's probably closer to £30 billion today. That's $40 billion Canadian.

Returning to trade, if the EU expects dynamic regulatory alignment, as it's now requiring of the U.K. in exchange for greater market access, Canada will find itself obliged to adopt EU regulations on AI, digital services, environmental standards and product safety. Many of these rules have stifled innovation and damaged competitiveness, which is one of the reasons that European GDP growth continues to lag behind that of the U.S. and Asia.

This also raises an important question about democratic accountability. Canada could end up implementing rules over which it has relatively little influence. Canada will probably be invited to join all sorts of committees, but the practical significance of these on the commission's decision-making would be close to zero.

There's a risk of regulatory divergence from Canada's most important trading partner, the United States. Seventy per cent of Canadian exports go to the U.S., compared with about nine per cent to the EU. Closer alignment with EU regulations could create difficulties for Canadian businesses operating within North American supply chains. The EU and North America differ in a number of areas, including food safety, agricultural production, chemicals, vehicle emissions and digital regulation.

Deeper regulation with the EU could breach some of Canada's existing trade agreements with third countries. Rules of origin, regulatory co-operation and treatment of imported products could all become more complicated, if not incompatible. For example, article 7.9 of the CPTPP requires that food safety measures must be “based on documented and objective scientific evidence”, but the EU applies the precautionary principle, which allows it to adopt safety measures even in the absence of full scientific certainty.

There may also be implications for Canada's ability to pursue its own industrial policy, including subsidies and support for such domestic industries as electric vehicles, batteries, steel and critical minerals.

A closer partnership with the EU may yield opportunities in Canada to establish closer trade, investment, research and regulatory co-operation, but this does not require Canada to subordinate its regulatory autonomy to Brussels.

● (1735)

Canada would be better served by building on the existing trade agreement, CETA, with carefully negotiated sectoral arrangements and mutual recognition of standards, rather than by pursuing wholesale dynamic alignment with the EU through some kind of partnership or alliance.

Thank you.

The Chair: Thank you very much, and thank you for being on time.

I now invite Colin Robertson to deliver his remarks.

Mr. Robertson, go ahead.

Colin Robertson (Fellow, Canadian Global Affairs Institute): Thank you, Chair.

My central recommendation is straightforward: Seize the geopolitical opportunity for a closer Canada-European Union partnership, while giving Parliament a central role in shaping the results and holding the government accountable for them.

Canada's turn towards Europe and the Indo-Pacific is foresight. The significance of last week's Montreal summit extends beyond individual agreements. Canada and Europe can combine markets, resources, technology and defence capabilities to give each other greater freedom of action.

For Canada, this is an opportunity to lead, giving practical substance to coalitions of like-minded middle powers working with the European Union. For Europe, it offers a model of co-operation beyond membership, potentially involving Britain, Australia, Japan and others, like Mexico. This to me is variable geometry with a purpose: different partners contributing where their interests and capabilities align. Shared values provide the foundation; reciprocal interests and practical commitments make co-operation durable and timely.

That's also the argument of “A Middle Power Charter for a Troubled World”, which I helped develop with the expert group on Canada-U.S. relations. It proposes a framework for defending democracy, resisting coercion and pooling capabilities, and the Montreal summit advanced this ambition. The alliance for the future connects trade, technology, resources and security. The conclusion of substantive digital trade negotiations is a concrete step. Research co-operation and proposed exchanges for students and apprentices could build relationships lasting beyond any government, but concluding negotiations, implementing agreements and realizing benefits are different stages. Parliament should track each.

I recommend four priorities.

First, make existing market access work.

CETA provides the foundation. Ottawa should work with provinces, trade commissioners and business associations to help more firms, particularly smaller exporters, use it. Identify the most costly regulatory and procurement barriers, assign officials to resolve them and set deadlines. Advance the recognition of professional qualifications. Encourage European ratification while using the provisions that are already operating. The test of success is whether Canadian firms can win customers and fulfill orders more easily.

Second, turn reciprocity into industrial opportunities.

Attract European investment in Canadian mineral processing, energy infrastructure and defence production. Canada must offer reliable supplies, predictable approvals and commercially credible projects, and in return secure practical access for Canadian firms to European procurement and supply chains. Canadian and European industrial preferences should accommodate trusted partners on reciprocal terms. These would measure success through investment, contracts, technology partnerships and skilled employment.

Third, strengthen our capacity to provide security.

Prioritize defence production, Arctic surveillance, secure communications and protection against cyber-attacks. Reinforce NATO and sustain Ukraine. Work with European and Nordic partners where joint procurement, shared infrastructure or coordinated operations could close capability gaps. Co-operation must be matched by investments in Canada's own capabilities. Partnerships are strongest when we bring something useful to the table.

Fourth, make Parliament a partner in shaping and scrutinizing the relationship.

Ask the government to table an implementation plan within six months, identifying responsible ministers, costs, deadlines and measurable outcomes. Require an annual progress report and ministerial appearances before this committee.

Involve provinces, territories, indigenous partners and industry early on. Examine Canada's influence over decisions, financial contributions, regulatory obligations and dispute settlement before commitments are finalized.

Strengthen parliamentary ties with European institutions and national legislatures. This will become easier once the European Union opens its parliamentary office in Ottawa. Build support across party lines so the partnership can endure changes of government.

● (1740)

Do not let membership terminology or talk about associate membership displace scrutiny of substance. Ask what Canada gains, what Canada undertakes and how Canada retains control over choices that matter. Functionalism offers a practical discipline: Identify shared problems, assemble willing partners and resources and deliver solutions. Canada can help build a wider coalition of democracies capable of defending their interests and sustaining international rules.

Our objective should be a Canada with more choices and the capacity to act on them. Geography, history and market size tie us to the United States; Europe cannot replace this relationship, but diversification gives us more choices, greater resilience against pressures and more capacity to pursue Canadian interests.

As Prime Minister Carney recently said at the Montreal summit, “Above all, this is about sovereignty. Our ability to live our lives as we wish.” Sovereignty requires the means to exercise choices.

Thank you, Chair.

The Chair: Thank you very much.

We go next to Vina Nadjibulla to make her statement.

Vina Nadjibulla (Co-Founder and Chief Executive Officer, Centre for Strategic Statecraft): Mr. Chair and honourable members of the committee, thank you for the opportunity to appear before you today.

I would like to make three points: why a closer Canada-EU partnership matters, where the greatest opportunities lie for Canada and what challenges we need to overcome to realize its potential.

The first area is with regard to why Canada and Europe are seeking a closer relationship.

The proposed alliance for the future is about much more than trade diversification or making greater use of CETA: Fundamentally, it's about safeguarding our sovereignty and strengthening our resilience. Both Canada and Europe are confronting a world in which economic dependencies have become strategic vulnerabilities and where sovereignty increasingly depends on having the industrial, technological and defence capabilities to make and sustain independent choices. Canada and Europe are well positioned to build these strategic capabilities together. This is the central idea behind Canada's new national security strategy, also released last week. Importantly, this is not about turning away from the United States; it is about expanding our options and giving Canada greater freedom to make its own choices.

Second, I see three promising areas for practical co-operation.

The first area is building resilient supply chains, particularly in critical minerals and energy.

Both Canada and Europe need to reduce our dependence on China, especially in the refining and processing of critical minerals. The new agreement with the European Investment Bank to invest in Canadian critical minerals projects is a good start, but we should aim to attract investment into processing, refining and manufacturing, not just exporting raw materials. There is also considerable potential for deeper energy co-operation, including LNG.

The second area is defence industrial co-operation.

Canada's participation in EU's SAFE is an important opening, but our ambition should go beyond access to new markets. We should pursue joint development and co-production in such areas as drones, Arctic surveillance and maritime technologies, building lasting industrial capabilities on both sides of the Atlantic. Both Canada and Europe are making generational investments in defence. We need to ensure that these investments also strengthen our industrial base, generate innovation and create good jobs.

The third area is emerging technologies, particularly AI and quantum.

Canada's participation in European high-performance computing initiatives, along with co-operation in space technologies, will offer special opportunities to connect Canadian research strength with European capital, infrastructure and industrial partners and help Canadian companies to commercialize their innovations and achieve greater scale. We are unlikely to eliminate our dependence on American technology platforms, but we can reduce some of our most significant vulnerabilities by developing alternative capabilities with trusted partners.

Underpinning all three areas must be closer co-operation on economic security. We need greater coordination on investment screening, research security, export controls and the protection of critical infrastructure. We also need to ensure that our respective economic security measures do not inadvertently undermine each other's industries.

My third point concerns challenges of implementation.

It's much easier to negotiate ambitious agreements than to implement them. The experience with CETA is instructive. Both Canada and Europe face complex regulatory systems, lengthy procurement and approval processes, and industrial policies that do not always align. This is why I would encourage the government to focus on a manageable number of priorities with tangible results, rather than an ever-expanding agenda of negotiations and dialogues. Ultimately, governments can establish this framework for co-operation, but businesses, investors and researchers will have to turn these into opportunities.

Finally, I would emphasize that this should not be seen as an exclusively transatlantic alliance. Canada and Europe share many of these strategic interests with democratic partners in the Indo-Pacific, including Japan, Australia and Taiwan. There is an opportunity for Canada and Europe to form the nucleus of a wider network of trusted partnerships and work together to build strategic capabilities and strengthen economic and democratic resilience across regions. That, to me, is the larger promise of this new alliance for the future.

Thank you very much. I look forward to your questions.

● (1745)

The Chair: Thank you for your statement.

I now invite Catherine Fortin LeFaivre and Monika LeRoy to make their statement.

[*Translation*]

Catherine Fortin LeFaivre (Senior Vice-President, International Policy and Global Partnerships, Canadian Chamber of Commerce): Mr. Chair, members of Parliament, good afternoon.

Thank you for inviting the Canadian Chamber of Commerce. My name is Catherine Fortin LeFaivre, and I'm here with my colleague Monika LeRoy.

[*English*]

The Canadian chamber agrees that the business case for closer ties with the European Union is pragmatic and deserves serious consideration.

[*Translation*]

It's worth noting that we're actively developing partnerships in Europe and offering our members more opportunities to collaborate with European companies. Let me give you a few examples.

[*English*]

Last Thursday, in partnership with the Embassy of Italy in Canada and the Italian Trade Agency, we hosted the Italy-Canada Business Forum in Toronto, bringing together nearly 400 business leaders from both countries. Last Friday, we held a Germany-Canada business round table in Montreal with the Transatlantic Business Initiative and the Canadian-German Chamber of Industry and Commerce, focusing on CETA's effectiveness and how it could be improved.

[*Translation*]

Since September, we've also been working with France's chamber of commerce and industry to strengthen ties between our chamber of commerce networks in Canada and France.

[*English*]

In recent years, we have led business missions to Europe, including to Belgium and France for the B7 summit last June, to the U.K. in October 2025 and to Italy in 2024. Later this month, we will take part in a Canadian chambers of Europe conference in Paris, organized by the Canada-EU Trade and Investment Association, or CEUTIA, to help build chamber capacity across Europe.

European counterparts tell us that they value Canada as a trusted and reliable partner, a source of natural resources and a country that shares their commitment to democracy, human rights and multilateralism. They also recognize Canada's educated workforce and strengths in research and innovation.

● (1750)

[*Translation*]

Strengthening these ties can help Canadian businesses reach new customers, attract investment and diversify their supply chains. Many of our members support these efforts and are already strengthening their relationships with European companies.

[*English*]

Canadian chamber member companies that are successfully building their presence in Europe include OpenText, Cohere, Northern Graphite, Desjardins, Vale Base Metals and Telus, to just name a few.

EDC's September trade confidence index found that 31% of Canadian exporters plan to expand into Europe within the next two years, making it their most popular expansion region. The Indo-Pacific ranked second, at 20%.

Monika LeRoy (Senior Director, International Policy and Global Partnerships, Canadian Chamber of Commerce): CETA has provided a strong foundation. Since CETA came into force in 2017, Canada-EU merchandise trade has increased by more than 77%, reaching $134 billion in 2025. The EU is Canada's second-largest trading partner after the United States and ahead of China, accounting for 7.9% of Canada's total trade in 2024.

Our members have told us that they see CETA as a helpful framework across many sectors. At the same time, many members are waiting for practical details about what a new relationship with the EU would mean for their businesses and are still assessing the Canada-EU alliance for the future.

We strongly support increasing business ties with Europe and believe it is in Canada's interest. However, it is important to remember that the U.S. will remain Canada's largest trading partner because of our deep economic integration, shared language and geographic proximity. Diversification and North American integration are not mutually exclusive. Canada needs to pursue both in parallel.

We should be realistic about the changes with the EU. CETA has been in place for nearly a decade, but nine of the EU countries have yet to ratify it, including France and Italy. We should ask whether and how a new rapprochement will do anything to address these domestic obstacles.

CETA's use by Canadian business has also been a challenge, as evidenced by a 63% utilization rate in 2024. We need to do more to raise awareness and provide businesses with the support they need to take full advantage of this agreement. Of course, Canadian business will welcome opportunities to access new markets with lower or no tariffs, but market openings work both ways. Any new agreement must carefully consider the economic impacts across sectors.

This is why we need to make diversification work. There is a strong interest in diversification and in building global partnerships, but for it to deliver lasting results, many more businesses, especially SMEs, must be able to take part. Data released this summer by the Canadian chamber's business data lab shows that exports to non-U.S. markets rose by 17% in 2025, while the number of exporting firms increased by only 6%. This suggests that growth is coming mainly from businesses already exporting, rather than from new exporters entering new markets.

Doing business internationally can be daunting. Entering European markets means navigating different laws, languages and ways of doing business. The federal government needs to work closely with businesses on the front lines to identify gaps and partner in removing these barriers.

Many elected officials publicly state that businesses are at the heart of trade. Trade agreements open markets, but agreements do not move goods or create jobs—businesses do. That's why the business community is a true and active partner in any diversification strategy and its execution.

Thank you.

The Chair: Thank you very much for your statement.

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

You have six minutes.

Philip Lawrence: Thank you very much, Chair.

I'll start with you, Mr. Collins.

Mr. Collins, you wrote that an associate membership was “an empty phrase”. Why do you believe that the associate membership—or, as it's now termed, the alliance for the future—is an empty phrase?

David Collins: Until I see a clear explanation of what it means, I have no reason to believe otherwise. This is an obvious statement.

I'm not really sure what else to say. We need to see an explanation of what the phrase means, and then I can say whether I support it or don't support it.

● (1755)

Philip Lawrence: Thank you.

Going further in that vein, did you see anything coming from the EU summit or the new alliance for the future that would materially improve trade between the EU and Canada?

David Collins: Yes, absolutely. I think the summit was very positive. I think there were a lot of excellent indications that came out of it.

To name one concrete example, I think a digital trade agreement—which CETA lacks, because it was written 10 years ago—is an excellent move. I think that's a very good idea. I think it makes sense. There were also some practical suggestions about new undersea cables, which were great ideas. Then addressing some of the weaknesses of CETA for SMEs, for example, which some of the other speakers have alluded to, and having more dialogue and enhancing the work of the committees are all really positive steps.

I think the point I'd like to make is that with the EU, you always have to be very cautious. What is the EU getting out of it? The EU is not this cuddly, sophisticated, debonair, progressive collective. They're ruthless. They are looking to get what they can out of it, and they like to expand their regulatory ambit.

I would be skeptical as to whether or not Canada can get much more than we have already without taking on a lot of the EU's regulations, surrendering sovereignty and probably paying for it.

Philip Lawrence: On that note, Mr. Collins, is there any country that has been given access to the single market that hasn't seen its sovereignty diminished in one way or another?

David Collins: The fundamental answer to that, of course, is no. Every free trade agreement and every international treaty involves some surrendering of sovereignty.

I think we maybe shouldn't overuse that or over-dramatize it. When you sign a free trade agreement, you're binding yourself internationally. The more you get, the deeper you commit. The deepest would be EU membership. The next would be single market, like Norway or EFTA. How far do you want to go with that?

I wonder how far Canada is prepared to go, especially when Prime Minister Carney has so rightly, in my view, articulated that Canada needs to jealously safeguard our sovereignty. It's a balance, and I'm skeptical that we could get anything close to something like single market membership without some kind of dynamic alignment and probably some kind of a fee.

Possibly we could get into the specifics later.

Philip Lawrence: To get right to the specifics, the U.K. paid 20 billion euros to gain access. For Canada to gain access, regardless of the requirements for regulation compliance, there's a reasonable chance that it would mean Canadian tax dollars coughing up a fair amount of money, is there not?

David Collins: Almost certainly. That, by the way, was referenced to membership of the EU, but you may know that the U.K., as of this week, is pursuing a reset, as it's known here, with the EU, and that will involve a payment. The figures are being finalized, but it will be in the billions of pounds a year. It won't be something like 20 billion, unless Britain were to rejoin, but you can bet it will be in the billions.

I'm not quite sure what Norway pays per year to have access to the European economic area, but I think it's something like a billion euros. It won't be free. You can be sure of that.

Also, the EU won't be paying Canada. I can promise you it's not going to go the other way.

Philip Lawrence: Thank you.

One of the areas of potential regulatory compliance would be the carbon border adjustment mechanism. As you said, the EU would likely be a rule-maker, and we would be a rule-taker, given that there are 27 states in the EU and we are one nation.

For Canada to join a single market or just for deeper integration, could you see a requirement for Canada to adjust its carbon pricing to bring it in alignment with European standards?

David Collins: Of course, absolutely. Canada will not be exporting the range of products that the CBAM covers unless it pays the carbon border adjustment mechanism or adopts EU standards. You can frame that however you want—as a single market, an alliance or whatever. If Canada wants to avoid the CBAM, it's going to have to duplicate the EU's carbon rules. That is how the EU rolls. They don't take any prisoners. It's their way or the highway.

You could have economists do an analysis, and they may determine that it's worth it, but Canada would then be following the EU's carbon rules. The situation is a little bit different in Canada, and that could get complicated, but otherwise, Canada is going to be facing tariffs.

It's questionable, by the way, whether the CBAM is even lawful under the World Trade Organization. There's a strong argument that it breaches the GATT. Also, as you may know, Russia is already challenging the CBAM at the World Trade Organization, so we'll see how that plays out.

● (1800)

Philip Lawrence: The chair is about to cut me off. Thank you very much. I appreciate it.

The Chair: Thank you.

We go next to MP James Maloney.

Welcome to the committee. You have six minutes.

James Maloney (Etobicoke—Lakeshore, Lib.): Thank you, Chair.

Thank you for having me here today. We've heard interesting evidence from all of the witnesses.

Professor Collins, I'm going to start with you.

Listening to you, one could easily become quite cynical about this process we've embarked on, so I'm going to start with the "what's in a name" line of questioning.

On the one hand, you say it's difficult to assess what all this means, because we don't know what "associate member" means. Then, on the other hand, in response to Mr. Lawrence, you said that it's "an empty phrase" until we know what it means, and we'd have to see how this evolves to do that.

Isn't that the point? A lot of what you're saying, Professor, is hypothetical and based on what we don't know, and it's pure speculation. For example, you said the U.K. paid 20 billion. I think you also referred to Norway. They're not associate members, in this term that you can't define, so how can you compare that to this process that we're just starting?

David Collins: Thank you very much, and I'm sorry to sound cynical.

I want a good trade relationship between Canada and the EU. I've lived in Britain for a long time, and believe me, Brexit was horrendous. This process now is reopening old wounds.

I don't have a definition for "associate membership". With respect, you have one. Tell me what it means, and then I'll give you a more comprehensive answer.

James Maloney: I'm happy to respond to that. That's the point of my question.

We don't know what it means, and frankly, I don't think it matters. It doesn't matter what it's called; it matters what we do with it, and that's the purpose of this process. We don't know what we're going to be doing with it until we get further down the road, so why would anybody spend any amount of time talking about the name, as you did? I guess that's my question.

David Collins: I totally agree with you. You're absolutely right that the name is not important, and I think it depends on what we get out of it. However, deeper integration into the EU's market and greater access for Canadian goods will almost certainly mean taking on more of the EU's regulations.

James Maloney: I'm sorry, Professor, but you're delving into pure speculation again. You're talking about—

David Collins: I don't think that's speculation—

James Maloney: —adopting regulations and you're talking about paying fees. We don't know any of this yet. I would put that in the same category as the way you characterized the name.

David Collins: That is not speculation, sir. Every country that's ever dealt with the EU does this. Look at their track record.

James Maloney: Are you talking about the associate members?

David Collins: There is no associate member. There's no country that's—

James Maloney: That's right. We're talking about full membership versus something that Canada is embarking on, which is an entirely new process. It's going to be an entirely unique relationship, so speculating and comparing it to that, I think, is a false comparison.

Anyway, I'll move on.

Professor Robertson, one of the things we heard earlier today was that there's a theory that Canada, in doing this, is seeking to replace the trade it does with the United States with trade it would do with Europe. I don't recall ever hearing that from anybody. It is an opportunity to expand our trade.

I would agree that it won't match the trade we have with the United States, just by virtue of size and geography, but do you agree with the statement that there's some risk of creating a perception that we're replacing trade with the United States by trying to increase trade with Europe?

I'll put that out to all the witnesses.

Colin Robertson: I don't think so. I think it's complementary. In the relationship with the United States, we're currently in negotiations, as you know. You can't change geography or, as the chamber pointed out, the existing supply chains.

The European opportunity is a vast market of 455 million people. We have the seed in place, and we're looking to expand on that relationship. The Europeans—and I was involved back in the 1970s, when we were doing the contractual link—have always been somewhat tepid around this. We've usually been the demandeur. This time, for the first time in my memory, they seem just as interested. In fact, it was von der Leyen who came up with the term “associate membership”. The Prime Minister didn't use that term.

I think it's an opportunity for us to diversify and expand markets, which is important for Canada.

● (1805)

James Maloney: Thank you.

Mr. Robertson, maybe I'll stay with you.

I'm really optimistic that this will work out favourably. I say that based on the experience with CETA. I say that based on the more recent agreement, the SAFE agreement, and discussions about the DSRB. I mean, there are nine, soon to be seven, countries that haven't ratified CETA, but all nine of those countries are greatly benefiting from its terms.

What lessons could we take from CETA that would give us reason to pause and take precaution in moving forward with this new agreement?

Colin Robertson: First, to address the nine that haven't signed, my European friends say not to get fussed by that, because in fact we're getting 99% of what we want. It's often domestic reasons that have nothing to do with Canada that we're not being put forward.

I recall Mr. Trudeau going to see Mr. Macron some years ago, and Mr. Macron promising he'd proceed, but then when he tested the waters, it didn't work. In the meantime, we continue to trade with France, and I think trade with France is increasing both ways.

It's the practical aspects that I think are important. How does this actually work in purpose? Is this actually gaining contracts for Canadian firms? Are we selling more to the Europeans? Is the business increasing? That's all happening.

Now we have a political leadership in Europe where, for now—it may not be the same a year from now, but for now—we have this opportunity to become more greatly involved. I see that we'll probably be building water bombers that the Europeans will use and that we're selling helmets through the SAFE agreement to the Latvians, and this is all to the good. The Europeans are looking closely at opportunities to invest in Canada that would make it possible for us to perhaps build the infrastructure to get our energy resources, particularly LNG and perhaps oil, to the Europeans.

James Maloney: Thank you.

The Chair: Thank you very much.

I understand that Mr. Brunelle-Duceppe and Mr. Simard will be sharing the next six minutes of questioning.

We will start with you, Mr. Simard.

[*Translation*]

Mario Simard (Jonquière—Hébertville—Pays-des-Bleuets, BQ): Thank you, Mr. Chair.

I just want to make sure our witnesses can hear the interpreter's melodious voice clearly rather than mine. I'm being told everything is fine.

Mr. Collins, I'd like to return to the excellent and very informative exchange you had with Mr. Maloney.

I fully understand that associate member status is somewhat nebulous. However, we must also recognize that Quebec is the province that trades the most with the European Union, and there are European Union standards that could have a devastating effect on Canada's economy. In saying this, I'm thinking in particular of the deforestation standards.

At the end of December, standards concerning the traceability of products from the forestry industry will come into force in the European Union. These standards will, in a way, prevent Chinese and Russian products from entering the European market. However, we know very well that these Chinese and Russian products, whether flooring or furniture, could end up in Canada.

Therefore, we need to start thinking about mirror measures to ensure that, because we have good forestry practices, our forestry industry, which is going through difficult times, isn't overwhelmed by an influx of Chinese and Russian products that will no longer find buyers in the European Union. Collaboration and harmonization with the European Union are essential.

I'd like to hear your comments on that, beyond the special associate member status, which may be taking up time unnecessarily.

[*English*]

David Collins: Thank you very much.

I'm not an expert in forestry, but you're absolutely right. I think one of the goals of continued negotiations with the EU would be alignment in sectors like forestry. That would be ideal. Wouldn't it be ideal if the EU were to accept Canadian standards, and vice versa? Then products coming in from third countries, transshipments, could be avoided in terms of Russia and so on.

Maybe that will happen. If it does, well done to the Canadian negotiators for achieving that. Good job. I hope it happens.

I think you will find it difficult with the EU, because they tend to foist their standards on other countries. This is called the "Brussels effect", and they're very proud of it. They see themselves as a regulatory hegemon. They want the world to adopt EU standards.

Now, it may be that Canada finds some common ground there and that it can work, but it may not. You would need to speak to someone from the forestry sector, but I would be concerned if Canada were being compelled to adopt a standard that doesn't serve Canadian interests and maybe stifles innovation or stifles industry in Quebec. Then we could end up being users—

● (1810)

[*Translation*]

Mario Simard: I understand very well, but Canadian interests aren't uniform. That's the problem, unfortunately. Having a carbon price on pollution for products entering Europe can make things much easier for many businesses in Quebec, including those in the manufacturing sector—I'm thinking of large aluminum smelters—or those with a very low carbon footprint. So we also need to think about this: Economies that have chosen to pursue decarbonization may have an advantage in the trade agreements currently being developed with the European Union.

Do you agree with this way of looking at things?

[*English*]

David Collins: It's quite possible.

At this moment, the United Kingdom is planning to join onto the EU's carbon market so that the standards are matched, to prevent border friction, and the United Kingdom is going to pay for this. The amount is being decided at the end of this month. Just to be clear, the United Kingdom is going to pay an annual fee to participate in the EU's carbon market.

[*Translation*]

Mario Simard: Thank you very much.

[*English*]

David Collins: If Canada doesn't have to do that and Canada secures a better deal, that's wonderful, but I doubt that it's going to happen. Canada has even less bargaining power than the United Kingdom does, because it's a smaller economy.

[*Translation*]

Mario Simard: Mr. Collins, I'm going to have to give the floor to my colleague Mr. Brunelle-Duceppe for some less interesting matters.

Thank you very much.

Alexis Brunelle-Duceppe: Mr. Collins, I'm sorry to have put you through Mario Simard, the member for the riding of Jonquière—Hébertville—Pays-des-Bleuets. We like each other, but we are unfortunately neighbours in terms of our ridings, our offices and our chairs in Parliament.

Mr. Chair, I want to debate a motion that I gave notice of on October 2, 2026, and that I propose to put to a vote today. It reads as follows:

> That, pursuant to Standing Order 108(2), the Standing Committee on Foreign Affairs and International Development undertake a study on the state of diplomatic, trade and defence relations between the Government of Canada and the Government of the People's Republic of China;
>
> That the committee hear from, among others:
>
> a. the Minister of Foreign Affairs, the Honourable Anita Anand;
>
> b. senior officials from the Department of Foreign Affairs, Trade and Development;
>
> c. any other witnesses deemed relevant by the committee.

I don't think we should get into heated debates over this motion. I think that the current events, the context and everything that's happening geopolitically around the world and in relation to Canada's current relations, including with China—a reconciliation has taken place since Mr. Carney took office—make it worth it for everyone to vote quickly in favour of this motion so that we can have a debate and a study that would yield concrete results regarding what's currently happening.

[*English*]

The Chair: I see that MP Lawrence and MP Anderson want to comment on the motion, as well as MP Sari and then MP Zuberi.

MP Lawrence, go ahead.

Philip Lawrence: I'll be brief so that, hopefully, we can get back to the witness testimony quickly.

Conservatives support this motion. We believe that the "strategic partnership", as the Prime Minister called the relationship with China, deserves to be studied. This has not yet been studied or in any way reviewed by Parliament, and we believe that this relationship is, as the Prime Minister said, a key strategic partnership and, as such, deserves to be studied.

The Chair: Mr. Anderson is next.

Scott Anderson: I'm afraid my colleague just stole my thunder. That's fine.

The Chair: Next is MP Sari.

[*Translation*]

Abdelhaq Sari: I just want to ask that the meeting be suspended so that we can go in camera. We would have liked to hear from the other witnesses, but we truly have a situation where we really need to—

[*English*]

The Chair: The member has the right to make a comment.

We'll go next to MP Zuberi and then MP Barlow.

MP Zuberi, go ahead.

Please, members, comments should be addressed through the chair. Mr. Zuberi has the floor.

Go ahead.

Sameer Zuberi: Right now, we're in open session. Normally, motions and committee business are discussed in camera, but also, as my colleague mentioned, I think we need to have some conversations across the table. I personally would prefer that we suspend.

● (1815)

The Chair: I have Mr. Barlow and then Mr. Aboultaif.

John Barlow: Thank you, Chair. I'll be very quick.

I think this study is important because the tariff regime with China and Canada on the canola and beef was extended today by a year. Those tariffs still remain. Our producers want to understand why those tariffs, a 100% tariff on canola meal and a 15% tariff on canola seed, are still in place and have not been removed.

There were some initiatives in a new strategic partnership with China that these tariffs would be removed, and that hasn't happened. I'd like an explanation on the reasons.

The Chair: Go ahead, Mr. Aboultaif.

Ziad Aboultaif (Edmonton Manning, CPC): Thanks, Chair.

I think the honourable member from the Bloc Québécois is in good standing. It's time he put this motion forward, and we definitely support it. I think having a study on the relationship with China in light of what's going on these days is quite critical and very important, and I think it will be beneficial for Canadians to understand and hear where this is going and how far we can go with that.

This is what I have to say, and again, the honourable member is in good standing on his right to do that.

The Chair: To facilitate discussions among parties, I will suspend for five minutes.

● (1815)

_____(Pause)_____

● (1820)

The Chair: We will resume the meeting and proceed.

Are there any further questions or comments on the motion?

Yes, go ahead.

[*Translation*]

Alexis Brunelle-Duceppe: I get the impression that it has resumed, but there are still discussions on the other side.

I apologize to the witnesses. That kind of thing is always interesting.

What I understand from the discussions we had during the suspension is that, first of all, my colleagues in the Conservative Party fully support the motion I moved. I'm grateful for that. Second, what I understand is that the Liberal Party is open to voting on such a motion, but the Liberals need to consult, at greater length, some of their colleagues who are not here today.

I'm ready. You know me, Mr. Chair; I'm magnanimous. I'm a cooperative guy who likes cross-partisan action. That's the sort of guy I am. I'm a kind-hearted guy; you know me. As a result, I'm prepared to agree to postpone the debate on this motion. However, I insist that the debate be held in public. My only condition today for postponing debate on this motion is that the debate has to take place in public when there are amendments to be made by the government party. We're here to work together. We have come in peace.

[*English*]

The Chair: Thank you.

MP Sari, did you have your hand up?

MP Zuberi is first, and then MP Sari.

● (1825)

[*Translation*]

Sameer Zuberi: Thank you, Mr. Chair.

I really like the spirit of my colleague from an opposition party. As he said, we're here in a spirit of collegiality.

[*English*]

Our parliamentary secretaries for foreign affairs are not here today, and this is an important motion that has been moved. That goes without saying. We are on a similar page, or the same page, I would say.

I know we've had conversations on the side, and they were very positive. As I mentioned earlier, on our side, we see this as an important motion and we're not stepping away from it. It's just that our parliamentary secretaries are not here today. We are suggesting that this debate happen again.

I move to adjourn debate.

The Chair: Is there agreement across the aisle to adjourn debate on this matter?

[*Translation*]

Alexis Brunelle-Duceppe: Mr. Chair, I agree with my colleague and friend Mr. Zuberi, but I just want to confirm that if we adjourn the debate, it will continue in public when we resume. That's my only condition.

[*English*]

The Chair: Go ahead, Mr. Zuberi.

Sameer Zuberi: I understand that my motion is a dilatory motion. It's not open to debate; it's open to a vote. We have to vote upon it.

I moved to adjourn debate in my last statement.

The Chair: I invite members to use a show of hands to determine whether we're in agreement with the motion. Otherwise, we can move to a vote. We'll try a show of hands.

Who's in agreement to adjourn debate on this motion?

I see that the yeas have it.

Philip Lawrence: Can we have a recorded vote?

The Chair: I'm fine with that. Let's do that.

(Motion agreed to: yeas 6; nays 5)

The Chair: The motion is adopted. We'll adjourn debate on this matter.

We will now resume the questions from members.

MP Aboultaif, you have five minutes.

Ziad Aboultaif: Thanks for the generosity, Mr. Chair.

Professor Collins, you argued that CETA is showing its age and requires modernization. We also heard from another source or other commentator that President von der Leyen is looking to basically change CETA, not so much modernize it but to amend it. That's not what we heard after the Montreal summit. Nobody's been hearing this. Canadians are not being told. There's not been transparency in the whole conversation around this.

I'd like you to elaborate on this, because it's very critical. CETA, after I think 2017-18, had to be redone one more time. It also hasn't delivered, in my opinion, with my background in international trade. With the size of the agreement, I don't think CETA has delivered enough results to somehow be amended or changed.

I would appreciate your comment on this.

● (1830)

David Collins: Again, I think there may be a semantic issue here about what is meant by “amendment” or “change”.

It's an agreement that obviously requires modernization, especially in relation to digital trade, which we've already discussed, but one of the good things about CETA is that it's designed to evolve, because it creates so many committees that are designed to foster dialogue. I would suggest that the mechanisms are there to pursue deeper liberalization—for example, under services and on mutual recognition of professional qualifications, which can be hashed out in these committees. Perhaps that's what she was alluding to.

In terms of CETA not delivering, I suspect that one of the other guests on the panel would be in a better position to comment on that.

One area where I know CETA has struggled is in terms of the mutual recognition of agricultural products, for which there have been insufficient inspectors in Canada to satisfy the EU requirements. I recall hearing about that some time ago. There are issues in relation to tariff rate quotas that were not properly ironed out. The details of rules of origin could be improved, and so on.

I'm not quite sure what Madam von der Leyen meant by that, but it may just be a euphemism for renegotiating CETA and hopefully improving upon it. I certainly don't think it's going to be a step backwards. I think it's going to get better, not worse.

I hope that answers the question.

Ziad Aboultaif: The term “associate member” was very abused. It was used without any explanation of what it was supposed to mean. We had the department here earlier, and even they don't understand what it means. Then we're hearing that this is a way to change or amend CETA.

You are a professor of international economic law. You've spoken about the devil being in the details and what those details will mean, product by product and issue by issue, and about all the complexity over how we're going to advance this whole relationship in the time we need to do it. We know that the Europeans are in a hurry to do something, but we're not sure if the rules and regulations will allow that to happen.

I would like you to weigh in on this. I'm afraid that those complexities and those details have not been explained to Canadians.

David Collins: I think you hit the nail on the head there. In fact, I think this is the expertise of the committee.

I think this was a political declaration. I don't want to call it a political stunt. That would be unfair, but I think this was designed to send a message about partnership and unity between Canada and the bloc, as it were. I think that's why this term was used. It's because it's so evocative and because it provokes such a response from the media. I suspect that this was what President von der Leyen sought and I think Prime Minister Carney was quite happy with that.

Let's be honest: I think it sent a message to the Americans that Canada doesn't need them that much. This is all about the middle-power alliance that one of the other members alluded to.

I think what's really going on is that you're seeing a technical upgrade of CETA, which I completely support, but be careful. It's not going to come without a price.

Ziad Aboultaif: I'm surprised to hear the reactionary move by.... This is bigger than sending a message in this direction or that. This is about trade between members of the G7 with huge economic and historic relationships, and here we, are trying to flag a message to this side, to that side, to the Americans or vice versa.

As a parliamentarian, I feel that this is wrong by nature. Playing with words has not really been going well, as far as how Canadians feel. We hear that from our constituents on an everyday basis.

The Chair: Thank you very much.

Next we will go to MP Dhillon. You have five minutes.

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

My first question will be for Ms. Nadjibulla.

You spoke during your opening testimony about manageable priorities. Which ones do you recommend?

Vina Nadjibulla: As I mentioned, there are three key areas: critical minerals and energy, defence co-operation and technology.

We have a huge opportunity to do a lot more in the defence industrial space. European countries and Canada will both be spending billions in the coming years. We need to do that in a way that builds industrial capacity, both in Canada and in the European countries. That's a huge priority. We have to move on that.

It's the same with partnerships around AI, quantum and other frontier technologies. That's a huge area of opportunity.

Then there are also supply chains for critical raw materials. Critical minerals would be important.

We can debate a lot about hypotheticals of the membership, associate or otherwise, but there are some real things that were identified during the Montreal summit in the joint statement that I think deserve attention from government, industry and civil society. To me, those are the most promising areas of this summit and this new alliance, or whatever it is we call it.

● (1835)

Anju Dhillon: I will follow up about critical minerals.

You also mentioned that it would be good to combine Canadian, Asian and European manufacturing. Could you talk to us a little bit more about that in this framework? What would that look like?

Vina Nadjibulla: I can, absolutely. I think that's the interesting part about this new alliance that's being proposed: It doesn't need to be limited to just Europe. We also need democratic, like-minded partners in other parts of the world, like Japan or Australia, for instance, and South Korea.

When it comes to critical minerals, we have something to build on through the G7+ initiative, which already brings Australia, Japan, South Korea and others into the conversation. All of us are absolutely over-dependent on China. It controls over 90% of the refining of critical minerals. It has already shown that it's willing to use that as leverage.

This is a key priority, and Canada has a lot to bring to the table, but we can't do it alone. We need investment from these other jurisdictions. We need to combine efforts to do joint stockpiling and joint projects around refining and development, not just with Europe but also with Asia.

Anju Dhillon: That's wonderful. You actually answered my next question.

You have spoken about this not being an anti-U.S. coalition but more as co-operation when it comes to uncertainty in the world. Can you expand a little bit about that, please?

Vina Nadjibulla: Absolutely.

I don't believe anybody's trying to replace the U.S. That's not going to be possible.

Ideally, the U.S. would be at the table when we're talking about strengthening supply chains and democratic resilience. This is about working with the U.S. when the U.S. is at the table, but having options if the U.S. doesn't want to participate. It's about reducing overreliance and having options and choices. It's not about turning away from the U.S., because that's simply not possible, given our geography, given our integrated supply chains, given that the U.S. is the largest economy and given the advanced technological capabilities that the U.S. brings to the table.

It's not about walking away from the U.S. It's about being able to come to the table with something and then having choices and options.

Anju Dhillon: We keep hearing so much negativity around this as well. Could you talk to us a little bit about what you've seen coming out of Montreal during the EU-Canada summit? What are some concrete things you saw that gave you hope for the future to keep us connected? We have to continue in this way so that we can give markets a chance.

Vina Nadjibulla: Absolutely. I think so much of the conversation, unfortunately, focused on this terminology of "associate membership", which to me is a distraction. There are some specific things that we can be doing together.

For example, even our think tank on the margins of the summit organized a defence dialogue with a German company, a defence AI company that focuses on supporting Ukraine right now and has also opened an office here in Canada. There was this conversation about how Europe and Canada can help each other on these strategic capabilities when it comes to defence, when it comes to AI and when it comes to supply chains, and bringing industry and civil society expertise together with government, because governments can't do this alone. They can create the space, but ultimately, they need the rest of us to participate. I think there was a lot of momentum around the Montreal summit that hopefully now can be built on, especially through private sector partnerships in the sectors that I mentioned.

● (1840)

The Chair: Thank you very much.

We'll go next to Mr. Simard. You have two and a half minutes.

[*Translation*]

Mario Simard: Thank you very much, Mr. Chair.

That was a very interesting discussion with you, Ms. Nadjibulla.

I just want to come back to one question. I know that there have been discussions between Canada and the European Union, and there's a lot of talk about the possibilities of establishing strategic reserves of critical minerals. That discussion is there. I know that the European Union already has strategic reserves in place for rare earths and tungsten. That may eventually be the case for graphite. However, these discussions are moving very slowly.

You know, maybe that's the problem. There's a strategic partnership program that provides funding for critical minerals programs. For us, I'm thinking in particular of phosphate, which is on the list of critical minerals. However, unfortunately, there is a disconnect. These programs or critical minerals do manage to get funding from the federal government and European partners, but unfortunately, under the budget—we will see tomorrow—these projects are still poorly aligned with the federal government's Canadian critical minerals strategy. That's a long preamble.

Isn't there currently more discussion than action in federal policy? I'd like to hear your comments on that.

[*English*]

Vina Nadjibulla: You're absolutely right that so far, the progress....

Can I continue?

[*Translation*]

Mario Simard: We can hear you properly.

[*English*]

Vina Nadjibulla: You're absolutely right that the progress so far has been relatively slow. I think that has to do with the regulatory process, both in Europe and also in Canada. That is exactly how we lost the advantage to China over the last two decades. They've moved much more quickly.

I think what we're going to see, both in the budget and also in the new critical mineral strategy, will be important, because when it was developed a number of years ago, the focus was not really on joint investments with our partners in Europe or Asia. It was a lot more. It was essentially a mining strategy for Canada, rather than looking at the geo-economics of how the supply chains on critical minerals have changed, so to me, there is a recognition that we're in a different moment now.

We need these resources for our defence and our industrial policies, and it can't just be looked at from a one-sector perspective. It has to be integrated into our national security and economic security. That's the first thing: recognition.

Then, of course, we do need to move much faster on permitting, and when it comes to refining, we are nowhere. Unfortunately, it's still very much a China game.

[*Translation*]

Mario Simard: Thank you very much.

If you could submit recommendations related to what you just said to the committee, we would be very grateful.

[*English*]

The Chair: Thank you very much to all the witnesses who have joined us by video conference and in person for your time and your testimony today. We really appreciate it.

Colleagues, our next meeting is on Monday, November 16.

I hereby adjourn the meeting.

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

SPEAKER'S PERMISSION

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

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

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

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

Also available on the House of Commons website at the following address: https://www.ourcommons.ca

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

PERMISSION DU PRÉSIDENT

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

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

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

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

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante : https://www.noscommunes.ca