HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

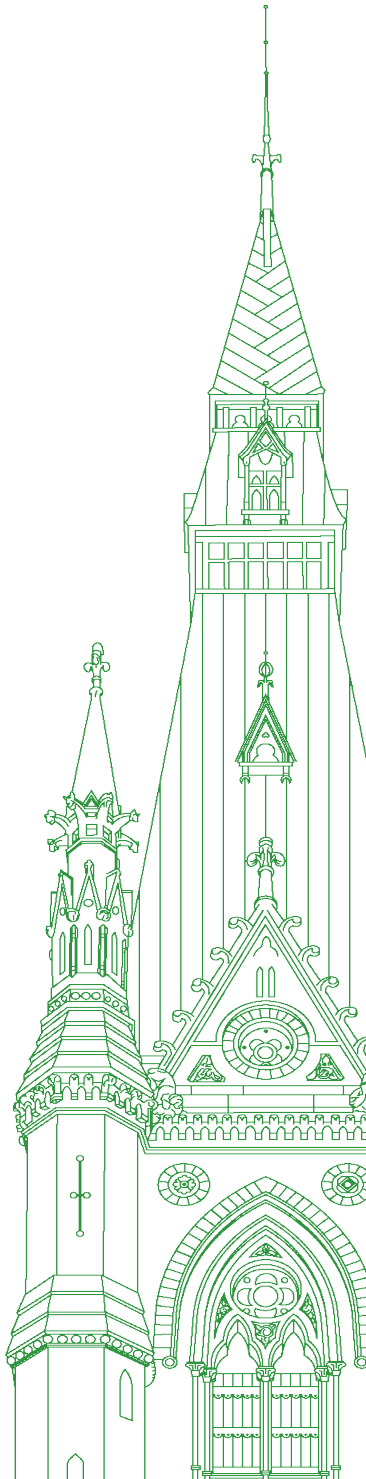
45th PARLIAMENT, 1st SESSION

Standing Committee on Foreign Affairs and International Development

EVIDENCE

NUMBER 050

Monday, November 16, 2026



Chair: Ahmed Hussen

Standing Committee on Foreign Affairs and International Development

Monday, November 16, 2026

● (1105)

[*English*]

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

Welcome to meeting number 50 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 Thursday, February 12, 2026, the committee is meeting regarding its study of the bilateral relationship between Canada and the United States.

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

Before I invite the witnesses for our first hour, I'd like to remind members that we have an informal meeting with the Danish Parliament's European Affairs Committee after the end of our regular committee meeting. That meeting is scheduled to run from 1 p.m. to 1:45 p.m.

[*Translation*]

I would now like to welcome the witnesses who will be with us for the next hour.

[*English*]

Appearing before us today, we have two witnesses: Derek Burney, former ambassador of Canada to the United States of America, who is joining us by video conference; and David MacNaughton, former ambassador of Canada to the United States of America, who is appearing in person.

It is a pleasure, of course, to welcome both of you, distinguished witnesses.

I will provide up to five minutes for opening remarks, after which we will proceed with rounds of questions.

I now invite David MacNaughton to deliver his remarks.

David B. MacNaughton (Former Ambassador of Canada to the United States of America, As an Individual): Thank you very much.

I'd like to outline a couple of things.

First of all, I do not believe that we should agree to any deal with the United States that doesn't include a commitment by them not to use specious arguments for imposing tariffs on Canada like sections 232 and 338. We have a trade deal with the United States that doesn't expire until 2036. It may well need improvements, hence the review mechanism that we included in the deal. The CUSMA is a trilateral agreement, but we also have a bilateral agreement with the United States called NORAD. The notion that somehow or other Canada is a national security threat to the United States or that anything we do is a national security threat is absurd. Likewise, the arguments about fentanyl and about using forced labour are all nonsense used by the administration to get around having to go through Congress.

While it may be tempting—I honestly feel very badly for a lot of the workers who have been laid off and for the companies that have been put in a difficult position with the imposition of these tariffs under section 338 or 232, or any of the other ones—it would be a mistake, in my view, to try to cut a short-term deal, when the reality is that the President of the United States could wake up two weeks from now and decide he wants to reimpose the tariffs. That's the first point I'd like to make.

The second point is that while I applaud the Prime Minister's commitment to diversifying our trading relationships, the reality is that even if we're very successful at this, we'll still be exporting more than 60% to the United States. Finding a reliable and sustainable arrangement with the United States is still important. I think it's important that we try to focus and get that done.

The third point I'd like to make is that while we work on a binding trade pact renewal with the United States and seek diversified markets, we also need to continue to work on improving productivity in Canada and on eliminating internal trade barriers and the obsession at all levels of government in this country with process rather than outcomes. I think it's fair to say that this country was not built on having process police in charge of government or box-checkers running things. The fact of the matter is that we have slipped into a situation where it is really hard to get things done.

Those are the three points I'd like to make.

It's easy to get a deal. Don't do a bad deal. Make sure that we have some protection against the kinds of ridiculous arguments that have been made to impose the tariffs on us in the present moment.

Second, let's diversify our trade, but also let's find a way to get some kind of a long-term agreement with the United States back in place.

Third, let's work on becoming more productive as a country, because this does give us a chance. I've said this to other politicians: I believe that the Canadian public is in a mood where they are prepared to accept dramatic, forceful action—things they wouldn't have been prepared to accept in other circumstances. I think that, in politics, we sometimes listen too much to the squeaky wheel rather than try to find a way to get things done. That's more than just talk; that's action.

● (1110)

I would encourage you all to think about all of the things that built this country, like railways from one coast to the other and all of the wonderful things that have been done to make this country a great country, and see whether we can't pull together and do some more of that over the next few years.

Thank you.

The Chair: Thank you very much, Mr. MacNaughton.

I now invite Mr. Derek Burney to deliver his remarks, and I thank him for joining us virtually all the way from Colorado.

Derek Burney (Former Ambassador of Canada to the United States of America, As an Individual): I'm pleased to be with you this morning alongside my good friend and former colleague David MacNaughton.

The mid-term elections delivered a thumping rebuke to Trumpism. The Democrats captured comfortable majorities in both the Senate and the House. Affordability was the main concern in the election, amplified by the erratic U.S. strategy in Iran and followed closely by charges of corruption targeting primarily the wealth amassed by the president, his family and several in the administration.

Trump had promised a golden age for America with “the best jobs, the biggest paycheques and the brightest economic future the world has ever seen.” He also promised no more endless wars. He did not deliver on either.

The president asked the electorate to vote as if he were on the ballot, and they did just that, emphatically.

His betrayal of Ukraine's Zelenskyy and relentless coddling of Russia's Putin did not help, provoking serious unease in the western alliance.

The American economy is growing, but the results are uneven. Since January 2025, the richest Americans have gained nearly 3%, whereas the poorest tenth of American households have lost almost 3% of their incomes.

Stock markets delivered similarly lopsided results. Of the $17-trillion U.S. increase in U.S. equity and mutual fund wealth since the end of 2024, almost 90% went to the richest tenth of households compared with 0.6% for the lower half.

As many economists predicted, Trump's tariff mania backfired spectacularly and also contributed to the election result. The cost of these tariffs fell primarily on U.S. customers and producers. The U.S. trade deficit remains near historic highs. Even though some countries were shabbily coerced into investing in the U.S. in order to alleviate the tariff burden, a growth in manufacturing jobs has not materialized.

What does all this mean for Canada?

First, the government was right to walk away from a one-sided agreement and essentially keep its negotiating powder dry during the election campaign.

Second, the Democrats have already indicated they intend to restore power for tariffs and trade to Congress, as defined by the U.S. Constitution.

Third, the legality of the most recent tariffs is being challenged in the courts, and the challenge is likely to win, just as did an earlier appeal of the “Liberation Day” tariffs.

Fourth, Canada must intensify its diversification efforts, notably in Asia.

Fifth, the government should threaten to reduce federal transfers to delinquent provinces to “encourage” a complete elimination of internal trade barriers. We've talked about this forever and done little to correct it.

The prospect of a reinvigorated Congress standing up to a weakened administration offers some reason for hope, but a divided government will more likely produce gridlock with many presidential vetoes, and political attention will soon focus on the prospects for 2028.

What is certain is that relations with the United States will never be the same. Once fractured, the bonds of mutual trust and respect are difficult to mend, but if, as the Prime Minister said recently, the U.S. is now offering more and demanding less, we may be on the cusp of a trade deal. Only time and the whim of a now-embattled president will tell.

Thank you.

The Chair: Thank you very much for your statement.

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

You have six minutes, please.

Shuvaloy Majumdar (Calgary Heritage, CPC): Thank you very much, Chair.

It's nice to be joined by two really remarkable diplomats who have served their country both politically and diplomatically and are people whom I have gotten to know over the years.

Welcome to the committee, and thank you for the opportunity to ask a couple of questions.

Mr. Burney, I'm going to start with you, my friend. It's good to see you. You look like you're doing well.

I wanted to ask you this: Between 1988 and 2026, a lot has changed in the world. Your negotiations for North America 40 years ago were set at the end of the Cold War, and today we're in integrated technology, energy and investment supply chains that the world has built over the last 40 years.

When it comes to how the PRC and Beijing has weaponized commerce around the world and how it affects North America, I want you to take a step back and offer your thoughts on how different this trading architecture is.

● (1115)

Derek Burney: The world has certainly changed over 40 years, and China is a much more formidable adversary today than it was 40 years ago. I think it was a mistake for the WTO to allow China in with the generous terms that they received and that they still benefit from. That's something that should be corrected, because they no longer qualify as a developing country.

Beyond that, the real problem is what the U.S. has done to the provisions of the WTO. They have violated every single one of them. With Donald Trump, a negotiation means "I win and you lose." That's the characteristic that illustrates his approach to negotiations. That's why I think we have to be very careful in addressing the prospect of a new agreement, especially while he remains the president.

As David said, two weeks after you agree, he may very well change his mind. He changes his mind recklessly and frequently. That is not good for our bilateral relationship, and it's not good for the rule of the western alliance in the world today.

Shuvaloy Majumdar: Thank you for that.

When you describe what that means for Canada, it's a different type of neighbourhood. The negotiation that we had 40 years ago was built upon a world of trust between the United States and Canada. You mentioned that because of the result of these unjustified tariffs and the way that American pressure has been imposed on Canada.... It started with Donald Trump, continued through Biden and has been reanimated this time.

How do you suggest that Canada take more of a realist's perspective on the priority of the geography of North America and our trade diversification measures around the world?

Derek Burney: What I would add to your question, if I may, is that the biggest difference today compared with 40 years ago is the position of the leaders. Among Ronald Reagan, George H. W. Bush and our prime minister at the time, Brian Mulroney, there was a mutual agreement on what kind of negotiation we would have. It was because the leaders continuously supported the negotiation—one that they recognized had to provide mutual benefit—that we were successful. I don't see how we can come to a satisfactory trade negotiation with a leader who has no respect for the international norms on trade policy, let alone the norms of agreements that he already signed involving Canada.

It's a problem of a lack of leadership, and that's the biggest change.

I don't want to overemphasize diversification, because David is right. We are always going to be dependent and reliant on our trade relationship with the United States, but we could reduce our vulnerability. There are markets that we should be tapping more aggressively. I'm not too concerned about Europe. It's taken them nine years to approve the CETA that was negotiated, so I don't know how long it would take for us to diversify effectively in Europe. I think we may be wasting too much time on that region, frankly.

I do think there's great scope for diversification in Asia with Japan, with India, with South Korea, with Indonesia and with the countries of ASEAN. I'm delighted that we've concluded an agreement with the Philippines and with ASEAN just recently.

More importantly, though, Shuv, I think our private sector has to wake up. Recently, Cameco concluded a $2.6-billion contract on uranium with India. We need more of that. We need more Canadian companies to take the lead in diversifying and not rely on the government to do all the work. The government can provide a framework for them to expand, but you know as well as I do that our private sector is too complacent in the cocoon of North America, which they have enjoyed for more than five decades. That's not the world we're in today. They have to wake up and see the opportunities that exist around the world, as I said, notably in Asia.

● (1120)

Shuvaloy Majumdar: I appreciate that and your time in Asia, both in Korea and Japan.

I'm going to turn now to you, Mr. MacNaughton, on that point of productivity that you mentioned during your opening testimony, where you described these big decisions that Canada has to make now to unleash our capabilities.

Energy is an incredible opportunity for our country, not just with Washington but with the world. Let me ask you this: There have been some limitations internally on how we can get energy to market, particularly when it comes to emissions caps and other policies that have essentially created an environment where that investment that Ambassador Burney has suggested couldn't come in.

What would you do to unlock our energy resources and deal with those emissions caps?

The Chair: We're way over time, so unless you have a brief response, I have to go to the next person.

David B. MacNaughton: Climate change is a global problem, and I think the reality is that for us to put emissions caps on things like LNG, when the export of LNG would actually reduce global emissions, doesn't make any sense at all. It's kind of like feeling good about unilateral disarmament, but it doesn't work very well.

We have to be sensible about making sure that our industry does the best it can in terms of emissions, but the reality is that blocking exports of our product simply opens the door.... It's like what Germany found when they decided to get out of nuclear and all of a sudden they were bringing back natural gas. It doesn't make any sense.

Let's do our part to reduce global emissions by doing nuclear and by doing LNG and oil, which we do better than many other countries in the world.

The Chair: Thank you.

MP Clark, you have six minutes.

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

Mr. MacNaughton and Mr. Burney, thank you both so much for being here today. Thank you for your service to our country and to our government over the decades as well.

Obviously, both of you have had up-close-and-personal interactions with the two trade deals that we've negotiated successfully with the U.S. over the last 40 years or so.

Mr. MacNaughton, if I could start with you, obviously you had a front-row seat to the first Trump administration and the negotiations surrounding CUSMA, which were successfully concluded after some back-and-forth, as these negotiations often are.

I'm curious. From your perspective, looking at Trump one versus Trump two, what do you see if you compare and contrast those two? What has changed to make the trade environment so much more difficult than it was when you were in Washington?

David B. MacNaughton: I'd like to say that it was because I was there that we got it all done, but it's not true.

Under Trump one, while the Peter Navarros were around, the fact of the matter is that he had advisers who were sane and were trying to build a relationship that was good for both sides. As Derek said, even though the president likes to have his "I win, you lose" mentality, he said the USMCA-CUSMA was the best trade deal the United States had ever negotiated. Then, all of a sudden, he tried to get around it.

It was a different time and I think he came back into power with the view that he was going to surround himself with people who fundamentally agreed with him and would agree with whatever he did, and that's what's happening. There's virtually no push-back. I heard his new chief of staff saying tariffs are good, and his commerce secretary said the same thing.

Jamieson Greer, who's the U.S. Trade Representative, is a sensible guy and a professional person. I worked with him for a bit. He was Bob Lighthizer's chief of staff, but the reality is that the person who's running the trade file is in the White House, and as Derek says, he wants to say, "I win, you lose," so that's the difference.

● (1125)

Braedon Clark: I'm also curious about this: You've said in the past that the old relationship, which, of course, Canada benefited from immensely over the course of several decades, might not be returning. I think that's a very fair assessment. In January 2029, whether there's a Republican or a Democrat in the White House, it would be folly to assume that we will go back to true free trade, which we enjoyed for so long.

If that's the case, and if that's the assumption we should at least be starting from, what does a practical new kind of relationship look like? What are the pillars of that relationship, in your view?

David B. MacNaughton: For starters, we need to get rid of this whole notion that, somehow or other, the executive branch can do whatever. Some of that will come through the lawsuits taking place, but the U.S. Congress needs to reassert its constitutional rights on tariffs and trade.

We ended up in a situation where Mexico did a deal with the United States. The Americans came to us and said, "If you don't go along with everything the Mexicans agreed to, we're going to just do a bilateral deal, so you're done." I ended up working with a group of seven Republican and seven Democratic senators. They ultimately agreed that it needed to be a trilateral agreement. They went to the White House and said, "We will not pass this through Congress if Canada isn't part of it, so open up the door again for Canada." As a result of that, we were able to get the dispute resolution mechanism back in and do some things on autos that the Mexicans had agreed to but that we didn't agree with. Also, we got the 2026 termination clause extended to 2036, with annual reviews after 2026.

Congress played a really important role. It needs to assert itself again.

Braedon Clark: You touched on Congress, which is really important. Obviously, there's a huge change coming in January—a new Congress.

What, in your view, can they do? So much of what the president has done on trade has been through executive orders. What are the number one and number two priorities for Congress in the next few months?

David B. MacNaughton: Part of that is this: They need to speak up and help educate the American public about how ridiculous some of these alleged transgressions by Canada are. I don't think a lot of Americans are aware that these are nonsense arguments. It's not going to be easy.

As Derek said, we have to understand that the relationship has fundamentally changed. We're going to have to try to find the best way we can to re-establish a meaningful relationship, but it ain't going back to what it was before.

The Chair: Thank you.

[*Translation*]

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

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

I'd like to thank the witnesses for being with us today and sharing their experience and expertise with us.

I'll start with Mr. MacNaughton.

Recently, the Premier of Quebec wrote to 59 U.S. elected officials because he wants to develop direct relationships with them. This initiative could fairly be described as having been poorly received by the Canadian government. Mr. Carney recently said that it was preferable to have a single negotiator in trade talks with the United States, noting that this authority falls under federal jurisdiction. However, Quebec, like the other provinces, has distinct economic interests. It has a long history of direct relationships with a number of U.S. states.

Do you believe that Quebec and the provinces, particularly those directly or most heavily affected by U.S. trade measures, should be more involved in Canada's negotiation strategy?

● (1130)

[*English*]

David B. MacNaughton: One reason we were very successful in getting the revitalized NAFTA agreement was the whole team Canada approach. I spent a fair bit of time going across the country. I met with provincial premiers and cabinets.

There are obviously going to be differences of opinion and differences in approach. I don't have any problem with individual premiers reaching out to have discussions and that kind of thing, but there needs to be some collaboration or coordination because, if the President of the United States sees the Premier of Quebec over here, the Premier of B.C. here and the Premier of Ontario doing something else, he will use it to divide and conquer.

I understand, and politically I can just imagine, the pressure that they're getting when you look at tariffs on aluminum and things like that. Wherever possible, though, we should be trying to find a collaboration and a team Canada approach to things because, as I said, otherwise, they will simply use it to divide and conquer. I fully understand the Premier of Quebec's interest and desire in this.

[*Translation*]

Alexis Brunelle-Duceppe: There's also Premier Ford, who has made some fairly forceful statements over the past two years.

Do we sometimes underestimate the role that Quebec, the provinces and the governors of the various states can play when it comes to the kind of tariff dispute we're currently experiencing? Shouldn't they play a greater role?

Are we underestimating the influence that individual U.S. states and Canadian provinces can have?

[*English*]

David B. MacNaughton: Reaching out and speaking to governors, doing that is important. Sometimes the relationship between the premiers and the governors can make a huge difference. I used to go to the western governors' conference and the Great Lakes governors', and they would all work. We'd have the Premier of Quebec and the Premier of Ontario there and everything. If that's what your question was, I don't have any problem with that kind of relationship going on.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you.

Something happened here in committee two weeks ago. Senior officials from Global Affairs Canada came to answer our questions. Those officials, who occupy very senior positions, were unable to explain what the Gérin-Lajoie doctrine is. That came as a shock to many political commentators and to many Quebeckers in general.

You served from 2016 to 2019. Do you think it's normal for Global Affairs Canada's senior leadership to demonstrate such a lack of understanding of that doctrine, particularly when representation is at issue in a context as difficult as the one we are currently experiencing with the United States?

[*English*]

David B. MacNaughton: I'm not sure that I'm in a position to comment on that really. I'm sorry. I just don't know. I don't know, exactly, the specifics of what you're referring to, so I'd rather not comment on it if that's okay.

[*Translation*]

Alexis Brunelle-Duceppe: As Canada's ambassador to the United States, when you take office, are you briefed on the Gérin-Lajoie doctrine, among other things, when you are called upon to speak on behalf of Canada, and therefore on behalf of Quebec, in Washington?

[*English*]

David B. MacNaughton: Can you repeat that, please?

● (1135)

[*Translation*]

Alexis Brunelle-Duceppe: Yes.

When you take office as Canada's ambassador to Washington, does anyone explain the Gérin-Lajoie doctrine to you so you can take it into account in your various meetings?

[*English*]

David B. MacNaughton: Yes.

[*Translation*]

Alexis Brunelle-Duceppe: And—

[*English*]

The Chair: Thank you very much. We're over time now.

We're going to go next to MP Mantle.

You have five minutes.

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

Ambassadors, welcome to committee. Thank you both for appearing and providing your expertise and experience in our Canada-U.S. relationship. Thank you, on behalf of myself and Canadians, for your service to the country.

Ambassador MacNaughton, Prime Minister Carney said, “You're at war when you get attacked. We got attacked.” Is he right? Are we at war with the United States?

David B. MacNaughton: There's definitely a trade war going on, because they have taken actions outside of our trade agreement and have used, as I said earlier, specious arguments to do it. I think it's been exacerbated by the talk of becoming the 51st state and all of that kind of thing.

The reality is that most of the American people still view Canada as their best friend. I think some of them are mystified as to why the president is taking action against Canada, and sometimes they're mystified as to why we are so upset.

The reality is that this kind of action by the executive branch of the United States of America—I don't know whether you want to call it war—is certainly a fundamental departure from the relationship we've had with the United States ever since the Second World War. As I think Derek said earlier, what that means is that it's virtually impossible for us to go back to the way it was before.

Jacob Mantle: Thank you for that.

You spent a lot of your professional life nurturing a positive relationship between Canada and the United States. Are you concerned by public polling that shows that Canadians increasingly have a deteriorating view of the U.S.?

There was a poll from Bloomberg, by Nanos, this year that showed that 55% of Canadians believe the U.S. poses the greatest risk to Canada's national security, as opposed to only 15% who said that China did. Only 2% said Iran, and 14% said Russia. Does that sort of polling concern you?

David B. MacNaughton: Yes, it clearly does.

I'm not going to suggest that we should be worried, necessarily, about the United States' armed forces marching across our border or something like that, but I think it does suggest that we need to do a better job of having the capability to preserve our independence and security militarily in a world where, as we've seen in Ukraine, the nature of warfare has changed substantially.

I can understand Canadians' reactions when there is a president who's talking about a 51st state and then says something like, “Well, I won. I went into Venezuela. It's okay. I'm going to go into Cuba and Greenland.” What the heck? You can understand why Canadians are upset about it. It's not what we've been used to in terms of the United States of America and its behaviour. Given our proximity, obviously, that's why Canadians are upset.

Jacob Mantle: Thank you, Ambassador MacNaughton.

My concern is when Canadians hear phrases like “we're at war” or “we've been attacked.” It's not surprising to me, when our leaders say those things, that it changes public opinion. Ultimately, Canada needs a negotiated settlement to its disputes with the United States.

My question to you is this: Do you think that rhetoric from Canadian leaders that portrays our relationship with the United States in this conflict lens makes it easier or harder for governments to build the trust they need to get to a deal with the United States?

David B. MacNaughton: I think it probably makes it more difficult. However, I think the reality is this: If we get a deal that is sustainable and gets rid of the arbitrary ability by the executive to impose tariffs, then what we'll find is that there will be a significant number of Canadian businesses that will say, “Thank goodness,” and that will have the impact of calming things down.

I do worry that there are a lot of people who are suggesting that we should do a deal at any price, at any cost, and I think that would be short-term.

Political rhetoric oftentimes has unanticipated consequences. I can understand what you're concerned about. However, I do think that if we get a good deal, there will be enough people around this country supporting it and saying, “Yes, it's about time. Thank goodness. Finally,” that it will tend to bring the temperature down.

● (1140)

The Chair: Thank you very much.

Next, we have MP Sari.

You have five minutes.

[*Translation*]

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

I want to thank both witnesses for being with us today. We really appreciate it. The information and insight you're sharing with us today are very valuable.

My question is for both of you, Mr. Burney and Mr. MacNaughton.

When negotiations are under way, be it for collaboration or coordination or to establish an agreement, the atmosphere and the broader context are obviously very important. At times, criticism, comments or even particular positions can undermine negotiations or contribute to an escalation of tensions between heads of government.

Mr. Burney, based on your experience, what advice would you give us on defending our interests without undermining the negotiation process?

[*English*]

Derek Burney: We have to have a good view of what our national interest is going into any negotiation. In other words, we have to define very clearly what our objectives are and then make sure that the negotiating strategy we follow reflects that. That was what we did with the original free trade agreement with the United States.

You may not remember our history, but Canada had a royal commission preceding that negotiation, which actually advocated seeking a free trade agreement with the United States as the best way to serve the national interest at that time. Therefore, we had a large body of research and intelligence to base our negotiating strategy on.

I can tell you that also, if you don't mind my being a little political here, it was a royal commission headed by a Liberal and serving a Conservative government. The bipartisan quality of that report added additional strength because, as you may know, Canadians were a bit apprehensive about getting closer to the United States, "sleeping with an elephant" as one of our prime ministers once said. However, this royal commission study put to rest some of those bogeys and made it possible for us to have a serious negotiation, building on the auto pact, which was a great success, and enlarging the auto pact across other sectors as well. That's what explains how we took the approach we did at that time.

David B. MacNaughton: I agree. Certainly, the Macdonald commission was the basis of that.

When we entered into the renegotiation, I thought it was going to be relatively uncomplicated. The U.S. trade representative, Bob Lighthizer, said to me the first time I met him, that the NAFTA deal was the second-worst deal that the United States had ever done. I asked what the first was, and he said, the Canada-U.S. auto pact, so I knew we were in for some trouble.

What has happened at the present moment is that the Prime Minister has put together a first-class negotiating team. Janice Charette is both experienced and very knowledgeable, and very strategic. Our ambassador, Mark Wiseman, has had an awful lot of experience with the Americans. He said to me the other day that he just wanted to meet the person who suggested to him that it would be a really good idea for him to do it because he's having a challenge.

We have a really good group of people, and the worst thing you can do about a strategy, whether it be a political strategy or a negotiating strategy, is to talk about it in public. You do strategy. You don't talk strategy. That's the way the world is working at the present moment and should continue to work.

● (1145)

[*Translation*]

Abdelhaq Sari: How much time do I have left, Mr. Chair?

[*English*]

The Chair: You have 15 seconds.

[*Translation*]

Abdelhaq Sari: Mr. MacNaughton, you said earlier that it is a good thing Canada has diversified its international trade relationships. Nevertheless, 60% of that trade is still with the United States. Those ties are important from economic, strategic and military perspectives. South of the border, however, that does not always seem to be fully appreciated.

Following the mid-term elections, how can we engage in better conversations about those economic and strategic exchanges?

[*English*]

The Chair: Again, unless you have a brief response, we'll move on.

David B. MacNaughton: No, I don't.

Thank you.

The Chair: We'll now go to the next individual.

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

[*Translation*]

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

Mr. MacNaughton, you mentioned Mr. Wiseman. You were an ambassador as well. What is the role of Canada's ambassador in Washington under these circumstances? What is Mr. Wiseman's role right now?

[*English*]

David B. MacNaughton: Obviously, the role of the ambassador varies, depending on their own experience and the confidence of the Prime Minister. The Prime Minister, presumably, has full confidence in Mr. Wiseman. Otherwise, he wouldn't have been appointed. He has a very pivotal role in Washington, in terms of understanding the dynamics among the White House, Congress and everything else. As I said earlier, the thing that makes it work best is when the ambassador has team Canada behind him or her. To some degree, that exists at the present moment, but the ambassador is, at the end of the day, the face of Canada in Washington.

A number of provinces have representatives there. They play an important role. Quebec has representatives there, as well as the Province of Ontario. I think Alberta does, and they play a good role. There's coordination between the ambassador and the provincial representatives. That's very important.

[*Translation*]

Alexis Brunelle-Duceppe: I'm sorry to interrupt. Unfortunately, I have less time than the others.

Can an ambassador's past public positions be used against us by the other side, namely the Americans? For instance, Mr. Wiseman has spoken out publicly and very forcefully against supply management. Now it's his job to talk to the Americans about supply management and advocate for it.

Could U.S. negotiators use those statements and raise the fact that Canada's ambassador previously took a strong stance against supply management and is now in Washington defending it?

Could such appointments be at all risky?

David B. MacNaughton: There may be a slight risk, but I don't think it's significant.

[*English*]

The Chair: Thank you very much.

Next, we'll go to MP Anderson.

You have five minutes.

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

Diversification is often used by the Prime Minister to describe what's happening with the EU. We're moving toward the EU. In 2024, 7.8% of our trade was with the EU. Given that we have status.... We essentially have free trade. In the first full year of tariffs, we moved up a little less than a percentage point.

Can you explain why we only raised it 1% with free trade?

● (1150)

David B. MacNaughton: I suspect part of that is because the European economies have not been particularly robust. I don't know to what degree the.... As Derek said earlier, substantially increasing our diversification is not just a matter of the government saying, “We're going to do this.” The business community has to step up and do its part too. I'm not quite sure, exactly, what the causes are, but diversification is important. Again, as Derek pointed out, the European economies are not in the best shape. We have opportunities in Asia, which may be much more significant than the ones in Europe.

The other problem in Europe is that the regulatory regimes make it difficult to quickly turn on exports. They have vastly different regulatory systems that make it difficult for businesses to take advantage of this.

Scott Anderson: Thank you very much.

Mr. Burney, do you have an example?

Derek Burney: I didn't hear you.

Scott Anderson: Diversification is often used. In 2024, we had 7.8%, and we increased trade with Europe by about a per cent in the first full year of tariffs. Can you explain why we only went up 1%?

Derek Burney: First of all, you have to recognize that nine of the European members of the EU haven't ratified the agreement. That puts a bit of a brake on things. I don't see Europe as the most promising region for diversification for Canada. I said in my opening remarks that I think Asia is much more attractive. I cited the uranium sale to India as a prime example. We need more of those.

David is right. The bureaucracy of the European Union would make the bureaucracy in Canada look like a pygmy by comparison. The regulatory regime in the EU is not exactly welcome or attractive to many businesses that want to get deals done in a pragmatic way.

I don't think we should discount the importance of Europe. If it's 7%, we should maybe look at getting it up to 10%, if we can do that. I think there are much more substantial opportunities for us in Asia, particularly if we can develop the facilities in Canada to support exports of our natural resources, which are the principal products that the Asian countries are interested in, whether it's LNG, oil or rare minerals—all of those. We need to develop them more quickly, and we need to develop facilities to support the export of those commodities to those markets.

Scott Anderson: Thank you very much.

What I'm getting at here is the much publicized shift to the EU. Do you feel that's in Canada's best interest, Mr. MacNaughton?

David B. MacNaughton: As long as it's not seen as the answer to our problems. I think a balanced approach of trying to find export opportunities in Europe, but also in Asia, as Derek says, is probably a much better bet. I don't think it's wrong to be doing something about the Europeans, but I don't think we should hold out hope that it's going to solve our problem.

Scott Anderson: Would you agree with that, Mr. Burney?

Derek Burney: Absolutely.

The Chair: Thank you very much.

We go next to MP Oliphant.

You have five minutes.

Hon. Robert Oliphant (Don Valley West, Lib.): Thank you very much, Mr. Chair.

Thank you to both the witnesses.

I want to follow up on that last set of questions, because I think the numbers are a little bit off. As Mr. Burney gave due credit to the late and very great Donald Macdonald for the commission that led to free trade with the U.S., I would like to give credit to Ed Fast, the former Conservative minister of international trade, who laid a very strong foundation for CETA, which he presented to us, he said, as a “gift-wrapped” package, and Chrystia Freeland was able to bring it home.

First of all, on provisional application, yes, nine countries have not yet ratified. However, the Prime Minister did meet with two of them this week. Even though we do not have full ratification, we have provisional ratification, which means that almost all of the trade imports and exports are in effect, even with only provisional ratification.

On the numbers, it's somewhere between a 71% and 80% increase in trade of exports from Canada to Europe since CETA began, and somewhere around a 60% increase in imports that have come. I just want to make sure we have that correct. As a percentage of our trade and our diversification plan, yes, it's slow. We have a massive trade with the United States. In terms of real impact, companies have saved somewhere close to $900 million last year on duties alone. Two years ago, I think it was $890 million.

I just want to make sure we're clear about the advantages of Europe. We have language capacity with English and French, and we have historic roots with Europe. This is obviously a first place.

I also agree with Mr. Burney that the Asia-Pacific area is critically important as well, which we are doing. That's just to get that on the record.

That being said, I wanted to go to a comment from Mr. MacNaughton on productivity in Canada and a comment from Mr. Burney on.... The government, as I have said, can set the table with free trade agreements, but business needs to go to eat. What can we be doing as a government to encourage businesses to actually go to those tables in the Indo-Pacific region? We have an Indo-Pacific strategy. We have a European free trade agreement. We built on Africa. What can we do to expand the appetite for business to go and eat?

Maybe we can start with Mr. MacNaughton.

● (1155)

David B. MacNaughton: I guess it depends on what businesses we're talking about. If it's our resources, then we need to make sure we have the infrastructure in place that allows for the businesses to do the exports. If it's things like manufactured goods, or even agricultural products and things like that, again, in many cases, it's how we get those exports to market.

I think the other thing, too, is that the business community wants to see consistency and stability. I think the talk about diversification from the Prime Minister has been great, and we need to be consistent about how the government is going to support businesses that are going to follow through and actually do something.

The first time I met Derek Burney—and I won't tell everybody how many years ago it was—was on a trade mission to Southeast Asia. We went on this trade mission with something like 40 different businesses. By the end of the trade mission, we had done a significant number of deals that lasted for some considerable period of time. That kind of thing, with the government pulling businesses together and actually going out and doing trade missions and facilitating the kind of dialogue that leads to commercial things, is really important.

Hon. Robert Oliphant: Go ahead, Mr. Burney.

Derek Burney: I would reinforce a point that David made earlier about productivity. I mean, that's a weakness in Canada. We all need to recognize that. The government needs to be doing more to improve the productivity of our business community, which is lagging and has lagged for the last decade at least. Again, it's partly because of complacency.

The huge U.S. market, when it is open and when it is fair, is a huge attraction for Canadian business. They don't have to travel. They don't have to do much. They can just pick up the phone and make a deal over the phone. You can't do that in Asia. You can't even do that in Europe. It's a whole different challenge for the Canadian business community if they're going to get aggressive in pursuing markets.

I don't underestimate the value of Europe, just to comment on one of your colleague's earlier comments. I just think you have to make a distinction between what is the most promising and what is promising. In my way of looking at the world and looking at the demand for what Canada does best, which is to produce natural resources—everything from LNG and oil to critical minerals—that's what we need to be exploiting in Asia in particular. That's where the demand is.

● (1200)

The Chair: Thank you very much.

That brings us to the end of this round of questions. On behalf of the committee, I want to thank both witnesses for being here today and for answering questions from members.

I will now briefly suspend the meeting before resuming with our second panel in the second hour.

● (1200)

_____(Pause)_____

● (1205)

The Chair: I call this meeting to order.

I would now like to welcome our witness for the next hour, appearing by video conference, Mr. David Cohen, former ambassador of the United States of America to Canada.

Ambassador Cohen, it is a real pleasure and an honour to welcome you to our committee today, joining us virtually from Philadelphia. We sincerely appreciate your presence, and we look forward to benefiting from your distinguished diplomatic experience and insights on today's topic.

I will now invite you to deliver your opening remarks.

David Cohen (Former Ambassador of the United States of America to Canada (Retired), As an Individual): Mr. Chairman and members of the committee, *bonjour*, and thank you for inviting me to testify. It's a pleasure to see so many familiar faces, especially my friend, the chairman. I'm always happy to spend time with my Canadian friends, even if it is only virtually.

For those I haven't met, I was proud to serve as the United States ambassador to Canada from 2021 to 2025. I often describe my service as the privilege of a lifetime, and I will always be grateful to President Biden for the opportunity he gave me, and for the incredibly positive way that I was treated by the people of Canada, including members of Parliament, during my time in Canada. I served during a period of rebuilding of trust under President Biden, which I think is in an appropriate comment for today's hearing.

I've always believed that an ambassador's role is to serve as the president's personal representative in the host country, and I was fortunate to represent a president who understood and valued the historic importance of the U.S.-Canada relationship. I experienced and respected our country's relationship first-hand across virtually every sector.

Our two countries share the longest land border in the world, 5,500 miles or 8,900 kilometres. We have an enormous trade relationship with $700 billion plus in annual goods trade, and deeply integrated supply chains. Last year, 25 U.S. states counted Canada as their number one export destination, including my home state of Pennsylvania. Our defence and intelligence partnerships are essential to our shared security. We collaborate across technology, artificial intelligence, pharmaceutical research and space exploration, and we have the world's largest market-based energy trading relationship, with Canada supplying roughly 60% of U.S. crude oil imports.

Our relationship, however, goes beyond statistics. The strong people-to-people ties create a warm and close binational friendship and collaboration. The numbers and those ties reflect how deeply our economies and our security are intertwined. They are what moved me to say repeatedly that the United States has no closer friend, partner or ally than Canada. This history is what makes the current contention in the U.S.-Canada relationship so painful to me.

Former U.S. Ambassador to Canada Jim Blanchard has said that relations between Canada and the U.S. are now the worst in modern history. While there have been challenges in our relationship over time—President Johnson and Prime Minister Pearson and President Kennedy and Prime Minister Diefenbaker had famously frosty relationships, and of course there was the contention in the early 1800s over colonial armies capturing and burning York and British forces burning Washington, including setting fire to the White House and the U.S. Capitol—it's hard to disagree with Ambassador Blanchard's assessment.

I also want to be clear that this relationship has never been without its challenges. There were plenty of disagreements during my years as ambassador. It's important for me to say that I have too much respect for the office of the president to use this forum to criticize the substance of President Trump's trade policies. In our democracy, having won the presidency, he has the right to articulate and implement his vision, but he does not have the right to his own facts. I believe that the President of the United States owes all of our partners, maybe especially Canada, a modicum of respect. We can negotiate and disagree with respect and civility. We do not need to resort to name-calling or overt challenges to our allies' sovereignty.

To be fair, some of the tensions we see today reflect long-standing issues that the United States has raised with Canada, often privately through diplomacy, including during my time as ambassador, like the digital services tax, online streaming, dairy supply management, softwood lumber, defence spending and law enforcement co-operation, to name a few.

● (1210)

However, in my view, none of the disagreements justify some of the extreme reactions that the United States has executed. My experience as ambassador taught me that the U.S.-Canada relationship is both more complicated and more consequential than any single issue or dispute might imply. That's why absolutist statements, like that the U.S. doesn't need anything from Canada, have to bend in the face of clear needs such as potash and diesel fuel. There are areas where our interests diverge and where we have real disagreements. We're both sovereign nations. However, there are also extraordinary connections between our countries that are easy to take for granted precisely because they are so deeply embedded in our daily lives.

This is the basis for my relentless optimism that there is a path back from the abyss of our current tense relationship. The relationship between our countries extends far beyond any one president or administration. Geography has not changed. Our supply chains remain deeply integrated. Our security depends on co-operation—NORAD and Five Eyes. Businesses continue to operate across our shared border. Workers and families maintain connections on both sides of the border. Generations of people-to-people ties have created bonds that cannot easily be undone.

This is why, through all the ups and downs of the U.S.-Canada relationship, our ties have remained durable. We have come back stronger from our disagreements. It may require some humility on the part of the United States. I have said that it may even require an apology from the United States to Canada. However, this relationship is worth restoring, protecting and growing.

I will always be deeply grateful for my time as ambassador and for the relationships and friendships I have made across Canada. Having experienced, first-hand, the strength and importance of this partnership, I am saddened by where the relationship stands today. I really do remain optimistic about its future, though. The ties between our countries run deep, and I believe we have the foundation to rebuild trust, strengthen our partnership and move forward together.

I would be happy to answer any questions from the committee.

Thank you.

● (1215)

The Chair: Thank you very much, sir, for your opening statement.

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

You have six minutes.

Shuvaloy Majumdar: Thank you, Mr. Chair.

Thank you, Ambassador, for your testimony and for your service, both to the United States and here in Canada.

I have a few questions. I'll try to get right to the point.

You represented American interests in Ottawa, and you understand Capitol Hill better than most do. From Washington's perspective—not just the White House but also, particularly, the Senate finance committee and the committee on ways and means, where we see a lot of "China hawk" tariff policy setting coming from—what did Canada do in the lead-up to August that strengthened its hand?

Also, what may have ultimately weakened it, in your mind?

David Cohen: Let me pick through that carefully, because although I'm no longer the U.S. ambassador to Canada and therefore, theoretically, free to say almost anything I want to, I still feel an incredible amount of respect toward Canada, the Canadian government and the sovereignty of this nation. I think it's unseemly for me to second-guess or to substitute my judgment for the decisions and tactics being executed by the Government of Canada.

What I will say—and not just because it is a positive statement—is that I think Canada has conducted itself extraordinarily well under a very intense and unfair set of pressures created by the trade policy of the current U.S. administration. Prime Minister Carney has played Canada's hand extraordinarily well.

Somebody in the last panel—I forget who—complimented the negotiating team that Prime Minister Carney put together, calling out chief trade negotiator Janice Charette and Ambassador Mark Wiseman. I would add Minister LeBlanc. Those three make an incredibly professional and wise trade team. Putting that team in place has helped to strengthen Canada's hand in these negotiations. As mentioned in the prior panel, Canada has largely conducted negotiations quietly and behind closed doors—professional trade negotiator to professional trade negotiator—and not in the media. This has also strengthened that hand.

Shuvaloy Majumdar: Thank you, Ambassador.

Let me ask you this. You recently described Canada as playing footsie with China in response to American trade pressures. Now, Prime Minister Carney is openly suggesting that Canada should turn to Chinese automakers if negotiations with Washington fail. Tomorrow, he's scheduled to meet President Xi in Shenzhen.

The congressional leaders, who hold considerable influence over American trade policy, are also among the strongest opponents of the P.R.C.'s economic influence in North America. This new Congress that we're dealing with.... We're not entirely sure that the Democratic majority had free trade in mind when they ran for office in the last cycle.

Does this approach strengthen Canada's negotiating position with the United States, or does it risk making a tariff-free trade deal even harder to secure if Canada is looking to integrate with Chinese auto manufacturing?

● (1220)

David Cohen: This is not new today and it is not new in the Trump administration. Trade with China is one of the most complicated international trade issues that confronts not only Canada but the United States too. Remember, President Trump is going to meet with President Xi in the next couple of days. I think it would be fair to say the United States may also be playing footsie with China. Many other countries around the world, I think, are looking at China as the world's second-largest economy and a place where there is the potential for additional trade and additional trade relationships.

To me, this is all a matter of balance. I think it is unrealistic to expect that an economy like Canada's—just like the U.K.'s, the EU's or other Asian countries'—can be successful with no trade with the world's second-largest economy. It's a matter of balance, delicacy and not going overboard one way or the other. Will it be challenging?

By the way, you saw when Prime Minister Carney made his very limited deal for the importation of a very small number of Chinese EVs that there was an adverse reaction from China hawks in the United States. I think you got a preview of what reactions to increased trade with China will look like. It was a small number, and as it came out that the United States was actually doing more trade with China in EVs than Canada was, I think some of that criticism died down.

Yes, it is something to be careful about. There is no doubt about that. Every country in the world is trying to find the appropriate balance right now. I think it's ironic that this administration—and this isn't a positive or negative comment; it's just an observation—is a relatively China hawk-like administration. The irony is the way in which the trade policy around the world is chasing countries to do more business with China, which can't be what the intention was of the original trade policies that were put in place.

It's not just Canada that's trying to figure out a way to do more trade with China. I think many democratic countries around the world are. I'm going to resort to my comment that I think it's a matter of balance. We can't completely isolate China. Balanced, controlled trade with China, possibly with a price to pay in terms of their treatment of workers and concessions that China might be prepared to make on some of the practices that we, democratic countries, find so intolerable, may be a good result.

The Chair: Thank you very much.

Next, we go to MP Vandenbeld.

You have six minutes.

Anita Vandenbeld (Ottawa West—Nepean, Lib.): Thank you very much, Mr. Chair.

Thank you, Ambassador, for being here and for all of the work you have done to enhance the relationship between Canada and the United States.

I'd like to start with your comment about relentless optimism, because I think that attitude is probably one we're not hearing much of, but I also think there's a strong basis for it. I'm going to start with the obvious question, which is about the mid-terms.

What impact do you think the results of the U.S. mid-term elections are going to have on these negotiations?

● (1225)

David Cohen: First of all, I compliment you for asking the question in the right way.

I think the mid-terms were—it's not just my opinion—a historic rebuke of a sitting president. All mid-terms tend to produce a result that looks like this. The incumbent president almost always suffers losses in the House and sometimes in the Senate, but the level of these losses was historic.

To say it will have no impact, I think, is an overstatement. I am still in touch with many Canadian friends, including members of this Parliament. I worry about some unrealistic optimism from Canadians, driven by the comments made by some of the new Democrats elected to Congress, the House and the Senate that their first order of business will be to repeal the tariffs imposed on Canada. That's going to be very challenging. I'm not going to say it isn't going to happen, but it is going to be very challenging.

The executive, i.e., the president, has so much power over tariffs in trade policy these days that it will take legislation from Congress, which requires more than a majority. In the Senate, you need 60 votes out of 100 to cut off debate. The president always has the right to veto, which means you need two-thirds of the vote to override the vetoes. I think it is probably unrealistic to expect that if the president were to veto legislation [*Technical difficulty—Editor*] the tariffs, he would not veto it. I think it would be very difficult to get a two-thirds vote in the House or the Senate to override that veto.

The benefit you see—I think you saw it a bit before the mid-terms, but I think you're seeing it after the mid-terms—is that it's putting pressure on the White House and the administration to come to the table and deal. I was not at the negotiations. I don't think anyone in Parliament was either. The parties got closer than they had been, until the end of August when Prime Minister Carney pulled back. From everything I've heard, he probably should have pulled back. That's not a criticism of him either. They got close.

We had the professional negotiators in the room, including Minister LeBlanc, Janice Charette, Mark Wiseman and U.S. Trade Representative Greer. I will say this. He is a professional trade negotiator too. He is not an ideologue. When we had the professionals in the room, they made real progress.

I've heard the president say he thinks Canada and the United States are getting closer to a deal. I've heard my successor, Ambassador Hoekstra, who has not always said what Canadians have wanted to hear, say he thought there could be a deal by the end of the year or early next year. I've heard Prime Minister Carney say he thinks the parties have gotten closer, and he attributes that mostly to the United States moving closer to Canada's position.

In the lead-up to the mid-terms, when this began to be foreseen, there was the pressure from the Democrats, who have at least gotten majorities in the House and the Senate. Don't discount, in the United States, the pressures and attitudes of governors, of mayors, of business people whose livelihoods benefit from this integrated supply chain, and of organized labour.

Unions share international union parents. I had a meeting last week with the head of the United Steelworkers that had nothing to do with Canada. The United Steelworkers is headquartered in Pittsburgh, which is my home state. It is the parent union for the steelworkers in the United States, but it is the parent union for the steelworkers in Canada too.

● (1230)

All those ties can help to produce pressure—most of which is not press conference pressure—to help drive the parties closer to a negotiated deal, which I think is still the more likely result for a beneficial outcome in the short run.

Anita Vandenbeld: You said, “not press conference pressure”. Earlier, you said that not negotiating in the media strengthens Canada's hand. I wonder if you could elaborate because you didn't get a chance to elaborate on that.

David Cohen: I've been involved in negotiations—high-level negotiations—for my entire professional career. I've seen negotiations that played out in public, and inevitably, they're harder because the public nature of it forces people to react and to protect their position. Almost always, every single time—and the higher the stakes of the negotiation, the more true this is the case—the deal gets done behind closed doors, where you have the ability to compromise and show a little flexibility, whereas if you try to do it in public, it is impossible.

I don't know anything here, but I have a specific example that I've talked about from the outset, which I was convinced was right. Now more recent developments have persuaded me even more.

One of the causes cited for the breakdown of negotiations between the U.S. and Canada in late August was a breakdown in Canada over French language and French culture. At the time, knowing nothing, I had a suspicion that this was a case of the parties being two ships passing in the night. The United States was not understanding the incredible sensitivity of French language and French culture in Canada. Frankly, Canada was not understanding the relatively narrow interests—or what I believe were the relatively narrow interests—of the United States against the online streaming law, which has some substantive problems with it, completely independent of French language and French culture.

I could see—not knowing and not being in the room—how the strong push-back from the United States against the online streaming law could be easily perceived as an attack on French language and French culture because of the purpose of the online streaming law from Canada's perspective. It was to generate a source of revenue to be able to make French language programming viable, to subsidize French language programming and to make sure that French language programming was discoverable in the interactive program guides that cable and satellite companies use to display content in Canada.

At the time, I speculated that if the parties could get together and explain their various positions.... I didn't think there was religion on the part of the United States in blocking U.S. online streamers. I didn't think there was religion on the part of the United States in interfering with French language and culture.

What have you seen, then? You saw that, relatively quickly after the breakdown of negotiations, U.S. Trade Representative Greer said publicly that he didn't think French language and culture would be a barrier to a trade deal. You saw that Minister LeBlanc almost immediately accepted that and thanked the United States for that show of flexibility, and he said it might make a deal easier.

Then, you heard Prime Minister Carney announce that he was prepared to fund the expected proceeds from the online streaming tax of $600 million a year out of the general treasury and to withhold or block the enforcement of the financial implications of the online streaming law. You saw a positive reaction from the United States from that step.

If that really was a big issue—and I think it probably was—you've already seen, quietly behind the scenes, a potential resolution, at least of that issue, that preserves both Canada's interests and the United States' interests. That's how you get to a deal.

● (1235)

The Chair: Thank you very much.

Before I go to Monsieur Brunelle-Duceppe, colleagues, as you are aware, we have a vote at 1 p.m. I'm asking for unanimous consent to finish the meeting five minutes early so that we can all have an opportunity to vote.

Is that agreed?

Some hon. members: Agreed.

The Chair: Okay.

[*Translation*]

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

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

I want to pick up on a couple of things you mentioned, Ambassador. Thank you for being with us today to help us with this important study.

With respect to the last issue we were discussing, namely—

[*English*]

David Cohen: Can I interrupt? Pardon me. I hear your voice in French very clearly, but the English translation is very faint. I don't know if there's a way to adjust the volume of the English translation.

The Clerk of the Committee (Simon Larouche): At the bottom of your screen, you have a little icon for translation. You can choose English.

David Cohen: I've chosen it. I hear the English translation. It's just very faint.

Thank you.

[*Translation*]

Alexis Brunelle-Duceppe: Can you hear me?

[*English*]

David Cohen: I can hear you well now.

[*Translation*]

Alexis Brunelle-Duceppe: Wonderful.

Thank you very much for being with us today. I want to pick up on a couple of things you said.

When the negotiations were called off, Mr. Carney publicly stated that the decision had been made to protect the French language and culture. However, an investigation by the New York Times, a highly respected newspaper, found that this was not the reason. Regardless of who is telling the truth, wasn't that public statement ill-advised?

As you said, it's better to keep negotiations behind closed doors. When Canada withdrew from negotiations, Canadian officials, including Prime Minister Carney and Minister LeBlanc, openly explained why they had done so. The Americans said it wasn't true.

Wasn't that a faux pas on the part of the Canadian government? Walking away from the table is one thing; publicly explaining why is another. That may have resulted in a messy situation.

Am I mistaken?

[*English*]

David Cohen: It's very hard not being in the room. By the way, I have enormous respect for The New York Times. It is one of the newspapers that I try to read daily, but The New York Times wasn't in the room either. On this whole reporting, I know you called it an investigation, but I think that's probably a bit of an overstatement. It's very good journalists and very good reporters drawing on what they are hearing from people who probably also weren't in the room but were talking to people who were in the room.

Personally, I think the issue of French language and French culture had to be one of the issues. Whether it was the major issue or whether there were other issues, I don't think it was just a made-up excuse for walking away from the negotiations. I think the way things have played out in the now several months since the breakdown of negotiations supports the fact that the issue of French language and French culture was one of the issues that caused a breakdown in the negotiations.

I think that's as far as you can really go, based on the record that is in front of us.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you.

What I meant was that public comments by the Prime Minister and Minister LeBlanc after Canada withdrew from the negotiations led to a messy situation because the Americans said that wasn't what happened. That was essentially the point you were making when you said it's preferable to keep such matters behind closed doors and not discuss them publicly. Otherwise, they become political messaging that can be used by one side or the other. That was the point I wanted to make, but I'll move on.

You said something very important about unions and businesses that sometimes operate on both sides of the border. What influence can American companies affected by tariffs, as well as unions representing American workers affected by those tariffs, have on their government's decisions in the realm of international trade?

● (1240)

[*English*]

David Cohen: The premise of your question is very important, which is that there's no doubt in my mind that our workers are significantly impacted by tariffs.

I don't think there's any dispute by reasonable people that tariffs are not borne by countries but by customers and by businesses. When customers and businesses are bearing the expense of tariffs, that means the workers are bearing the expense of tariffs, because they're losing their jobs, they're losing hours and they're losing shifts. I think that when the threat of that happens, they speak out. In the United States, as in Canada, organized labour has a not inconsequential voice in the political process.

One of the pieces of advice—it is free advice and I always say that it's fair to say that you get what you pay for, so you shouldn't give too much credit to this—is that when Canada talks publicly and when they talk to the United States about trade policy and its adverse implications, Canada should emphasize the adverse implications of tariffs and trade policy on the United States, on United States businesses and on United States workers, because that is what United States politicians and the president are more concerned about, rather than the adverse impact of tariffs on Canada.

When you talk about the adverse impacts of tariffs for union workers, it helps to get them mobilized to push back on tariff policy. I think that unions in the United States don't have a dominant voice. They probably don't have as much of a voice as they'd like to have, but they have an important voice in the political process.

The Chair: Thank you very much.

MP Mantle, you have five minutes.

Jacob Mantle: Thank you, Mr. Chair.

Thank you, Ambassador, for appearing before our committee. We greatly appreciate your insights.

I appreciate in particular the nuance you provided with your views on what may have been behind the breakdown in negotiations earlier this year. I wonder if I could ask you about another one of the issues that was raised publicly afterwards as one of the reasons for the breakdown.

This was an issue that was described to Canadians as the U.S. trying to control whether Canada could have free trade agreements with other countries. You'll recall that in the USMCA, there are provisions to provide parties with protection against other parties entering into agreements with non-market economies.

I wonder if you have a view on what this issue was. We've heard different stories. I thought your point on the cultural issue was insightful. I wonder if you could share your view on what you think was behind this issue of trying to control Canada's ability to have free trade agreements.

David Cohen: Again, I was not in the room, and I really haven't had direct conversations with either Canadians who were in the room or U.S. representatives who were in the room about what was really being discussed, but I do think that is a space where there is also plenty of room and opportunity for misunderstanding about what was being requested and what was really being requested.

As you pointed out, there are limitations in USMCA with respect to the ability of any country, any of the three countries, to enter into agreements with hostile countries, if you will. Those were understood as being designed to protect the integrity of trade within North America, within and among Mexico, Canada and the United States, because the free trade that was incorporated into USMCA was based upon a common value system of protection of workers and non-predatory pricing practices. There was a sense that among our three countries, no company in no one country would have a competitive advantage as a result of the non-market practices of companies within their countries. Closeness of the words “company” and “country” cause me sometimes to stumble over that.

I think it was always viewed as a legitimate objective. For example—and I'll give the extreme example—you wouldn't want Canada to enter into a free trade deal with China, a completely open, unlimited free trade deal with China that would enable Chinese goods to cross the border from Canada to the United States and undermine the integrity of trade in the United States.

How you draw that line and where the balance is, that's the tricky part of a trade negotiation. I think—and again, I benefit from having spent almost four years in Canada—there's no doubt about that. I saw, understood, lived, appreciated and still celebrate the fierce sovereignty that Canadians feel for their own country, for their history, for their independence, and I see Canadians living almost for their whole lives a little bit in the shadow of the United States.

I can't tell you how many times Canadians have said to me, we understand that we're like the stepchild, that we will never be as big as the United States. I used to push back on Canadians for saying that by saying they should not discount the value they bring to the U.S.-Canada relationship.

● (1245)

Jacob Mantle: Thank you, Ambassador. I don't mean to interrupt you. I just have a few seconds left, and I'd like to ask one more question. I appreciate your comments on that.

I have one more question. You talked about entering into a free trade agreement with China, and I take your comments about balance, that it's about trying to find balance. In the U.S., there seems to be consensus on the China issue but not so much in Canada.

I wonder if you are concerned with the balance that Canada is taking in its approach to China. It seems we're moving beyond simply trade in goods to agreements with law enforcement, and Chinese technology or investments in Canada. Is there a concern in Washington with Canada's approach there and its move?

Is discomfort growing, or is it the same in the U.S.? Could you comment on that briefly?

David Cohen: Briefly, because it's a big complicated question, I'll say personally, right now, I don't have a concern. Part of that is because I have an enormous amount of confidence in Prime Minister Carney. I don't see him selling Canada's soul in the technology space or in the intelligence context. I do think there are risks in getting closer to China, and I think that is the general attitude in the United States as well.

Again, China has the world's second-largest economy. Secretary of State Blinken had a fully articulated policy for dealing with China, and it was one of extreme care. It was not one of extreme isolation, and I think that's the trick.

The Chair: We go next to MP Zuberi.

You have five minutes.

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

Thank you, Mr. Ambassador. I appreciate some of the speeches I heard you give while you were ambassador to Canada. I just wanted to share that with you in person.

David Cohen: Thank you.

Sameer Zuberi: I want to allow you a few more moments to answer or to fill in some of the answer you were giving to the last question about why you don't have a concern around Canada's current engagement with China.

Would you like to elaborate any further on that?

David Cohen: Obviously, I don't know the details of the discussion, but if I were Canada—just like if I were the U.K. or the EU or Japan or Korea or the countries in South America that are facing ongoing challenges with their trade relationships with the United States—and had the obligation to be able to support continued economic growth in Canada and to be able to continue to support the businesses and companies that are trying to grow in Canada in an economy that is global, then I couldn't afford to just write off the world's second-largest economy and say that we're going to build a wall and do nothing with them.

● (1250)

Sameer Zuberi: At the same time, I'm sure you're well aware that Canada is expanding trade relations with many other countries and not just China. We have Europe. We have many other countries that we're engaging with. I'm sure you're—

David Cohen: That's correct. I think that's wise, but I heard some of the testimony in the last panel on that.

I will point out that, again, I think Prime Minister Carney has articulated an important vision to diversify Canada's trade, but for all the structural reasons I mentioned in my opening statement—geography, interconnected supply chains, the close 100-year relationship with businesses and our integration with organized labour—the fact is that even after a couple of years of attempted diversification, more than 70% of Canada's exports still go to the United States. This is a long road. How far Canada will be able to get with diversification is an open question, but every bit of diversification....

I'm from the United States. From a purely United States perspective, it would be easy for me to say that I don't want there to be any diversification and I want Canada to export to only the United States, but I don't believe that. I think for Canada's strength, for Canada's health and ultimately for North America's strength and North America's health, some additional diversification is wise.

That's why Prime Minister Carney is doing the right thing on the current Asia trip. I think it's why he's done the right thing on his outreach to the EU. It has to be an “all of the above” strategy.

Sameer Zuberi: Certainly.

David Cohen: Again, I don't think you can exclude China from all of the above.

Sameer Zuberi: We have a bit more than a minute and a half, and I'd like to put two things to you. You opened up your statement with the necessity of what you did, which was to rebuild trust. In your answer, I'm wondering if you could share with us about the endeavour to rebuild trust into the future, which we know will be a process that will happen maybe not in the immediate term but in the mid-term.

The second idea is that most Americans are not into these tariffs, but at the same time, Republicans, in particular MAGA Republicans, are supportive of the tariffs. How do we navigate those two things? Most Americans aren't in favour. Then you have those who support President Trump, his base, who are supportive of the tariffs. How do we navigate that, in your opinion?

David Cohen: Let me do the second question first.

In the end, I think we're going to need a different administration. That's not a comment about Republican versus Democrat. I don't think most Republicans support the current state of the tariff policy. I think we're going to need a different administration.

I don't mean to overuse this word, but I think balance is everything. Some tariffs are easily supportable. I won't go into this, but, for example, when I was the U.S. ambassador to Canada, I supported softwood lumber tariffs and so did President Biden. There were reasons for them. Those are different from the across-the-board tariffs that are causing the disruption not only in Canada but globally.

With the change in administration, I think we get adjustments in tariff policy and trade policy. I think renegotiating or renewing CUSMA is a very important element of the U.S.-Canada relationship going forward. I think that addresses those issues.

I have spoken to the issue of what it will take to rebuild trust and rebuild this relationship. My comments here have received.... I'm not saying they've been overly controversial, but I've heard a little bit of push-back. I didn't think what I said was particularly controversial. I said, number one, that the United States is going to have to show a little bit of humility. I mentioned that in my opening statement. We're going to have to acknowledge and reacknowledge Canada's sovereignty, our respect for the country and our respect for the people of Canada.

I said, in fact, that with a different administration, I think we owe Canada an apology. The United States owes Canada an apology. As I said, that's not something I learned in ambassador school or from being an ambassador. Frankly, it's something I learned from my mother.

● (1255)

The Chair: Thank you very much.

Finally, we go to MP Brunelle-Duceppe.

You have two and a half minutes.

[*Translation*]

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

Mr. Cohen, you spoke about the softwood lumber dispute. This issue directly affects the region I have represented in the House of Commons for years. You and I both know that we win every time we take matters to the international trade tribunals. If you could just speak to someone back home about appointing a U.S. representative—

[*English*]

David Cohen: I'm sorry. I'm having trouble hearing the translation.

[*Translation*]

Alexis Brunelle-Duceppe: Welcome to Canada.

[*English*]

David Cohen: It's there in the background, but the French is talking over it.

The Chair: We'll have to suspend for a few minutes to sort this out. Thank you for your patience.

● (1255)

_____(Pause)_____

● (1255)

[*Translation*]

The Chair: Go ahead, Mr. Brunelle-Duceppe.

Alexis Brunelle-Duceppe: I hope everything is working properly.

Mr. Cohen, you talked about the softwood lumber dispute. I represent a forestry region that is currently being hit hard by countervailing duties. I'm not talking about tariffs; I'm talking about countervailing duties.

As you know, we always win at international trade tribunals—once appointments are finally made to those tribunals. In the meantime, however, we are still suffering.

That brings me to my question: Do you think the Democrats, who historically have been more protectionist than the Republicans, and who have recently altered the landscape in Congress and the Senate, actually want to remove the tariffs imposed on Canada?

● (1300)

[*English*]

David Cohen: I think I got all of that.

There is a real will among Democrats to remove tariffs on Canada—at least, many tariffs on Canada—because of the lack of balance in their implementation. They were so extreme, relative to history, that it has caused a negative reaction.

There is an irony. As you pointed out, Democrats have tended to be more supportive of tariffs than Republicans, yet here we have a Republican administration implementing some of the highest and most extreme tariffs since Smoot-Hawley in the 1930s. They're so high and extreme—again, not only in Canada but also globally—that the Democrats are fairly united in the need to roll them back and limit the president's authority to impose tariffs, at least at these levels.

I've said this before, but I'll quickly say it again. I don't think Canadians should take a lot of comfort from the fact that the Democrats want to roll back tariffs. They can only do it through legislation. It's very hard to get legislation through. It's subject to veto, and there aren't enough votes to override the veto.

The Chair: Thank you.

David Cohen: I still think negotiating a deal is the right way to go.

The Chair: Thank you very much, Mr. Cohen, for your appearance today.

Our next meeting will be on Wednesday, November 18.

I adjourn the meeting.

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