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CANADA'S INVOLVEMENT IN RULES-BASED INTERNATIONAL TRADE AND INVESTMENT SYSTEMS

Report of the Standing Committee on International Trade

Honourable Judy A. Sgro, Chair

**MARCH 2026
45th PARLIAMENT, 1st SESSION**

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON INTERNATIONAL TRADE

has the honour to present its

NINTH REPORT

Pursuant to its mandate under Standing Order 108(2), the committee has studied Canada's Engagement in a Rules-Based International Trade and Investment System and has agreed to report the following:

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LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1

That the Government of Canada enhance its efforts to defend rules-based international trade and investment systems, which have served Canadians well and provided them with prosperity, including through actively supporting reform of the World Trade Organization. As well, the Government should both constantly strengthen Canada's existing trade and investment relationships, and strategically pursue new trade and investment agreements. In particular, the Government should seek to negotiate a resolution to the current U.S. sectoral tariffs, which would help Canada's long-term economic prospects. 18

Recommendation 2

That the Government of Canada take timely actions designed to bring about full and successful implementation of the country's existing and future trade and investment agreements. As part of these actions, the Government should: increase its communication with, and support for, Canadian firms and employees; ensure the existence of adequate and appropriate trade-enabling infrastructure; and enhance regulatory cooperation with the goal of eliminating non-tariff barriers. 18

Recommendation 3

That the Government of Canada review its trade remedy regime. Following the review, the Government should expeditiously amend Canada's domestic laws and regulations to make them more effective and appropriate for the current trade environment. As well, in considering amendments, the Government should focus on changes that would streamline administrative processes, as well as reduce complexity and costs. 18



CANADA'S INVOLVEMENT IN RULES-BASED INTERNATIONAL TRADE AND INVESTMENT SYSTEMS

INTRODUCTION

As a trading nation, Canada's economic growth and prosperity rely on the flow of goods, services and investment across its borders. From that perspective, rules-based, transparent and enforceable international frameworks governing trade and investment, as well as trade and investment agreements with a range of jurisdictions, are beneficial. At present, Canada has [15 trade agreements in force covering 51 jurisdictions](#), and these jurisdictions collectively represent 63% of the world's gross domestic product. As well, the country currently has [39 bilateral foreign investment promotion and protection agreements](#) in force.

In a May 2025 [statement](#) delivered during a meeting of the General Council of the World Trade Organization (WTO), the Government of Canada underscored Canada's "strong and enduring commitment to an open, fair, transparent and predictable rules-based multilateral trade system, underpinned by the WTO." The WTO's [12th trade policy review](#) of Canada notes that, despite the COVID-19 pandemic, supply chain disruptions and inflationary pressures, the country's trade regime "has remained open and transparent." It also states that "open, rules-based, inclusive and sustainable trade is critical to [Canada's] own economic wellbeing and that of its trading partners."

Canada was among the WTO's founding members and, prior to that, was a party to the *General Agreement on Tariffs and Trade*. Since the WTO's founding in 1995, the country has supported the WTO's principles of non-discriminatory, transparent and predictable trade. That said, Canada also works with other countries on issues relating to reform of the WTO. For example, in October 2018, Canada joined like-minded countries to form the [Ottawa Ministerial on WTO Reform Group](#) (the Ottawa Group), which – at that time – described the [WTO's state](#) as "no longer sustainable." Over time, the Ottawa Group has met to discuss issues relating to the WTO. Canada's then Minister of Export Promotion, International Trade and Economic Development chaired the Ottawa Group's February 2024 meeting, which was focused on advancing efforts to reform the WTO and identifying priorities to be discussed at the WTO's 13th Ministerial Conference.

On 16 June 2025, the House of Commons Standing Committee on International Trade (the Committee) adopted a [motion](#) to undertake a study on "(a) free trade agreements;



(b) what constitutes rules-based trade and why it is important to uphold rules-based trade practices, and (c) rules of origin and Foreign Investment Promotion and Protection Agreements (FIPAs).” As a result, the Committee held three meetings on this study between 18 September and 9 October 2025.

According to the [House of Commons Procedure and Practice](#), “witness selection [for Committee studies] may be carried out in a number of different ways. Generally, witnesses are proposed by individual committee members.” Political parties can also propose witnesses. During this study, the Committee heard from 16 witnesses, including Government of Canada officials, individuals, and representatives of sectoral and civil society organizations. The Committee received written briefs from two individuals: Wolfgang Alschner and Lawrence Herman.

This report summarizes comments from the Committee’s witnesses in appearances and in the briefs, which were provided prior to recent actions and statements regarding rules-based international trade and investment, both generally and in relation to particular countries or goods.¹ The first section summarizes views regarding rules-based international trade, and the second section outlines perspectives on Canada’s trade diversification efforts and its trade agreements. The third section highlights federal trade-related actions and supports, and the final section presents the Committee’s thoughts and recommendations.

RULES-BASED INTERNATIONAL TRADE: SELECTED PERSPECTIVES

Witnesses provided the Committee with their observations about rules-based international trade. In particular, they drew attention to the importance of adhering to trade rules, addressing measures that undermine rules-based trade and supporting the work of the WTO.

Adhering to Trade Rules

Focusing on trade rules, witnesses mentioned the benefits of international trade for Canada. Global Affairs Canada [officials](#) said that trade is “critical” for the country’s economy, observed that Canadian exports account for about two-thirds of national gross domestic product, and estimated that the country’s international trade enables nearly

1 For instance, the trade relationship between Canada and the United States continues to experience challenges, Canada and China have reached an [agreement](#) concerning Chinese-made electric vehicles and Chinese tariffs applied on certain Canadian agricultural and agri-food products, and – at the [2026 annual meeting of the World Economic Forum](#) – a number of national leaders drew attention to the weakening of rules-based multilateral systems.

4 million jobs. The [officials](#) stressed that Canada's prosperity depends on a rules-based trade system characterized by "stability, transparency, predictability and openness." Similarly, the [Canadian Vehicle Manufacturers' Association](#) described a rules-based trade system as "foundational" to Canada's economy. Noting that approximately 50% of Canadian beef and cattle production is exported, the [Canadian Cattle Association](#) underlined that the country's "progressive" trade agreements with countries that "respect rules-based trade" allows its members to export to countries where they receive a high price for their product.

That said, witnesses also contended that existing international trade rules are not being respected. Global Affairs Canada [officials](#) stated that the failure of collective efforts to reform these rules, which are "inadequate" in "certain respects," has resulted in some countries continuing to take "harmful" actions. Carleton University [Professor Meredith B. Lilly](#) – who appeared as an individual – maintained that "big players" are "breaking [trade] rules and writing new ones," which is prompting Canada to reassess strict adherence to rules-based trade. In the view of the [Canadian Centre for Policy Alternatives](#), the Government of Canada should collaborate with like-minded countries to "survive" the current period of international trade uncertainty and trade rules that are "in flux."

Witnesses also emphasized the importance of trade rules for Canadian agricultural and agri-food exports. To ensure that Canada remains a top exporter of agricultural and agri-food products, the [Grain Growers of Canada](#) advocated specific trade-related measures: defend the rules-based trade system; expand market access; ensure adequate and appropriate trade-enabling infrastructure; and "reset" Canada's "key trading relationships," including with the United States and Mexico to promote and defend the *Canada–United States–Mexico Agreement* (CUSMA), and with China to resolve trade irritants. The [Canadian Pork Council](#) said that Canadian pork exports represent about 70% of domestic production and depend on "free and fair trade," and the [Grain Growers of Canada](#) characterized a rules-based trade system as "critical" for Canada's family farms, including those contributing to the \$45.0 billion annually in Canadian grain exports.

Finally, when focusing on trade rules, witnesses highlighted Canada's primary trading partner: the United States (U.S.). [Professor Lilly](#) argued against Canada following the "Americans down their path of protectionism," and pointed out that 25% of the United States' gross domestic product is linked to trade, which is lower than Canada's percentage, at 66%. [Lawrence Herman](#), who is Counsel with Cassidy Levy Kent LLP and appeared as an individual, suggested that "very little" remains of the rules-based trade system that historically existed, and asserted that the system is now "being run by the United States out of the president's office."



Addressing Measures that Undermine Rules-Based Trade

Discussing some measures that undermine rules-based trade, and the ways in which those measures might be addressed, witnesses primarily focused on the U.S. tariffs currently applied on certain goods and the implications of those tariffs. Global Affairs Canada [officials](#) stated that domestic firms that had previously exported to the United States in “a completely free trade environment for almost 30 years” are now accessing the preferential tariff treatment that CUSMA provides. The University of London’s [Professor David Collins](#) – who appeared as an individual – observed that the U.S. tariffs have created an international “glut” of commodities, such as steel and aluminum, with surplus commodities – often from China – being “dumped” into other countries, prompting the creation of trade barriers. Similarly, according to Lawrence Herman’s [brief](#), the U.S. tariffs have diverted large volumes of foreign goods to Canada and other countries.

With a more specific focus, witnesses drew attention to the U.S. tariffs applied on Canadian steel products. The [Canadian Steel Producers Association](#) noted that, since March 2025, Canadian steel producers have experienced “crippling” U.S. tariffs, with – in June 2025 – the tariff rate raised to 50% and extended to include derivative products. Asserting that these tariffs will raise the price of farm equipment, the [Grain Growers of Canada](#) cited John Deere farm equipment, which has U.S. and Canadian steel and aluminum as production inputs. [Professor Lilly](#) characterized the U.S. tariffs applied on certain Canadian steel products as “devastating” to the domestic steel sector, and proposed that the Government of Canada should pursue the tariffs’ removal as a “primary objective” now, rather than wait for the first joint review of CUSMA.²

In addition, witnesses mentioned the U.S. automotive-related tariffs. The [Canadian Vehicle Manufacturers’ Association](#) stressed that, in the first half of 2025, global automakers had U.S. “tariff costs” totalling US\$12.0 billion, which made it “extremely challenging” to maintain production at historic levels. Moreover, the [Canadian Vehicle Manufacturers’ Association](#) argued that there is “no ... outcome” other than higher vehicle prices – an estimated increase of between US\$4,000.0 and US\$12,000.0 per vehicle – if these U.S.

2 Commonly referred to as the “sunset clause,” [Article 34.7](#) of the *Canada–United States–Mexico Agreement* (CUSMA) outlines a mechanism for reviewing the agreement and possibly extending its term through a joint review by the [Free Trade Commission](#) established under CUSMA. Article 34.7 requires the first joint review of CUSMA to be scheduled for the sixth anniversary of the agreement’s entry into force: 1 July 2026. At that meeting, the Free Trade Commission is expected to review the agreement’s operation, including parties’ recommendations for actions, and to decide on any appropriate actions. CUSMA will terminate 16 years after its entry into force unless, during a joint review, each party provides written confirmation that it wishes the agreement to be continued for a new 16-year term.

tariffs continue to be applied, with any level of tariffs making it difficult to attract investment and leading to higher production costs, lower output and fewer jobs.

Witnesses also commented on Chinese measures that undermine rules-based trade, including those regarding electric vehicles. Concerning China's overcapacity in relation to electric vehicles, the [Canadian Vehicle Manufacturers' Association](#) contended that the economic and national security reasons for the Governor in Council's establishment of the *China Surtax Order (2024)*³ continue to be valid, and supported the order's continuation. In the opinion of the [Canadian Vehicle Manufacturers' Association](#), China's price advantage for electric vehicles – which contributed to the country “rapidly gain[ing global] market share” and undermining some countries' automotive sectors, is the result of two factors: state subsidies totalling about US\$230.0 billion over the 2009 to 2023 period; and “weak labour and environmental standards.” Highlighting China's control of the global supply chain for electric vehicle batteries, the [Canadian Vehicle Manufacturers' Association](#) suggested that Canada should support the development of a supply chain for “next-generation battery materials” in the western hemisphere.

Moreover, witnesses discussed Chinese measures relating to Canadian steel products. According to the [Canadian Steel Producers Association](#), following Canada's implementation of the *Order Amending the China Surtax Order (2024)*,⁴ affected imports from China decreased to about half the levels that existed prior to the order's implementation. The [Canadian Steel Producers Association](#) urged the Government of Canada to adopt measures similar to those implemented by the United States in order “to better target Chinese steel in derivative products,” and called for federal measures to identify “derivatives or steel-containing products” from China.

As well, witnesses focused on Chinese tariffs announced in 2025 that are applied on Canadian canola exports. The [Grain Growers of Canada](#) underscored that the 100.0% tariff applied on Canadian canola oil, canola meal and peas, and the 75.8.0% tariff applied on Canadian canola seed, have significantly reduced its members' “farm gate revenues.” Furthermore, the [Grain Growers of Canada](#) estimated that China's “current tariff situation” with Canada is leading Canadian canola exporters to have \$1.6.0 billion less revenue than would be the case without the tariffs.

Finally, witnesses described several other measures that could undermine rules-based trade. [Professor Lilly](#) maintained that “ambitious” Buy Canadian procurement measures

3 The *China Surtax Order (2024)* establishes a 100.0% surtax on [tariff items](#) relating to certain automotive goods from China, effective 1 October 2024.

4 The *Order Amending the China Surtax Order (2024)* establishes a surtax of 25.0% on [tariff items](#) relating to certain steel and aluminum goods from China, effective 22 October 2024.



would “almost certainly” violate some of Canada’s trade agreements, including those with countries in Asia and the European Union. That said, [Professor Lilly](#) expressed support for encouraging Canadians to buy more domestic steel, perhaps through procurement measures that give a preference to such steel. Characterizing Buy Canadian procurement measures – particularly for major construction and infrastructure projects – as a “no-brainer,” the [Canadian Centre for Policy Alternatives](#) asserted that these measures would have “minimal” impact on trading relationships because “everybody else” is implementing “buy domestic” policies. The [Chamber of Shipping](#) mentioned the United States’ threats to apply retaliatory tariffs on goods from countries that ratify the International Maritime Organization's Net-Zero Framework, which the United States does not support.

Supporting the Work of the World Trade Organization

Recognizing the role that the WTO plays in the negotiation of – and compliance with – international trade rules, witnesses commented on aspects of the WTO’s work. The [Canadian Cattle Association](#) underlined the Government of Canada’s efforts to maintain a “strong WTO,” and – citing the WTO as an example – [Professor Collins](#) suggested that Canada “needs to continue to engage” in international trade forums. [Professor Collins](#) also cautioned against being “dismissive” of the WTO, asserting that it is “doing more than people realize.” In particular, Professor Collins highlighted the following WTO efforts: establishing “international [trade] standards” through the work of relevant committees; making progress on digital trade; monitoring and facilitating the implementation of the *Agreement on Trade Facilitation*; and providing the framework and institutional support for the Investment Facilitation for Development Agreement. In Professor Collins’ view, although the WTO’s dispute-settlement system is currently not fully functional, alternative mechanisms – such as the Multi-Party Interim Appeal Arbitration Arrangement to which Canada is a party – are operating.

Finally, witnesses pointed out some of the WTO’s difficulties. In the view of the [Canadian Centre for Policy Alternatives](#), the WTO has experienced challenges almost since its inception and, according to [Attac Québec](#), the WTO’s “weak[ness]” has led some WTO members to negotiate regional trade agreements. [Lawrence Herman](#) attributed the WTO’s current “dysfunctional” state partly to recent U.S. trade policies.

TRADE DIVERSIFICATION AND TRADE AGREEMENTS: SOME CONCERNS

When appearing before the Committee, witnesses commented on Canada’s trade diversification efforts and its trade agreements. In particular, they focused on advancing

trade diversification, negotiating new trade agreements and maximizing the benefits of existing trade agreements.

Advancing Trade Diversification

Witnesses provided general views about Canada's current trading partners. Citing the "gravity model" of trade, which is based on a foreign market's size and proximity, [Professor Lilly](#) stated that, despite the Government of Canada's efforts to diversify trading partners, the United States will continue to be Canada's "first and largest trading partner." The [Grain Growers of Canada](#) emphasized that Canadian grain exports to the United States and to China are sufficiently high in value that any loss of access to markets in those countries would be difficult to offset through diversification to other countries. [Lawrence Herman](#) contended that Canada has "avoided making serious, sustained efforts" to access markets in European Union countries and those in the Asia-Pacific region.

As well, witnesses provided perspectives about Canada's recent and potential trading partners, making particular mention of some countries in the Indo-Pacific region. The [Canadian Agri-Food Trade Alliance](#) noted "very interesting" opportunities in the Philippines and Viet Nam, and the [Canadian Agri-Food Trade Alliance](#) also drew attention to the opening of Canada's Indo-Pacific Agriculture and Agri-Food Office in Manila. The [Canadian Pork Council](#) referred to a recent trade mission to Southeast Asia, where Indonesia, the Philippines, Singapore and other countries have food security challenges. Furthermore, the [Canadian Cattle Association](#) highlighted strong demand for Canadian beef in Indo-Pacific countries, and the [Grain Growers of Canada](#) argued that the region is "critical" for increasing its members' exports. Moreover, the Grain Growers of Canada underlined both the ongoing trade negotiations between Canada and the Association of Southeast Asian Nations and the recently concluded Canada–Indonesia Comprehensive Economic Partnership Agreement.

Witnesses also mentioned China, India and Japan as trading partners for Canada. Regarding China, Global Affairs Canada [officials](#) said that efforts are continuing in two areas: to address disagreements and risks; and to identify areas where Canada and China "can work together." The [Grain Growers of Canada](#) described "ongoing and increased engagement" with China as "critical," although [Professor Lilly](#) cautioned against pursuing trade negotiations with that country. Concerning India, the [Grain Growers of Canada](#) expressed hope for a trade "reset" because that country is a key market for Canadian pulse exports, and [Professor Lilly](#) suggested that negotiating a trade agreement with India would be difficult but "worthwhile." Asserting that Japan is a top destination for Canadian pork exports, the [Canadian Pork Council](#) characterized



Canadian Food Inspection Agency offices in Japan and other countries as essential “stepping stones” for expanding international trade.

Moreover, witnesses focused on Canada’s trading partners in South America and in Africa. In relation to South America, the [Canadian Cattle Association](#) expressed “significant concern” about “advancing” Canada–Mercosur trade negotiations, and warned that increasing the amount of beef that enters Canada from Mercosur countries would “displace Canadian beef” and strain relations with the United States. As well, the [Canadian Cattle Association](#) called attention to three issues: the potential for Canada to become a “dumping ground” for beef from South American countries; the reliability of disease surveillance systems in South American countries; and the labour costs in Brazil, which are lower than such costs in Canada. The [Canadian Agri-Food Trade Alliance](#) identified Ecuador as a “good” market for Canadian cereal products. With respect to Africa, the [Grain Growers of Canada](#) underlined the region’s potential, emphasizing Morocco’s demand for Canadian durum wheat.

Finally, witnesses discussed trade-enabling infrastructure that would support Canadian grain exports. Pointing out that more than 90.0% of the grain grown on the Prairies moves by rail before being exported, the [Grain Growers of Canada](#) identified infrastructure as a major barrier to exporting Canadian grains to existing and new markets. According to the Grain Growers of Canada, the ability to export is facilitated when rail systems are efficient and ports – including the Port of Vancouver and ports on Canada’s east coast – are fully operational.

Negotiating Trade and Investment Agreements

Witnesses provided their views about jurisdictions with which Canada has recently negotiated, or is currently negotiating, a trade or investment agreement. Global Affairs Canada [officials](#) stated that the Government of Canada prioritizes diversifying trade and strengthening partnerships with “trusted allies,” and cited the country’s recent trade agreements with Ecuador and Indonesia, as well as ongoing trade negotiations with the Association of Southeast Asian Nations and Mercosur. The officials also drew attention to a foreign investment promotion and protection agreement between Canada and the United Arab Emirates, and negotiations for such an agreement with a number of countries in Africa, the greater Middle East and South America.

As well, witnesses focused on consultations relating to – and the negotiation of – Canada’s trade agreements. Describing the Government of Canada’s general approach, Global Affairs Canada [officials](#) said that the country’s trade negotiators ensure that consultations are broad and comprehensive. The [officials](#) noted the existence of formal

and informal mechanisms – including notices published in the *Canada Gazette* and various committees – that enable information to be exchanged between federal negotiators and their provincial and territorial counterparts. That said, [Attac Québec](#) contended that the Government has had insufficient consultations with labour unions about trade agreements. Furthermore, in [Attac Québec](#)'s opinion, because of their responsibilities for health, education and culture, Canada's provinces should have greater involvement in trade negotiations than is currently the case. Recognizing that trade agreements affect public policy, the [Canadian Centre for Policy Alternatives](#) advocated an enhanced parliamentary role in relation to trade agreements, including their negotiation and the drafting of their provisions.

Moreover, witnesses mentioned consultations about particular trade agreements and trading partners. Global Affairs Canada [officials](#) referred to CUSMA-related public consultations that occurred in 2024 and 2025 relating to the first joint review of the agreement. The officials also mentioned efforts to seek additional input regarding CUSMA through an online portal, and indicated that advisory groups for domestic sectors affected by the recent U.S. tariffs have been created. However, according to [Lawrence Herman](#), the publicly available information about Canada–U.S. trade discussions is limited, which is “very unusual.” Concerning Canada's trade negotiations with the Association of Southeast Asian Nations, the [Canadian Agri-Food Trade Alliance](#) stated that Global Affairs Canada officials have kept it regularly informed about these negotiations.

Witnesses also commented on the issues addressed in Canada's trade agreements. Global Affairs Canada [officials](#) observed that Canada's negotiating approach was historically guided by the *North American Free Trade Agreement* “model,” which was used “very successfully for a very long period of time” and resulted in trade agreements with provisions in a broad range of areas. That said, the officials also underscored that Canada has largely “exhausted” partners that are willing to use that model when negotiating a trade agreement. In [Professor Collins](#)' view, Canada “tends” to attempt to include issues in trade agreements that are not directly related to trade. Advising against this “mission creep,” [Professor Collins](#) argued that Canada's focus when negotiating trade agreements should be “liberalizing” trade, lowering trade barriers and “promoting open markets.” [Attac Québec](#) contended that eliminating investor–state dispute-settlement provisions from Canada's trade agreements would respond to the requests of civil society organizations, and the [Canadian Centre for Policy Alternatives](#) suggested that the Government of Canada should “withdraw from the investor-state dispute settlement regime.”



Moreover, when focusing on the first joint review of CUSMA, witnesses discussed Canada's automotive sector. The [Canadian Vehicle Manufacturers' Association](#) expressed concerns that the absence of CUSMA or a comprehensive sectoral agreement would lead to the "worst-case scenario" for the domestic sector: a "pre-Auto Pact environment," with reduced efficiency, lower productivity, decreased investment, probable job losses and production centred on the Canadian market only. Furthermore, the [Canadian Vehicle Manufacturers' Association](#) advocated five trade-related principles, including three relating to automotive trade: no "differentiated outcomes" between Canada and the United States concerning automotive trade; "deep integration" of North America's automotive sector; and rules of origin based on "strong sourcing within North America."

Witnesses also highlighted Canada's agricultural and agri-food sector in the context of the first joint review of CUSMA. The [Canadian Agri-Food Trade Alliance](#) urged the Government of Canada to attempt to preserve the agreement's provisions that are important for Canadian agri-food exporters. In particular, the Canadian Agri-Food Trade Alliance mentioned: tariff-free trade; dispute-settlement mechanisms; tariff-rate quotas and "tariff preference levels"; "ambitious" sanitary and phytosanitary measures; science-based decision-making; and regulatory cooperation. The [Grain Growers of Canada](#) encouraged the Government to prioritize regulatory cooperation with the United States concerning sanitary and phytosanitary measures during the review.

Concerning specific provisions in CUSMA that could be a focus during the first joint review of the agreement, witnesses emphasized dispute-settlement mechanisms. The [Grain Growers of Canada](#) described these mechanisms as "extremely important," especially because Canada is "the smaller partner." Noting that its members have faced "challenges" regarding the implementation of certain dispute-settlement panel rulings, the [Canadian Vehicle Manufacturers' Association](#) stressed U.S. non-compliance with the ruling in relation to the "super-core roll-up" dispute and the United States' failure to respect a side letter exempting Canadian automobiles from tariffs.

Finally, regarding labour protections and the first joint review of CUSMA, the [Canadian Centre for Policy Alternatives](#) referred to the agreement's Facility-Specific Rapid Response Labour Mechanism for Mexican employees, and proposed that this mechanism should be strengthened and expanded to Canada, the United States and eventually "other countries."

Maximizing the Benefits of Trade Agreements

Witnesses provided observations about Canadian firms' ability to benefit fully from Canada's trade agreements. Global Affairs Canada [officials](#) commented that the

Government of Canada places a priority on helping domestic firms to “take advantage of the network” of the country’s trade agreements, including through an improved understanding of the agreements’ provisions. Giving examples of the Government’s assistance, the [officials](#) mentioned the nearly “1,000 professionals” in Global Affairs Canada’s Trade Commissioner Service who are located in Canada and abroad. As well, the [officials](#) underlined such other supports as a 1-800 telephone line, online resources and training. However, the [Grain Growers of Canada](#) suggested that the Government “is very good at signing” trade agreements but has implementation challenges, and cited the Canada–European Union *Comprehensive Economic and Trade Agreement* (CETA) as the “largest example” of such challenges.

In addition, witnesses focused on the need to reduce non-tariff barriers in order to benefit fully from Canada’s trade agreements. Global Affairs Canada [officials](#) noted existing institutional mechanisms designed to address non-trade barriers, and indicated that trade agreements – including the WTO’s agreements – create committees and working groups for signatories to address trade issues, including non-tariff barriers. Moreover, the [officials](#) said that, although most of Canada’s trade agreements contain “specific and sufficient rules” to safeguard Canadian interests, barriers may arise after negotiations end. The [officials](#) added that dispute-settlement panels may be established if discussions do not lead to a mutually satisfactory resolution to differences between parties.

Witnesses also drew attention to agricultural non-tariff barriers affecting Canadian exports to the United Kingdom. In the [Canadian Pork Council](#)’s view, animal production rules that are not based on science and that are not applied reciprocally restrict the benefits of Canada–U.K. trade in pork products. As well, the [Canadian Pork Council](#) pointed out that the United Kingdom has “very specific” pork production and processing requirements that are outlined in the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (CPTPP), and asserted that these requirements restrict Canadian pork exporters’ access to the United Kingdom. The [Canadian Cattle Association](#) stated that no Canadian beef products are being exported to the United Kingdom at this time.

Concerning the European Union, witnesses mentioned agricultural non-tariff barriers that limit the benefits of CETA for Canadian exporters. The [Canadian Pork Council](#) estimated that CETA’s “technical barriers” are causing its members’ annual revenue to be \$400.0 million less than would be the case without these barriers. Providing an example of non-tariff barriers, the [Canadian Pork Council](#) cited the European Union’s requirement to test Canadian meat for a parasite that has not existed in Canadian livestock “for years.” The [Canadian Pork Council](#) also indicated that it has requested greater “clarity” from the Government of Canada regarding the European Union’s treatment of Canadian pork products, and encouraged the Government to challenge this treatment.



Witnesses also focused on Chinese, Italian and Mexican non-tariff barriers affecting Canadian agricultural exports. The [Canadian Cattle Association](#) contended that Canadian beef products have been “shut out of China” since 2021 due to an “unjustified trade action,” and supported the Government of Canada “starting discussions” at the WTO regarding market access. The [Grain Growers of Canada](#) highlighted Italy’s use of non-tariff barriers to “disallow” Canadian durum wheat exports, thereby essentially providing a preference to domestic durum wheat. As well, the [Grain Growers of Canada](#) identified Mexico’s sanitary and phytosanitary standards, such as mandatory fumigation, as a barrier for Canadian cereal exporters.

Moreover, witnesses provided perspectives about the use of science-based and evidence-based standards to maximize trade agreement–related benefits for Canadian agri-food exporters. To enhance the adoption of such standards, the [Canadian Cattle Association](#) advocated collaboration with “allies” that have the same scientific standards and rules regarding trade. The [Canadian Pork Council](#) said that standards that are science-based and evidence-based reduce uncertainty, and urged the Government of Canada to uphold “science-based principles.” Contending that U.S. and Canadian beef exporters experience the same non-tariff barriers in other countries, the [Canadian Cattle Association](#) called for bilateral collaboration to address these barriers. Concerning specific trade agreements, the [Canadian Cattle Association](#) argued that – with the exception of the United Kingdom – trade among the CPTPP’s parties is evidence-based, and the [Canadian Pork Council](#) suggested that the CPTPP’s science-based rules enable trade that is more efficient when compared with that resulting from CETA’s rules.

Finally, witnesses commented on the need for regulatory cooperation to ensure that the benefits of Canada’s trade agreements are maximized for Canadian agri-food exporters. The [Canadian Agri-Food Trade Alliance](#) mentioned Canadian regulations that result in high standards regarding product quality and human health, but highlighted the existence of varying regulations across foreign countries in these two areas. Speculating that many non-tariff barriers arise from misunderstandings about Canadian rules that could be resolved through discussions with trading partners, the [Canadian Agri-Food Trade Alliance](#) stressed the need for regulatory cooperation with the members of the Association of Southeast Asian Nations. The [Grain Growers of Canada](#) urged the Government of Canada to prioritize the harmonization of regulatory standards within North America.

FEDERAL TRADE-RELATED ACTIONS AND SUPPORTS: EMERGING PRIORITIES

Witnesses appearing before the Committee provided their views about federal trade-related actions and supports. Their specific focus was adapting trade-related legislation and policies, as well as offering trade-enabling supports.

Adapting Trade-Related Legislation and Policies

Witnesses drew attention to the legislation establishing Canada's trade remedy regime. [Lawrence Herman](#) contended that the country's trade remedy statutes are outdated and impose excessive burdens on firms. Lawrence Herman's [brief](#) urged amendments to: the *Special Import Measures Act*, which could be simplified; the *Customs Tariff Act*, which lacks provisions enabling surcharges when imports threaten national security; and the *Export and Import Permits Act*, which lacks provisions that "expressly" restrict imports of "non-military or non-strategic" imports of subsidized "Chinese [electric vehicles], steel, aluminum and other critical goods that are outside the military or nuclear domain." Similarly, the [Canadian Centre for Policy Alternatives](#) advocated modernization of Canada's trade remedy regime, and proposed amendments to section 53 of the *Customs Tariff Act* to address unfair practices by countries with non-market economies. The [Canadian Centre for Policy Alternatives](#) also supported Unifor's proposal to use the *Foreign Extraterritorial Measures Act* to "penalize" firms shifting "capital" from Canada to the United States in order to avoid U.S. tariffs.

As well, witnesses discussed Canada's trade policy, both generally and for the country's agricultural and agri-food sector specifically. [Professor Lilly](#) proposed that the Government of Canada should develop trade-related policies and measures carefully in order to avoid "protectionist retaliation" that could harm Canadian exporters and increase domestic prices for consumers. University of Ottawa Professor Wolfgang Alschner's [brief](#) suggested that the Government should adapt Canada's trade policy to each trading partner and each good that is traded, and should both impose more restrictions on "strategic rivals," like China, and deepen liberalization with "historic allies," like Europe. [Attac Québec](#) encouraged the Government to avoid adopting any of the "U.S. government's most questionable" trade actions. Regarding Canada's agricultural and agri-food sector, the [Canadian Agri-Food Trade Alliance](#) urged the Government to develop a "clear strategic framework" aimed at increasing agri-food exports, and proposed that the Government should "explicitly prioritize agriculture in its diplomatic and economic strategies."

Finally, witnesses identified trade-related regulatory measures and policies concerning Canada's agricultural and automotive sectors. The [Grain Growers of Canada](#) underscored



the need to align Canada’s sanitary and phytosanitary standards with those in the United States, cautioning that recent regulatory divergence between the standards of the Pest Management Regulatory Agency and the Canadian Food Inspection Agency in Canada and similar entities in the United States should be avoided.

Offering Trade-Enabling Supports

Witnesses commented on Canada’s trade-enabling infrastructure for particular goods and concerning specific modes of transportation. Regarding infrastructure for Canadian energy exports, including to support trade diversification efforts, [Professor Lilly](#) described pipelines and “major infrastructure projects that get energy to market” as “nation-building projects.” With a focus on ports, the [Grain Growers of Canada](#) noted that the Port of Vancouver is not on the Government of Canada’s list of major projects that will be prioritized, and said that at least 50.0% of Canadian grain – valued at more than \$35.0 million daily – goes through that port, which has outdated infrastructure. As well, the [Grain Growers of Canada](#) identified the Second Narrows Rail Bridge – built in the 1960s – as a priority, warning that the bridge’s failure would likely cause “at least half of the operations at the port [of Vancouver] ... [to be] inoperable for weeks, if not months.” According to the [Chamber of Shipping](#), the digital infrastructure at Canada’s “more constrained, larger” west coast ports is insufficient.

Moreover, witnesses drew attention to Canada’s federal public servants who are focused on trade issues, including those who work internationally. The [Canadian Cattle Association](#) highlighted the creation of federal offices abroad – like the Indo-Pacific Agriculture and Agri-Food Office – as an important contributor to increasing Canadian exports, and the [Canadian Agri-Food Trade Alliance](#) encouraged the Government of Canada to hire “people on the ground” in foreign countries to gather information and identify export opportunities. The [Grain Growers of Canada](#) advocated more funding and authority for Global Affairs Canada’s Market Access Secretariat, which is currently “underfunded.”

Finally, witnesses provided suggestions for trade-enabling supports relating to Canada’s agri-food sector generally and to pork processing in particular. [Lawrence Herman](#) emphasized the benefits that would result from stronger collaboration between the Government of Canada and Canada’s agri-food sector with the goal of increasing exports, and the [Canadian Pork Council](#) underlined the need to expand the domestic capacity to process pork, and urged support for existing processors and measures to encourage foreign “entrants.”

THE COMMITTEE'S THOUGHTS AND RECOMMENDATIONS

A November 2024 [WTO report](#) identifies two factors as risks to the stability and predictability of international trade and investment, and to the established rules-based trade system on which Canada and other countries depend: a rise in unilateral trade-restrictive measures, and ongoing geopolitical tensions. According to [Canada's State of Trade 2024: Supply Chains](#), international trade accounts for about one-third of Canada's gross domestic product, millions of jobs are linked to Canadian exports, and the amount of inbound foreign direct investment is significant. When adapting to the ever-changing economic and geopolitical environment, it is vital that efforts be directed to maintaining – if not enhancing – international rules-based trade and investment systems, including to ensure that they are reliable, transparent and predictable. Such systems contribute to secure market access, greater investment and improved competitiveness, all of which have benefits for Canadian firms, employees and consumers.

At present, the international trade and investment environment is characterized by shifting geopolitical dynamics, rising protectionism, and the weakening of international trade institutions and long-established trade rules. The Committee is mindful that, for Canada to benefit fully from its trade and investment relationships, the country may need to take a number of actions concurrently: defend rules-based international trade and investment systems vigorously, approach the identification of potential new partners strategically, and implement existing trade and investment agreements effectively.

Now, perhaps more so than at any other time in Canada's history, trade diversification is a high priority. The Committee realizes that the United States is expected to remain an important trading partner for Canada, but also acknowledges the benefits of establishing and deepening engagement with other trading partners around the world. Efforts to diversify Canada's trade should occur alongside those designed to ensure the existence of adequate and appropriate trade-enabling infrastructure, as well as streamlined and science-based regulations.

Finally, legislative and regulatory frameworks relating to trade and investment, including Canada's trade remedy regime, are most effective when they contain up-to-date provisions that are aligned with current – and anticipated future – needs and realities. The Committee recognizes that simplifying these frameworks could reduce their complexity, which would both make them more accessible to – and less costly for – Canadian firms, and improve their ability to address current challenges in a timely and appropriate manner.



In this context, the Committee recommends:

Recommendation 1

That the Government of Canada enhance its efforts to defend rules-based international trade and investment systems, which have served Canadians well and provided them with prosperity, including through actively supporting reform of the World Trade Organization. As well, the Government should both constantly strengthen Canada's existing trade and investment relationships, and strategically pursue new trade and investment agreements. In particular, the Government should seek to negotiate a resolution to the current U.S. sectoral tariffs, which would help Canada's long-term economic prospects.

Recommendation 2

That the Government of Canada take timely actions designed to bring about full and successful implementation of the country's existing and future trade and investment agreements. As part of these actions, the Government should: increase its communication with, and support for, Canadian firms and employees; ensure the existence of adequate and appropriate trade-enabling infrastructure; and enhance regulatory cooperation with the goal of eliminating non-tariff barriers.

Recommendation 3

That the Government of Canada review its trade remedy regime. Following the review, the Government should expeditiously amend Canada's domestic laws and regulations to make them more effective and appropriate for the current trade environment. As well, in considering amendments, the Government should focus on changes that would streamline administrative processes, as well as reduce complexity and costs.

APPENDIX A: LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
Attac Québec Claude Vaillancourt, President	2025/09/18	2
Canadian Pork Council Stephen Heckbert, President and Chief Executive Director René Roy, Chair	2025/09/18	2
Canadian Vehicle Manufacturers' Association Brian Kingston, President and Chief Executive Officer Jennifer Steeves, Director, Industry & Consumer Affairs	2025/09/18	2
As an individual Lawrence L. Herman, Counsel, Cassidy Levy Kent LLP Meredith B. Lilly, Full Professor, Simon Reisman Chair in International Economic Policy, Carleton University	2025/09/22	3
Canadian Agri-Food Trade Alliance Michael Harvey, Executive Director	2025/09/22	3
Department of Foreign Affairs, Trade and Development Aaron Fowler, Associate Assistant Deputy Minister, International Trade Branch and Chief Trade Negotiator	2025/09/22	3
As an individual David Collins, Professor, International Economic Law	2025/10/09	6
Canadian Cattle Association Tyler Fulton, President Dennis Laycraft, Executive Vice-President	2025/10/09	6
Canadian Centre for Policy Alternatives Stuart Trew, Senior Researcher	2025/10/09	6

Organizations and Individuals	Date	Meeting
Canadian Steel Producers Association François Desmarais, Vice-President, Trade and Industry Affairs	2025/10/09	6
Chamber of Shipping Bonnie Gee, President	2025/10/09	6
Grain Growers of Canada Kyle Larkin, Executive Director	2025/10/09	6

APPENDIX B: LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

Alschner, Wolfgang

Herman, Lawrence

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this report.

A copy of the relevant *Minutes of Proceedings* (Meetings Nos. [2](#), [3](#), [6](#) and [24](#)) is tabled.

Respectfully submitted,

Hon. Judy A. Sgro
Chair

