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Chair: Judy A. Sgro





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Tuesday, February 10, 2026

• (1100)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I'm calling the meeting to order.

This is meeting number 22 of the Standing Committee on International Trade.

Welcome, everyone.

I need the committee to adopt the study budget for Bill C-18. You all received a copy of the study budget yesterday, which is for \$4,250.

Could we adopt this motion before we start?

**Some hon. members:** Agreed.

**The Chair:** Pursuant to the order of reference of Monday, February 2, the committee is resuming its study of Bill C-18, an act to implement the Comprehensive Economic Partnership Agreement between Canada and Indonesia.

As witnesses today, we have, as an individual, Ian Lee, associate professor, Sprott School of Business, Carleton University, by video conference; Jason Easton, global head of government relations, AtkinsRéalis; and Michael Harvey, executive director, Canadian Agri-Food Trade Alliance.

Welcome to all of you, and welcome back to the committee, certainly, for some of you.

We will start with Mr. Lee, with a presentation of up to five minutes, please.

**Ian Lee (Associate Professor, Sprott School of Business, Carleton University, As an Individual):** Thank you, Madam Chair, for the invitation on this extremely important subject.

First will be my disclosures.

Number one, I do not belong to or donate money to any political party.

Two, I am not a registered lobbyist, as I do not consult to any industry. The views I am presenting today and my media interviews are based on extensive analysis of the trade stats of the Canadian government, the American government and international government agencies such as the IMF and the WTO.

Three, I've taught the strategy and policy capstone course over 100 times in developing countries since 1990, in the former Soviet Union; in centre-east Europe, including multiple times in Russia,

Ukraine and Poland since 1991; in Romania since 1993; and in the Czech Republic, as well as in China since 1997, 10 times over 10 years in Iran and in Cuba eight times.

Number four, I've been a member of the university faculty union for 38 years, meaning that I am unionized.

Over my entire career analyzing company and industry competitiveness, first as a banker for nine years, lending money to SMEs, and in the last 35 years teaching and researching strategy, I've studied trade theory and trade trend data extensively to understand what Adam Smith called "the wealth of nations".

Those who examine trade theory and trade stats have known for 250 years, since Adam Smith, that the prosperity of a country is not due to a mercantilist belief in the amount of gold in the central bank vaults, nor is it because the gods of some religion or another decided that they liked one nationality or religion over another and made them wealthier. These were two of the dominant theories at the time of Adam Smith in the 1700s.

Smith argued that trade is essential to prosperity and that it's not an add-on. It is due to the production and exchange of goods and services within a country and with other countries. The trade theory of comparative advantage, which, put in my language, is simply make and trade what you're good at, was developed 250 years ago by Smith and refined by David Ricardo, but some critics argue that it's not relevant anymore.

This ignores the most important trade theorist of the last 75 years, Paul Krugman, who won a Nobel Prize for his work showing why trade is mutually advantageous due to specialization from scale economies, even when nations have similar advantages.

Today, these theories are under attack from both the extreme-right Trump and tariff advocates and some on the left who view Trump as the opportunity to promote protectionism and restrictive trade policies. However, evidence-based graphs from the WTO, the OECD, UNCTAD, the World Bank and other international bodies reveal that the 38 high-income countries—that's the World Bank's phrase, the OECD countries—trade substantially more as a percentage of GDP than most low- or middle-income countries. In other words, they're much wealthier, they're much more successful, and they trade a lot more.

Those who study empirical trends recognize that the autarchic policies of protectionism are designed to keep out foreign products and services in support of local industry and firms that consequentially drive down our productivity, stifle innovation and increase prices to consumers, as the brilliant economist Joseph Schumpeter showed us some 50 years ago.

Fortunately, starting in 1945, following the disastrous beggarthy-neighbour depression and, of course, the ruinous Second World War, we developed the GATT, which was transformed into the WTO. Over the last 75 years, WTO countries have successively reduced tariffs and non-tariff barriers. What happened? OECD trade exploded. Prosperity exploded. GDP per person increased year after year. OECD countries today are vastly more prosperous in 2025 on a per person annual income basis than in 1960.

This brings us to the current urban legend of the death of globalization, seen in multiple op-eds in Canada, U.S. and the EU. One was in the Toronto Star only in these last five days, claiming globalization is “dead”, which means each country will stop trading with other countries.

Does anyone believe that Canada will become autarchic, like North Korea, and will start to grow blueberries in Ottawa in January, presumably in snowbanks? Why on earth do we care about the Chinese manufacturing \$1.2-trillion export surplus or China's 60% world market share of EVs if globalization really is dead?

This is why I profoundly disagree with both Prime Minister Carney and former Prime Minister Harper—I respect both of them enormously—concerning a radical rupture in the world trade paradigm that has governed the world since 1950.

• (1105)

The very distinguished Christine Lagarde, president of the ECB and former managing director of the IMF, sharply disagreed with Prime Minister Carney, as did the current head of the IMF. Please read—

**The Chair:** I'm sorry, Mr. Lee. I'm very anxious for you to finish, but I have to go on to the other witnesses. Hopefully, you can complete that excellent presentation through some of our members, who will no doubt want to hear the next steps you have thought out better than some others, I'm sure.

I apologize, sir.

**Ian Lee:** Okay. I understand.

**The Chair:** Thank you.

Mr. Easton.

**Jason Easton (Global Head of Government Relations, AtkinsRéalis):** Madam Chair, vice-chairs and honourable members of the committee, thank you for the invitation to appear before you today.

My name is Jason Easton. I'm the global head of government relations at AtkinsRéalis, a Canadian engineering services and nuclear company with deep roots in this country and a strong global footprint.

[Translation]

AtkinsRéalis employs 41,000 people throughout the world, including 8,000 in Canada. We deliver complex infrastructure, energy and defence projects in over 50 countries. We have a long history of supporting Canada's trade, climate and policy objectives.

[English]

I appreciate the opportunity to contribute to your study of Bill C-18, which would implement the Canada-Indonesia Comprehensive Economic Partnership Agreement.

From our perspective, this agreement represents an important step forward to strengthen Canada's economic engagement in the Indo-Pacific region, a region that will drive global growth, infrastructure demand and energy transition for decades to come.

Indonesia is a particularly important partner. It's the world's fourth most populous country, a G20 member and a nation with ambitious plans for infrastructure expansion, industrial development, energy transition and energy security. Meeting those objectives will require trusted international partners, advanced technology and long-term collaboration—areas where Canadian firms are well positioned to contribute. From an industry standpoint, CEPA has the potential to improve market access, regulatory transparency and investment certainty for Canadian companies operating there.

These are not abstract concepts. For companies like AtkinsRéalis, clear rules, a predictable procurement framework and strong government-to-government relationships all directly influence whether Canadian expertise is brought to bear on major projects, or whether those opportunities are captured by competitors from other jurisdictions.

I would like to highlight one particular sector of strategic relevance: nuclear energy.

Indonesia has publicly signalled its interest in diversifying its energy mix, reducing emissions and strengthening long-term energy security. As electricity demand grows and considerations of energy security and net-zero objectives converge, nuclear energy is increasingly part of serious policy discussions across southeast Asia, where Indonesia is a leading voice.

Canada has a unique offering in that space through its own homegrown nuclear technology, CANDU. CANDU reactors are proven, safe and well suited to countries seeking a reliable baseload, strong non-proliferation credentials, and flexibility and security in fuel supply, given that they use natural, nonenriched uranium. They also offer significant opportunities for long-term partnerships in engineering services, life-cycle support, workforce training and regulatory co-operation—areas where Canadian expertise is globally recognized.

Finally, as Canada pursues ambitious export objectives like seeking to double overseas exports by \$300 billion, the opportunities for Canada's nuclear supply chain are immense. The Conference Board of Canada forecasts that each new CANDU deployed overseas will increase Canadian GDP by about \$5 billion, increase federal tax revenues by \$1.6 billion and support 36,000 full-time jobs.

Trade agreements like CEPA do not, on their own, deliver projects, but they do create the enabling environment in which Canadian technology, such as CANDU, can be credibly advanced, supported by strong diplomatic relationships and clear commercial frameworks. In this sense, Bill C-18 should be viewed not only as a trade instrument but also as part of Canada's broader economic and strategic engagement in the Indo-Pacific.

I would also note that trade agreements are increasingly evaluated not only on commercial outcomes but also on how they advance broader public policy objectives. A well-implemented CEPA could support stronger labour standards by enabling Canadian companies to export practices rooted in safety, skills development and workforce training. It could reinforce environmental objectives by facilitating the deployment of low-carbon infrastructure and clean energy solutions. It would align with Canada's Indo-Pacific strategy by deepening long-term partnerships in a region of growing strategic importance based on rules, transparency and trusted collaboration.

In closing, AtkinsRéalis supports efforts to deepen Canada's trade and investment relationship with Indonesia in a way that is mutually beneficial, rules-based and forward-looking. We believe Bill C-18 could help strengthen Canadian companies as they compete, innovate and contribute to sustainable development in the region while creating high-value jobs and opportunities here at home.

On a personal basis, I've had the great privilege of having a front-row seat during the growth of Canada's bilateral relationship with Indonesia, and I am very pleased to support your consideration of this legislation to take Canada and Indonesia to the starting line of a new economic partnership.

Thanks for your time. I look forward to your questions.

● (1110)

**The Chair:** Thank you very much, Mr. Easton.

We will move on to Mr. Harvey, please.

[*Translation*]

**Michael Harvey (Executive Director, Canadian Agri-Food Trade Alliance):** Good morning. I thank the members of the committee for inviting me here today.

The Canadian Agri-Food Trade Alliance, or CAFTA, is a coalition of national organizations that advocate for a more open and fair international trade environment for the agriculture and agri-food sector.

CAFTA members include farmers, ranchers, processors, producers and exporters from major trade sectors such as beef, pork, cereals, oilseeds, sugar, pulses, plant sciences and soybeans.

In Canada, the agri-food sector accounts for one in nine jobs, and most of those jobs are export-related. Every year, Canada exports some \$100 billion in agriculture and food products. Over half of our agricultural production is exported or processed for export. In addition, over 90% of Canadian farmers depend on trade.

[*English*]

CAFTA welcomed the signing of this CEPA, and we encourage this committee to report favourably and recommend swift ratification.

Indonesia represents one of the fastest-growing markets in Southeast Asia, and for Canada's agri-food exporters, this CEPA has the potential to open new doors in a dynamic country that values reliable suppliers of safe, high-quality food.

● (1115)

CAFTA has long advocated for trade agreements that provide predictable, rules-based access to high-growth markets. This agreement's commitments on agri-food, food security and trade facilitation reflect the strong complementarities between Canada and Indonesia, and we look forward to working with government and industry partners to ensure that these provisions translate into real opportunities for Canadian exporters.

This agreement also reinforces Canada's broader engagement in the Asia-Pacific, including the ongoing Canada-ASEAN FTA negotiations and Indonesia's interest in joining the CPTPP. Together, these efforts will help Canadian agri-food exporters diversify markets, strengthen supply chain resilience and contribute to economic growth.

CAFTA and its members stand ready to continue collaborating and engaging with Indonesia through the agreement's mechanisms to facilitate agri-food trade and to continue working with government to advance an ambitious, comprehensive trade strategy that ensures Canada places agri-food trade at the heart of our international agenda.

[*Translation*]

I look forward to answering any questions you may have.

[*English*]

**The Chair:** We will now move to questions from our members.

Mr. Chambers, please, you have six minutes.

**Adam Chambers (Simcoe North, CPC):** Thank you, Madam Chair.

Mr. Lee, you were on a roll, and I'll jog your memory. The Prime Minister gave a good speech in terms of it being well researched and well argued.

I don't want to put words in your mouth. What was your impression of the speech's point about there having been a rupture and that we'll never go back to rules-based trade? What say you?

**Ian Lee:** It was a very fine speech. My only disagreement is with this idea, which is very popular today, that we're not going back and that trading is going to diminish, or it's going to eventually die or maybe disappear.

The stats simply do not support that, and I'm not using 10- or 20-year-old stats. Bruegel, the very prestigious European think tank, put a publication out only seven days ago—I urge every member to read it—with the very latest graph showing that Chinese exports are up, Europe's exports are up and everyone's exports are up, as are imports. That denies or contradicts the claim that there has been this rupture.

Yes, there has been a shift in trade. We can see that trade from China to the U.S. is down, but Mexico's and Vietnam's trade to the U.S. is up. There are shifts going on, and yes, the great powers have become more mercantilist, but we are still going to have a world that is based profoundly on global trade—imports and exports—around the world. That is not going to come to an end.

**Adam Chambers:** Thank you for that.

In terms of Canada's place in the world with our trading relationships, my sense is that you would agree that we need trading relationships, we need more than we have today, and we need to strengthen the ones we currently have.

Is it realistic, in your opinion, to believe that we would be able to move on in this world without the United States?

**Ian Lee:** I cannot, under any analysis of any set of numbers, find that credible. I've looked at what I call pairs: Poland and Germany.

They've been trading with each other for hundreds of years. Even though Germany did horrible things to Poland from 1939 to 1945, it's their largest trading partner today. You look at Argentina and Chile or Argentina and Brazil. It's the propinquity or the geographic advantage, that you're right next door, you're joined at the hip.

We have \$800 billion in bilateral trade, and the idea that we can somehow pick that up and put it on a boat or an airplane and send it halfway around the world, I think, is naive in the extreme. It doesn't mean that a new CUSMA isn't going to be different. I think it's going to be a very different CUSMA.

I would remind everybody of Kissinger's great line on this. He said, "Nations do not have friends; they have interests", and it's the role of the leadership of every country to determine the interests of their country.

Then it's like a Venn diagram. You look for where there are overlapping interests between the two. Canada and the U.S. will remain and continue to have very significant overlapping interests.

• (1120)

**Adam Chambers:** Would you like to offer an opinion on where you think those strongest interests overlap?

**Ian Lee:** I think it's going to be natural resources and energy. I'm much more skeptical about automobiles. It's not because I'm anti-automobile at all, but that sector has been declining for a very long time. We do not have a competitive advantage against the United States, principally because—I know people in that industry will disagree—we are only 40 million people, smaller than California. When you look at the global R and D costs for that industry and the global capital expenditure, they're staggering: It costs 150 billion euros, which is over \$200 billion annually, in R and D to play in that game. I can't see any Canadian company, only selling in the Canadian market, being successful because the scale economies are so huge. You have to have access to the U.S., the EU or China. The latter two have been protecting themselves for years, and the U.S., as we now know, are starting to protect themselves from us as well. It suggests we're going to have to pivot very strongly to resources, including energy, because the world—as the German chancellor, the Japanese premier, the South Korean premier and the Chinese have told us—wants our resources.

**Adam Chambers:** Do you think that it was a missed opportunity, when those individuals came to Canada and asked for our resources, that we sent them home empty-handed, saying there was no business case?

**Ian Lee:** I was on the record. I did interviews on that. CBC and CTV contacted me, and I said I thought it was a horrible mistake, because we've been blessed by luck or nature or whatever, and we have trillions of dollars of resources in the ground, not just oil and gas. We have timber. We have potash. We have nuclear. We have just about everything going. We have an enormous comparative advantage in natural resources.

We do not have an enormous comparative advantage in automobile production. That's why we've been pouring billions into that sector from the beginning. You don't have to if you have a comparative advantage.

As the then prime minister was saying there was no business case, Biden, almost the very same day—you could juxtapose the two images—was approving LNG exports to Europe because of Putin's terrible invasion of Ukraine.

**Adam Chambers:** I agree, Professor Lee. I appreciate it. I want to leave some time for my fellow members. I'll have to audit one of your classes, but I could talk to you all day. Thank you.

**Ian Lee:** Thank you.

**The Chair:** You had 16 seconds remaining. I was very happy to see you continue. I think it was fascinating to listen to Mr. Lee.

Mr. Naqvi is next, please.

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

Mr. Chambers, you and I can audit together. Professor Lee lives in my riding. I've had an opportunity to sit down with him and benefit from his expertise, so it's always good to see him.

He was talking of comparative advantage, and he also mentioned nuclear in his comments.

I want to pick up the conversation with Mr. Easton on the opportunities that exist for the Canadian nuclear industry and the expertise that we have developed, not just in actual reactors, but the entire supply chain that you were speaking of and what those opportunities look like in other countries, particularly in the Indo-Pacific.

You touched on Indonesia, but I'm sure there are other opportunities as well to make ourselves viable and create jobs here in Canada.

**Jason Easton:** It's a very good question. The importance of this CEPA with Indonesia is that Indonesia is one of the largest countries in Southeast Asia. In many ways, it is the gateway to the region and is a huge economic player. The region is not dissimilar to any other part of the world in terms of its focus on energy security and the energy transition to net zero. It is certainly at a stage of its economic development at which overall emissions are quite high but per capita emissions are quite low. From Indonesia's standpoint, it looks at the developed world, and it wants to see us do our part as well.

In terms of our expertise in nuclear energy and clean technologies, in Canada we have a supply chain of more than 250 companies. They employ over 90,000 people directly and indirectly. The opportunity in Indonesia and, more broadly, ASEAN, Southeast Asia, is immense. We have certainly seen interest from Indonesia in

nuclear technology. We've seen interest from other countries, such as Malaysia and Philippines, all as part of their net-zero strategies. They look to countries like Canada because of how we're positioned geopolitically and how our technology actually allows for energy security and fuel flexibility, given that it doesn't require enriched uranium.

There are many opportunities that we're pursuing across the region. CANDU reactors also offer the advantage of medical isotope production, concurrent or at the same time as electricity generation. These are all opportunities that Canada can both export but support the development of locally, in terms of the in-region capabilities that they're seeking.

• (1125)

**Yasir Naqvi:** There are obviously potential benefits of a trade agreement, in terms of market access, regulatory harmonization and all of those things that you were referring to. What are the other ancillary benefits of having a trade agreement with a country like Indonesia, or what we're focused on right now, ASEAN countries? Does that help Canadian businesses, like AtkinsRéalis, have a competitive edge, so to speak, compared to the Russians or Chinese, who may also be vying for the same business?

**Jason Easton:** It absolutely does. One thing that foreign governments and companies in international markets look towards, when AtkinsRéalis and other Canadian firms are trying to enter markets or sell products, is that they want to see support from their home governments. Canada's ratifying the CEPA with Indonesia is certainly a macro-level demonstration of that support. It gives confidence to those businesses and government officials in Indonesia that Canada stands behind its companies, services and products, and it helps open doors.

The CEPA, in and of itself, is not going to immediately increase the amount of business that Canadian companies do with Indonesia or increase the amount of exports. However, the wraparound activities and support that the federal government provides, either via the trade commissioner service or trade missions.... All of those things combined will help companies walk through the door that CEPA is now opening for us.

**Yasir Naqvi:** Mr. Harvey, I'll come to you. Agri-food is a large export for Canada. The Indo-Pacific is a growing market for Canada. What do you see this agreement accomplishing, on top of what we already have, in terms of relationships in Indonesia? Then, I look beyond Indonesia to ASEAN countries as well, given that we are engaged in conversations with ASEAN, Thailand and the Philippines as well.

**Michael Harvey:** I think Mr. Easton just walked through the confidence-building aspect, and there is, really, nothing to add on that, but the most important thing is just the size of Indonesia. There are 283.5 million people. That's just from the Internet, so there may be 500,000 more since I read that, and it's growing rapidly, with a rapidly growing middle class that is interested in higher-quality food and has more capacity to pay for high-quality food. We're talking about a big market, but we're talking about a market that's growing really rapidly too.

**Yasir Naqvi:** We often talk about food security. I have been hearing a lot about nutrition security. How does Canada play a role in that? How could an agreement like this help ensure nutrition security in countries like Indonesia?

**Michael Harvey:** Well, we're selling a high-quality product. Our inspection systems are top level, and the consumers in these countries can be very clear as to exactly what they're getting and have confidence in that. The other thing we can provide in food security is the fact that we're not going to, for political reasons, stop providing the product, which is a big deal with some countries in the world.

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

We'll go to Mr. Savard-Tremblay for six minutes, please.

[Translation]

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

I'd like to thank all the witnesses for their presentations and for appearing today.

My first question is for you, Mr. Easton. Let's talk about real cases. Unless I'm mistaken, AtkinsRéalis has participated in two major airport projects and a high-speed rail project in Indonesia. Is that correct?

[English]

**Jason Easton:** That's correct.

[Translation]

**Simon-Pierre Savard-Tremblay:** To date, have there been any regulatory barriers to your participation? Is anything in the agreement affecting that?

• (1130)

[English]

**Jason Easton:** In terms of preventing our participation, are we talking about domestically or internationally, in Indonesia?

[Translation]

**Simon-Pierre Savard-Tremblay:** Go ahead, I'm listening.

[English]

**Jason Easton:** I'm going to generally say no.

[Translation]

**Simon-Pierre Savard-Tremblay:** So the agreement has not removed anything that could have been a barrier for you; it hasn't removed any bureaucratic or other measures that could have been problematic or slowing down investment, has it?

[English]

**Jason Easton:** I wouldn't frame my response that way.

The agreement itself helps make doing business with Indonesia easier in terms of bringing transparency, for example, to government procurement processes. Are there specific regulations I could point to from an engineering standpoint that might be hindrances today? Yes. Generally, though, with a company the size of AtkinsRéalis, with a global footprint and with local operations, although not in Indonesia at this time, we are able to leverage our local footprint in the communities we operate in to find a way to do business in market. Absolutely, through the provisions that exist—whether it's temporary movement of people or regulatory co-operation—CEPA does provide a more streamlined access.

[Translation]

**Simon-Pierre Savard-Tremblay:** Thank you.

I will now turn to you, Mr. Harvey.

I don't think you mentioned it in your presentation, but if I'm not mistaken, this agreement involves new requirements, halal requirements, for meat entering Indonesia. Is the industry preparing for that? Will there be needs in that area?

**Michael Harvey:** I would recommend that you ask the beef producers representatives. They know more about that. I know that, as Mr. Easton just mentioned, the agreement allows for a framework that creates a trusting environment to move forward. I was told that the negotiation of the agreement opened doors in Indonesia. However, some elements of halal certification are beyond my knowledge. Alliance members sometimes explain them to me, but I wouldn't want to mislead you on the details.

**Simon-Pierre Savard-Tremblay:** It would be useful to hear testimony from members because, of course, there is new access, but there is also a new condition. So it would be worthwhile to see the impact on members.

**Michael Harvey:** I'm by no means an expert on the details regarding halal requirements. I know they're different depending on the country and the people, but that's beyond my knowledge.

**Simon-Pierre Savard-Tremblay:** If the alliance members would like to communicate with the committee, we could learn more about that.

**Michael Harvey:** Beef producers are very aware of the issue and are working on it.

**Simon-Pierre Savard-Tremblay:** Perfect. Thank you in advance.

Beyond that, it's always the same problem. We just finished the study on the United Kingdom's entry into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. We kept hearing about tariff-free entry being dangled. It's perfect for everyone, and everyone is happy. However, there is always a way to do in a roundabout way what we dare not do in a direct way, such as by implementing phytosanitary standards.

Are there any concerns on your end or, on the contrary, do you think everything will be fine thanks to the regulatory framework?

**Michael Harvey:** We have to be positive. Non-tariff barriers are always difficult to assess because they fall under regulations. Regulations are managed in a legal centre, but they are also managed for co-operation.

This agreement contains a very interesting element. Aaron Fowler, the chief negotiator, who I imagine will testify here, has explained to us a number of times that this agreement establishes that Canada wants to use some of its development support funds for Indonesia to work with local regulators so that they have a better understanding of our regulatory systems in Canada. Once again, it's about building trust between the two countries, which should help resolve certain issues more quickly, or even avoid them upstream.

**Simon-Pierre Savard-Tremblay:** So you currently don't see in Indonesia's scientific or pseudo-scientific laws or standards any obvious impediment to your activities. Is that correct?

**Michael Harvey:** What I see is that an agreement like this one makes it possible to move toward a resolution on the ground. So it's positive.

**Simon-Pierre Savard-Tremblay:** That's great.

Conversely, given that Indonesia doesn't have the same climate, the same wage levels and the same standards, do you see possible unfair competition from their agri-food producers?

**Michael Harvey:** I think, as a general rule, it's complementary. They produce products that are not like ours. Generally speaking, we don't produce the same things.

**Simon-Pierre Savard-Tremblay:** Their market is very different, so we can't simply say that it will be the same type of product. Did I understand correctly?

• (1135)

**Michael Harvey:** We see it as an opportunity to export more products that are different from those that would come to Canada.

**Simon-Pierre Savard-Tremblay:** Have you also thought—  
[English]

**The Chair:** Thank you very much, Mr. Savard-Tremblay.

We'll go now to Mr. Kram, please.

**Michael Kram (Regina—Wascana, CPC):** Thank you to all the witnesses for joining us today.

I'd like to start with Professor Lee.

With 280 million people, Indonesia is the fourth-largest country in the world by population, just behind the United States. At first glance, one might be tempted to think that our current trade problems with the United States could be solved by just doing more business with Indonesia. However, our export numbers to the two countries tell a different story. Canada exports nearly \$600 billion per year to the United States but only about \$2 billion to Indonesia.

Professor Lee, could you share your opinion with the committee about whether it's realistic to replace our trading relationship with the United States by trading more with Indonesia?

**Ian Lee:** I've never argued.... I don't believe that we can, where we have a dominant-partner relationship with the U.S. We all know the numbers. About 70% of our exports go to this one country, but it's not just any old country.

I just did a presentation last week before a business group, showing that the U.S. has a \$30-trillion GDP. It has been predicted for probably the last 25 years that China will surpass the United States. The gap between China and the United States is actually larger today than it was 10 years ago. In other words, the United States is growing, in relative terms, faster than the number two country. We need to access that market, because it's not going away. It is next door. We have a 150-year history or longer.

All we can do is augment the market. Yes, we need diversification, for sure, but the idea that we can displace \$800 billion, or a big chunk of that, I just don't find credible.

**Michael Kram:** Let's talk about augmenting our exports to Indonesia then.

Last year, Prime Minister Carney announced his intention to double non-U.S. exports in 10 years. That works out to about an additional \$180 billion of exports to countries other than the U.S. by 2035.

Professor Lee, in your opinion, is it realistic to achieve that goal through our new free trade agreement with Indonesia?

**Ian Lee:** It's probably not, because there are barriers inside our country that have been discussed. We know the barriers. We have barriers or restrictions on the infrastructure, whether it is pipelines or whether it is railroads with double-tracking or twin-tracking—whatever the phrase is. We're going to have to spend a lot more on infrastructure, because most of the stuff, if I can call it that, that we want to export is not on the border, obviously, of the Atlantic Ocean or the Pacific Ocean. We have to move that stuff.

Diversification means moving a lot of stuff to the two coasts to put it on ships to send to Europe in one direction and to Asia in the other. We have a lot of barriers in our own country. We have inter-provincial trade barriers. We have infrastructure barriers. I think we're going to have to address those issues simultaneously or concurrently with this attempt to diversify, by creating a framework.

I agree with the other two witnesses. This doesn't create trade diversification in and of itself.

I have one more quick point, if I can get this out to everybody. We all talk about it as if it's a macro thing or like there's somebody, as in *The Wizard of Oz*, behind the curtain manipulating all these exports—the Prime Minister's minions saying, “Company A, you go there, and company B, you go there.” Trade is voluntary, and it's micro, not macro.

The question is, will companies find the opportunities sufficient and can the barriers be overcome to take advantage of these opportunities? There is a need for government to address the barriers and failures inside our own country first.

**Michael Kram:** If you look at this goal of doubling our non-U.S. exports within 10 years, would you say that this Canada-Indonesia free trade agreement could get us halfway there or two-thirds of the way there?

How big of an impact will this free trade agreement make, do you think?

**Ian Lee:** For margins, it's going to be a net benefit.

I'll disclose that I have supported every trade agreement from 1988 until now. We are a small country. We like to think we're this enormous country—and we are, geographically. Population-wise, we're not. We're smaller than the state of California. The GDP of Canada is smaller than that of the state of Texas and that of the state of California separately.

Small countries have to diversify and export. That's why Norway, Sweden and Denmark were at the forefront of globalization. It wasn't the big countries that started to globalize first. It was the small countries, because they needed to access bigger markets.

I'm not saying that this is a panacea. It's one tool in a multiplicity of tools that Canada must adopt to reduce a bit. If we can reduce our dependence by 10% in the next 10 years, that'll be major progress.

• (1140)

**The Chair:** I'm sorry, Mr. Kram. Your time is up.

Thank you, Mr. Lee.

Next is Madame Lapointe, please, for five minutes.

[*Translation*]

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

Welcome to all the witnesses. Your testimony is all very interesting, but we have only five minutes of speaking time.

Mr. Harvey, today is Canada's Agriculture Day, and I wish you a good day.

I have a question for you. Does the agreement with Indonesia address the concerns related to sanitary and phytosanitary barriers? We often have problems in this regard, especially with Europe.

**Michael Harvey:** Yes, we are very pleased with the articles in the Comprehensive Economic Partnership Agreement between Canada and Indonesia, which cover issues of biotechnology in the agricultural sector. It's quite innovative. That's more than Indonesia has done in its agreements with other countries in previous years. So we are very pleased to see what has been put on paper.

**Linda Lapointe:** Okay.

In the wake of this agreement, do you have any concerns that persist? As you said, we are a major exporter across the agricultural sector, in both soybeans and agri-food processing. Are there things

we should be keeping an eye on in the implementation of the agreement?

**Michael Harvey:** I would say it's broad. The issue of non-tariff barriers is something that arises. I would say that this agreement, which enables us to co-operate more with the Indonesian regulatory system, will enable us to resolve issues and perhaps even prevent them from arising.

**Linda Lapointe:** Thank you very much, Mr. Harvey.

Mr. Easton, welcome. Thank you for appearing before the committee.

You said earlier that we need an environment to enter into trade agreements and create job opportunities.

When we signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, I had the opportunity to go to Malaysia. Major Canadian companies were on site, including Bombardier. At the time, those companies decided to leave the market because they said that certain regulations did not protect them.

Do you think that's something that could happen? You're doing big projects. That's what you're offering. Do you have any concerns about this agreement?

[*English*]

**Jason Easton:** I don't have any concerns about that in this agreement. I think that with any new market Canadian firms are entering, there is a risk analysis that we all have to undertake, in terms of both the legal framework and the regulatory framework, the anti-corruption risk and whether or not your supply chain can comply with your integrity and sustainability standards. All of those things are very important to Canadian firms and particularly important to the business we do overseas.

I think one of the real advantages of an agreement like this is that it does enable us to make entries into country and export all of the practices and standards to which we hold ourselves as a company. I was on a site visit two weeks ago to a market that I won't identify. It's a developing market. I don't want to unnecessarily criticize another jurisdiction's safety standards, but suffice it to say that they're much lower safety standards than what we would see in Canada.

AtkinsRéalis, in its management of the construction that was going on at this site—it was a megaproject—was holding itself to the standards that we have in Canada. It is a real journey to remind people to wear hard hats, to wear safety glasses and to not wear flip-flops on a construction site, and it's a continuous process of how we have to operate.

I can certainly sympathize with the experience you've relayed to us, but in terms of how AtkinsRéalis chooses to enter markets, we certainly do all of the risk analysis before going in, and then we try to hold ourselves to the highest possible standards as we operate there.

[Translation]

**Linda Lapointe:** Thank you very much, Mr. Easton.

Mr. Lee, I have a question for you, as well. You said earlier that we need to trade in areas where we're good.

You answered a question from one of my colleagues earlier, and it was about the United States. The question concerned natural resources and energy. Now, we're talking about Indonesia. In your opinion, which markets should we tap into and continue to move forward in?

[English]

**Ian Lee:** Thank you very much.

I believe that the United States is always going to be our most important market. Just to state the obvious, as we all know, there's an 8,800-kilometre border. I did check that this morning. There's no country in the world, other than our two, that has a border that long. I won't even throw in the word "undefended". It's just pure geography, just real estate: 8,800 kilometres.

Secondly, as we know, StatsCan has that number that 90% of us live within 150 kilometres of the U.S. border. It's very easy to cross that border, and, of course, there's a shared language, the dominant language. Of course, French is a very important language, as is Spanish in the States, but the dominant language in the States is English. It's the language of business, and I've certainly travelled across just about every state in the U.S.

It's always going to be important. I'm not saying that it's not going to be bumpy. We're probably going to have to make concessions in the CUSMA agreement coming up, but in terms of ASEAN and Southeast Asia, I've been going there since 1997, and I agree with the two witnesses that there are huge opportunities there. I realize that there are sensitivities about technology and so forth—

• (1145)

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

Thank you, Mr. Lee. I apologize for interrupting.

[Translation]

**Linda Lapointe:** Thank you.

[English]

**The Chair:** We have Mr. Savard-Tremblay for two and a half minutes.

[Translation]

**Simon-Pierre Savard-Tremblay:** My question will be for both of you, Mr. Easton and Mr. Harvey.

We used to talk about standards and competition that could be akin to unfairness, at the end of the day, even though I understand that there is a regulatory framework that provides reassurance. However, Indonesia's environmental standards are lower and forced labour is often used in that country. Documented cases exist.

Are you concerned that this could end up being unfair competition for you?

[English]

**Jason Easton:** It's certainly possible that there's unfair competition. I think the purpose of the provisions in the CEPA with respect to labour and the environment is to help level that playing field and ensure that, as a minimum baseline, the markets in which we have agreements are being upheld to enforceable international standards or, at worst, enforceable domestic standards. It is certainly a consideration for all of us as we look to enter the markets, but the agreement that is brought into place brings greater confidence to us that there are enforceable standards and that we can converge at a higher level and help bring both labour and environmental improvements to the market.

[Translation]

**Michael Harvey:** In the agri-food sector, the products are really not the same. So there won't be a lot of imports from Indonesia.

**Simon-Pierre Savard-Tremblay:** You say that the products are not the same. Could you illustrate that a little, so that we understand it a bit better?

**Michael Harvey:** Indonesia produces tropical products, and that country is very far away. Those are not products that are very easy to export to us, given the country's development level.

**Simon-Pierre Savard-Tremblay:** Will the agreement not specifically ensure that there are more of those products?

**Michael Harvey:** I would say that the agreement creates a framework where these issues can be discussed between governments, but we don't see the possibility of a lot of Indonesian imports in the agri-food sector.

**Simon-Pierre Savard-Tremblay:** For example, the famous palm oil production, which is considered extremely dangerous for the environment, has caused deforestation in areas larger than Belgium in some regions. That comes from the agri-food community, even though it is also used for cosmetics. It's also used, for example, for Nutella and spreads, and for a number of similar products. That production is documented. We know that there is violence; we know that warlords have existed; we know that environmental destruction has taken place. More of that product would enter Canada.

**Michael Harvey:** I would say that another way—

[English]

**The Chair:** Can I have a brief answer, Mr. Harvey?

[Translation]

**Michael Harvey:** Another general way to approach these issues is that they should be managed outside the framework of trade agreements. These are bilateral issues between countries. Trade agreements should focus on trade.

[English]

**The Chair:** We have Mr. Mantle, please, for five minutes.

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

Mr. Easton, does AtkinsRéalis have any ongoing projects in Indonesia?

**Jason Easton:** Currently, we do not.

**Jacob Mantle:** Previously, you worked on an airport and a high-speed rail project. Is that correct?

**Jason Easton:** I may have misunderstood the question. I apologize. I'm trying to get my earpiece to work.

I would have to come back and confirm the details of that.

**Jacob Mantle:** Do you mean the details of current projects?

**Jason Easton:** Past projects. On current projects, there are none. On past projects, I would have to confirm.

**Jacob Mantle:** Okay. That's great.

One of the things I'm concerned about, of course, is ensuring the ethical functioning of Canadian companies at home and abroad. It's no secret that your former iteration, SNC-Lavalin, had problems. We'll leave it at that.

Would you commit to the committee today that any future projects in Indonesia would not directly or indirectly benefit Brookfield or any of its subsidiary companies?

**Jason Easton:** I don't think I'm in the best position to answer that. Project financing around the world gets incredibly complex, and I'm not in a position to answer that.

• (1150)

**Jacob Mantle:** You're not willing to give us that commitment. There's an obvious question that's been discussed with respect to the Prime Minister's ethical screens and his large holdings and business dealings with Brookfield and Brookfield-related companies. I want to know that from a company that has its own problems with ethical business conduct around the world.... I'm happy it's reforming itself—that's good for all Canadians—but I want to make sure that we don't get into any trouble again.

I'll ask you again. Would you commit that any future projects in Indonesia, where we're opening this trade deal, won't lead to a situation where there's entanglement between AtkinsRéalis and companies that may indirectly or directly benefit the Prime Minister?

**Jason Easton:** I think that's very difficult for me to commit to. What I can commit to is that, from an AtkinsRéalis standpoint, we have probably some of the highest integrity measures internal to our company that you could find in any company around the world with respect to integrity and sustainability. In all of the actions and all of the business engagements we're going to undertake, we're going to hold ourselves internally to those very high commitments.

**Jacob Mantle:** Professor Lee, I have a few questions for you.

You mentioned in your opening comments the idea of competitive advantage. I love that. I'm a trade lawyer by profession. There are not enough people supporting free trade these days.

What areas, in your view, does Canada have a competitive advantage in?

**Ian Lee:** That's an excellent question.

One we don't seem to talk about very much is services, and more specifically, banking. I am a former banker. I do not consult or have

any investments in the banks, but I do believe that the six large Canadian banks are some of the strongest and most powerful banks in the world. It is not an accident that the German banks, which are very good, or the American, British and French banks haven't come to Canada. There's a reason, which is that the Canadian banks are really good. There's one area.

We have very strong expertise in consulting, especially in housing and financial services.

I don't think it's in the manufacturing sector, at least in terms of autos and airplanes, and there's good evidence for that.

We certainly are very strong in services and, of course, natural resources and energy.

**Jacob Mantle:** All right.

The one that comes to my mind, which I think you've confirmed, is natural resources and energy, so oil and gas, minerals and those types of extractive industries. Is that right?

**Ian Lee:** Exactly, and especially in critical minerals, just to get it out there very quickly.

China has the United States by the throat on critical minerals. This has been well analyzed in Foreign Policy magazine, Foreign Affairs magazine and The Wall Street Journal. We have enormous amounts of critical minerals, especially in Ontario and Quebec. If there isn't some kind of a potential deal in the CUSMA there, I don't know and don't see why not.

**Jacob Mantle:** Despite having this competitive advantage in some of these industries, it seems to me that perhaps we're not taking advantage of them. My question, then, is this: What's your assessment of that? Are we taking advantage of the things we are good at, or do we have things that are impeding us, and if so, what's your view on them?

**Ian Lee:** I'll be very quick and blunt, at the risk of offending some people.

I've argued that for the last 60 years, we've had a.... I've tried to be humorous, I guess. Marx talked about commodity fetishism; in Canada, we've had manufacturing fetishism. We've believed that a country of 40 million can create a world-class industry to take on the United States, the largest country in the world, in manufacturing, and take on China and Europe. We simply don't have the economies of scale, and we cannot take them on without access.

People say, "Well, how come we succeeded for the last 60 years?" It's because the United States gave us access to their market. The moment they changed their mind, as Trump did just before Christmas, and as Lutnick did, it seemed we were not going to be able to make cars profitably, because of those tariffs he has said will be imposed.

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

We're on to Mr. Fonseca, please.

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

One thing we are really good at is agri-food. Today is Agriculture Day in Canada, so we celebrate our farmers, our producers and our agri-food workers—those who work so hard to put food on the table. We all appreciate everything they do.

On that, my question will go to Mr. Harvey.

I was in my riding this past week and met with Eric Meats, which started as a small family business. Today they have 1,500 employees. They export to 40 countries. They talk about how important diversifying and getting out to these different markets is. They do a lot in meat processing.

Mr. Harvey, what are other opportunities within agri-food, be they with pulses, grains or different meats, that exist with Indonesia?

• (1155)

**Michael Harvey:** Brian Innes from Soy Canada is going to be one of your next witnesses, and he'll be able to walk you through the soy opportunities in Indonesia. Cereals and wheat are also very strong opportunities in Indonesia.

**Peter Fonseca:** Thank you.

Our producers are always talking about opening up new markets. I know we were talking here about how important diversification is, and yes, we've set ambitious goals to double our exports beyond the U.S. market. I feel this agreement will get us closer to that goal.

Within the ASEAN region, geopolitically, what does this do for us in terms of how it positions Canada?

**Michael Harvey:** I think it shows that Canada is taking the region seriously. I used to be a diplomat, and then I was a mining executive abroad, and a criticism that was often made of Canada is that Canadians would just fly in and out and not be there over the long term.

A lot of effort is going into being present in the Indo-Pacific region, and that's being noticed in the region. These are cultures where it's very much a question of personal confidence, trust and long-term relationships. Having this environment where we're there more often and we are working in the framework of these agreements increases that level of personal trust.

**Peter Fonseca:** Thank you.

What I've heard from all the witness testimony here today is that everybody is onside with diversification and with the plan to increase our exports around the world, beyond the U.S. market.

I want to go to you, Mr. Easton, to ask about AtkinsRéalis, the work that you do with the mining sector—we are a mining leader; so is Indonesia—and the opportunities that you see there. We just heard about services in the financial sector with banking, but tell me about some of the services and what you would provide through the supply chain within the mining sector.

**Jason Easton:** Sure.

I'll caveat my response with the fact that we don't do a lot of mining and extraction in our Asian business unit in that part of the world just yet. Most of our activities and expertise are across Canada and the Americas.

From AtkinsRéalis's standpoint, we provide engineering integration and project management oversight. There are incredible opportunities with Indonesia in terms of helping it bring western supply chain players into its mining and extractive sector, which today has a very heavy reliance on Chinese investment.

This CEPA would provide the opportunity for Canadian firms to work as part of the Indonesian mining and extractive supply chain. If there are opportunities to set up both extraction and processing facilities, we could certainly do that. There are a lot of potential opportunities on that side of the ledger.

**Peter Fonseca:** Thank you.

Professor Lee, it's good to see you again.

I know we were just talking about where these opportunities lie. Where you're looking is at a market that has not been developed, that has not been really tapped into—as Indonesia—where we do have great expertise and opportunity, be it in agri-food, mining or financial services. You brought up some of the other sectors. Is there any other sector that you can think of where we have a real opportunity here?

**Ian Lee:** I apologize for neglecting agriculture. My goodness, I grew up on a farm; I should have remembered. We have world-class competencies in agriculture. I agree with the two witnesses. We're world-class in mining, and we're world-class in services.

I'm not being pessimistic. We do have very great strengths in services and, as I said, in mining, natural resources and agriculture. I'm just more skeptical about manufacturing, because in China, Asia or Europe, they don't want two-tonne Lincoln Navigators. They drive tiny four-cylinder cars. I've been to Europe over 100 times, and I've been going to China since 1997. They just don't drive big vehicles over there.

Those are the opportunities, and we're starting to go in that direction.

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

Thank you to our witnesses, and a special thank you goes to Mr. Lee for taking the time to be with us today.

I think all the committee members very much appreciated your comments as well.

**Ian Lee:** Thank you.

**The Chair:** We will suspend for a moment while our other witnesses come to the table.

• (1200) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1200)

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

With us this hour, from the Canadian Centre for Policy Alternatives, we have Stuart Trew, senior researcher. From the Canadian Meat Council, we have Claire Citeau, vice-president, international trade, and Jorge Correa, vice-president, market access and technical affairs. From Soy Canada, we have Brian Innes, executive director.

Welcome to you all.

We will start with opening remarks before our rounds of questions. You're familiar with our process. You have five minutes for opening remarks.

Mr. Trew, you can start, please.

**Stuart Trew (Senior Researcher, Canadian Centre for Policy Alternatives):** Thanks very much. It's great to be back at committee. I appreciate this.

I'm a researcher with the Canadian Centre for Policy Alternatives. I'm going to represent my views in that capacity. We have about 40-plus years of analyzing free trade and investment treaties at the CCPA, so I'm going to draw from some of the research we've done on the CEPA and other treaties.

As you've heard before at this committee, the Indonesia free trade agreement is unlikely to result in a ton of new two-way trade. In fact, I would say it could easily get in the way of some positive job-boosting industrial strategies in both countries. I'll mention that in a second.

The CEPA establishes top-shelf investment protections while backtracking on human rights, labour rights and environmental protection in recent trade agreements.

One of the most concerning aspects of the CEPA, from our perspective, is its investor-state dispute settlement process, of the kind denounced by governments, lawyers and civil society groups globally for interfering with the achievement of human rights and climate policy. Investment treaties and trade deals with ISDS generally do not do what governments say they're going to do. They do not increase investment flows; there's very little evidence of that. They do not make it more likely that investments will be successful. They do not depoliticize cross-border investment disputes; in fact, sometimes they can ratchet up the politics in it. They do not provide investors with speedier access to justice, as cases can drag on for years. They don't provide a level playing field for investors either, because arbitration panels often rule in different and contradictory ways on similar matters of law.

In that last sense, ISDS does not bring the rule of law to countries where legal systems are not as developed as they are in Canada, it simply complicates their government's and our ability to govern foreign investment. It saddles governments with debt when companies use ISDS to sue for hundreds of millions of dollars, and often billions of dollars.

Canada's currently being sued by an Australian mining magnate behind the Grassy Mountain open-pit coal mine in Alberta. They're

using the ISDS process in the CPTPP. The Australian investors are seeking, from what I understand, at least \$2 billion from the federal government. Canada's also stuck in an ISDS claim from an American investor related to a planned liquefied natural gas terminal in Quebec. They are looking for \$1 billion at least in that case. That was the result of an environmental assessment that said we shouldn't move forward with that project. The economics weren't there, and it would violate indigenous cultural rights.

Indonesian environmental and economic justice groups are opposed to this agreement, in part because of this big risk to communities opposing large-scale mining. The people on the island of Sangihe, for example, have been engaged in a long struggle to prevent the Canadian firm Baru Gold from commencing industrial gold mining operations. The community celebrated in 2023 when the Supreme Court of Indonesia revoked a production permit for the mine.

Of course, things didn't end there. The mining company sought a partnership with a local mining firm, owned by President Subianto's younger brother, and have paid some recent land taxes. Now they're hoping they can get it back on track while the community continues to resist the project. If the community's successful in stopping this project as they hope, were the CEPA to be in place, the company would have a right to sue Indonesia, again for billions of dollars, even if no shovels had been put in the ground, for lost future profits. This is the kind of case that happens all the time in ISDS, and it's surprising that we continue to sign these treaties.

We do it for the mining industry. It's clear from the "what we heard" document on the Indonesia CEPA, and it's clear from the government's summary of the negotiated outcomes, that ISDS is in there for the mining sector. The views of labour and human rights groups on the prevalence of forced labour and human rights in Indonesian supply chains, for example, are barely reflected. In fact, the government walks back its advances on labour protections supported by workers in more recent trade agreements, like the one with Ukraine and in the CUSMA.

The same goes for the environment chapter, which is more or less useless, I would say. Only with recurring incidents of a government relaxing or waiving laws or rules to attract investment and in ways that directly relate to trade with Canada...only in that case can you file a dispute from the environment chapter. Our federal and provincial governments are already arguably violating this provision, because across the country we are waiving and relaxing environmental rules in order to attract foreign investment into fossil fuel and mining projects.

Canada's trade minister said last week that it's not Canada's business to tell Indonesia how to protect the environment or vice versa. Maybe that's true, but this agreement does exactly that for the regulation of e-commerce and digital trade. It does that for food safety. It does it for industrial policy and the regulation of services, and the list goes on. That's what these agreements do.

• (1205)

On digital trade, the agreement reinforces U.S. bullying tactics that benefit mainly U.S. big tech companies, online payment firms, streaming, social media, AI giants and other e-commerce giants. I don't know why we're doing this, to be honest. These are U.S.-made rules based on input from big tech in the United States, and here we are reproducing them in trade agreements like the one with Indonesia, when citizens and businesses in both countries are demanding more from their governments in terms of regulating the activities of these companies for privacy protection, competition reasons and so on and so forth.

To sum up, the presence of ISDS in CEPA and the absence of strong protections for workers on the planet make this a last-generation trade deal. Is this the best we can do? That is my question for the committee. By the government's own numbers, this is going to increase Canada's GDP by 0.012%. We're looking at the low hundreds of millions of dollars in increased trade. Fast-tracking ratification will not save the economy, in other words. It's not going to stick it to Trump. The agreement does not suggest a rupture but rather a continuity, with a fading rules-based order designed by and for powerful corporations.

I want to end by saying that I congratulate members of this committee, among numerous parties, for pushing for a more democratic trade policy. I encourage you to keep doing that. We need more of a parliamentary role in how these agreements are shaped. Otherwise, they're just going to keep looking like this.

• (1210)

**The Chair:** Thank you very much, Mr. Trew.

We go now to Madame Citeau or Mr. Correa.

**Jorge Correa (Vice-President, Market Access and Technical Affairs, Canadian Meat Council):** Thank you, Madam Chair and members of the committee, for the opportunity to appear today.

My name is Jorge Correa of the Canadian Meat Council or CMC, the voice of Canada's federally licensed meat industry. I am joined by my colleague Claire Citeau. She's in Singapore right now, at the Canada-in-Asia Conference. CMC is the largest component of the food processing sector, with over \$32 billion in annual sales and nearly 300,000 jobs across the country. Our members process more

than 90% of Canada's meat, supplying Canadian families and over 90 export markets with safe, high-quality protein.

The Canadian Meat Council supports the Canada-Indonesia Comprehensive Economic Partnership Agreement, or CEPA, as a significant step toward growing Canadian meat exports to the large, fast-growing Indo-Pacific market. This agreement will enhance our industry's competitiveness and open new avenues for expansion. Indonesia, with its population of 279 million and GDP of nearly \$1.9 trillion, offers significant potential for Canadian meat exporters. All our major competitors in the meat sector around the world have viable access today.

CMC has worked closely with Agriculture and Agri-Food Canada and the Canadian Food Inspection Agency on planned audits and science-based market access, including the recent audit of nine beef and pork establishments, which marks an important advance in strengthening Canada's trade relationship with Indonesia. These efforts demonstrate the value of strong industry-government collaboration, but they also underscore that the real test of the FTA will be whether negotiated access translates into practical, commercially viable access for Canadian processors.

To fully leverage the opportunities provided under the CEPA, it is essential to secure timely, predictable conditions on the ground, including recognition of halal certification, plant listing and food safety requirements. CMC looks forward to hearing more, very soon, on further access improvements and to continuing to work with Parliament and federal partners to ensure that this agreement delivers tangible benefits for Canada's meat sector, its workers and the communities it supports.

I will stop there, Madam Chair.

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

We'll go now to Mr. Innes.

**Brian Innes (Executive Director, Soy Canada):** Thank you, Madam Chair.

[*Translation*]

I thank the committee for inviting me today.

[English]

I'm here representing Canada's soybean industry. Soy Canada includes seed developers, farmers, exporters and processors, and we grow soybeans all the way from the Atlantic to the Rockies. It is Canada's third most valuable crop. We exported about 3.7 billion dollars' worth of soybeans, soy meal and soy oil in 2024. We produce world-leading, food-grade soybeans in Canada to make things like tempeh, tofu and soy milk, as well as commodity soybeans that are crushed to make meal to feed animals and oil for humans and biofuels.

With more than 70% of what we produce here in Canada exported, our industry really values the opportunity to improve market access through trade agreements like the Canada-Indonesia agreement.

Before I describe why Canada and Indonesian trade is important, I'd like to share a bit about the region and why the whole region is also important for us.

From a soybean perspective, the Indo-Pacific is the beating heart of global demand. If you take ASEAN as a region, as an example, they import approximately 9 billion dollars' worth of soybeans into the ASEAN countries. We export about \$500 million of that \$9 billion from Canada, and with lots of growth happening in the region, we see lots of opportunity to bring more wealth to Canada, from what we can do really well here.

Zooming in on Indonesia, for those who've been there, you know that soy is a staple of the Indonesian diet, whether it's in tempeh, tofu or soy milk. In fact, it's the country with the second-largest soy food market in the world.

For Canada, this is one of our top markets. We export about 200 million dollars' worth of soybeans every year. It's a market that we see growing, with a lot of opportunity to diversify and bring more value back here to Canada.

The question that's facing us today is how this agreement can bring more opportunity to Canada.

For Canada's soybean sector, we see this as a real opportunity to take a step forward to provide more predictability by eliminating tariffs as well as providing new disciplines and new areas for collaboration around non-tariff barriers.

First, eliminating tariffs helps to create growth opportunities and predictability. Today, Indonesia could raise tariffs on Canadian soybeans to 27% at any time. We're all too familiar with how tariffs have been fluctuating lately. The agreement will help eliminate tariffs and create predictability going forward.

Second, the agreement will help address non-tariff barriers like issues related to sanitary and phytosanitary measures in plant health. These issues can appear suddenly, creating costs and challenges that stop our exports.

One thing to highlight for the committee is chapter 20, which covers "Bilateral Dialogues on Priority Matters". This creates a new mechanism to resolve issues co-operatively among government officials. For the soybean sector, and the grain sector more broadly, the establishment of a bilateral dialogue on sanitary and

phytosanitary issues, signed in Jakarta in December 2024, is particularly important.

We're eager to see the Canadian government make use of this dialogue to promote the adoption of science-based residue limits. It's an area where we see increasing trade risk, and we hope our government follows through on this opportunity, the MOU signing and the negotiation, to make this new dialogue useful.

In Canada, the soybean industry is part of an agri-food ecosystem that helps give the world the food and feed it needs. Our agri-food sector is an engine of growth for Canada, but it is also of critical value to Indonesia and other countries in the region that depend on imports for food and feed security.

● (1215)

[Translation]

Thank you very much for the opportunity to share our priorities and explain how the Comprehensive Economic Partnership Agreement between Canada and Indonesia can help our sector.

[English]

I look forward to your questions.

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

Monsieur Groleau, go ahead for six minutes, please.

[Translation]

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

Good afternoon, guests, and thank you for being here.

I'm from Beauce, a rural region where agriculture is very important for the economy.

My question is for Mr. Correa or Ms. Citeau from the Canadian Meat Council.

I've talked about this a few times recently, during the discussions on the latest agreements. Tariff barriers always seem to be a problem for agriculture, whether it's the Canada-European Union Comprehensive Economic and Trade Agreement, the Canada-United Kingdom Trade Continuity Agreement, or now the Canada-Indonesia agreement. Are you concerned about this trend?

**Jorge Correa:** Right now, when we enter into agreements with the government, we show what the non-tariff barriers are. We are absolutely concerned about some of the current tariffs in the beef and pork sectors. We are working well with the government, which is making efforts to affect these tariffs and non-tariff barriers. So far, we've been very fortunate to have viable trade, and we continue to work on that.

**Jason Groleau:** You export about \$10 billion a year in the beef and pork sectors. Is that correct?

**Jorge Correa:** It's \$5.5 billion.

**Jason Groleau:** I wonder about the new proposed agreements when the old ones haven't been settled.

I'll come back to the tariff barriers. How much beef were you thinking of exporting, for example, under the agreement with the European Union? How much did you actually export?

• (1220)

**Jorge Correa:** I'll answer that, too. There are major business opportunities in Asia; beef is a \$5-billion market, and pork is a \$3.5-billion market. We already have a presence in Asian countries, and we are very important in the Philippines. Malaysia has been a new market for about two years. We have really taken advantage of those markets over the past few years thanks to the agreements. There are also business opportunities in Thailand, and today we're talking about Indonesia. I think diversification is necessary, and the Indo-Pacific region gives us great opportunities to achieve that.

**Jason Groleau:** We're all in favour of developing new markets, as I said earlier. It's an excellent idea. However, if we look at the agreement with Indonesia, a number of producers are telling us about the four-month residency requirement in Canada. Why is Indonesia imposing that? Do we not have the best standards? It seems to me that our health standards are extraordinary in Canada. Why are they imposing that on us?

**Jorge Correa:** Maybe it's because they don't know about our integration with the United States. There needs to be a better explanation of how integrated the two countries are when it comes to live animals and meat. For us, it's something that needs to be explained.

We raised the issue with the Canadian Food Inspection Agency. Certain things will be resolved in that regard so that we can continue to export as we are currently doing with this integration, when we have live animals coming from the United States, especially.

**Jason Groleau:** As I said earlier, we are all in favour of developing new markets. In terms of your exports, what percentage goes to the United States, approximately?

**Jorge Correa:** For pork, it's 35%. For beef, it's 70%.

**Jason Groleau:** So it's about 50% of all exports.

**Jorge Correa:** Yes.

**Jason Groleau:** The CUSMA review will soon be under way. Do you have any concerns about that?

**Jorge Correa:** Absolutely. In recent years, we've had free trade with the United States, and we've become very integrated in the supply chain. This is very worrisome, but we are working very hard

with our counterparts in the United States and Mexico to continue to have a viable trade agreement with those two countries.

**Jason Groleau:** Do you think that the current government should make it a priority to negotiate this agreement, and quickly, to ensure that it's renewed?

**Jorge Correa:** Ms. Citeau, would you like to respond?

**Claire Citeau (Vice-President, International Trade, Canadian Meat Council):** Yes. It's important to ensure that the agreement is renewed. Our main goal is to ensure that the current terms and measures, which enable us to trade largely tariff-free with the United States and Mexico, remain intact. We're working closely and engaging in discussions with the negotiators, the government and our Mexican colleagues. We're also making regular visits to Washington.

**Jason Groleau:** Thank you for your time.

[*English*]

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

Mr. Lavoie.

[*Translation*]

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

I would like to thank the witnesses for joining us today. It's always good to see you and to hear from you.

Before asking my questions, I would like to reiterate that today is February 10, Agriculture Day in Canada. I wanted to focus on the significance of this day. I'm particularly proud, since I come from a dairy farm in the Bas-Saint-Laurent region. This day is near and dear to my heart.

I would also like to point out that my parents' dairy farm, where I grew up, was one of the first in Quebec to go organic. Agriculture has always been important to me. There are 200,000 family farms in Canada, and the agricultural sector generated \$150 billion and 7% of the GDP in 2025. This shows the importance of agriculture. We're aware of it. Thank you for joining us today.

Mr. Innes, you spoke about the uncertainty of American policies, the risk for Canadian soybean producers and the strategic importance of the Canada-Indonesia Comprehensive Economic Partnership Agreement. It provides an opportunity for soybean producers.

What markets does the Indo-Pacific region currently offer? What are the most promising prospects for the Canadian soybean sector? What market tools or legislative frameworks would make this diversification easier?

• (1225)

**Brian Innes:** Thank you for the question.

First, Indonesia is one of the most important Indo-Pacific and global markets for our soybean exports. Quebec producers export about 80% of their soybeans. Canadian producers export around 70% of their soybeans. In terms of exports, we see much more value in the major Indo-Pacific markets such as Indonesia. We see more value and more quantity. This means that, as society changes, so do food preferences.

When I was in Indonesia last year—I went there twice with our exporters and producers—we talked about our clients and their growing demand for soybeans without genetically modified organisms, or GMOs, for example. We now export both GMO and non-GMO soybeans to Indonesia. We're seeing an increase in both value and quantity.

To answer the second part of your question, chapter 2 of the agreement contains a section on biotechnology. Our producers and our industry must adapt innovation to Canada. This agreement is useful. It establishes a framework for government officials when they discuss how to prevent the risks associated with non-tariff barriers stemming from technology, such as biotechnology.

Tools of this nature concerning biotechnology can now be found in chapter 2 of the agreement. In chapter 20, these tools concern sanitary and phytosanitary dialogue.

We see that this type of agreement is really the best that we can do right now to help our sector and our producers.

**Steeve Lavoie:** Thank you, Mr. Innes.

You said that American political uncertainty posed a major risk to your industry. How could this new economic partnership agreement with Indonesia help to alleviate this uncertainty?

**Brian Innes:** When we were in Indonesia—twice last year—we heard the country's perspective on its options. In the industrial world, its options are Canada, the United States and South America.

When I spoke with our client, I heard that he did indeed want to do business with Canada, but that he was also facing a great deal of pressure from the Americans.

In the Canadian sector, we need options around the world. To ensure a more stable option with Indonesia—despite the pressure that our Indonesian clients are facing from the United States—we need to show the country that Canada takes its relations seriously. Even though we're far away and on the other side of the world, Canada remains important to them if they want to eat. Our relations with this country certainly play a key role in the success of our industry in Canada.

**Steeve Lavoie:** Thank you.

Let's talk about long-term investments in infrastructure. If we want to strengthen your industry's supply chain, how important are tariff stability and predictability? How do they fit in with long-term infrastructure investments?

**Brian Innes:** Yes, certainly. Let's look at the infrastructure in the soybean industry. We export our products east and west from places such as Montreal, Vancouver and Prince Rupert. Rail infrastructure and ports are important. We now see the expansion of the port in Contrecoeur as a key way to increase our capacity to export and im-

port with containers. The soybean industry exports in containers. We have empty containers from imports. We can fill them with our soybeans and export them around the world. We see the capacity of rail and port infrastructure, even if the focus is only on Toronto and Montreal, as crucial to maintaining the confidence of our international clients.

• (1230)

[*English*]

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

Monsieur Savard-Tremblay, you have six minutes, please.

[*Translation*]

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

I would like to thank all the witnesses for their remarks today.

Mr. Trew, you made some points that have come up often, especially during your visits here. For example, you spoke about the ongoing problem of the lack of real protection for workers and the environment, as well as the investor-state dispute settlement issue.

However, I don't think that we've heard your point regarding digital trade as part of the agreement with Indonesia until now. Could you tell us more? This is quite new to me.

**Stuart Trew:** Are you asking me how our trade will grow, because it's so small?

**Simon-Pierre Savard-Tremblay:** No. My question is about digital trade.

**Stuart Trew:** Digital trade—

[*English*]

I'm sorry. I'll put this on for the interpretation.

[*Translation*]

**Simon-Pierre Savard-Tremblay:** Madam Chair, may I start again?

Mr. Trew, I said that a number of your comments today about the agreement are the usual criticisms that you often make when you come here, and I agree with them. You spoke about dispute settlement, the environment and workers' rights, for example.

However, you also spoke about digital trade. That's new. This is my first time hearing about it in connection with the agreement. It hasn't been discussed at all before. So, how does this agreement benefit the big tech companies?

**Stuart Trew:** Thank you for the question. I'll answer it in English.

[English]

The digital trade chapter is very similar to the one that was put into the USMCA, the U.S.-Mexico-Canada agreement, on the request of the United States government on the request of big tech companies, Silicon Valley companies. The three most problematic aspects are probably the restriction on requiring that data be stored locally, the hard restriction on any barriers to the cross-border flows of information and the restriction on accessing source code from certain products that you put on the market. Basically, you see how the algorithm works and so on and so forth.

We believe these three elements are unnecessary. They don't add any more than our services chapters and agreements in terms of protecting Canadian investment, but they do get in the way of regulating the activities of tech companies. They're there to expand the monopoly powers of these U.S. firms. It's confusing as to why we would include them in any deal with Indonesia when we didn't come up with this language, it doesn't benefit our companies and it will undermine Indonesian industrial policy with respect to digital services.

[Translation]

**Simon-Pierre Savard-Tremblay:** That's informative. Thank you.

Let's now turn to the other troublesome provisions that you brought up. In the case of the investor-state dispute settlement mechanism, the bill contains a clause. We can't improve this clause. I think that the only course of action would be to vote against it during the clause-by-clause consideration. That's what I'll do. I do this every time we look at a free trade agreement. Even when I support the agreements, I vote against this type of clause.

On the subject of workers' rights, you attended the press conference with me when I tabled Bill C-251 on forced labour. The bill still hasn't been passed. It still hasn't come back to the floor of the House.

When it comes to the environment and all sorts of issues of that nature, we support trade. However, we're saying that limits should be set from a human, social and environmental perspective. How can we actually put some meat on the bones to make sure that this aspect isn't just a free-for-all?

**Stuart Trew:** Thank you for the question.

[English]

I think there are different issues with environment and labour. I think with environment, it gets a little trickier. There are international forums for talking about this in terms of environmental standards. For labour, I think we should be moving in the direction of enforceable clauses. If we're going to sign a trade agreement and we're concerned about the rights of Canadian mining companies in Indonesia, I'm not sure why we're not concerned about the rights of the workers working at those mines and those sites.

We do know that there's a lot of forced labour in, for example, the Indonesian shrimp industry. We do know that as a result of this trade deal, we potentially will be importing more shrimp in some areas—some shrimp products, for example. We have the example of the USMCA's rapid response labour mechanism, whereby, based

on petitions, you can go in and actually sort out labour violations directly at the facility or at the plant level. We'd like to see those kinds of things expanded.

Of course, dealing with due diligence legislation would be helpful as well. There's a way to hold Canadian companies accountable when they're involved in those activities, willingly or not, in other countries.

• (1235)

[Translation]

**Simon-Pierre Savard-Tremblay:** So, this accountability ultimately brings us back to the discussion on the Canadian ombud for responsible enterprise, I imagine.

[English]

**Stuart Trew:** Yes, exactly. We should be sorting this out before we continue signing more trade deals like this.

The environmental provisions, as I said, are unenforceable, except in a very limited case that really doesn't exist, and no governments have ever pursued these dispute settlement processes. For the labour chapter, from what I've read, there is no dispute settlement process.

[Translation]

**Simon-Pierre Savard-Tremblay:** You said yourself that these agreements often protect multinational corporations against democratic decisions. You gave the example of the mining company that could sue the Indonesian government for abandoning its project when the local community refused to accept the project.

However, nothing is in place to protect workers if multinational corporations violate their rights. Should we explicitly include a remedy for this?

[English]

**Stuart Trew:** Yes, we should be incorporating strong enforcement mechanisms. In this case, there are the rules and there are requirements that we have to abide by. There are certain international labour organization treaties, for example, on not interfering with bargaining. There is a clause in there on forced labour and trying to eliminate it, but there's no way for Canada to actually help Indonesia enforce that. There are trade-based mechanisms that we know of, like the rapid response mechanism, that can do that.

I think we should be entertaining some of those more hands-on ways. The agreement puts its finger on the scales for some companies. We need to realize that we can do that in a similar way, and it would be good. I'm sure Indonesia might be open to that as well, because they're interested in enforcing the ILO conventions. It is not just us forcing this on the Indonesians.

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

We'll go on to Mr. Mantle for five minutes, please.

**Jacob Mantle:** Thank you, witnesses, for appearing at committee and providing valuable testimony.

Mr. Trew, my first couple of questions are directed at you. You mentioned in your opening statement a lack of transparency in the negotiations, and in trade negotiations in general. Could you give me your assessment of the government's level of transparency with respect to this Indonesian trade proposal?

**Stuart Trew:** In the general process, they follow the same process they do for most trade agreements. There is the decision that they want to negotiate a deal, and then there is the tabling of the notifications and whatnot. All of a sudden, the mandate is tabled and so on.

There was transparency in the sense that there were briefings for a short period of time. These were over the phone with interested stakeholders and were ended, I think, when some of the information was released to the media. The government changed it and went to just written briefings. Essentially, these are one-way relays of information on how the negotiations are going.

At no point besides the request for consultation and feedback is there any opportunity for civil society groups, or members of Parliament for that matter, to affect the shape of the agreement. It's just, "Should we do this? What are the barriers in Indonesia?" The government then puts out a "what we heard" document, which in a lot of cases just ignores some of the material brought forward by labour organizations and environmental groups.

With the recent tabling of what we heard in the CUSMA review, I don't even understand what happened there. They heard a lot about rapid response labour. This is what the United States wants to talk about. U.S. Chair Greer wants to talk about improving the rapid response mechanism. There's nothing. It's just absent from the Canadian document, even though most labour unions and the CCPA put in comments on it. We're a little curious as to how that document, in the CUSMA context, looks the way it does.

**Jacob Mantle:** I'm glad you brought up the "what we heard" report for the CUSMA review. You'll probably be familiar—it's a bit of an issue for me—with transparency in that review. In fact, this committee has made a production order for all of the comments that were submitted in the 2024 and 2025 reviews, and so far the government has failed to respond to that order, which is a matter of privilege and may be raised in the future if it's not addressed.

Did I correctly understand your response? You made comments in the USMCA-CUSMA review, and they are not reflected in the government's curated report?

**Stuart Trew:** That's correct. They are reflected between the lines in some areas, like where they talk about rules of origin, but they don't quite reflect some of the positions that were brought up by us and others on how those rules could be tightened. There is little mention at all of labour.

Yes, that's correct.

• (1240)

**Jacob Mantle:** This is just an honest question. What is the government afraid of?

In other countries—in the U.S., for example—all of the submissions are public. You can go online right now and download any submission that was made to the USTR. You can watch the public hearings that were held.

What's the government afraid of?

**Stuart Trew:** I don't know if I can answer that question. I don't know what their strategy is with this particular document.

One other thing I'll just say about it is that it looks like a list of proposals for renegotiating the agreement that were brought forward by business. The government is saying that we're not here to renegotiate but to review, yet the document presented makes it look like they're going to present a bunch of things that are there to renegotiate the deal.

That was another thing I don't quite understand about it.

**Jacob Mantle:** Do you think it would be a good idea for those submissions to be made more public so that you, or other NGOs or people who are interested in these matters, could see what Canadians think about these issues and respond to them?

**Stuart Trew:** I do think it should be a public process. If people went into it expecting that their submissions would be made public, they would submit accordingly.

There are other avenues that enable businesses and others to make their opinions known to members of Parliament, but through this process I don't see any harm in making all the submissions public.

**Jacob Mantle:** Thank you for that, Mr. Trew.

Mr. Innes, I just have about 50 seconds left. This question is for you.

Exports are obviously a huge market—in fact the vast majority of your market for soy in Canada. Are you concerned about becoming a targe, or perhaps a pawn, in some of the negotiations or geopolitics that are going on, specifically with our new best friend, China?

**Brian Innes:** Agriculture and food, and soy in particular, have been political, both recently, but also for many years. Our sector has experienced that.

What I would say is that we're always concerned about that. The fundamentals of our producing way more than Canadians can eat and our customers needing to import food, whether it's China or elsewhere, don't change, regardless of which direction the geopolitical wind is changing.

The way our sector looks at it is that we need options. We need options for when the uncontrollable happens, so that we can pivot and provide people the food they need to eat in the countries that want to deal with Canada.

**The Chair:** We'll go to Mr. Naqvi, please.

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

I want to thank all of our presenters for being here.

Mr. Innes, I'll start with you.

China was brought up. I've been asking questions about the broader Southeast Asia region as well. As you know, Canada is also negotiating agreements with Thailand, the Philippines and the ASEAN countries as a whole, the fourth or fifth largest economic block in the world.

What do these agreements mean for the soy industry and what are your views on them, and what engagement has there been with GAC officials on those agreements and negotiations?

**Brian Innes:** Starting with the opportunity in the Indo-Pacific and ASEAN, we see incredible opportunity for growth in volume and value. When we think about soybeans, we're not just selling one type of soybean. In fact, we're selling hundreds of different gradients of soybeans, and we create bespoke varieties that make certain kinds of tofu for certain manufacturers. We sell different soybeans for tempeh, different types for soy milk and different types for animal feed. When you look out in the fields, they may all look the same, but in fact we're sending hundreds of different products to different customers around the world. To look at food-grade soybeans as an example, our producers make 50% more out of those soybeans relative to commodity soybeans.

When we look at the options in the Indo-Pacific, there are lots of opportunities to increase volume and to increase value as those markets grow and people have more income and are more discerning in their choices.

When we think about agreements with Thailand, Indonesia, ASEAN and the Philippines, all of them are major importers of vegetable protein and vegetable oil. We see opportunities to grow exports in all of those. We would hope that the template established by the Canada-Indonesia agreement around sanitary and phytosanitary measures, as well as biotechnology and looking at how we deal with plant health issues, can be replicated in other agreements, such as with the Philippines and Thailand.

**Yasir Naqvi:** Do you have estimates as to what kind of growth you will see in production and profits for our farmers if these agreements are signed?

• (1245)

**Brian Innes:** It's a great question. It's hard to see the future, especially one that's so uncertain at the moment. What I can share is that we need options to export, and the more options we have, the more value, the more flexibility and the more ability we have to pivot when geopolitical situations change.

It is about growing value and growing options, but it's also about how we manage risk. For our producers, who manage the risk of too much rain, not enough rain, late frost, early frost, too much heat or not enough heat, the ability to help manage risk in the trade environment when we export so much is also important.

**Yasir Naqvi:** I recently met representatives of Pulse Canada, and we had a very similar conversation in terms of opportunities to grow the Canadian market in Asian countries. Two points were clear to me.

One, of course, is the quality of our product, which has a premium and is sought-after, compared to other competitor countries. I wonder if it's the same for soy.

The second is the value added, the processing side, which is the new frontier, so to speak, where you're not just selling the raw seeds. There's more processing and production happening here, which means more jobs.

Is that similar to what you're seeing with your crop? What does that mean in relation to these agreements?

**Brian Innes:** The first thing I'll share is that when we travel overseas—and I've just returned from a three-country trip with 25 of our farmers and exporters—we hear from our customers that they value what Canada provides. For us, that's quality, sustainability and trust. They don't get that from every country in the world right now. There is a real opportunity for Canada to seize the moment that our customers are experiencing and to provide high-quality, sustainable and trusted food.

On the value-added side, there are certainly opportunities, and we want to see that grow. One example I would share is that there is a new soy milk powder plant coming on stream just south of Ottawa, in Morrisburg. It's a partnership with a Japanese company. That's an opportunity to further process our soybeans and to be able to export more of a food ingredient than the soybeans.

I would also say that when we think about value added, we want to have factories, but the choices that the farmer has also represent many gradients of value added. I use the example of food-grade soybeans, where farmers make 50% more per bushel than they do from commodity soybeans. They take extra work, and it takes extra care throughout the whole chain to create a bespoke variety, to keep it separate, to test it and to keep it pure.

There are opportunities to add value, including what the farmer does, in the value chain as well as in a factory.

**Yasir Naqvi:** Very quickly, Mr. Correa, I have a similar question.

What do these opportunities look like for the meat sector when it comes to these Southeast Asian countries?

**Jorge Correa:** It's huge. We're talking about countries like Indonesia, where we have no access at all in beef and pork. They import \$1.1 billion in beef, so this is a huge opportunity for the beef side.

In terms of the other countries, we're looking for an FTA with Thailand. Thailand also is a big importer of beef, but it's not as much for pork, because they produce a lot. Then, the Philippines is a huge market for Canada.

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

We're moving on to Monsieur Savard-Tremblay for two and a half minutes, please.

[Translation]

**Simon-Pierre Savard-Tremblay:** Let's continue the discussion on this topic. I'm genuinely pleased to see that some sectors stand to gain from this agreement. I'm delighted about this. However, I agree with Mr. Trew that we should set stricter and more stringent limits when we enter into an agreement. In other words, we should trade, but not at any cost. We shouldn't trade at the cost of the planet and human beings.

On that note, Mr. Trew, are you concerned about deforestation over there? Some industries tied to warlords are causing the destruction. There was a hole in the Indonesian forest the size of the whole of Belgium. Does this worry you? Should we find a way to insert a stricter control mechanism directly into the bill?

• (1250)

[English]

**Stuart Trew:** I think we should always strive to find ways to factor these things into our trade agreements. We should not be importing products produced as a result of deforestation, for example. I don't know if we've found the exact way to do that. I'm concerned about deforestation in Canada as well.

We talked about the investor-state dispute settlement process. Maybe I can use this opportunity to say that one of the risks for Canada from this treaty would be that it could put Canadian forestry policies at risk of disputes from forestry companies as well. As we know, the largest one in Canada is owned by Indonesian investors.

Yes, I am concerned, but I don't know exactly how we would go about fixing that problem.

[Translation]

**Simon-Pierre Savard-Tremblay:** However, when it comes to investor-state dispute settlement, I imagine that you're inviting the members here to vote against this clause during the clause-by-clause consideration this week.

**Stuart Trew:** Yes. Absolutely.

[English]

**The Chair:** You have 40 seconds.

[Translation]

**Simon-Pierre Savard-Tremblay:** What more can you say in 40 seconds?

Do you have any other recommendations on how to improve the bill?

**Stuart Trew:** Not really. For us, it's the dispute settlement process.

[English]

That's the biggest problem with this treaty.

I appreciate the opportunities, for example, that our soy farmers are going to achieve from lowering tariffs—

**The Chair:** Thank you very much, Mr. Trew.

Mr. Kram, please go ahead for four minutes.

**Michael Kram:** Mr. Innes, I'd like to start with you, because you said that your members expect to benefit from this free trade agreement. I certainly hope they do.

I was a bit surprised to read that Global Affairs Canada first announced that it was beginning free trade negotiations with Indonesia way back in June 2021. This deal did not come up for a vote in the House of Commons until just last week. I certainly hope that it becomes law before we reach the five-year anniversary, but it still has to go through the Senate, and it still has to receive royal assent.

I'm wondering if you could offer any advice as to how we can move faster when it comes to free trade agreements with new and emerging markets. It seems that five years is a long time to wait.

**Brian Innes:** Over my 20 years of experience in trade agreements, I've seen many iterations of how it can roll out. I would offer that I think Parliament and committee have really important roles with the processes that have evolved lately.

In that, I would draw the example of Indonesia, where the substantial conclusion was, I believe, more than a year and three months ago. Why did it take a year and three months for it to be tabled in Parliament and get to committee? Those things are all in the control of the Canadian government. Yes, we have elections. Yes, we have parliamentary sessions, but it's not clear to me why it took so long.

I would certainly share your view that controlling the things that we can control within Canada, within Parliament and within committee to put agreements—once they've been agreed to, legally scrubbed and all of that—to Parliament sooner would be a helpful aspect. That's one thing I've seen with the Indonesia agreement. Indeed, through CAFTA and through Soy Canada, we've been recommending that it come before Parliament as quickly as possible after conclusion.

**Michael Kram:** Do you have any speculation or answers as to why it took a year and three months for it to be tabled in Parliament?

**Brian Innes:** I don't have visibility into that.

**Michael Kram:** Okay, that's very fair.

In addition to having these deals on paper, it's important to have the infrastructure in place so that we can export our products far and wide. You mentioned ports in an answer to an earlier question.

I was wondering if you could share with the committee your members' experiences with the port of Vancouver in particular. How have your members experienced exporting through that particular port, and what improvements could be made?

**Brian Innes:** The port of Vancouver is important for agricultural products and soybeans from western Canada, but it is also important for soybeans produced in eastern Canada. Soybeans produced in Ontario and Quebec headed toward the Indo-Pacific, or Asia more broadly, do transit by rail to Vancouver to be loaded into container ships and sent to their destination.

When we look at the system, it's about the port of Vancouver and it's also about the two railways and the power that they exert on the whole system to get our product from inland to the port of Vancouver.

Our experience broadly on transportation is that we have work to do in Canada. We have work to do on how our railways respond to the needs of the country and our needs as a soybean industry in particular to access opportunities through them to the ports, through the container ships and to the customers.

For the port of Vancouver, we're happy to see opportunities to expand container capacity. What we see globally in places that use the container system is that systems with capacity that encourage imports also enable exports. More capacity through Roberts Bank Terminal 2, for example, to expand container capacity will be helpful for our agricultural exports in containers.

Overall, the port of Vancouver is part of a system, and I would say that it hasn't been the biggest challenge for us.

• (1255)

**Michael Kram:** You also mentioned railways. In the time that we have left, can you offer any recommendations that could improve railway policy to make sure that what farmers produce gets to global markets faster?

**Brian Innes:** We recognize that as publicly traded companies they have responsibilities to their shareholders, but we also believe that as two railways in Canada that have significant market power and ultimately control what we can sell, they also need to respond to the needs of the country, and that comes in terms of rates and service.

An example I would share with you is that all of the things often-times get downloaded onto our industry. When we deliver a container of soybeans to a container terminal in Toronto, how much time that trucker waits in the terminal is entirely determined by the railway. They don't pay for it. Ultimately, it comes out of the farmers' pockets and what we have to back off in terms of what our customers provide for the product at the end.

**The Chair:** Thank you very much, Mr. Innes.

We'll go on to Madame Lapointe, please, as the last speaker.

[*Translation*]

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

I would like to welcome the witnesses. The topics covered are quite intriguing.

Mr. Trew, we're talking about safety rules for workers. A witness came earlier to talk mainly about major projects. He said that the safety rules were similar or at least quite good compared to our safety rules.

You said that the situation was different for safety rules concerning workers. I would like you to comment on this. The previous witness said that he was happy to see that the people working on the major projects had the same safety equipment as here in Canada.

[*English*]

**Stuart Trew:** What I might say is that I don't want to speak for the previous witnesses, but I think what they were saying was that when they go and operate abroad, they take their own practices with them. They obviously would not want to treat workers badly or undermine health and safety and so on and so forth.

The Indonesian rules are quite sophisticated, from what I understand. It's a very sophisticated democracy, and they do concern themselves with these things, but there is a prevalent use of forced labour across the economy, and, as I said, in the shrimp industry for sure. We've heard about terrible cases in nickel production, for example, and domestic and Chinese-owned plants where workers die in the hundreds, sometimes, in a couple of years.

There's a matter of enforcement, there's a matter of what the government wants to do and then there's a matter of the market itself compelling companies to cut costs and cut corners. We need to think about the ways in which we're increasing trade in some areas like nickel, like shrimp, whatever, that—

[*Translation*]

**Linda Lapointe:** I gather that the safety rules aren't the same throughout the country. Thank you.

Sorry, but I have only five minutes of speaking time. I'll turn to Mr. Correa and Mr. Innes.

Mr. Correa and Mr. Innes, I would like to wish you a happy national Agriculture Day. Thank you for joining us.

Mr. Correa, you said earlier that meat exports offer major opportunities. We're talking about Indonesia, but do you want to talk about opportunities in other places?

**Jorge Correa:** Absolutely. Are you talking about other opportunities besides—

**Linda Lapointe:** Where are you seeing opportunities?

**Jorge Correa:** We currently export meat to over 90 countries around the world. Certainly, two countries, Indonesia and Thailand, offer great opportunities for us. We don't have access to these markets. We know that they purchase a great deal of pork and beef and that they need top-quality meat.

My colleague is currently in Thailand. Good conversations are taking place. Buyers in Thailand want high-quality beef. The Association of Southeast Asian Nations and the free trade agreement with the Philippines are great opportunities. This gives us a considerable leg up over our competitors. I said earlier that Indonesia imports a great deal of beef. Only Australia and the European Union export to this country, on the same side of [*Inaudible—Editor*]. It's a significant opportunity in this country.

• (1300)

**Linda Lapointe:** Thank you.

Mr. Innes, you spoke about soybeans and the opportunity that we have. You spoke about GMOs and non-GMOs. I would like to know the proportion of GMOs that we grow. In terms of Canada's export capacity, we seem to be able to increase both the value of our products and the export volume. How much can we increase our export capacity?

**Brian Innes:** Thank you for the question.

Here in Canada, non-GMO products account for around 20% of our production, while GMO products account for 80%. We generally say that non-GMO products are food-grade products. GMO products are normally for animals. However, it's worth noting that most of our exports to Indonesia are GMO products in the case of tempeh, tofu and soybeans. Some clients really do have their preferences, if I can put it that way. We also have organic production for the sector that requests this type of product as well.

In terms of the ability to expand our exports, there are certainly greater opportunities to grow more soybeans in western Canada.

Longer warm spells, longer seasons and the fact that some varieties are better adapted to the Canadian prairies mean that farmers and producers in western Canada have more opportunities to focus on soybeans. This happens more often in areas with higher humidity, such as eastern Saskatchewan and Manitoba. Even in terms of food-grade products, for example, Manitoba has a sector with plenty of opportunities to expand its production of non-GMO food-grade soybeans.

[*English*]

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

That brings us to a close. Thank you to our witnesses.

I would remind our committee that any amendments to Bill C-18 need to be in by 6 p.m. today. We'll be doing the clause-by-clause on Thursday.

Thank you.

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