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• (1145)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): Welcome to meeting number 26 of the Standing Committee on International Trade.

I apologize for the delay, but that's democracy at work. We'll try to get through this as quickly as possible in order to get to our members and the opportunity to raise questions.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, February 12, the committee is commencing a study of Canada's trade with the Mercosur countries.

We have with us today, from the Canadian Cattle Association, Andrea Brocklebank, chief executive officer, by video conference, and Tyler Fulton, president.

From Les Éleveurs de volailles du Québec, we have Benoît Fontaine, by video conference.

From the Brazil-Canada Chamber of Commerce, we have Paola Saad, executive director, also by video conference.

From the Canadian Manufacturers and Exporters, we have Ryan Greer, senior vice-president.

From the Canadian Pork Council, we have René Roy, chair—a committee friend who is here frequently—and Stephen Heckbert.

Welcome to you all.

We are tight for time, so I've asked if we could get all our panelists at the table. You all have four to five minutes. We're just trying to catch up with the time here.

We will start with Mr. Fontaine, please.

[Translation]

Benoît Fontaine (President, Les Éleveurs de volailles du Québec): Thank you very much.

Madam Chair and members of the committee, thank you for giving me the opportunity to testify as part of the study on Canada's trade with the Mercosur countries.

My name is Benoît Fontaine. I'm a second-generation chicken and turkey farmer in Stanbridge Station, located in the beautiful Eastern Townships tourist region, near Lake Champlain. I am the president of Éleveurs de volailles du Québec and, in that capacity, I represent over 690 farms, including 623 chicken farmers and

161 turkey farmers, who raise their birds with care and in accordance with the strictest food safety and animal welfare standards.

With farm incomes exceeding \$1 billion, Quebec's poultry farms are spread across the province in 249 municipalities, from Gatineau to Sainte-Florence and the Bas-Saint-Laurent region. If it were solely a matter of supply management, there would be no poultry farms in regions far from major urban centres, such as Lac-Saint-Jean.

Poultry farms generate economic benefits and help create thousands of jobs. In Quebec, these farms are primarily family-run operations on a manageable scale, producing approximately 500,000 kilograms of chicken per year or 40,000 birds per production cycle. To produce their poultry, farms source more than 230 million chicks and turkey poults from seven hatcheries and purchase feed from over 40 feed mills. Quebec also has about 15 slaughterhouses that must plan and carry out the slaughter of over 4.5 million chickens a week.

These economic activities are carried out without relying on government production subsidies. Supply management is therefore the economic solution for rural Canada.

I'm here to raise the concerns of Quebec's chicken and turkey farmers regarding the ongoing negotiations with the Mercosur countries. Brazil is a major global exporter of chicken and opening the Canadian market to more products from that country would undermine the competitiveness of our farms here.

According to data from the U.S. Department of Agriculture, Brazil is by far the largest producer and exporter of chicken within Mercosur. Brazil alone poses a structural threat to the Canadian chicken sector. Its dominance in the global market creates a disproportionate risk for the Canadian sector. Brazil is the world's third-largest producer of chicken and the world's largest exporter. By comparison, Canada ranks 18th in production and 11th in exports. In 2025, Brazil was estimated to export approximately 5.2 million tons of chicken, or about one third of its production.

For years, Brazil has been Canada's second-largest supplier. Its relative importance declined slightly in 2025 due to outbreaks of avian influenza across the country. There are also concerns regarding Argentina, which uses a production model similar to Brazil's and has begun exporting its products to Canada as well.

Brazil is also the leading turkey-producing country in Mercosur, and its importance is comparable to that of Canada. Unlike Canada, half of this production is destined for foreign markets. Even though Canada is not currently a destination country for these exports, no new quotas should be granted because this sector is particularly vulnerable to any new concessions.

Before becoming president of *Éleveurs de volailles du Québec*, I served as president of Chicken Farmers of Canada from 2016 to 2022. As a result, I had a front-row seat to the trade negotiations with the United States and Mexico that led to CUSMA, or the Canada-United States–Mexico Agreement.

I also closely followed the negotiations leading up to the conclusion of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in 2018. This experience with trade negotiations taught me that the agricultural sector—particularly supply-managed products—is always among the sectors where concessions are made at the last minute.

Unfortunately, I have witnessed the compromises made during previous negotiations. Bill C-202, formerly Bill C-282, which was unanimously passed by the House of Commons in 2025 and quickly ratified by the Senate, gives me hope that the outcome will be different for future agreements.

● (1150)

This legislation provides clear guidelines for negotiators. Members of the negotiating team must draw on the unanimous support of parliamentarians to resist pressure from their Mercosur counterparts seeking expanded access to the Canadian chicken and turkey market.

It is essential that a free trade agreement with Mercosur not harm the Canadian chicken and turkey industry, and that the following factors be taken into account.

First, it is essential to maintain over-quota tariffs at their current levels in order to ensure effective import control. Any reduction in over-quota tariffs would undermine the predictability needed to ensure the smooth functioning of supply management.

Second, the integrity of Canada's tariff rate quota for chicken must be respected. No additional market access should be granted under a Canada–Mercosur free trade agreement. Canada already grants substantial market access through the World Trade Organization—

[English]

The Chair: My apologies, Mr. Fontaine, but I have to cut you off. Hopefully, you can finish your comments in response to some questions asked by our members, if you can stay a little bit longer.

Go ahead, Mr. Fulton, please.

Tyler Fulton (President, Canadian Cattle Association): Good afternoon, Madam Chair. Thank you for the opportunity to appear today.

I'm Tyler Fulton from Birtle, Manitoba. I am the president of the Canadian Cattle Association. Through our provincial members, the CCA represents approximately 60,000 beef producers across

Canada, supporting jobs, the economy, rural communities and food security.

Today, I will clarify the CCA's stance on Mercosur negotiations affecting beef. In short, we oppose a deal that expands access to Canada's beef market, for three main reasons.

Mercosur includes the world's largest, lowest-cost beef producers—Brazil, Argentina, Paraguay and Uruguay—which together account for 27% of global production. Brazil is the world's largest beef exporter.

First, a Canada-Mercosur deal that grants more beef access to importers with no meaningful reciprocal market opportunity would harm Canada's beef sector and threaten the long-term sustainability of beef production in Canada. Canada's cattle and beef sector contributes \$34 billion to our GDP, supports over 347,000 jobs and is the third-largest employer in agriculture. Canadian farmers drive rural economies, and they will be harmed if Mercosur imports increase.

For the last two years, our beef import quota was filled in record time—by mid-January. The trade data is clear. Mercosur beef imports rose from 12,000 tonnes in 2021 to over 40,000 tonnes in 2025, with 70% paying the existing tariff, showing that current tariffs don't deter imports in today's market context. Canada's beef sector is operating in a tight supply environment, with North American herds at multidecade lows. Introducing large volumes of low-cost imports now would disrupt the price signals driving the rebuild of the Canadian beef herd.

Our second reason for opposing more Mercosur beef in Canada is that Canadians expect high-quality beef that is raised sustainably, with high environmental and animal welfare standards. Mercosur beef does not meet these standards, and it introduces risks that could damage our industry.

Canadian beef earns a global premium for its quality. It's recognized for its sustainability, animal welfare, and labour and food safety standards. Mercosur beef is among the world's cheapest, driven by different production systems and labour and environmental standards. In Mercosur, beef production costs are 30% to 60% lower, and wages are up to 80% lower than in Canada. The Canadian beef sector cannot and should not cut wages or undermine labour standards. We cannot compete on price with beef produced in jurisdictions with lower standards. Compromising our standards would hurt our strong reputation.

Canada is a leader in sustainable beef production, with 52% fewer greenhouse gas emissions per kilogram than the global average. Canada's beef cattle help protect native prairie grasslands, one of the most endangered ecosystems. Higher-emission imports would undermine Canada's environmental and biodiversity goals.

We also have serious concerns about Mercosur's animal health standards, including foot-and-mouth disease control, BSE reporting transparency and SPS compliance. Strong animal health standards are critical to trade. Expanding Mercosur access could threaten our herd's biosecurity and jeopardize Canadian exports.

This brings me to my third reason for opposing more Mercosur beef in Canada. It risks damaging the Canadian beef industry's relationship with the United States, our most important trading partner. Canada's beef sector is deeply integrated with the U.S., operating as a coordinated North American market for supply and pricing. Canada set its WTO tariff rate quotas in coordination with the United States to preserve proportional access and avoid disruption. Granting major new access to Mercosur could be seen as a back door to the U.S. market. There is a precedent that past spikes in Canadian beef imports triggered U.S. investigation against our cattle and beef exports, harming producers on both sides of the border. At a time when Canadians depend on stable U.S. market access, we can't risk that relationship for an agreement with no benefits and plenty of risks.

In conclusion, the Canadian Cattle Association insists that the government keep beef out of the Mercosur deal. There's nothing to gain for consumers, but there is much to risk for Canadian producers and the rural economy.

Thank you. I look forward to your questions.

• (1155)

The Chair: Thank you, Mr. Fulton.

Next is Ms. Saad, please, for up to five minutes.

Paola Saad (Executive Director and Co-chair, Trade and Investment Committee, Brazil-Canada Chamber of Commerce): Good afternoon, Chair and members of the committee.

My name is Paola Saad. I am appearing today on behalf of the Brazil-Canada Chamber of Commerce [*Technical difficulty—Editor*] president. I was here as a witness for the Mercosur study 10 years ago. I am the executive director and co-chair of the trade and investment committee.

Thank you for the opportunity to contribute to this important review of Canada's engagement with the Mercosur bloc.

The BCCC is a non-profit, member-driven organization dedicated to strengthening commercial—

The Chair: Hold for a second. We seem to have a translation problem.

I apologize, Ms. Saad. Please continue. We'll give it a try. Your Internet connection is not solid, so I'm not sure we'll be able to continue, but let's give it a try.

• (1200)

Paola Saad: Okay.

The BCCC is a non-profit, member-driven organization dedicated to strengthening commercial investment and institutional ties between Canada and Brazil. Our membership includes Canadian and Brazilian companies, financial institutions, investors and professional service firms operating across sectors such as agriculture, mining, infrastructure, aerospace, clean technology, financial services and the digital economy.

Based on the experience of our members actively operating in both markets, our central message today is straightforward: Canada and Brazil represent one of the most underdeveloped major economic partnerships in the western hemisphere, and a well-structured Canada-Mercosur agreement has the potential to meaningfully unlock that relationship.

Brazil is the largest economy in Latin America and a critical regional hub for supply chains in agriculture, energy, mining and advanced manufacturing. At the same time, Canada brings globally competitive capabilities in infrastructure investment, mining services, clean technology, aerospace, financial services and digital innovation. The economic complementarities between our two economies are substantial.

However, despite strong commercial interests from Canadian companies and investors, persistent market barriers continue to constrain the full potential of the relationship. These barriers include regulatory complexity, non-tariff trade restrictions, investment uncertainty and limited transparency in regulatory processes.

For this reason, Canadian stakeholders consistently emphasize that a Canada-Mercosur agreement must go beyond tariff reduction alone. To be commercially meaningful, it must prioritize four core pillars.

The first is investment liberalization and capital mobility. Canadian pension funds, infrastructure developers, mining companies and clean technology firms are actively seeking long-term opportunities in Brazil and across Mercosur. For this capital to flow at scale, the agreement must guarantee free movement of investment-related funds and ensure that returns, payments and transfers can occur in freely convertible currency.

The second is strong investor protections and credible dispute resolution. Canadian investors require credibility. Clear commitments to fair and equitable agreement, protection against expropriation, and reliable dispute settlement mechanisms are essential to support long-term investment decisions.

The third is meaningful market access, combined with robust rules of origin. Tariff elimination would be important in sectors such as fertilizers, mining equipment, aerospace components and clean technology. At the same time, strong rules of origin will be necessary to ensure that preferential access benefits genuine local and regional production and does not allow goods from third countries to circumvent the agreement.

The fourth is addressing non-tariff barriers and regulatory friction. Canadian companies frequently face high compliance costs due to fragmented standards, complex tax structures, import licensing practices and opaque regulatory procedures. Greater transparency, regulatory co-operation and alignment with international standards will be essential to reduce these barriers.

Beyond these priorities, our members also emphasize the importance of services trade, digital commerce, government procurement transparency, administration of IP rights, and improved mobility for business professionals. These areas increasingly define modern trade relationships and will be critical for SMEs and technology-enabled firms seeking to operate across borders.

In closing, the BCCC and its members strongly support deepening Canada's economic engagement with Brazil and the broader Mercosur region. A modern, balanced agreement has the potential to strengthen supply chains across the Americas, mobilize Canadian capital and support sustainable economic growth in both regions. However, for the agreement to succeed, it must deliver real commercial certainty, enforceable rules and meaningful market access. These elements are not optional; they are foundational to the unlocking of the full potential of the Canada-Brazil economic relationship.

Thank you for your time. I look forward to your questions and to contribute further to the committee's work.

• (1205)

The Chair: Thank you very much.

We'll go to Mr. Greer, please, for up to five minutes.

Ryan Greer (Senior Vice-President, Public Affairs and National Policy, Canadian Manufacturers and Exporters): Chair and honourable committee members, thank you for the opportunity to appear on behalf of Canadian Manufacturers and Exporters. CME is one of Canada's largest and oldest trade associations, representing manufacturers of all sizes and in every industrial sector and helping them navigate the economic, trade and regulatory challenges that affect their bottom line.

Manufacturers welcome the committee's ongoing focus on trade diversification, including deeper engagement with Mercosur countries. In an environment of growing geopolitical uncertainty and ongoing supply chain disruption, diversification is an important component of Canada's long-term economic resilience.

At the same time, in the current North American and global context, it is important to be clear about what diversification means for Canadian manufacturers. For most manufacturers, trade diversification does not imply a fundamental shift away from the United States; the U.S. will remain Canada's primary market for manufactured goods for the foreseeable future. It bears repeating that the only way to solve our U.S. problem is to solve our U.S. problem. From a manufacturing perspective, diversification is about reducing risk at the margins, creating optionality and supporting targeted opportunities, rather than reorienting Canada's industrial base.

CME is an active partner in Canada's diversification efforts. Just last week, our CEO spent some time in the United Kingdom with a few members of this committee as part of our ongoing efforts to leverage our relationships abroad and help manufacturers find new opportunities, including in the defence and security supply chains.

Viewed through this lens, Mercosur matters in a focused and realistic way. In the near-to-medium term, diversification gains with Mercosur are likely to accrue to commodities and some agri-food products. For manufacturers, opportunities tend to be more targeted and are most often found in industrial inputs, machinery and equipment, technologies that support industrial modernization, and partnerships in areas such as clean energy, critical minerals, aerospace and life sciences. These opportunities are real, but they are not mass-market export channels for most Canadian manufacturers, particularly for small and medium-sized firms.

Our members consistently tell us that market access is only one part of the equation. Even where demand exists, manufacturers face high tariffs and non-tariff barriers, complex and fragmented regulatory regimes, and infrastructure and customs challenges in these markets. Just as important, and often overlooked, is the fact that Canada remains a relatively high-cost place to make things. Energy and capital costs, regulatory burden, infrastructure and weak productivity growth all directly affect whether a Canadian firm can compete internationally.

From a manufacturing standpoint, the single most important thing that governments can do to support trade diversification is to lower the cost of doing business in Canada and improve productivity. Trade agreements and expanded access are important, and manufacturers support them, but their impact will be limited if firms are less cost-competitive, particularly compared with their U.S. peers, slower to invest due to capital constraints or operating in a more complex regulatory environment.

If there's one take-away that I hope informs your thinking on this and the other trade access deliberations at this committee, it is that domestic competitiveness is the foundation that determines whether diversification strategies succeed.

In closing, Canadian Manufacturers and Exporters supports Canada's efforts to deepen engagement with Mercosur as part of a broader diversification strategy. For manufacturers, success will not be measured by the number of agreements signed but by whether Canadian firms are able to invest, produce and compete at globally competitive costs.

When trade policy is paired with a serious and ambitious plan to improve Canada's manufacturing competitiveness, diversification can deliver real value. Without that domestic foundation, the returns for our sector will remain limited.

Thank you, and I look forward to your questions.

The Chair: Thank you very much.

Mr. Roy, please go ahead.

[Translation]

René Roy (Chair, Canadian Pork Council): Thank you, Madam Chair.

Ladies and gentlemen of the committee, my name is René Roy, and I'm the chair of the Canadian Pork Council. I'm here today with our CEO, Stephen Heckbert. We're pleased to be here to represent the views of Canada's approximately 7,000 pork producers, from coast to coast.

Our industry is an \$8 billion economic engine, and we are, above all, an export-oriented industry, with more than 70% of our production going to foreign markets. We do not fear international competition; we thrive on it. However, competition must be fair.

[English]

Mercosur is not like other trading partners. It is a bloc of 282 million people, with a massive and growing pork production capacity. Brazil produces nearly five million tonnes of pork and is one of the four largest world exporters. Unlike other agreements aimed at opening new markets for Canada, the Mercosur file presents the risk of an asymmetrical opening of the Canadian market in favour of low-cost mass products. To date, Canada exports virtually no pork products to Mercosur, while Brazil and Uruguay already enjoy partial access to our market.

Our producers invest heavily in social responsibility, animal health and eco-responsibility. We adhere to some of the most stringent regulatory requirements in the world for environmental protection and food safety. Unfortunately, several Mercosur countries do not impose equivalent standards. This creates a risk of unfair com-

petition, where imported products could enter our market without being produced according to standards comparable to ours. Accepting these products would weaken Canada's position in future negotiations and undermine our effort to promote high standards globally.

Given the market access challenges we already face with other partners, such as the European Union, due to non-tariff trade barriers, Canadian producers cannot support an agreement with Mercosur without answers to the following questions. How will Canada enforce the quality expected by Canadian consumers and implemented by Canadian pork producers when it comes to imported Mercosur pork products? Canadian consumers will not accept lower sanitary standards.

Considering that several Mercosur countries are also export-oriented, how will Canada manage imports with Mercosur to ensure that these countries are not dumping products in a bid to destabilize the Canadian sector? How quickly and effectively could any safeguard clause be available to intervene if an unforeseen surge in import threatens the viability of our sector? Finally, will there be an equivalent and available export opportunity for our producers to the south?

• (1210)

[Translation]

In conclusion, Madam Chair, we urge the government to exercise extreme caution with this potential partner, particularly with regard to agricultural products. An unbalanced agreement would undermine the confidence of our producers and the sustainability of family farms. Without meaningful compensatory benefits and without the protection of our standards, this agreement would not be in Canada's best interest.

[English]

The pork sector is supportive of this free trade agreement, but not at all costs.

[Translation]

Thank you, Madam Chair.

[English]

The Chair: Thank you very much.

We'll go on to Mr. McKenzie for five minutes.

David McKenzie (Calgary Signal Hill, CPC): Thank you, Madam Chair.

Thanks to all the witnesses for accommodating the shifts in the schedule today.

First of all, I'd like to direct some questions to the Canadian Cattle Association.

Why is it that you're keen to export to and import from the U.S.—one of the largest beef exporters in the world—but not Mercosur countries? How do those two different circumstances compare for you?

Tyler Fulton: Thanks for the question. I appreciate it.

The market commands the direction of the flow. High-quality beef, which is largely grain-fed beef, is predominantly produced in the U.S. and Canada, and it is here in North America that it is in highest demand.

In our current supply situation, we've had subsequent years across North America when droughts have contributed to very tight supplies. The beef cow herd is at its tightest level in several decades—30 to 40 years. That's the predominant factor that has driven beef prices higher.

There are other developed nations that desire some of the products we're producing, but there's also another dynamic of the diversification aspect, where certain products produced in Canada are not in high demand here but draw a premium in Asian markets, for example.

David McKenzie: I'm generally aware that there's an extremely close integration of our beef industry with the United States. Live cattle may be shipped across the border, and animals that are slaughtered and perhaps processed in one country are shipped to another, etc. Is that type of integration threatened by significant imports from a country or trading bloc that has different standards from what we respect here in North America?

• (1215)

Tyler Fulton: Yes, it is, unequivocally. Our U.S. counterparts, with the National Cattlemen's Beef Association, have explicitly said that they are concerned about Canada being a back door to the U.S. By that, they mean a flood of imports into Canada either being transhipped and moderately changed, or displacing domestically produced Canadian product. We can't threaten that relationship.

David McKenzie: From a different perspective, wouldn't an increase of products imported from Mercosur help to lower prices here in Canada for Canadian consumers?

Tyler Fulton: I'd like to refer that question to our CEO, Andrea Brocklebank.

Andrea Brocklebank (Chief Executive Officer, Canadian Cattle Association): We do see record-high retail beef prices, and we acknowledge that. It's partially due to conditions in North America, including drought over the last several years, as well as high cost.

In 2025, imports into Canada were at record highs, and we still see those prices. I think it's really important to understand that those price signals are critical to encouraging the expansion of our own production. While there might be some short-term price relief if we allow imports, it also then mutes the signal to producers. We do see producers retaining heifers and increasing the beef cow herd. Numbers are up and starting to move toward the opportunity to put less pressure on prices.

If we see imports come in at this point in large volumes, ultimately that's going to mute that signal for our domestic producers, which compromises our domestic industry. We are quite concerned about that, given that it is a very significant, high-value contributor to the economy in Canada, and ultimately to farm families in rural economies.

David McKenzie: The opportunity to trade further with Mercosur presents opportunities, as long as we are pursuing that carefully. Is that a fair summary?

Andrea Brocklebank: In our case, we are actually very concerned and don't support further trade with Mercosur, because we don't have a reciprocal opportunity. We don't see the opportunity where we're going to be exporting beef to those markets, given the cost differential.

We are very concerned about some of the animal health standards and reporting standards in those markets, which ultimately could compromise our industry as well. They aren't equivalent to what is expected of Canadian industry.

David McKenzie: That's fair enough.

The current government has signalled that it intends to pursue trade diversification. As a concept, Conservatives support that. Your concern is that it wouldn't be free trade; it would be imbalanced trade. Is that fair?

Andrea Brocklebank: I would say so.

When we talk trade diversification, I think our focus is expanding market access for the Canadian beef industry into equivalent markets where we see opportunities. Some of that is maintaining U.S. trade. We talk about diversification, but we still export over 70% of our production to the U.S. That's imperative to maintain, because we can open a lot of other markets, but if we lose any access to that market, we have a significant issue at that point in time. It can't come at the cost of existing market access or our industry.

David McKenzie: Do you have concerns about animal health standards and equivalency? Again, protecting our close, integrated relationship with the U.S. must also have a bearing there.

Andrea Brocklebank: We do.

Brazil has had a questionable track record when reporting foreign animal diseases. It's been slow to report issues. Ultimately, that can create issues with BSE, foot-and-mouth disease and those types of things. We've seen that in other markets as well.

Ultimately, biosecurity and maintaining herd health within our industry are paramount to the success of our industry and also to the reputation of our industry when we're going to export markets. Given the current situation with the U.S. trading environment, we want to make sure that we're careful not to jeopardize that in any way, shape or form.

The Chair: Thank you very much.

Mr. Naqvi, you have six minutes, please.

• (1220)

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

I want to thank all the witnesses for being here today and for their very thoughtful submissions in regard to Canada's trade negotiations with Mercosur. I appreciate all sides of the spectrum that were raised.

I'll start my line of questioning with you, Ms. Saad. You spoke in favour of Canada engaging in an agreement with Mercosur. You highlighted four elements that should be part of it. From a business or industry perspective, what opportunities do you see for Canadian businesses? In what sectors, for example, can you see more opportunities if there is a free trade agreement with Mercosur countries?

Paola Saad: With my company, I'm going to say that I've taken about 800 Canadian companies to Brazil in the last 20 years, doing matchmaking and trade missions. I can speak for Brazil only. We have a market that is equal to 76% of the population of Mercosur and 77% of the GDP of Mercosur. A very significant portion of Mercosur is tied to the Brazilian GDP and population.

Really, there are opportunities everywhere—Brazil is a very big country—but we need more transparency. I think the biggest concern for Canada right now is trade diversification and being able to have the companies go to different countries. Many of the companies I took there are established in Brazil. They are thriving in Brazil. It's a very sophisticated market. It's a huge market. There's the export of bovine semen, for example, and ovine semen. On the side of agriculture, there are cattle, fertilizers and potash. There's mining machinery, for example. There are so many opportunities. I've done countless missions in oil and gas to Brazil in terms of providing parts and technology.

In my view, and in my experience from taking all these companies to Brazil, there are infinite opportunities for Canadian companies in Brazil, but they have to be prepared to go to their market. They have to understand the market and be prepared. Loan consultancy and trade commissioner services can all help Canadian companies thrive and expand in Brazil. It's a market that really requires face time and trade identification. I think for Canada, it's one of the main things we have right now in all areas. In terms of receiving, I know that for Brazil, production is complementary to Canada—for example, going back to the last two speakers, providing lean meat for ingredients. The sanitary standards are global standards there as

well. I know that Canada exports meat to Brazil. I spoke to JBS yesterday. We export prima quality beef, for example, to Brazil.

We have to look at both sides. I think this has to be balanced on both sides. It has to be a win-win situation. That's the only way any free trade agreement works out.

Yasir Naqvi: Thank you.

The agreement will provide more predictability, stability and dispute resolution. I think the transparency you spoke to is extremely important in encouraging more Canadian businesses to do business in Mercosur countries. You spoke of Brazil.

Mr. Greer, I have the same question for you. Your organization represents a lot of manufacturers and exporters in the country. From an industrial strategy perspective and this type of diversification, looking at Mercosur in particular, what opportunities do you see for your members in further enhancing exports in that particular market?

Ryan Greer: I think we see the opportunities as targeted. As I mentioned, Mercosur is creating some optionality for some sectors. We wouldn't consider them broad-based. Brazil is obviously the largest market. There's an opportunity to expand on what I think is around \$550 million to \$650 million in manufacturing exports currently to Brazil. That's looking at aerospace, where there's a long-standing Canada-Brazil relationship, as well as mining and energy equipment, industrial machinery and some clean-tech and electrification equipment. That's where some of the opportunity is. Then there are some other small verticals in a few of those other markets that create opportunity.

I would reiterate that access alone is not sufficient to leverage these opportunities. Canada already has more trade access than most countries on earth. Now it's about what we do to best leverage those. With Mercosur and others, we need to take a long, hard look at the cost of doing business in this country. We know that it has long been offset by our geographic proximity to and integration with the U.S. A robust and ambitious plan to lower the cost of doing business can help create more optionality and more opportunity in other markets, including Mercosur.

• (1225)

The Chair: Thank you very much.

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

[*Translation*]

Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot—Acton, BQ): Thank you, Madam Chair.

I'd like to thank all the witnesses.

It's always interesting to conduct this kind of preliminary study. It allows us to hear, early on, the concerns witnesses have about a trade agreement, as well as the positive aspects or opportunities they see in it, especially when it comes to an agreement that is likely to be significant or have a major impact, such as this one. We are all in favour of diversification, of course, but not at any cost. We must not sacrifice the sectors that are important to us.

Mr. Fontaine, you've already talked about your industry, so I'd like you to talk about Brazil's industry so we can compare them, because we hear all sorts of things about it. For starters, there's a cost disparity due to the climate. The costs of drying grain aren't the same, of course. Beyond that, we even hear anecdotes about criminal activities, such as forest fires that are set to benefit poultry farms. We know that the Amazon is the lungs of the planet and that it's an extremely important forest.

Can we really call this unfair competition?

Benoît Fontaine: Thank you for the question.

Yes, Brazil has a different culture. It's not North America. It's a different place. Canada has chosen to have family farms across the entire territory in all 10 provinces. Chicken is even raised in Newfoundland and Labrador, Prince Edward Island and all Canadian countryside. Yes, we have northern agriculture. Heating alone, for example, is a piece of data that shouldn't be overlooked. Raising chicks or turkeys in the middle of January requires an enormous amount of fuel. So, de facto, we become uncompetitive with Brazil.

Second, in terms of the rumours of crimes related to chicken farming, I'm a little less familiar with those police cases, but we do hear stories where there is certainly brutality and where gangs or clans engage in that type of behaviour.

The big difference is that, in Brazil, they are large companies integrated from A to Z, a bit like our American neighbours. That's nothing like the model we chose as Canadians, which is based on family farms, data and very high health standards. So we have to be careful. A Canadian chicken or a Quebec chicken raised in Saint-Hyacinthe has very little in common with a chicken raised halfway around the world, according to strange or foreign standards.

So you're right, Mr. Savard-Tremblay, but we have to compare apples to apples. Brazil doesn't have the same agriculture at all as we do, let alone the same climate. It also doesn't have the same labour standards. That has to be taken into account as well.

Simon-Pierre Savard-Tremblay: That's what my next question is about. In terms of wages, there are also quite significant differences, are there not?

Benoît Fontaine: Look, it's not even comparable. In Canada, we chose to have well-paying jobs on all our farms. In the southern United States, even if these are just rumours, everyone knows that there are probably very, very low-paid workers. Brazil has the same

type of wage regime. So it doesn't come close to the conditions we have here, with our health care, employment insurance, and so on.

Again, it's apples to apples. Slavery is illegal in Canada. Can we call it a form of slavery there? I don't know, but in any case, the labour standards and standard of living are far from the same, and, in the southern United States, the workforce is strangely similar to Brazil's, which is somewhat exploited.

Simon-Pierre Savard-Tremblay: Thank you.

Getting back to the forestry issue, I'm going to turn to the Canadian Cattle Association.

Mr. Fulton, according to the information we have, the expansion of the beef industry is considered to be the main cause of deforestation in the Amazon rainforest. It's 80% responsible for deforestation, and soy production contributes to it as well. Have you heard that figure?

• (1230)

[*English*]

Tyler Fulton: Yes. One of the barriers we've had in accessing the EU market with Canadian beef is the claim of deforestation, which needs to be met. Obviously, here in Canada we don't have that concern, but the origin of that claim is South America. The unintended consequence is that we need to meet that same standard and prove that we're not deforesting an area, which is added cost.

I think your point is really that standards, whether formal or informal, play heavily into the cost of production here in Canada, and in South America as well.

The Chair: Thank you very much.

I'm sorry. Your time is up.

Mr. Mantle, you have five minutes.

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

Before I begin my questioning, I wonder if I could dispose of something quickly. We received a response back from Global Affairs on our production order. Thank you for following up with them. I thought your letter was very fair, so thank you for that. In their letter back to us, they made a suggestion with respect to the form letters that had been sent in by the dairy farmers. I have no problem with them providing just one. If they're form letters, that makes complete and reasonable sense to me.

Could I seek the committee's consent to give them that direction, so they don't need to translate 4,500 of them? They could simply provide us with just one.

The Chair: This is to do with a request for production, and part of that production is 4,500 form letters. What Mr. Mantle is saying is that if the committee is happy, we'll just have one. It's just a sample. There's no sense for them to have to reproduce 4,500.

I appreciate that suggestion. Is everybody good with that?

Some hon. members: Agreed.

Jacob Mantle: I would note that we wouldn't have known those were form letters if we hadn't made this production order, because they did not disclose that to us prior to us making this order, so there's that.

With respect to their request for priorities of submissions to receive, I'll leave that to each individual member. I haven't considered that myself yet.

The Chair: Okay.

We'll start your time now.

Jacob Mantle: Thank you very much, Madam Chair.

Our chair is nice, I know. She's a good letter writer, too.

Thank you to our witnesses for their testimony.

I wanted to ask a question about competitiveness. Mr. Greer, you brought it up in your comments.

When we open up our markets, whether we are able to succeed in accessing new customers and new markets often depends on whether we remain competitive. There are obviously global forces at work with respect to why labour costs or input costs are different around the world. Some of those are not within our control, but many of the issues that affect competitiveness in Canada are within our control. In fact, I would suggest that the government is often the worst enemy of industry with respect to our own competitiveness.

I wanted to ask witnesses if they could identify for the committee any areas where the government is holding back their competitiveness in their industry, which would prevent them from accessing more markets as we seek to diversify our trade.

That's open to all the witnesses. I leave it to them to decide who goes first.

Ryan Greer: I'll jump in quickly, since you referenced my remarks.

I think regulatory burden is a fairly obvious and smart place for all levels of government to start. Our members would call it suffocating. We might use a more friendly term, such as a high-friction economy, but the point is the same.

When I speak to manufacturers, especially small and medium-sized manufacturers, and ask, "What's on your mind? What's keeping you busy? What's keeping you up at night?", more often than not, it's regulatory issues from all levels of government and the fact that they keep getting layered on top of existing requirements. Nobody really takes responsibility—any department, agency or regulator at any level of government—to say, "What are we adding this to? What are we adding this on top of? We're making a narrow cal-

ulation on a narrow rule as opposed to considering the broader operating context."

There's a range of other issues around infrastructure connectivity and certain tax competitiveness and tax simplicity, but regulatory reforms, I think, are where we see the greatest opportunity. It's not just around permitting and major project approvals, although that is very important, but around regulatory reforms that touch on the entirety of the Canadian economy and focus on freeing up manufacturers to do what they do best, which is compete globally for market share.

One small thing I would add is that we got the sense, especially this time a year ago and before, in the face of relatively new U.S. trade and tariff threats, that there was a lot of momentum, not just behind interprovincial trade barriers but behind all levels of government, to say, "We need to make it easier to do business. We need to lower our regulatory burden." We're increasingly concerned that some of that urgency is fading as we adjust to the new normal, so we're looking for a reinvigoration of effort across all regulators and all levels of government to start to lower the burden that impacts manufacturers of all sizes.

• (1235)

Tyler Fulton: If I may, I have two examples that I think might help the committee understand some of those barriers.

The first one is a long-standing issue we've had that's called SRM removal or specified risk material removal. These are regulations that require additional processes at the processing of cattle that relate back to the days of BSE. We estimate that the cost of that to the industry is about \$30 million a year, and it is a barrier to growth and productivity.

The second thing I would reference—and it's specific to this example—is the use of a technology, or the lack of ability to adopt a technology that is a common practice in the U.S., called "defatted beef". The technology allows us to shift the proportion of fat to protein by using a mechanical process and separating it. That would have a material impact on the amount of imported lean trimmings, which is largely what Canada is importing right now, when we're at our lowest portion of the beef cycle. Given that it's a barrier to being able to get CFIA approval for it, I would reference that as having a significant cost.

The Chair: You have 30 seconds, Mr. Mantle. Did you want it?

Jacob Mantle: I think Mr. Roy wanted to say something. I'm sorry, but I'm going to have to cut him off, because I have only 20 seconds and I want to make one other suggestion to the committee.

All of our agricultural witnesses have identified food safety and SPS concerns. I know that we're going to have one more meeting on Mercosur. I would like to seek the committee's consent to see if we could invite someone from CFIA or another appropriate body to speak to us on that and how Canada might address those concerns, if there's consent for that.

The Chair: Is there any opposition?

Okay. We'll put CFIA down as one of our witnesses.

Your time is gone.

Now we have Madame Lapointe.

[*Translation*]

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

Witnesses, thank you for being here. It's very interesting. It's important that everything you've raised be written down. We've heard you. It's unfortunate that we don't have more time to talk to you individually.

Mr. Greer, you talked about reducing the regulatory burden so that it can be done more quickly. You also talked about the fact that all levels of government said they were going to make it easier for businesses. However, you're concerned that this sense of urgency is fading away. Do you have any very specific things to tell us?

[*English*]

Ryan Greer: Well, actually, I'll take one step back. There are a number of regulatory modernization exercises happening, both at the federal level and at various provincial levels of government. They engage with the industry, and we collect a list of concerns and take time to try to improve and modernize over months or sometimes years.

We have a sort of laundry list of the things manufacturers are faced with, such as local permitting challenges in trying to expand a facility in the Lower Mainland. There has been some legislation passed with limited consultation around child labour in supply chains that is creating a tremendous cost in reporting burdens for small and medium-sized manufacturers. There is a range of these things that layer on and impose costs. What we've generally encouraged, when we talk about these issues, is to step back from the individual problems and regulations, because if we stay focused only on trying to fix some of the challenging ones, there's a limited bandwidth, of course, of regulators and parliamentarians to look at these and try to adjust them. In the time you fix them, you may introduce another half-dozen layered on top.

Our focus really has been to look at the process and the way governments regulate: how we do cost-benefit analysis, how we consult and how we ensure that the net regulatory burden is lowered or managed and is not continually increasing. Also, what are other things that we can do to create systemic change in how regulators do their business?

Here is a fairly straightforward example in terms of a policy recommendation we've been advocating. Many regulators at the federal level do not have economic mandates attached to their role at all. When we point out that the path they're taking is not one that is

vantageous to Canadian firms at home or to trying to compete abroad, they will say, quite transparently, "Well, that's not our mandate. That's not our job." There are examples where you can give competitiveness mandates alongside health and safety mandates, as well as the appropriate guidance to help them work with regulated communities and other government departments to figure out the best approach to a specific policy problem. How can we do it in a way that advantages and does not disadvantage Canadian firms when they're competing?

• (1240)

[*Translation*]

Linda Lapointe: I understood that all of you—chicken farmers, pork producers and cattle producers—talked about health regulations. I understood that the wages are not the same. However, the health regulations are different. When we spoke not too long ago, we were talking about England and things related to reciprocity.

I'd like to hear what the three of you have to say about the following: I have a minute left in my time, so could you briefly tell us what we need to look at?

René Roy: I'll start answering your question.

A number of sanitizers are used there, and they aren't recognized here. This example shows that our consumers don't want products that we banned several years ago and are still being used.

[*English*]

The Chair: Mr. Roy, could you just hold off for a second? We seem to have lost our interpretation.

Try again, please.

[*Translation*]

René Roy: Should I start over? That way, I can be more direct.

Yes, there are problems, particularly with sanitizers used in Brazil. Those products are not allowed here for safety reasons.

[*English*]

The Chair: Mr. Roy, I'm sorry. I'm sure it's valuable testimony, but we're having interpretation problems.

René Roy: I can translate it if you wish.

Some hon. members: Oh, oh!

The Chair: Well, if that's acceptable to the members....

If we suspend, we're not going to have any time.

Would it be acceptable, while they're working on the interpretation, for Mr. Roy to continue for a few minutes in English?

René Roy: I'll answer in both languages, which will solve the problem.

The Chair: That's perfect.

René Roy: There is a challenge with Brazil where they are using some sanitary products that are not allowed here for security reasons. They have been banned in our market. That's an example where we have a concern about products.

[*Translation*]

Linda Lapointe: Mr. Fulton, do you have any comments to add?

[*English*]

Tyler Fulton: An example of one of our issues is their reporting of BSE. In the world, it's been the standard that when a confirmed case of BSE is found, it is reported within 24 hours. In Brazil, one of the more recent cases showed that they were taking months to report to the World Organisation for Animal Health.

[*Translation*]

Linda Lapointe: For the producers of—

I see that there are still problems with the interpretation.

[*English*]

The Chair: We have the interpretation back.

• (1245)

[*Translation*]

Linda Lapointe: Are the turkey and chicken farmers still there? No? So there are no more chicken farmers.

[*English*]

The Chair: Thank you very much.

Monsieur Savard-Tremblay, you have two and a half minutes, please.

[*Translation*]

Simon-Pierre Savard-Tremblay: Is the interpretation okay, Madam Chair?

[*English*]

The Chair: At this second, we have interpretation, yes.

[*Translation*]

Simon-Pierre Savard-Tremblay: Okay.

Mr. Fulton, I just wanted to continue our discussion on deforestation. You were telling us about the difference in evidence when it comes to deforestation. In the case before us now, and this seems to be well documented, I understand that this practice is common in the Amazon, which is extremely serious for the planet as well.

I'm going to ask you the same question I asked Mr. Fontaine earlier: Are the terms of unfair competition justified in this context?

[*English*]

Tyler Fulton: Quite simply, the production system is different. Some of their production system originates in deforested parts of

the Mercosur region. If it is a concern to Canadian society, then I think that should be represented in whether or not a deal with Mercosur is reached.

[*Translation*]

Simon-Pierre Savard-Tremblay: Having more exports and more markets means having more production there, which means more deforestation. So it's easy to say that the more Brazilian beef we get here, the worse it is for the planet.

[*English*]

Tyler Fulton: We very much adopt a market incentive approach to solving problems. The market incentive, with current global beef prices, suggests that there would be more incentive to encourage deforestation and cattle production in sensitive regions. Addressing that broadly, I think, makes sense from a market standpoint.

The Chair: You have 20 seconds.

[*Translation*]

Simon-Pierre Savard-Tremblay: I'm interested in it because, in your testimony, you said that you weren't in favour of increased access. That's one of the basic tenets of your testimony.

However, when we were discussing the supply management bill, you came to testify to say that you were rather opposed to it. Now it seems that it's your turn to want protection for your sector.

[*English*]

The Chair: Mr. Savard-Tremblay, our translation is not working.

[*Translation*]

Simon-Pierre Savard-Tremblay: Is there no interpretation?

[*English*]

The Chair: I can't understand anything.

I'm sorry, but that was the last 20 seconds that you had. I have to go on to—

[*Translation*]

Simon-Pierre Savard-Tremblay: We still need to fix the problem, Madam Chair.

[*English*]

The Chair: It continues off and on.

Now it's Mr. Groleau who has the floor.

[*Translation*]

Simon-Pierre Savard-Tremblay: Madam Chair, francophone members are being deprived of the opportunity to ask their questions in French because of this problem.

[*English*]

The Chair: Well, we'll have the same problem, yes.

[Translation]

Simon-Pierre Savard-Tremblay: So it has to be fixed. We can't continue, Madam Chair.

[English]

The Chair: I don't know how we're going to do this. We have both English and French happening at the same time, so we're not able to understand either side.

We have 10 minutes remaining, five minutes for Mr. Groleau and another five minutes for Mr. Fonseca, if we have translation.

Jason Groleau (Beauce, CPC): I'll go in French.

The Chair: If we don't have translation, then we're not going to be able to continue.

[Translation]

Simon-Pierre Savard-Tremblay: Could I at least have my 20 seconds again, if the interpretation is working? I was deprived of my time.

[English]

The Chair: You only had 20 seconds to begin with. I don't think Mr. Fulton can answer the question in that time.

[Translation]

Simon-Pierre Savard-Tremblay: I'll be able to ask it more quickly.

[English]

The Chair: Between you and Mr. Groleau, I'm sure you can get this done.

[Translation]

Simon-Pierre Savard-Tremblay: Madam Chair, you must admit that, if there's a problem with the interpretation, I shouldn't be deprived of my right to ask a question.

[English]

The Chair: Okay, you have your 20 seconds, and Mr. Fulton will have 10 seconds.

[Translation]

Simon-Pierre Savard-Tremblay: Thank you.

Mr. Fulton, basically, I was saying that, in listening to your testimony, I understood that you are opposed to increased access to Brazilian beef. However, when we had the discussion on supply management, you were against that, in the name of free trade.

Why are you showing such a change in position?

• (1250)

[English]

Tyler Fulton: I should clarify that we believe that beef should be excluded from the agreement because of several factors. Most importantly, the competitiveness of their production system, partly as a function of their deforestation, is a big feature of that. We think there should be no beef access to Canada from Mercosur.

The Chair: Thank you.

We have Mr. Groleau for five minutes, please.

[Translation]

Jason Groleau: Madam Chair, my first question will be for the man who proudly hails from Beauce, and who is president of the Canadian Pork Council.

Good afternoon, Mr. Roy.

In your remarks, you said that Canada had to be very careful in negotiating agreements with Mercosur countries. Why did you mention that?

René Roy: The main problem is that we have different economic baselines. That creates a difference in standards, whether they be health standards, animal welfare standards or environmental standards.

If we compete economically based on such different standards, there's no way to be competitive.

Jason Groleau: You talked about animal welfare rules. What do the differences between Canada and other countries like Brazil look like?

René Roy: That's an important point to bring to the debate. The Canadian Food Inspection Agency can check certain health aspects in particular, but animal welfare isn't examined in the same way. In Canada, we have established rules that increase our production costs, both in terms of transportation and production itself, such as rules for group sow farming. They don't have those rules in Brazil, so we couldn't have equivalent production costs. Brazilians would come into our market without having to impose on themselves the same animal welfare rules that Canadian consumers and citizens have asked us to follow.

Jason Groleau: Earlier, if I'm not mistaken, you said that 70% of production was exported. Do you have any interest in Mercosur opportunities?

René Roy: In other circumstances, we came to testify on pork trade with the European Union. We propose that we work on current trade to ensure that it's successful and put in place properly. No, right now, we don't see any opening for a reciprocal market: They will have access to our markets, but we won't have access to theirs.

Jason Groleau: I imagine you're referring to the Comprehensive Economic and Trade Agreement between Canada and the European Union. Earlier, you said that there were non-tariff barriers and that you weren't able to sell products in Europe. So what you're saying is that we should settle current matters before looking at others.

René Roy: Yes, that's what we should do.

Jason Groleau: Have you seen any non-tariff barriers in the Brazilian regions? Are there other things we haven't seen in this negotiation that could help us?

René Roy: It's going to be very difficult, given the standards there, to have any kind of access. We've heard from colleagues in agriculture. We've spoken with other colleagues in the agricultural field, particularly in crop production. We urge the committee to approach them. There's not a lot of appetite for that market. There are opportunities in other markets, particularly Southeast Asia, for animal production. However, in this market, we don't see any opportunities.

Jason Groleau: I have a lot of discussions with people in agriculture. My family is in that. Farmers don't seem to be happy with the latest negotiations, whether in pork or beef production, or in a host of other areas.

Is that the case? Are you seeing the same thing as me? There's a lack of finesse in negotiating the little details. My question is simple. Does the government ask you for advice? You are the experts, the officials are not. Do they seek your advice?

• (1255)

[English]

The Chair: Give a short answer, please.

Stephen Heckbert (President and Chief Executive Director, Canadian Pork Council): I'll do it in English, just in case the translation system has fallen apart.

Monsieur Groleau, yes, they ask our advice. The challenge is—and I mean this with all the love in my heart—that I think Canadians are far too optimistic sometimes when we enter into these trade negotiations. We take people at their word without ensuring that the document covers the worst-case scenario if we can't trust them.

I'd like to see us have a bit more of a solid base of ability to react and to retaliate in some cases, and we just don't have that in most of our trade agreements.

The Chair: Thank you.

Mr. Fonseca, you have the floor.

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

This trade agreement looking at Canada and Mercosur, like other agreements—CPTPP, CETA or what we did with Indonesia... These are really to look at diversifying our trade, making Canada much more resilient and not dependent on one particular market.

I know that when we've had stakeholders like you—and thank you very much for your testimony—it's been about levelling the playing field, always levelling the playing field. We know we can compete, but we just need a level playing field.

We do have a large sector here in terms of being leaders in the mining sector. I know that is also part of Mercosur. They're also leaders in the mining sector. We just had PDAC a little over a week ago, one of the largest conferences, which happened in Toronto. There were 130 countries and 26,000 to 27,000 participants.

I want to go to Mr. Greer and Ms. Saad. I don't know if you were at PDAC, but I want to know what you were hearing. Some of the things I heard were in regard to investment protection, regulatory co-operation and potential trade agreements, everything we've been talking about today that we would like to see. I'd like to hear your

take on that, looking at the mining sector, and then we could talk about some of the other sectors.

Go ahead, Mr. Greer.

Ryan Greer: I wasn't at PDAC, but I was in regular conversation with many of our mining members.

Mining is certainly one huge opportunity for Canada, not just today but also in the decades ahead, for some fairly obvious reasons. We have a lot of what the world wants, and that's not just what's in the ground. With our expertise at a firm level and at a technology level, we are the best of the best. There are certainly some opportunities, as I cited, where we can leverage that in the context of a Mercosur agreement around mining, machinery and equipment in some of those markets.

However, it all comes down to the environment at home, and that would be true for mining as well. We need to get to a stage where we are not waiting decades to bring projects to life. Where we sit in the current geopolitical environment and where the demand is, as well as where we can use some of those things as leverage, demand that we get even faster and more expeditious, while still following the right rules and processes, and the safety and environmental procedures.

We have to show the world that we have access to what's in the ground and that we're willing to leverage all of our other strengths to bring it to global markets, whether they be under existing agreements, under new agreements or even within the context of our relationship with the U.S. There is a tremendous focus on critical minerals in the short term and the medium term.

We have lots to be proud of, but I think there's lots of work ahead for us to leverage all those strengths to the benefit of Canadians.

Peter Fonseca: Thank you, Mr. Greer.

Ms. Saad.

Paola Saad: I've been doing PDAC for the last 27 years and working a lot with the delegations from Brazil. We have dozens of Canadian companies working in mining in Brazil. That's where we have a huge success. Brazilian mining companies are listed on the TSX. TSX has been doing a great job of listing those companies, bringing those funds to Canada and opening those markets in Canada. There is good income going to Brazil.

Again, we need to align the standards and simplify the tax structures in Brazil. It's an important demand. The red tape in Brazil is huge in the licensing practices and the regulatory procedures. I think regulatory co-operation between the two countries is of utmost importance in negotiating the free trade agreement with Mercosur.

The way exports come to Brazil is sometimes a huge barrier for Canadian companies. By the time their product gets to Brazil, it's double the price, because there are 17 different layers of taxation compounded. When speaking to Brazil regarding Mercosur, I think it would be very important to try to reduce those layers, simplify the taxation system and simplify the opening of a foreign company and the flow of money back and forth.

I think it's important not only for the mining companies but also for investments in general. There's a huge investment—almost \$13 billion—going back and forth between Brazil and Canada. It's about giving these companies the opportunity to thrive without the

constraints of red tape, bureaucracy and regulatory practices. Aligning those is one of the major elements we should be looking at now.

● (1300)

The Chair: Thank you very much.

Thank you to our witnesses for the valuable testimony. This is the beginning of a study that looks like it's going to be very interesting.

Thank you to the members.

The meeting is adjourned.

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