



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **PRIORITIES OF CANADIAN STAKEHOLDERS HAVING AN INTEREST IN BILATERAL AND TRILATERAL TRADE IN NORTH AMERICA, BETWEEN CANADA, THE UNITED STATES AND MEXICO**

**Report of the Standing Committee on International Trade**

**The Honourable Mark Eyking, Chair**

**DECEMBER 2017  
42<sup>nd</sup> PARLIAMENT, 1<sup>st</sup> SESSION**



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## **NOTICE TO READER**

### **Reports from committee presented to the House of Commons**

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



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# **THE STANDING COMMITTEE ON INTERNATIONAL TRADE**

has the honour to present its

## **EIGHTH REPORT**

Pursuant to its mandate under Standing Order 108(2), the Committee has studied the priorities of Canadian stakeholders having an interest in bilateral and trilateral trade in North America, between Canada, United States and Mexico and has agreed to report the following:





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## SUMMARY

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Trade and investment among Canada, the United States and Mexico are a critical component of the North American partnership, and Canada's trade ties with the two countries are broad, deep and evolving. According to the Government of Canada, in 2016, trade in goods and services between Canada and the United States averaged almost \$2.3 billion per day, or \$1.6 million per minute. Although lower in value, Canada–Mexico trade in goods and services is also significant. Many Canadian businesses, the workers who they employ and the communities in which they operate depend on access to North American markets, and the integrated value chains among the three countries.

With a focus on the future, and on ways to ensure continued economic growth, some of Canada's trade policy initiatives and agreements – including the *North American Free Trade Agreement* (NAFTA) – need to be examined. Recognizing the potential for significant changes to North America's trade and investment relationship, on 16 February 2017, the House of Commons Standing Committee on International Trade (the Committee) adopted a [motion](#) to undertake a study on the priorities of Canadian stakeholders having an interest in bilateral and trilateral trade in North America. In their appearance before the Committee, witnesses generally emphasized priorities relating to the NAFTA negotiations that are currently underway.

During the study, and especially during fact-finding missions to the United States, the Committee learned that there are many opportunities for Canadians to increase awareness among Americans of the significance of the Canada–U.S. trade relationship for their country's economy. While engagement between representatives at the highest levels of the two countries' federal governments is necessary, the Committee agrees that Canada must also raise awareness of its trade relationship with the United States among American legislators, voters, businesses and state governors.

Recognizing that the North American economic partnership involves three countries, the Committee believes that the NAFTA negotiations should remain trilateral, and focus on increasing the competitiveness of Canada, the United States and Mexico as a region. From a Canadian perspective, the negotiations should result in increased exports by Canada's businesses, improvements for Canadian workers, and reduced income and wealth inequality in the country. In pursuing these objectives, Canada's negotiators must be informed by ongoing consultations with Canadians, and with the country's provinces/territories in an effort to ensure that the changes to NAFTA that are being negotiated meet the needs of all of Canada's regions.

A number of witnesses emphasized that Canadian businesses depend on open and reliable access to markets in the other two NAFTA countries, and on their ability to participate in North American value chains. In the Committee's view, as the NAFTA negotiations continue, the ability to sell into the U.S. and Mexican markets, and to participate in cross-border value chains, must be preserved.

Witnesses also made market access–related comments about supply management, and advocated support for Canada's supply-managed sectors. In acknowledging the contribution of producers in these sectors to the country's economy, the Committee believes that additional access to Canada's market for imports of U.S. dairy and poultry products would negatively affect Canadian producers of these products, and potentially undermine the stability and viability of the country's supply-management systems. Consequently, during the NAFTA negotiations, the Government of Canada must defend Canada's supply-managed systems.

Similarly, a number of witnesses urged the Government of Canada to defend Canadian interests in other areas, specifically culture and intellectual property. Some highlighted the importance of NAFTA's cultural exemption for Canada's broadcasting and cultural sectors and supported its preservation during the NAFTA negotiations, which is a position with which the Committee agrees. As well, in recognizing the contributions that innovators make to Canada's economy, and many Canadians' reliance on access to innovative products and services, the Committee urges the Government of Canada to maintain its ability to ensure that Canada's intellectual property regime balances the interests of rights holders and users, and to modernize this regime following domestic reviews.

While some witnesses emphasized the need to preserve Canada's market access, a number also focused on increased access to international markets. According to them, this access could occur, for example, through new opportunities for Canadian businesses to obtain public procurement contracts in the United States, ongoing discussions aimed at resolving the softwood lumber dispute with the United States, and continued trade discussions among the 11 countries that are currently members of the Trans-Pacific Partnership. In the Committee's opinion, in order for Canadian businesses – including small and medium-sized enterprises, women-owned businesses and firms in multicultural communities – to be prepared for enhanced opportunities, they must have access to trade-related training and be made aware of the range of federal trade-promotion services that are available to them.

NAFTA was implemented in the era before digital trade and e-commerce. With a view to the future, the Committee supports adding provisions in these areas to NAFTA in order to

enable Canadian businesses to increase the extent to which they engage in this growing form of commerce. That said, the Committee also shares the view of witnesses who suggested that such provisions must not compromise the competitiveness of Canada's "bricks and mortar" businesses, Canadians' privacy rights or the security of their data.

Whether the focus is increased trade with NAFTA partners or with other countries, the Governments of Canada, the United States and Mexico can help businesses by addressing border-related and regulatory impediments. Witnesses mentioned border delays that negatively affect Canadian businesses that trade with the United States, and highlighted the need for modern border infrastructure and customs processes. In supporting these witnesses and those that commented on regulatory differences among the NAFTA countries, the Committee also urges increased regulatory cooperation to facilitate trade throughout North America while ensuring that public health, safety and security are protected. As well, businesses can be assisted if impediments to the movement of workers to other countries where their skills are needed are reduced. From that perspective, the Committee supports modernization of NAFTA's list of professionals and skilled workers who are eligible for temporary entry.

Witnesses commented on the three chapters in NAFTA that address dispute settlement: 11, 19 and 20. The Committee is convinced that each NAFTA country must have recourse against any other NAFTA country that acts in a manner that is inconsistent with NAFTA, and that an impartial mechanism for reviewing anti-dumping and countervailing duties orders must exist. Accordingly, the dispute-settlement mechanisms contained in Chapters 19 and 20 of NAFTA must be retained. Regarding the investor–state dispute-settlement mechanism provided in Chapter 11, the Committee supports the view that panel decisions must respect governments' rights to regulate in the public interest.

Finally, consistent with the priorities of some witnesses, the Committee believes that NAFTA must be broadened to address policy goals in relation to the environment, labour standards, gender equality and Indigenous peoples, and must include enforceable labour and environmental provisions. Believing that trade-related benefits must be shared among people, the Committee also feels that the Government of Canada must ensure that gender is an important consideration during the NAFTA negotiations, and that the rights of Indigenous peoples are respected, including through support for the principles of the *United Nations Declaration on the Rights of Indigenous Peoples*.





# LIST OF RECOMMENDATIONS

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

## **Recommendation 1**

**That the Government of Canada take actions designed to increase awareness, among American legislators, governmental officials, workers, businesses and voters, about the value of the Canada–U.S. trade relationship. .... 28**

## **Recommendation 2**

**That the Government of Canada, throughout the *North American Free Trade Agreement* negotiations, continue to use a whole-of-government approach in explaining the importance of the Canada–U.S. trade relationship, and the implications of that relationship for U.S. businesses and workers. .... 29**

## **Recommendation 3**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, prioritize outcomes that would promote Canadian exports, increase wages, and reduce income and wealth inequalities. .... 32**

## **Recommendation 4**

**That the Government of Canada work with the United States and Mexico to ensure that the *North American Free Trade Agreement* negotiations continue to be trilateral. As well, the government should pursue provisions that would enhance the competitiveness of North America as a region. .... 32**

## **Recommendation 5**

**That that the Government of Canada, during the *North American Free Trade Agreement* negotiations, pursue changes that would make the agreement more progressive, including in relation to labour, the environment, gender rights, Indigenous peoples and investor–state dispute settlement. .... 33**

**Recommendation 6**

**That the Government of Canada conduct broad and meaningful consultations with Canadians during trade negotiations with the United States and/or Mexico. Throughout the *North American Free Trade Agreement* negotiations, the government should consult regularly with provincial/territorial representatives. .... 34**

**Recommendation 7**

**That the Government of Canada continue to pursue a free trade agreement among the 11 countries that are currently members of the Trans-Pacific Partnership. .... 35**

**Recommendation 8**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, prioritize outcomes that “do no harm.” In particular, the government should pursue provisions that would preserve North America’s integrated value chains and Canada’s access to the U.S. market. As well, the government should continue to advocate for the integrated nature of the North American auto and other integrated sectors. .... 40**

**Recommendation 9**

**That the Government of Canada address non-tariff barriers that inhibit fair access to North American markets. .... 40**

**Recommendation 10**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, defend Canada’s supply-management systems. As well, the government should not increase the country’s access commitments for imports of supply-managed products. .... 40**

**Recommendation 11**

**That the Government of Canada continue its negotiations with the Government of the United States designed to resolve the dispute between the two countries concerning U.S. imports of certain Canadian softwood lumber products. .... 41**

**Recommendation 12**

That the Government of Canada actively promote, to Canadian small and medium-sized enterprises, the trade promotion services that are available to them, including those provided by the Canadian Trade Commissioner Service, Export Development Canada and the Business Development Bank of Canada. The government should also ensure ongoing federal support for a "one-stop-shop" through which these enterprises are able to access the range of resources dedicated to them. .... 41

**Recommendation 13**

That the Government of Canada make trade-related training more accessible to small and medium-sized enterprises, women-owned businesses and multicultural communities. The government should also actively promote this training to these businesses and communities. .... 41

**Recommendation 14**

That the Government of Canada promote any trade training that is offered in colleges and universities with opportunities to partner with businesses for export readiness. .... 41

**Recommendation 15**

That the Government of Canada, during the *North American Free Trade Agreement* negotiations, oppose any changes to the rules-of-origin provisions that would increase costs for businesses or limit their participation in the North American market. In addition, the government should pursue rules of origin that are easy to understand. In communicating with affected businesses about rules of origin, the government should use clear language. .... 43

**Recommendation 16**

That the Government of Canada, during the *North American Free Trade Agreement* negotiations, consider the model provided by the *Defence Production Sharing Agreement Between Canada and the United States* as it pursues national treatment for Canadian businesses in the United States' public procurement market. .... 44

**Recommendation 17**

**That the Government of Canada, in collaboration with the Governments of the United States and Mexico, reduce the time needed for goods to cross borders within North America, including by investing strategically in border infrastructure. As well, Canada should work with the United States and Mexico to modernize the processes required for goods and people to cross shared borders, including through more efficient pre-clearance for low-risk shipments and expanded trusted traveler programs. .... 47**

**Recommendation 18**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, work with the Governments of the United States and Mexico to eliminate “red tape” and further harmonize regulations where it is possible to do so without compromising public health, safety or security. As well, the Governments of Canada and the United States should continue to work on initiatives like the Regulatory Cooperation Council, and should consider the establishment of a similar initiative with Mexico. .... 50**

**Recommendation 19**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, pursue provisions that would provide new opportunities for Canadian businesses to engage in online commercial activities. As well, the government should work to ensure that those provisions do not undermine either the competitiveness of Canada’s “bricks-and-mortar” businesses, including retailers, or Canadians’ privacy rights and the security of their data. .... 52**

**Recommendation 20**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, oppose elimination of the cultural exemption. .... 54**

**Recommendation 21**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, oppose provisions that would reduce its ability to ensure that the Canadian intellectual property regime balances the interests of right holders and users. As well, the government should work to preserve Canada’s ability to modernize its regime following domestic reviews. .... 56**

**Recommendation 22**

That the Government of Canada, during the *North American Free Trade Agreement* negotiations, oppose changes that would reduce the existing labour mobility commitments. As well, the government should pursue additions to the list of professionals who are eligible for temporary entry. .... 58

**Recommendation 23**

That the Government of Canada, during the *North American Free Trade Agreement* negotiations, work to ensure that the investment provisions allow governments to regulate in the public interest. .... 60

**Recommendation 24**

That the Government of Canada, during the *North American Free Trade Agreement* negotiations, defend the dispute-settlement mechanisms in Chapters 19 and 20. .... 62

**Recommendation 25**

That the Government of Canada, during the *North American Free Trade Agreement* negotiations, pursue environmental provisions that would strengthen the enforcement of environmental standards. .... 65

**Recommendation 26**

That the Government of Canada, during the *North American Free Trade Agreement* negotiations, pursue strong and enforceable labour standards for North America. .... 67

**Recommendation 27**

That the Government of Canada, during the *North American Free Trade Agreement* negotiations, ensure that gender remain an important consideration. .... 69

**Recommendation 28**

That the Government of Canada, during the *North American Free Trade Agreement* negotiations, continue to advocate for a chapter on Indigenous peoples and seek to include principles contained in the *United Nations Declaration on the Rights of Indigenous Peoples*. .... 70





# THE PRIORITIES OF CANADIAN STAKEHOLDERS HAVING AN INTEREST IN BILATERAL AND TRILATERAL TRADE BETWEEN CANADA, THE UNITED STATES AND MEXICO

## CHAPTER ONE: INTRODUCING THE STUDY

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Many would agree that trade liberalization among Canada, the United States and Mexico has resulted in an integrated, regional North American economy. In particular, the [\*North American Free Trade Agreement\*](#) (NAFTA) – which entered into force on 1 January 1994 and superseded the [\*Canada–United States Free Trade Agreement\*](#) (CUSTA) – has enabled preferential market access among the three countries. It has also facilitated the development of cross-border value chains and production processes throughout the NAFTA region.

In addressing economic, security and other challenges, Canada relies on close and productive relationships with both of its NAFTA partners. Its longstanding relationship with the United States, which is Canada’s largest trade and investment partner, has contributed to the economies of both countries. Statistics Canada estimates that, in 2013, the country’s exports to the United States accounted for 15.3% of Canadian gross domestic product and more than 2 million Canadian jobs.<sup>1</sup> A U.S. Department of Commerce report claims that U.S. exports of goods and services to Canada supported 1.6 million U.S. jobs in 2015.<sup>2</sup> In addition, more than 400,000 people cross the border between the two countries each day.

Although geographically closer to the United States than to Mexico, Canada also has valuable relations with Mexico. The country was Canada’s third-largest merchandise trade partner in 2016, and Canadians made 1.9 million visits to Mexico in 2015, second only to the United States. Canada and Mexico have extensive consular networks, and collaborate in such fora as the United Nations, the Organization of American States, the G20, the Summit of the Americas and the North American Leaders’ Summit.

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1 Statistics Canada, [\*Value added in exports, 2013\*](#), 12 July 2017.

2 Chris Rasmussen and Susan Xu, [\*Jobs Supported by Export Destination 2015\*](#),” U.S. Department of Commerce, 8 November 2016.





Since January 2017, the United States has made various trade-related decisions that affect Canada, including in relation to NAFTA, the Trans-Pacific Partnership (TPP) and bilateral trade in softwood lumber. On 18 May 2017, the U.S. Trade Representative (USTR) formally [notified](#) the U.S. Congress that the Trump administration intended to renegotiate NAFTA, and negotiating [objectives](#) were published on 17 July 2017. On 17 November 2017, the USTR released updated negotiating [objectives](#). As of 20 November 2017, five rounds of negotiations had occurred. The United States has indicated the possibility of intent to withdraw from NAFTA.

Recognizing the potential for significant changes to North America's trade relationships, on 16 February 2017, the House of Commons Standing Committee on International Trade (the Committee) adopted a [motion](#) to undertake a study on the priorities of Canadian stakeholders having an interest in bilateral and trilateral trade in North America.

Beginning on 4 May 2017, the Committee held 12 meetings in Ottawa, Ontario, during which it heard from: Canadian and U.S. businesses; academics; think tanks; groups representing organized labour and the interests of Indigenous peoples and women; and others. It also received a number of briefs and other submissions. As well, the Committee undertook fact-finding missions to the following U.S. cities: Seattle, Washington State; Sacramento, the Napa Valley, the San Francisco Bay Area and the Silicon Valley, California; Denver and Boulder, Colorado; Detroit, Michigan; Chicago, Illinois; Columbus, Ohio; Milwaukee, Wisconsin; and Washington, D.C. The fact-finding mission to Washington, D.C. included a meeting with members of the U.S. House of Representatives' Ways and Means Committee's Subcommittee on Trade.

The report begins with statistical information about North American trade and investment, as well as general comments by witnesses about the North American trade relationship and raising Americans' awareness about the importance of the Canada–U.S. trade relationship. It then summarizes the points made by individuals and groups with whom the Committee met in Ottawa and various U.S. cities on the following topics: negotiating free trade agreements (FTAs) and consulting Canadians; providing access to markets; moving goods, services and people; settling disputes; and expanding the scope of NAFTA. The report concludes with the Committee's final thoughts and its recommendations to the Government of Canada.

## CHAPTER TWO: SETTING THE NORTH AMERICAN TRADE AND INVESTMENT SCENE

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Most Canadian exports and imports of merchandise and services are sent to, or originate from, NAFTA countries. In addition, nearly one half of Canada's stock of foreign direct investment is located in these countries, which are also the origin of almost one half of the stock of foreign direct investment in Canada.<sup>3</sup> The Committee's witnesses described various aspects of North American trade, and commented on awareness among Americans of the Canada–U.S. trade relationship.

### A. North American Merchandise Trade

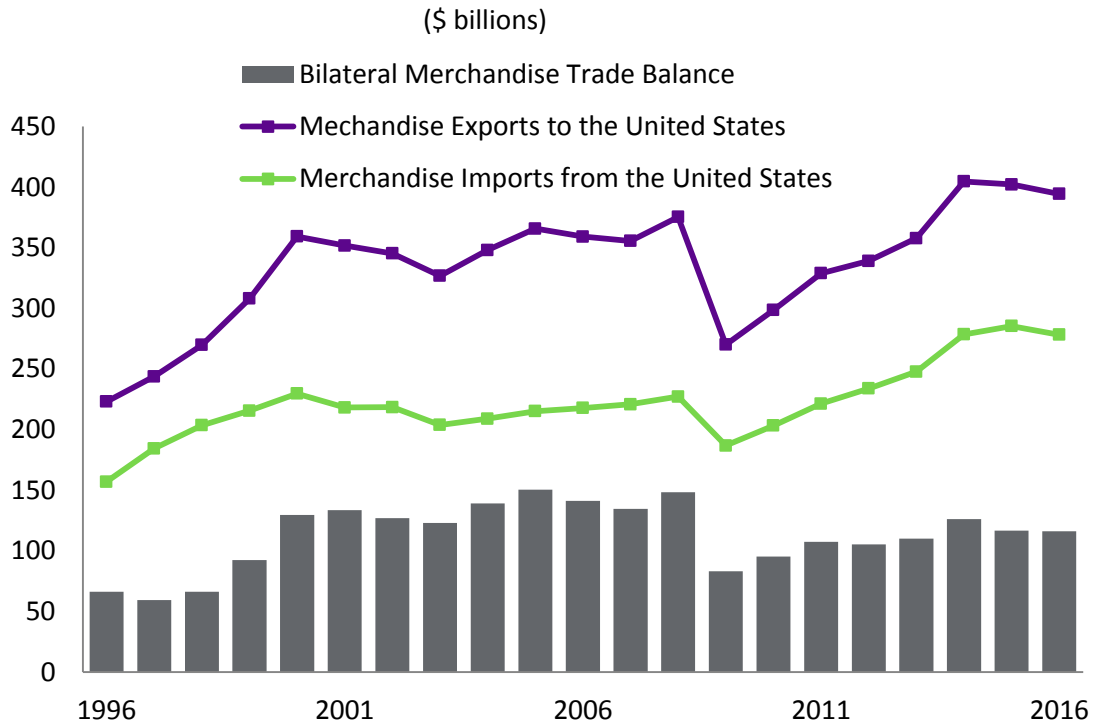
The United States is Canada's most significant trade and investment partner. In 2016, Canada had a merchandise trade surplus with the United States; 76.3% of the value of Canada's merchandise exports was destined for the United States, while 52.2% of the value of Canadian merchandise imports was from the United States. Figure 1 shows the value of Canada–U.S. merchandise trade since 1996.

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3 All data in this chapter are from Statistics Canada and are measured in Canadian dollars. The merchandise trade data are customs-based; the services trade and foreign direct investment data are balance of payments-based.



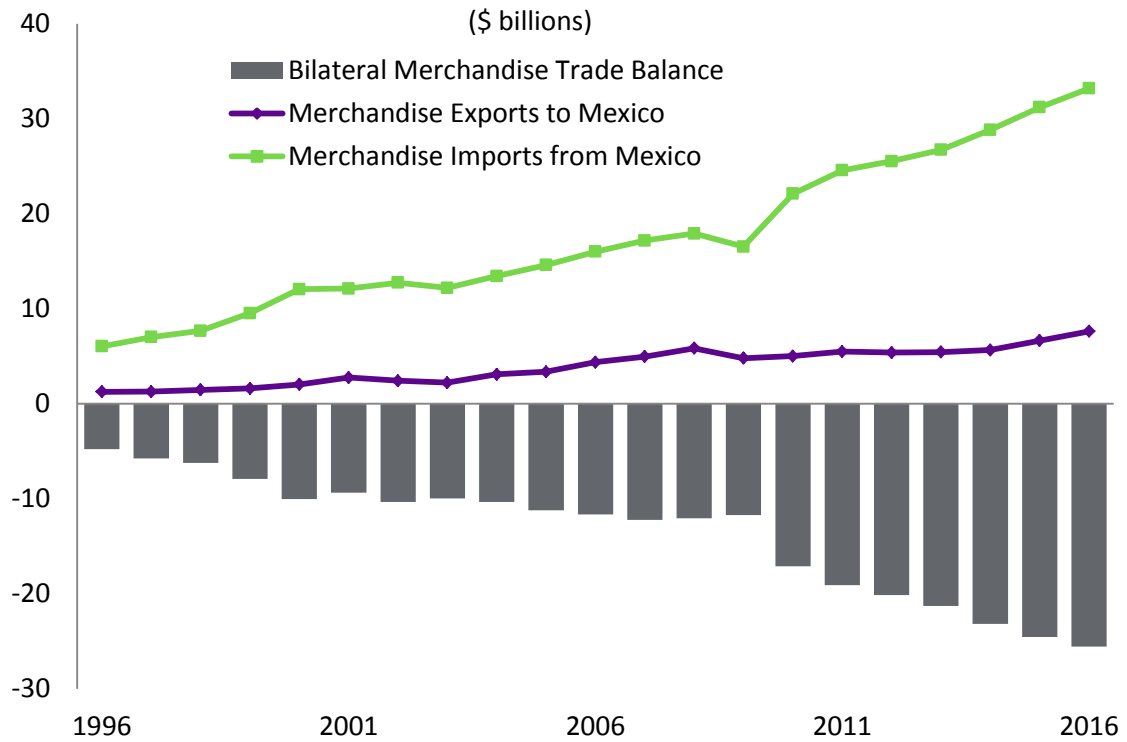
Figure 1 – Canada–U.S. Merchandise Trade, 1996–2016



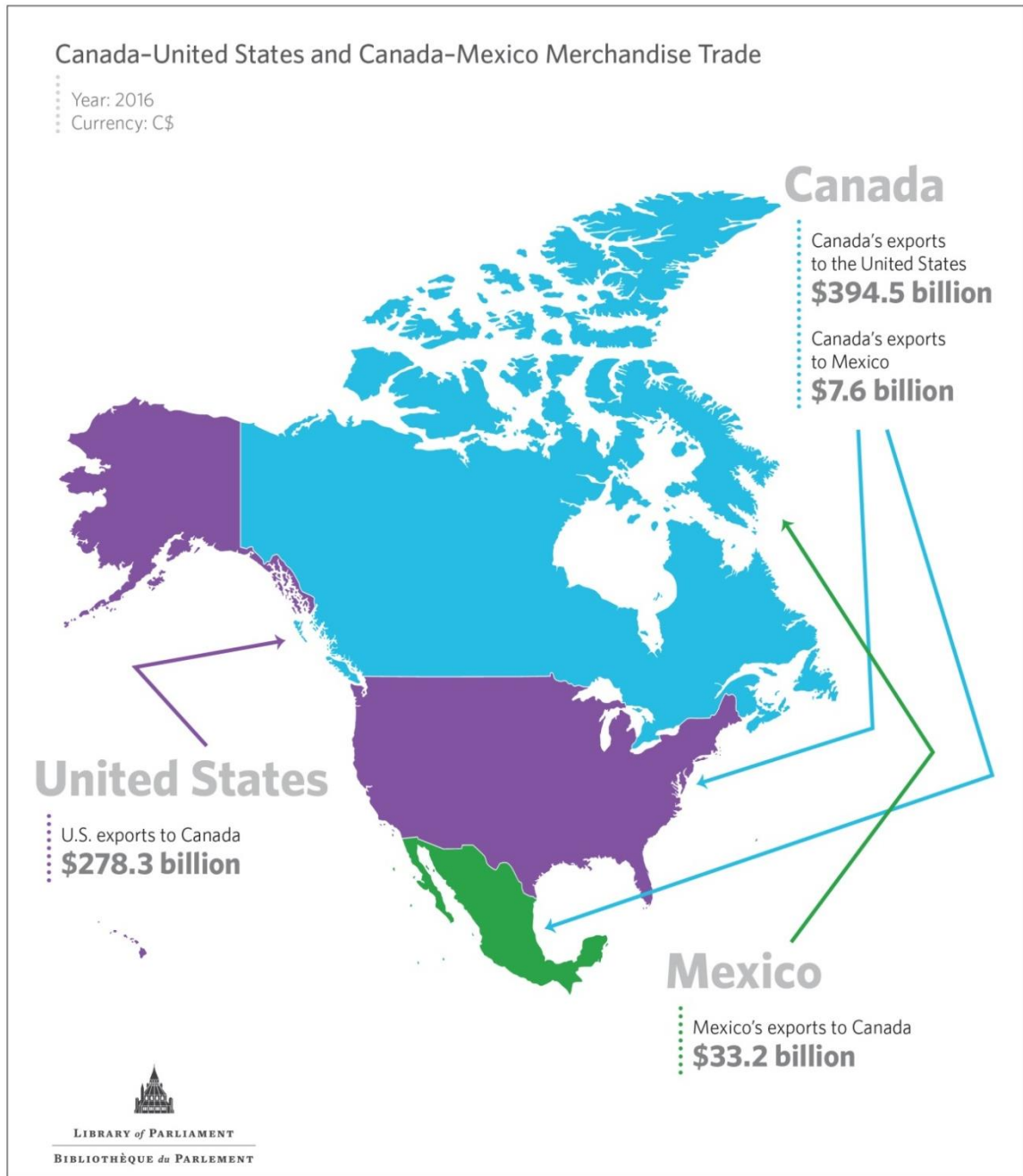
Source: Figure prepared by the Library of Parliament using Statistics Canada data accessed through [Trade Data Online](#) (database) on 26 September 2017.

Canada’s trade and investment with Mexico is smaller than that with the United States, but has grown since the inception of NAFTA. In 2016, 1.5% of the value of Canada’s merchandise exports was destined for Mexico, while the country supplied 6.2% of the value of Canada’s merchandise imports; in that year, Canada had a merchandise trade deficit with Mexico. Figure 2 shows the value of Canada–Mexico merchandise trade since 1996.

Figure 2 – Canada–Mexico Merchandise Trade, 1996–2016



Source: Figure prepared by the Library of Parliament using Statistics Canada data accessed through [Trade Data Online](#) (database) on 26 September 2017.

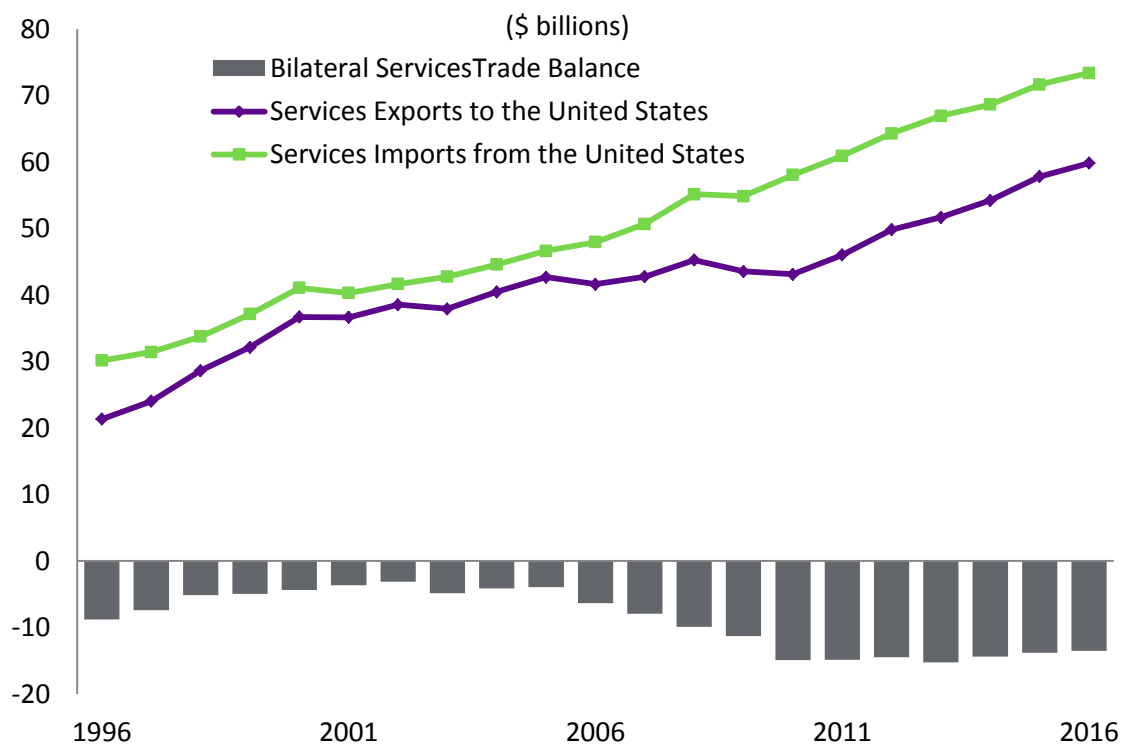


Source: Infographic prepared by the Library of Parliament using Statistics Canada data accessed through [Trade Data Online](#) on 26 September 2017.

## B. North American Services Trade

Canada had a services trade deficit with the United States in 2016, as shown in Figure 3; the deficit was largely the result of trade in travel services, with Canadian travel services exports to, and imports from, the United States totalling \$9.6 billion and \$20.5 billion, respectively. In that year, Canada’s commercial services exports to, and imports from, the United States were valued at \$41.7 billion and \$43.1 billion, respectively; regarding transportation and government services, Canada’s exports to, and imports from, the United States were valued at \$8.5 billion and \$9.8 billion. In 2016, 54.9% of the value of Canadian services exports was destined for the United States, while the country was responsible for 55.5% of the value of Canada’s services imports.

Figure 3 – Canada–U.S. Services Trade, 1996–2016



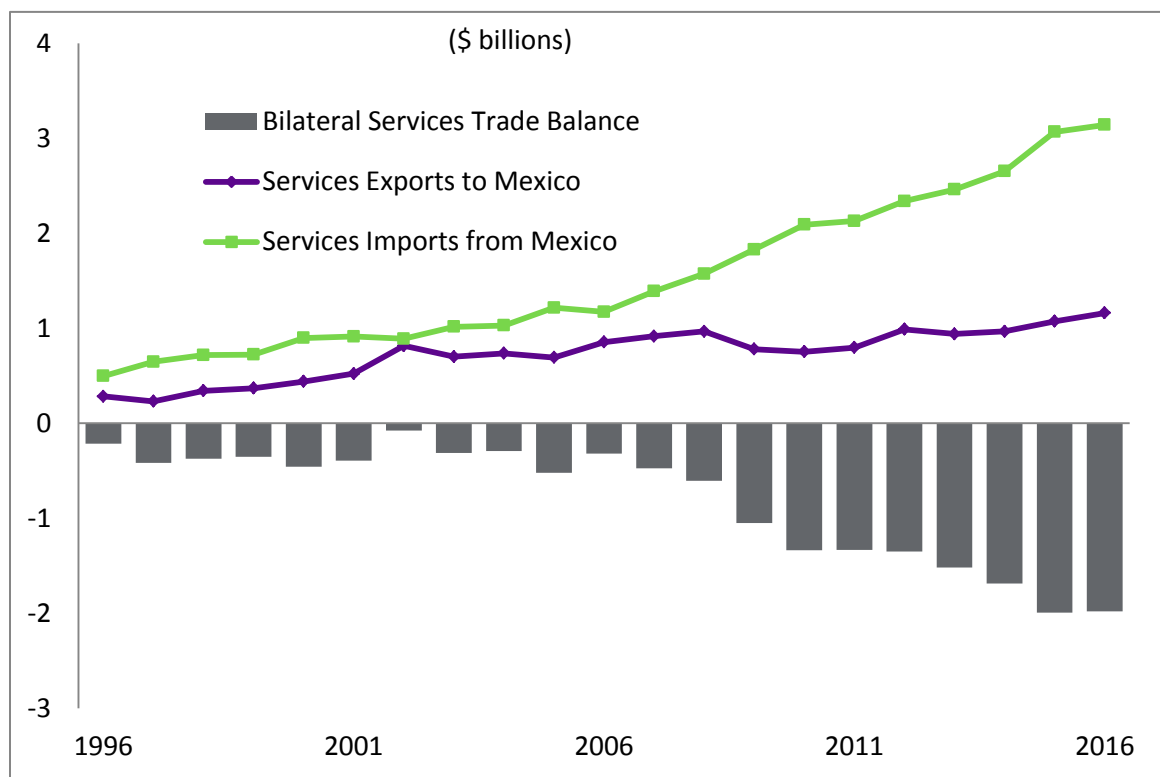
Source: Figure prepared by the Library of Parliament using data from: Statistics Canada, “[Table 376-0036: International Transactions in services, by selected countries, annual \(dollars x 1,000,000\)](#),” CANSIM (database), accessed on 25 October 2017.

Regarding Canada–Mexico trade in services, as shown in Figure 4, Canada had a deficit with Mexico in 2016; like the United States, this deficit was largely due to travel services. In 2016, Canadian travel services exports to, and imports from, Mexico were valued at



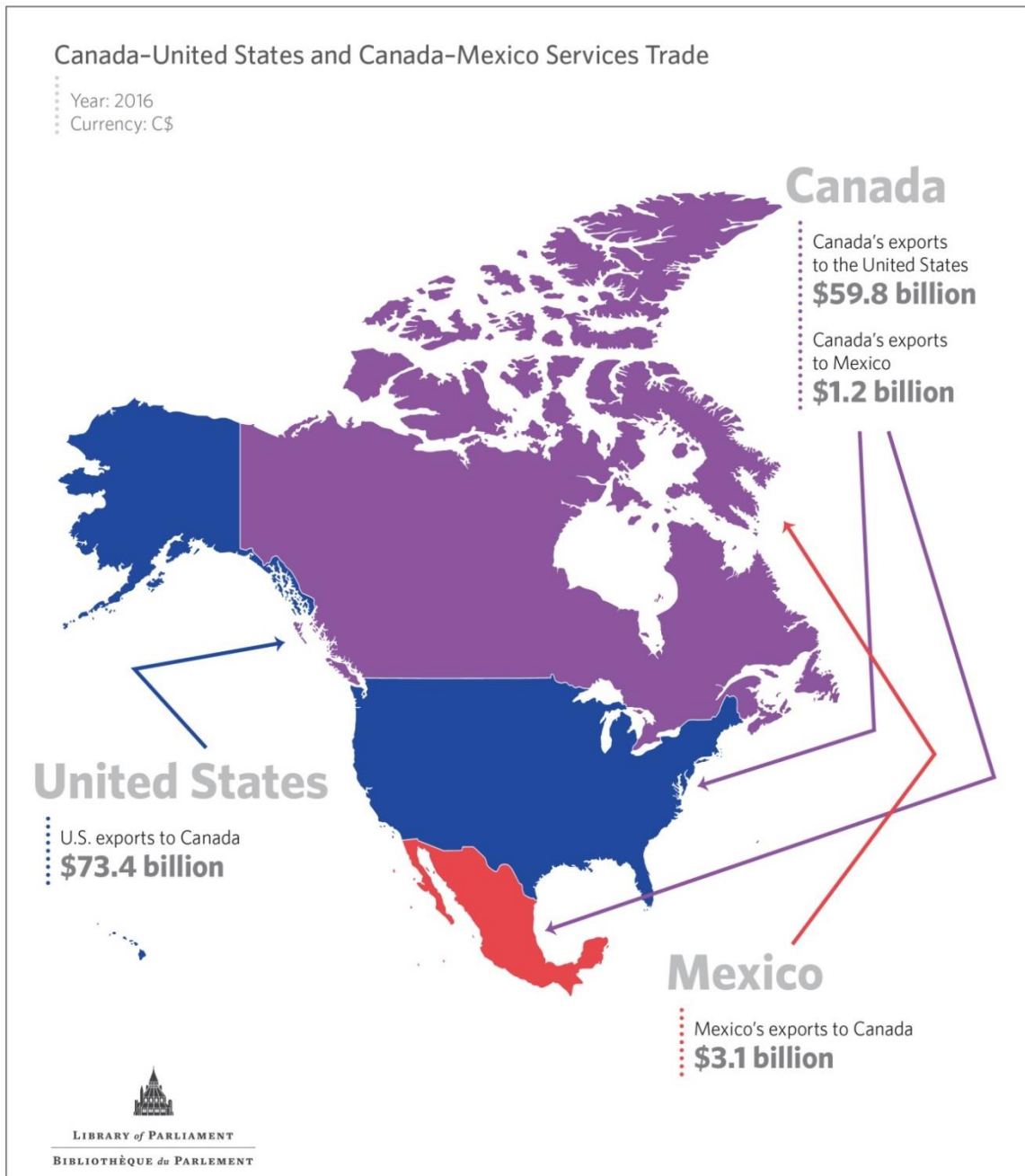
\$357 million and \$2.5 billion, respectively. Canada’s commercial services exports to, and imports from, that country were \$664 million and \$425 million, respectively, in 2016; regarding transportation and government services, its exports to, and imports from, Mexico were \$139 million and \$263 million, respectively. In 2016, 1.1% of the value of Canada’s services exports was destined for Mexico, while the country was responsible for 2.4% of the value of Canada’s services imports.

Figure 4 – Canada–Mexico Services Trade, 1996–2016



Source: Figure prepared by the Library of Parliament using data from: Statistics Canada, “[Table 376-0036: International transactions in services, by selected countries, annual \(dollars x 1,000,000\)](#),” CANSIM (database), accessed on 25 October 2017.

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Source: Infographic prepared by the Library of Parliament using data from: Statistics Canada, "[Table 376-0036: International transactions in services, by selected countries, annual \(dollars x 1,000,000\),](#)" CANSIM (database), accessed on 25 October 2017.

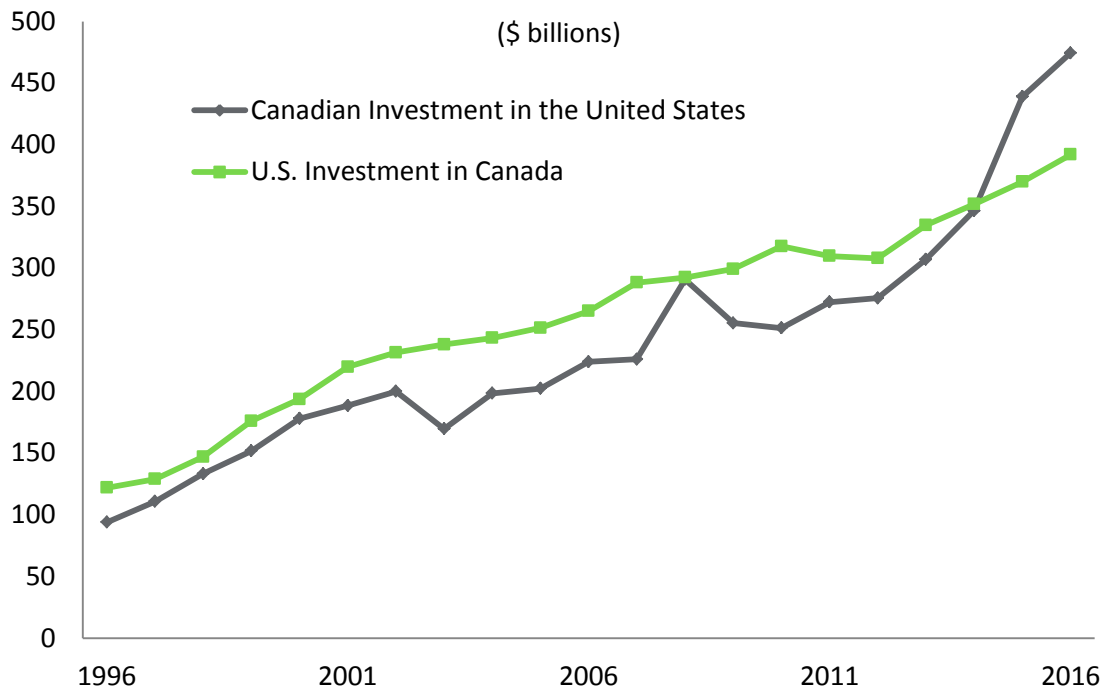




## C. North American Foreign Direct Investment

Among the 120 countries for which data were available for 2016, the United States was the largest destination for Canadian direct investment abroad; it was also the largest source of foreign direct investment in Canada among the 55 countries for which data were available. In that year, 45.2% of the stock of Canada’s foreign direct investment was in the United States, while 47.5% of the stock of foreign direct investment in Canada was of U.S. origin. Figure 5 shows the two countries’ stock of foreign direct investment in each other since 1996.

Figure 5 – Canada–U.S. Stock of Foreign Direct Investment, 1996–2016

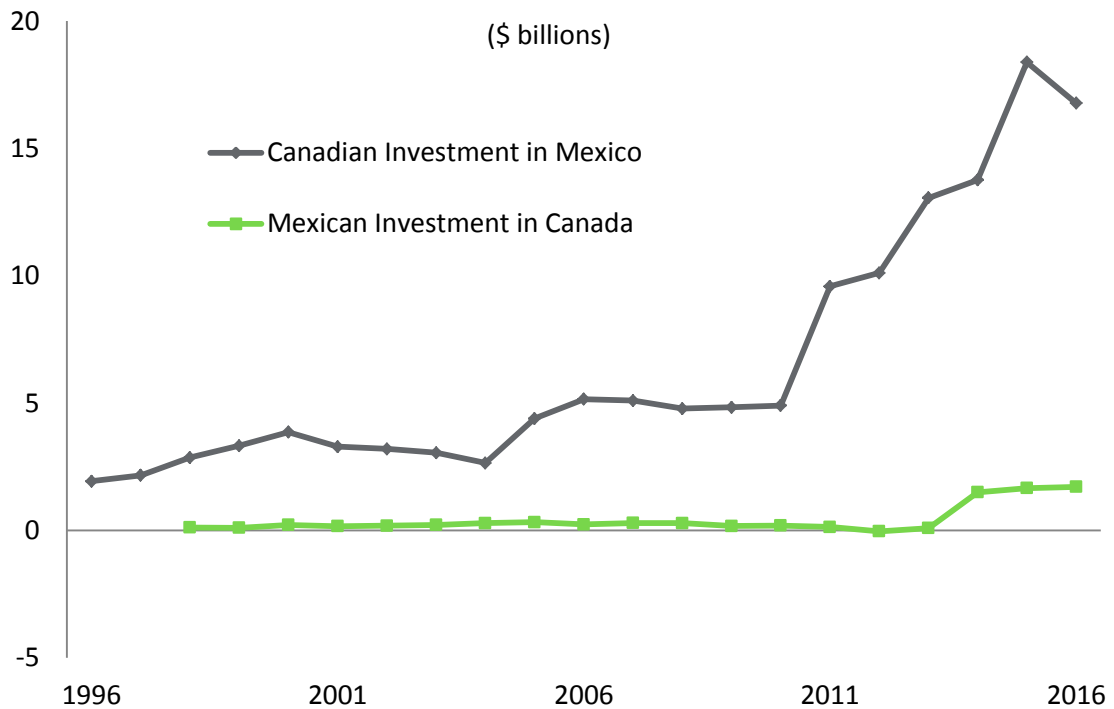


Source: Figure prepared by the Library of Parliament using data from: Statistics Canada, “[Table 376-0051: International investment position, Canadian direct investment abroad and foreign direct investment in Canada, by country, annual \(dollars x 1,000,000\)](#),” CANSIM (database), accessed on 26 September 2017.

As well, among the 120 countries for which data were available for 2016, Mexico was the 10<sup>th</sup> largest destination for Canadian direct investment abroad; it was the 25<sup>th</sup> largest source of foreign direct investment in Canada among the 55 countries for which data were available. In that year, 1.6% of Canada’s stock of foreign direct investment was in

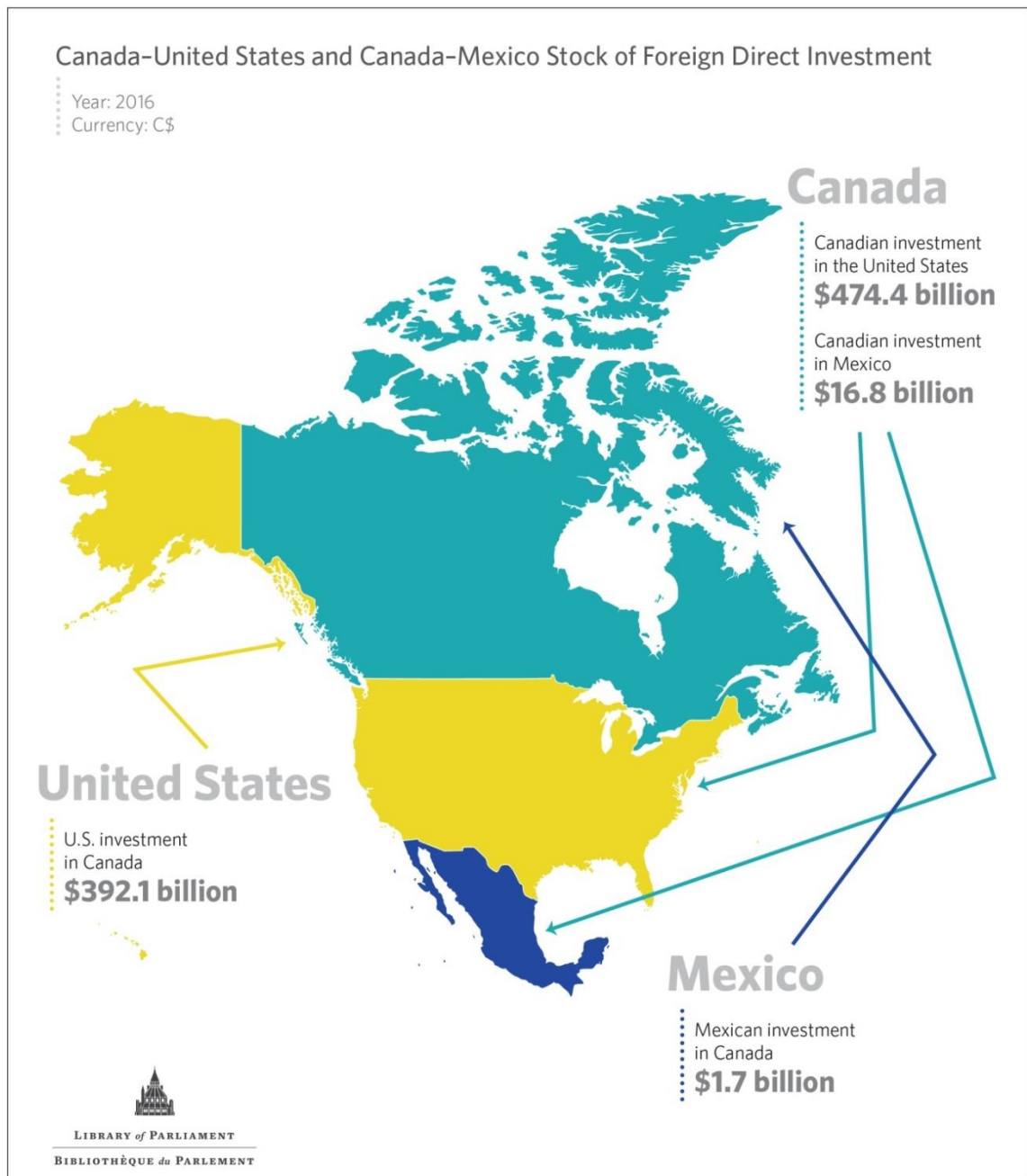
Mexico, while 0.2% of the stock of foreign direct investment in Canada was of Mexican origin. Figure 6 shows the two countries' stock of foreign direct investment in each other since 1996.

**Figure 6 – Canada–Mexico Stock of Foreign Direct Investment, 1996–2016**



Note: Data on Mexican investment in Canada are unavailable for 1996 and 1997.

Source: Figure prepared by the Library of Parliament using data from: Statistics Canada, "[Table 376-0051: International investment position, Canadian direct investment abroad and foreign direct investment in Canada, by country, annual \(dollars x 1,000,000\)](#)," CANSIM (database), accessed on 26 September 2017.



Source: Infographic prepared by the Library of Parliament using data from: Statistics Canada, "[Table 376-0051: International investment position, Canadian direct investment abroad and foreign direct investment in Canada, by country, annual \(dollars x 1,000,000\)](#)," CANSIM (database), accessed on 26 September 2017.

## D. The North American Trade Relationship in Practice

In describing Canada's trade relationship with the United States and with Mexico, the Committee's witnesses focused on the extent of trade with those countries, the integration of North American value chains, and the economic effects of trade and NAFTA, including with respect to North American producers' competitiveness.

Some witnesses representing businesses emphasized that, together, the United States and Mexico are the largest export market for their sectors' products. For example, [Canadian Manufacturers & Exporters](#) mentioned that nearly 80% of Canada's manufactured goods exports were destined for those two countries in 2015 and 2016. Similarly, the [Canadian Agri-Food Trade Alliance](#) stated that the United States and Mexico are the destination for more than 50% of Canada's agri-food exports.

Regarding Canada's significance as a market for U.S. goods, during its Columbus and Milwaukee fact-finding missions, the Committee learned that Canada buys more goods from Ohio than that state's next nine largest merchandise export markets combined, and purchases more of Wisconsin's goods than that state's next four largest markets together.

In addition, some witnesses discussed the importance of the United States as a source of inputs for Canadian businesses. The [Canadian Steel Producers Association](#) said that Canada's steel producers buy "significant" amounts of raw materials from the United States. Similarly, [General Motors of Canada Limited](#) commented that Canada imports "significantly more auto parts and materials from the United States than we're able to source locally or elsewhere."

During the Committee's U.S. fact-finding missions and in Ottawa, comments were made about U.S. trade deficits and about U.S. imports from Canada and from Mexico containing more U.S. content than imports from other countries. For example, The [U.S. Chamber of Commerce](#) observed that trade deficits are not an "appropriate" measure of whether a bilateral trading relationship or a trade agreement is "working." The [Canada West Foundation](#) indicated that every \$1.00 of U.S. imports from Mexico and Canada contains 40 cents and 25 cents, respectively, of U.S. content.

Various witnesses pointed out that producers in the NAFTA countries participate in integrated North American value chains, with inputs traded across borders prior to assembly into final products. Canada's [Minister of Foreign Affairs](#) told the Committee that production inputs made in Canada are sometimes sold to the United States, where U.S. producers add value to those inputs and sell them back to Canada; for some goods, this process occurs multiple times before the good is sold to the consumer.



In addition, the [Minister of Foreign Affairs](#) was among the witnesses who informed the Committee that NAFTA has contributed to the development of cross-border supply chains and economic integration in North America. Specifically, she said that, “[t]hanks to NAFTA, North America's economy is highly integrated, making our companies more competitive in the global marketplace and creating more jobs on our continent.” In indicating that the country’s economy is 2.5% larger than it would be in the absence of NAFTA, [she](#) stated that “[i]t's as though Canada has been receiving a \$20-billion cheque every year since NAFTA was ratified.”

According to [Canadian Manufacturers & Exporters](#), integration of North American manufacturing operations has created a unique relationship among the NAFTA countries, with the result that “[w]e do not simply trade goods with each other; we build things together, we innovate together, and we compete with the world together.”

In highlighting the integration of North American value chains, the [Canadian Vehicle Manufacturers' Association](#) said that,

[s]ince the Auto Pact of 1965, Canada's auto industry and its supply chains have become deeply integrated with those of the United States and, over time, of Mexico. We build vehicles seamlessly on both sides of the border, and the resulting deep integration has led to a more competitive auto industry and greater consumer choice of vehicles that are more affordable.

Witnesses representing businesses that participate in integrated value chains – particularly those in Canada’s manufacturing sector – were nearly unanimous in agreeing that NAFTA has helped producers in Canada, the United States and Mexico compete with those from outside the NAFTA region. For example, [Canadian Manufacturers & Exporters](#) indicated that NAFTA has increased “the standard of living of all participants. It has strengthened industry by combining the talents and expertise of each market, creating bigger markets at home and strengthening our combined competitiveness globally.”

Concerning chemicals, the [Chemistry Industry Association of Canada](#) mentioned that NAFTA’s duty-free treatment for all chemical products has “incentivized” the growth of complex supply chains, lowered the cost of producing chemicals and strengthened Canada’s chemical sector in the global marketplace.

Regarding trade in vehicles, [Ford Motor Company of Canada Limited](#) remarked that “Canada's integration into the larger NAFTA region has created economies of scale that have allowed Canada and the NAFTA region to competitively produce vehicles for export to other regions around the world.” According to [Toyota Motor Manufacturing Canada Inc.](#), NAFTA is the “singular” cause of the company’s growth.

In relation to agriculture, the [Canadian Agri-Food Trade Alliance](#) observed that NAFTA has increased both the integration of agricultural supply chains throughout North America and the competitiveness of Canada's agricultural producers. Similarly, [Food and Beverage Ontario](#) said that "[t]he high level of integrated business operations established under NAFTA underlines the strong competitive position of Ontario's food and beverage sector."

However, in a document submitted to the Committee, the Canadian Vintners Association stated that CUSTA and NAFTA have not benefitted its members; they have been "denied equal access to the U.S. market" and have faced increased competition from U.S. wine producers. According to it, "Canadian wine has not suffered as a result of quality, competitive factors or consumer preferences. The primary cause of reduced access to the U.S. market that has limited Canadian wine sales are trade barriers." It also said that "U.S. states grant significant benefits to their local wine industry which directly gives U.S. winemakers tremendous cost advantages over suppliers of Canadian wine. It is time to level the playing field and a modernized NAFTA must ensure greater market access and the removal of discriminatory measures."

Some witnesses mentioned that the Canada–U.S. trade relationship contributes to economic activity and jobs in both countries. For instance, according to [General Motors of Canada Limited](#), "trade in auto parts ... contributes to Canada's competitiveness, while supporting U.S. manufacturing jobs, especially in the Great Lakes states." The [Council of the Great Lakes Region](#) stated that the eight U.S. states that are a part of the Great Lakes region "rely on Canada to support roughly 2.2 million good-paying jobs," and the [U.S. Chamber of Commerce](#) observed that about 14 million U.S. jobs rely on the United States' trade with Canada and Mexico.

Accordingly, certain witnesses emphasized that Canadian and U.S. producers would be negatively affected if trade between the two countries were to become more difficult. For instance, the [Canadian Pork Council](#) observed that Canadian imports of U.S. pork total nearly \$1.2 billion, and that any trade disruptions affecting pork would have a detrimental impact on producers in both countries.

During its Detroit fact-finding mission, the Committee was told that, within 48 hours of the 11 September 2001 terrorist attacks, the Canada–U.S. border was temporarily closed, causing certain U.S. plants to shut down. The [Canadian Vehicle Manufacturers' Association](#) commented that, "[s]ince vehicles assembled [in Canada] have slightly higher content, in terms of parts and materials, from U.S. than from Canadian sources, any disruption of the integrated supply chain will impact U.S. auto companies and suppliers' jobs as much as, if not more than, our own."



Regarding the Canada–Mexico trade relationship, the Canadian Global Affairs Institute’s [Colin Robertson](#) – who appeared as an individual – remarked that Canada’s “vigorous partnership” with Mexico is mutually beneficial but has not yet reached its full potential. He commented that Canada’s decision in December 2016 to replace visa requirements for Mexican visitors with electronic travel authorizations has significantly increased travel from Mexico to Canada. As well, he pointed out that opportunities to develop the Canada–Mexico trade relationship further include greater promotion of Canada as a tourist destination for Mexicans, and more joint research programs in manufacturing and in agri-food products. The [Canadian Chamber of Commerce in Mexico](#) referred to NAFTA as the primary “trading asset” for the NAFTA countries, and identified Canada as a reliable trade partner for Mexico. [Mr. Robertson](#) suggested that “NAFTA transformed the Canada-Mexico relationship from one of cordial distance based on a shared neighbour into that of family.” He also commented that, since NAFTA entered into force, Canada–Mexico trade has more than tripled and Canadian investment in Mexico has increased “manyfold,” although the same cannot be said of Mexican investment in Canada.

The [Council of the Great Lakes Region](#) mentioned that, although NAFTA has been “beneficial” for Canada, the United States and Mexico, “[i]n many respects, ever since NAFTA was enacted, the continent has been operating at two speeds, largely in Mexico’s favour.”

In the view of some witnesses, large businesses have been the primary beneficiaries of NAFTA. For example, the [Canadian Labour Congress](#) indicated that NAFTA “has undermined secure[,] well-paid employment, and it has devastated manufacturing and processing industries and the communities that depend on them. While there has been increased trade and economic growth, the benefit has gone to large corporations and investors, leaving workers behind.” Similarly, the [Council of Canadians](#) remarked that, “[w]hile some say that NAFTA is a win-win for the three countries, in reality it’s been more of a win-win for the corporations of the three countries.” [Its](#) brief to the Committee suggested, for instance, that NAFTA’s ratchet and standstill clauses encourage privatization, and prevent both the creation of new social services and the reimplementation of public services that have been privatized. Recognizing that benefit has not been equally shared, the Minister of Foreign Affairs made progressive labour provisions in NAFTA a priority for the Canadian Government. The labour chapter proposed by Canada has the support of Canadian and American unions. For example, according to an October 2017 International Brotherhood of Teamsters press release, “[t]he interests of working and middle class families are better served by the current Canadian proposal.”<sup>4</sup>

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4 International Brotherhood of Teamsters, [Hoffa: NAFTA Should Deal With Trucking, Labor](#), 4 October 2017.



## **E. Americans' Awareness of the Canada–U.S. Trade Relationship**

During its U.S. fact-finding missions, the Committee was informed that there are opportunities for Canadians to explain the importance of the Canada–U.S. trade relationship, as well as its implications for U.S. businesses and workers. In Sacramento, the Committee heard that California's residents may not be aware of the significance of trade with Canada unless it is a part of their daily lives. Similarly, in the Napa Valley, the Committee learned that local wineries and hotels are aware of Canada's importance as an export destination for the region's wines; however, the "common person" in its restaurants and hotels may be unaware of Canada's significance. The Committee was also told that some Americans view Canada as part of the United States' domestic market.

During the Committee's U.S. fact-finding missions and in Ottawa, it was mentioned that some Americans attribute job losses in certain sectors to trade liberalization and immigration. For instance, according to the [U.S. Chamber of Commerce](#), "President Trump ... won the election by speaking to concerns, particularly across the U.S. Midwestern states.... To some degree, the concern was about immigration, and to some degree it was about manufacturing job losses, and NAFTA was blamed." The [Council of the Great Lakes Region](#) made a similar comment.

As well, during those fact-finding missions and in Ottawa, automation was identified as a larger contributor to job losses than trade. For example, during its Denver fact-finding mission, the Committee was informed that – when compared to trade-induced job losses – technology has disrupted at least seven times more jobs. Similarly, in Detroit, the Committee heard that automation has been the leading cause of job losses in the automobile and auto parts manufacturing sectors. In providing a different perspective, the [Canadian Labour Congress](#) highlighted an International Monetary Fund study that discusses the difficulties encountered in trying to isolate the independent effects of automation and trade on job losses.

In addition, during its Denver fact-finding mission, the Committee heard that a lack of trade adjustment assistance or compensation for workers adversely affected by trade has resulted in anti-trade sentiment. In elaborating on this perspective, the [Canadian Labour Congress](#) stated that – in many developed countries – "the failure to compensate those who have been negatively impacted by trade shocks" has caused them to adopt "a nationalist sentiment" and has increased inequality.

With some Americans blaming job losses in certain sectors on trade, during the Committee's U.S. fact-finding missions and in Ottawa, suggestions were provided for raising awareness among U.S. policy makers and other Americans about the Canada–U.S. trade





relationship. Particular mention was made of direct communication with U.S. workers, voters, businesses, legislators and governmental officials, among others.

In her remarks to the Committee, Canada's [Minister of Foreign Affairs](#) stated that "[w]e realize that it is not just relationships with Washington or the White House, with the president and members of cabinet, that matter. While those relationships are indeed essential, those at other levels are important as well."

Similarly, during its Washington, D.C. fact-finding mission, the Committee heard that "all politics is local" in the United States, and that a bottom-up approach for raising awareness of the Canada–U.S. trade relationship should be adopted; Canadians should work with U.S. local officials and businesses. In Ottawa, the [Pacific NorthWest Economic Region](#) said that "[w]e have to get Americans talking to their congressmen.... We need town hall meetings and letters to the editor from simple people saying, 'Hey, my job is really on the line here.... The relationship with Canada is really important.'"

Regarding the messages that could be conveyed to Americans, during its Detroit fact-finding mission, the Committee was informed that Canadians should point out that Canada is the most significant destination for U.S. exports. In commenting on the effectiveness of this strategy, Canada's [Minister of Foreign Affairs](#) told the Committee that:

[a]t every opportunity we've explained to our southern friends ... that Canada is the largest export market for two-thirds of U.S. states, and America's biggest overall customer by far.... Today they understand ... that our relationship ... is balanced and mutually beneficial.

In addition, during its Chicago fact-finding mission, the Committee heard that Canada should provide U.S. governors with relevant trade data in order to support their advocacy of Canada's importance as a U.S. trade partner. The Committee also learned that U.S. workers need to be reminded that their jobs might depend on trade with Canada, and that Americans would be receptive to a simple, personal story that explains the benefits of trade with Canada, especially if told by somebody who is not Canadian.

To increase awareness among Americans of the importance of Canada's trade relationship with the United States, the Committee recommends:

### **Recommendation 1**

**That the Government of Canada take actions designed to increase awareness, among American legislators, governmental officials, workers, businesses and voters, about the value of the Canada–U.S. trade relationship.**

**Recommendation 2**

**That the Government of Canada, throughout the *North American Free Trade Agreement* negotiations, continue to use a whole-of-government approach in explaining the importance of the Canada–U.S. trade relationship, and the implications of that relationship for U.S. businesses and workers.**



## CHAPTER THREE: NEGOTIATING FREE TRADE AGREEMENTS WITH NORTH AMERICAN COUNTRIES AND CONSULTING CANADIANS

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In discussing FTAs with North American countries, the Committee's witnesses generally mentioned the NAFTA negotiations, the Government of Canada's consultations in relation to those negotiations, and the potential for an FTA among the 11 countries that remain TPP signatories.

### A. Negotiating Changes to the North American Free Trade Agreement

Regarding the NAFTA negotiations, Canada's [Minister of Foreign Affairs](#) suggested that NAFTA "should be made more progressive," including in such areas as labour, the environment, gender rights, Indigenous peoples and investor-state dispute settlement. Regarding labour and the environment, she mentioned that the "progressive elements" she hopes will be incorporated into NAFTA would ensure that the agreement is a "fair trade deal." As well, she stated that trade agreements should help Canadian and foreign workers "enjoy higher wages and better conditions."

Some witnesses representing businesses commented that Canada's first NAFTA negotiating priority should be to "do no harm," including by preserving both North America's integrated value chains and Canada's access to the U.S. market in particular. The [Canadian Chamber of Commerce](#) characterized the "do no harm" principle as being at the top of its "wish list," and said that the negotiations must not "roll back any of the current benefits of NAFTA." Similarly, the [Business Council of Canada](#) said that "Canada must protect the framework of rights, benefits, and privileges that our companies and citizens currently enjoy under NAFTA. It's also imperative that any agreement be based upon reciprocal access and treatment."

Witnesses generally agreed that some elements of NAFTA could be modernized. For example, the [Business Council of Canada](#) observed that CUSTA and NAFTA were negotiated "in a different era" than the present, and that NAFTA could be modernized by changing or adding provisions in such areas as intellectual property, e-commerce, state-owned enterprises, competition, sanitary and phytosanitary measures, telecommunications, customs, labour, the environment, procurement and regulatory cooperation. Similarly, witnesses mentioned modernization in the context of labour mobility, gender rights, Indigenous peoples, and dispute settlement.



During the Committee’s U.S. fact-finding missions and in Ottawa, reference was made to provisions in the *Canada–European Union Comprehensive Economic and Trade Agreement* (CETA) and the TPP agreement that could be incorporated into a revised NAFTA. For instance, Canada’s [Minister of Foreign Affairs](#) told the Committee that, to make NAFTA more “progressive,” the Government of Canada would be “informed” by CETA. In addition, the [Business Council of Canada](#) thought that the TPP agreement could be a useful template for modernizing NAFTA in various areas.

As well, in the context of the NAFTA negotiations, some witnesses made proposals about the ways in which Canada should manage its relationship with Mexico. The [Mexican Council on Foreign Relations](#) described separate bilateral agreements between the United States and each of its two NAFTA partners as a “non-starter” for Mexico. In the view of the [Canadian Chamber of Commerce in Mexico](#), the negotiations should be directed to increasing the competitiveness of the North American region. Both it and the [Japan Automobile Manufacturers Association of Canada](#) stated that the negotiations should remain trilateral. According to the [Mexican Council on Foreign Relations](#), if the United States were to withdraw from NAFTA, the agreement would “work” with Canada and Mexico as the only partners. It said that these two countries should publicly indicate that they would maintain their NAFTA relationship in the event that the United States were to withdraw from the agreement.

The [Council of Canadians’](#) brief to the Committee stated that the NAFTA negotiations should “balance the inequitable rights afforded to corporations with the rights of everyone else” and include “profound discussion” about making trade inclusive.

With the goal of ensuring that an updated NAFTA would benefit as many Canadians as possible, the Committee recommends:

### **Recommendation 3**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, prioritize outcomes that would promote Canadian exports, increase wages, and reduce income and wealth inequalities.**

### **Recommendation 4**

**That the Government of Canada work with the United States and Mexico to ensure that the *North American Free Trade Agreement* negotiations continue to be trilateral. As well, the government should pursue provisions that would enhance the competitiveness of North America as a region.**

## Recommendation 5

**That that the Government of Canada, during the *North American Free Trade Agreement* negotiations, pursue changes that would make the agreement more progressive, including in relation to labour, the environment, gender rights, Indigenous peoples and investor–state dispute settlement.**

## B. Consultations with Canadians

Canada's [Minister of Foreign Affairs](#) spoke to the Committee about the consultations that Global Affairs Canada<sup>5</sup> has undertaken regarding the NAFTA negotiations. She said that, as of 14 August 2017, Global Affairs Canada had received submissions from more than 22,500 Canadians, including 158 associations, 55 corporations, and a number of academics and think tanks.<sup>6</sup> She emphasized that consultations will be ongoing throughout the negotiations, and will include groups representing organized labour, the environment, women and Indigenous peoples. In addition, [she](#) characterized the provinces/territories as being “at the centre of Canada’s trade relationship with the United States,” and remarked that they were included in the NAFTA consultations and are involved in the negotiations.

An [official](#) from Global Affairs Canada stated that certain common trends emerged during the NAFTA consultations: the need for a “do no harm” approach that preserves access to the U.S. and Mexican markets; and the priority that should be given to regulatory harmonization or cooperation in order to increase the coherence of certain regulations.

Some witnesses commented on their participation in Global Affairs Canada’s NAFTA consultations. [Spirits Canada](#) said that it has been “extremely satisfied” with Global Affairs Canada’s outreach and consultations, and the [Dairy Farmers of Canada](#) stated that, “so far, the Government of Canada has been successful in handling the negotiations effectively and keeping stakeholders informed, but we will stay alert.” According to the [International Inter-tribal Trade and Investment Organization](#), while Global Affairs Canada has been doing “a great job” in consulting, the 11-day period between negotiating rounds is too short to allow “full, frank, fair and meaningful” consultation with rights holders. The period between negotiating rounds has since been extended.

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5 Until the [Department of Foreign Affairs, Trade and Development Act](#) is amended, the department’s legal title is “Department of Foreign Affairs, Trade and Development.” This report uses the applied title that is currently used when referring to this department: Global Affairs Canada.

6 Global Affairs Canada has now received more than 43,000 online submissions, and – by December 2017 – had conducted public consultations in Calgary, Charlottetown, Fredericton, Halifax, Hamilton, Kamloops, London, Montréal, Québec City, Saskatoon, Sherbrooke, Toronto, Windsor and Winnipeg.



From the perspective of [Quebec's chief NAFTA negotiator](#), cooperation among the Government of Canada and the provinces is important. He indicated that Canada's negotiators meet with the provinces after each round of the NAFTA negotiations.

In providing another perspective, the [Council of Canadians'](#) brief to the Committee stated that there has been "little opportunity" for Canadians to comment "on NAFTA renegotiation priorities," and that "[t]his has been a closed process with corporations around the table."

The [OpenMedia Engagement Network's](#) brief to the Committee urged the Government of Canada to release drafts of the proposed changes to NAFTA – especially regarding intellectual property and e-commerce provisions – at regular intervals throughout the negotiations, and to release all comments received during its consultations with Canadians about these negotiations.

To help ensure that consultations about changes to trade agreements are comprehensive, the Committee recommends:

#### **Recommendation 6**

**That the Government of Canada conduct broad and meaningful consultations with Canadians during trade negotiations with the United States and/or Mexico. Throughout the *North American Free Trade Agreement* negotiations, the government should consult regularly with provincial/territorial representatives.**

### **C. The "TPP 11" and Other Trade Agreements**

On 30 January 2017, the USTR formally [announced](#) the United States' withdrawal from the TPP, and thereby from the FTA that the 12 TPP countries – including Canada, the United States and Mexico – signed on 4 February 2016. Since then, the remaining TPP countries – known as the "TPP 11" – have met to discuss future options for liberalizing trade among them.<sup>7</sup> In November 2017, officials from the TPP 11 countries met during the Asia-Pacific Economic Cooperation Leaders' Meeting in Vietnam, where they reached a consensus on the core elements that will form the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.<sup>8</sup>

In commenting on liberalized trade among the TPP 11 countries and outlining the results of a modelling exercise that it conducted, the [Canada West Foundation](#) noted that

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7 Stratfor Enterprises, [Australia: TPP Trade Talks Sail on Without the United States](#), 31 August 2017.

8 Global Affairs Canada, [Timeline of discussions](#), 11 November 2017.

Canada would “do second best” in an FTA among those countries, and would increase its share of the Asian market at the expense of the United States. It also said that an FTA among the TPP 11 countries, and the “damage it could potentially do to the Americans,” would help Canada to “counter the attempt by the Trump administration to completely rewrite the rules of the game on trade in ways that favour the Americans and disadvantage everyone else.”

The [Canadian Cattlemen’s Association](#), the [Canadian Agri-Food Trade Alliance](#) and the [Canadian Pork Council](#) called for Canada to ratify the TPP agreement that was signed by Canada on 4 February 2016 and/or to join the negotiations for an FTA among the TPP 11 countries. According to the [Canadian Chamber of Commerce in Mexico](#), the Government of Mexico would be “pushing for a TPP 11” agreement and the Government of Canada should do so as well. [It](#) also remarked that Canada and Mexico should “explore other avenues” for trade liberalization – including through the Pacific Alliance – if an FTA among the TPP 11 countries is not feasible.

Recognizing that an FTA among the TPP 11 countries would provide Canada with new market access opportunities and would help develop the country’s trade relationship with Mexico, the Committee recommends:

#### **Recommendation 7**

**That the Government of Canada continue to pursue a free trade agreement among the 11 countries that are currently members of the Trans-Pacific Partnership.**





## CHAPTER FOUR: MANAGING ACCESS TO MARKETS

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In highlighting issues relating to access to international markets, witnesses discussed market access generally, and also provided specific comments on rules of origin and public procurements.

### A. Market Access for Supply-Managed and Other Products

A number of witnesses mentioned that the NAFTA negotiations should not reduce Canada's access to the U.S. and Mexican markets. [Canadian Manufacturers & Exporters](#) emphasized that preserving market access should be Canada's primary priority during the negotiations, while the [U.S. Chamber of Commerce](#) stated that "interrupting" trade among the NAFTA countries or reimposing the high tariffs that existed prior to NAFTA could "endanger many of the millions of jobs that depend on trade in our three countries."

During the Committee's U.S. fact-finding missions and in Ottawa, various market access-related comments were made in relation to specific agricultural sectors, including dairy, chicken, sugar and beverage alcohol. For instance, during its Milwaukee fact-finding mission, the Committee was told that U.S. access to Canada's dairy market is limited by such measures as the creation of class 7 milk in Canada and CETA's protection of geographic indicators for certain European Union cheeses.

According to the [Dairy Farmers of Canada](#), the Canadian market is not closed to imports of U.S. dairy products, and the United States has a dairy product trade surplus with Canada that exceeded \$400 million in 2016. It also stated that imports, some of which it described as "dumped" by the United States into Canada, are used to meet 10% of Canadian demand for dairy products, compared to between 3% and 4% of the U.S. demand for such products. It said that, "on several occasions, the U.S. has circumvented trade regulations in its trade with Canada. For example, the U.S. developed a product rarely used domestically, diafiltered milk, specifically in an attempt to take advantage of loopholes in existing trade agreements and undercut the Canadian dairy market. Canadian dairy producers have lost approximately \$230 million annually since 2015 as a result of the importation of diafiltered milk directly displacing Canadian domestic production."

The [Dairy Farmers of Canada](#) urged the Government of Canada to exclude Canada's dairy sector from the NAFTA negotiations, and suggested that providing additional access for imports of U.S. dairy products into the Canadian market would result in gross domestic



product and job losses, as well as lower returns for Canadian dairy producers, with “no benefits” for Canada. Similarly, [Trade Justice PEI](#)’s brief to the Committee emphasized that “Canadian negotiators must defend supply management, and the ability of Canadian dairy farmers to make a decent living.”

The [Chicken Farmers of Canada](#) noted that the United States’ trade surplus with Canada in chicken products is \$300 million annually. It remarked that, because the access that NAFTA provides for imports of U.S. chicken into Canada is based on Canadian chicken production, the amount of that access has increased 406% since the agreement’s implementation.

In suggesting that NAFTA has been positive for Canadian and U.S. chicken producers, the [Chicken Farmers of Canada](#) stated that Canadian chicken producers rely on Canada’s over-quota tariffs applied on chicken imports, and that any reduction in these tariffs “would jeopardize the stability of our industry and put it at risk.” It proposed that, during the NAFTA negotiations, Canada should not provide any additional access for chicken imports as a percentage of the country’s chicken market.

According to the [Canadian Sugar Institute](#), Canada’s access to the U.S. market for refined sugar has been limited to a quota of 10,300 tonnes of beet sugar, which is less than 0.1% of that market; however, access can be increased if there are emergency shortages. It also said that U.S. imports of Canadian products with sugar content levels exceeding 10% are restricted by “fixed and inflexible” quotas.

As well, the [Canadian Sugar Institute](#) commented that, unlike the United States, Canada’s sugar market “does not benefit from” price supports, high tariffs or quota restrictions. It suggested that “Canada’s operations are globally efficient and competitive but are underutilized, given the U.S. and globally restrictive trade policies.” In its opinion, the NAFTA negotiations are a “critical opportunity to modernize trade in sugar and sugar-containing products, to improve capacity utilization and efficiencies in Canada’s sugar sector, and [to support] the future of food processing in Canada.”

During its Napa Valley fact-finding mission, the Committee was told that, while Canada is their largest export destination, California’s wine producers face barriers selling into the Canadian market. The Committee heard that such barriers include excise taxes, as well as difficulties in shipping wine directly to consumers and in convincing provincial retail monopolies to sell California’s wines.

In a document submitted to the Committee, the Canadian Vintners Association said that U.S. wine producers have “excellent access to the Canadian market,” and that these producers more than doubled their share of that market between 1988 and 2016. It identified barriers faced by Canada’s wine sector in the U.S. market, including

requirements that Canadian wine be distributed by in-state wholesalers, retail sales networks that are limited to U.S. wine, and an inability to sell Canadian wine directly to consumers. In its opinion, the NAFTA negotiations should improve the sector's access to the U.S. market, remove discriminatory measures, maintain NAFTA's Wine Annex and incorporate the TPP's Wine Annex, and ensure that no new barriers to selling Canadian wine into the U.S. market are created.

Regarding spirits, in indicating that 85% of Canadian spirits exports are destined for the other NAFTA countries, [Spirits Canada](#) stated that it would be a "gross understatement" to say that preserving that market access is critical for the future of Canada's spirits sector.

According to [Food and Beverage Ontario](#), "[a]ny new provisions in the NAFTA 2.0 that undermine the current level of market access and supply chain integration would be detrimental to our industry and ultimately to consumers across North America."

Witnesses also highlighted the vehicle manufacturing sector. For example, in the view of [Ford Motor Company of Canada Limited](#), currency manipulation by some countries limits exports of Canadian vehicles and should be eliminated through trade agreements. The [Canadian Vehicle Manufacturers' Association](#) remarked that, even though the NAFTA countries have not manipulated their currencies, disciplines in NAFTA to prevent manipulation would "set an important precedent and establish a platform for collaboration."

During its Washington, D.C. fact-finding mission, the Committee heard that trade enforcement is a priority for the U.S. administration, and was told about U.S. trade remedy investigations regarding imports of steel, aluminum and solar cells, as well as Canadian softwood lumber<sup>9</sup> and aircraft.<sup>10</sup> In Ottawa, witnesses also mentioned softwood lumber and steel.<sup>11</sup>

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9 On 2 November 2017, the [U.S. Department of Commerce](#) made an affirmative final determination in its countervailing duty and anti-dumping duty investigations regarding imports of certain Canadian softwood lumber products. On 14 November 2017, the [Government of Canada](#) requested the establishment of a dispute-resolution panel under Chapter 19 of NAFTA to review the United States' imposition of countervailing duties on these imports. On 29 November 2017, the [Government of Canada](#) requested World Trade Organization consultations with the United States in relation to both the final anti-dumping and countervailing duty determinations. Most recently, on 7 December 2017, the U.S. International Trade Commission stated that certain imports of Canadian softwood lumber products are causing material injury, and indicated that the U.S. Department of Commerce will issue anti-dumping and countervailing duty orders in relation to imports of these products.

10 On 26 September 2017, the U.S. Department of Commerce made an affirmative preliminary determination in its countervailing duty investigation in relation to Canadian 100- to 150-seat large civil aircraft. On 6 October 2017, it announced an affirmative preliminary determination in its anti-dumping investigation of these products.

11 On 19 April 2017, the [U.S. Secretary of Commerce](#) initiated an investigation to determine the effects of U.S. steel imports on the country's national security. By law, the Secretary of Commerce is required to present the findings of the investigation to the U.S. President within 270 days of initiating the investigation. Thereafter, the President may impose trade remedies, such as tariffs and quotas, if the Secretary finds that the investigated imports threaten to impair national security.



In a document submitted to the Committee, the Forest Products Association of Canada provided comments in relation to the U.S. Department of Commerce’s countervailing duty and anti-dumping duty investigations of certain Canadian softwood lumber products. It stated that Canada should “stay open to a solution to the softwood lumber dispute outside or inside the NAFTA, whatever scenario presents the best outcome for Canada.” It indicated that a new softwood lumber agreement should continue to be pursued alongside the negotiation of changes to NAFTA.

Regarding the U.S. investigation of certain steel and aluminum imports that are allegedly having a negative impact on the United States’ national security, the [Canadian Steel Producers Association](#) stated that it is “critically important” for Canada to obtain an exemption from “whatever policy step the U.S. is considering” in relation to the investigation.

To ensure that Canadian businesses have access to North American markets and are aware of trade promotion services and training, and that Canada’s supply-managed and forest product sectors are supported, the Committee recommends:

#### **Recommendation 8**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, prioritize outcomes that “do no harm.” In particular, the government should pursue provisions that would preserve North America’s integrated value chains and Canada’s access to the U.S. market. As well, the government should continue to advocate for the integrated nature of the North American auto and other integrated sectors.**

#### **Recommendation 9**

**That the Government of Canada address non-tariff barriers that inhibit fair access to North American markets.**

#### **Recommendation 10**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, defend Canada’s supply-management systems. As well, the government should not increase the country’s access commitments for imports of supply-managed products.**

#### **Recommendation 11**

**That the Government of Canada continue its negotiations with the Government of the United States designed to resolve the dispute between the two countries concerning U.S. imports of certain Canadian softwood lumber products.**

#### **Recommendation 12**

**That the Government of Canada actively promote, to Canadian small and medium-sized enterprises, the trade promotion services that are available to them, including those provided by the Canadian Trade Commissioner Service, Export Development Canada and the Business Development Bank of Canada. The government should also ensure ongoing federal support for a "one-stop-shop" through which these enterprises are able to access the range of resources dedicated to them.**

#### **Recommendation 13**

**That the Government of Canada make trade-related training more accessible to small and medium-sized enterprises, women-owned businesses and multicultural communities. The government should also actively promote this training to these businesses and communities.**

#### **Recommendation 14**

**That the Government of Canada promote any trade training that is offered in colleges and universities with opportunities to partner with businesses for export readiness.**

### **B. Rules of Origin**

Regarding rules of origin, witnesses generally focused their comments on the need to “do no harm” during the NAFTA negotiations, the priority that should be given to simplification of those rules and potential changes to NAFTA’s content requirements, which are designated amounts of content from Canada, the United States or Mexico that are required in order for certain products to obtain NAFTA’s preferential duty rates.

For some witnesses, as potential changes to NAFTA’s rules of origin are being discussed, a Canadian priority should be to “do no harm.” The [Business Council of Canada](#) said that “[t]here's speculation that U.S. negotiators will attempt to rewrite NAFTA's rules of origin for goods. While it's unclear what they want in this regard, the unintended consequences could be quite dire.” It and the [Canadian Chamber of Commerce](#)



identified their lack of support for country-specific rules of origin in NAFTA, with the latter stating that such an approach would “[go] against the spirit of free trade.”

In the view of [General Motors of Canada Limited](#), “[u]nder the category of ‘do no harm’, we must set out to reduce, not add, red tape. A lot of bureaucracy is still required in tracing auto parts as they move across borders in NAFTA today. We would prefer to see tracing eliminated.” The [Business Council of Canada](#) noted its support for modernizing NAFTA’s tracing systems, which it characterized as “outdated.”

According to the [Canadian Federation of Independent Business](#), NAFTA’s rules of origin should be easy to understand, be clearly communicated and include specific examples. It strongly discouraged changes that would “complicate or tighten” the rules of origin, and commented that many of its members “expressed alarm” that the NAFTA negotiations could further complicate “what is already a very daunting task for many SMEs [small and medium-sized enterprises].”

Regarding NAFTA’s content requirements, the [Canadian Centre for Policy Alternatives](#) suggested that “higher North American content rules could benefit North American manufacturing workers by discouraging the use of high levels of offshore content.” However, the [U.S. Chamber of Commerce](#) expressed doubt that raising these requirements would compel automobile assemblers to increase the amount of North American content in their products. In its view, if complying with rules of origin becomes too costly or complex, automobile manufacturers would decide to pay the applicable tariffs on automobile imports into the United States.

Witnesses representing automobile manufacturers advised against raising NAFTA’s content requirements. The [Japan Automobile Manufacturers Association of Canada](#) and the [Canadian Vehicle Manufacturers’ Association](#) said that NAFTA’s existing rules of origin should be preserved, and the latter stated that “[a]ny changes to the duty-free access and content rules will disrupt the highly integrated supply chains and reduce the massive benefits, undermining the global competitiveness of that integrated automotive industry we talk about.”

The [Canadian Steel Producers Association](#) urged updates to NAFTA’s rules of origin to incorporate a melted-and-poured standard for steel.

In the opinion of [Fertilizer Canada](#), a chemical reaction rule for the qualification of chemicals should be incorporated into NAFTA to bring about both alignment with other FTAs and administrative efficiencies.

The [Canadian Association of Petroleum Producers](#) indicated that “[a] very liquid natural gas market has evolved in North America in the last 30 years. One of the challenges of that liquidity is that it does not marry up easily with the complex rules of origin.”

With the aim of ensuring that Canadian businesses can obtain NAFTA’s preferential tariff rates and can continue exporting to North American markets, the Committee recommends:

#### **Recommendation 15**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, oppose any changes to the rules-of-origin provisions that would increase costs for businesses or limit their participation in the North American market. In addition, the government should pursue rules of origin that are easy to understand. In communicating with affected businesses about rules of origin, the government should use clear language.**

### **C. Public Procurements**

In mentioning Canada’s access to the U.S. market for public procurements, [Quebec’s chief NAFTA negotiator](#) identified “big” opportunities as being “closed” to Canadian businesses, particularly as a result of U.S. Buy American provisions. The [Canadian Steel Producers Association](#) agreed with this assessment, and [it](#) said that the U.S. administration has initiated two investigations regarding Buy American policies that could be problematic for Canada’s steel producers: one that would potentially extend those policies to certain private-sector procurements, and one that would possibly limit exemptions. [Canada’s chief NAFTA negotiator](#) stated that Canada “has long expressed concerns” about Buy American policies and will seek increased access to U.S. public procurements during the NAFTA negotiations.

Regarding reciprocity, [Canada’s chief NAFTA negotiator](#) remarked that it would be “hard to imagine that [Canada] would be putting much on the table” for increased access to Canadian public procurements if it does not obtain improved access to such procurements in the U.S. market. Similarly, [Quebec’s chief NAFTA negotiator](#) commented that Canada should consider providing increased access to provincial procurements only if the United States agrees to “open up” Buy American provisions and/or provide Canadian suppliers with improved access to U.S. state procurements. In addition, [Pierre Marc Johnson](#) – who is with Lavery, de Billy and appeared as an individual – said that the United States should not make demands regarding access to provincial procurements unless they “give a commitment” that U.S. states will “act with reciprocity.”





In the view of the [Canadian American Business Council](#), Canadian businesses should be considered domestic suppliers for the purpose of U.S. procurements. In highlighting defence procurements as a model that could be followed, it mentioned that the *Defence Production Sharing Agreement Between Canada and the United States* requires the U.S. Pentagon to treat Canadian and U.S. defence suppliers equally.

During its U.S. fact-finding missions, the Committee was informed that certain Buy America and Buy American policies are aimed at countries other than Canada, such as China and Mexico. In Detroit, the Committee heard that there is a good chance that the manufacturing sector in the U.S. Rust Belt would support a Canadian exemption from such policies.

According to the [Canadian Centre for Policy Alternatives](#), attempts by Canada to obtain an exemption from Buy American policies would likely be unsuccessful. [Its](#) brief to the Committee urged Canada to propose “Buy North American” policies for new infrastructure spending; if such a proposal is rejected by the United States, Canada should adopt “Buy Canadian” policies to “maximize national economic spin-offs” in relation to public procurements in Canada. The [Chemistry Industry Association of Canada](#) provided a different perspective, suggesting that Canada should not implement “Buy Canadian” policies because “we shouldn't fight bad policy with bad policy.”

In an effort to increase Canada's access to the United States' public procurement market, the Committee recommends:

#### **Recommendation 16**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, consider the model provided by the *Defence Production Sharing Agreement Between Canada and the United States* as it pursues national treatment for Canadian businesses in the United States' public procurement market.**

## CHAPTER FIVE: MOVING GOODS, SERVICES AND PEOPLE

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In discussing the movement of goods, services and people, the Committee’s witnesses focused their comments on border infrastructure and processes, regulatory cooperation among the NAFTA countries, digital trade and e-commerce, telecommunications and culture, intellectual property, and labour mobility.

### A. Border Infrastructure and Processes

Some witnesses described inefficiencies that can occur when moving goods across the Canada–U.S. border, and emphasized the need for infrastructure and processes that allow for the timely and efficient movement of goods. For example, [Ford Motor Company of Canada Limited](#) said that “a vehicle built in North America can cross the border seven times. Every single time it goes through the border, it's hitting those traffic jams and requiring those manifests.” In its view, North American producers are “at a competitive disadvantage [when compared] to vehicles that are built outside of the region and shipped in, which only cross the border once.”

[Toyota Motor Manufacturing Canada Inc.](#) highlighted that it and Honda Canada Inc. operate just-in-time manufacturing facilities, and that preclearance is necessary to ensure a smooth flow of auto parts across the Canada–U.S. border. According to it, if an interruption to that flow is sufficiently long, “massive problems” can result.

During its Detroit fact-finding mission, the Committee was informed that wait times at the Detroit–Windsor border are currently unpredictable, which could lead producers to increase the size of their inventory as insurance against the late arrival of imported parts. As well, the Committee was told about the Gordie Howe International Bridge, which will be constructed using Canadian and American steel. The Committee heard that this bridge will mitigate the effects of disruptions or blockages of crossings in that region, allow increased movement of people and goods across the Canada–U.S. border, reduce – and improve the predictability of – the time needed to cross the border, provide a freeway-to-freeway connection, and permit primary and secondary inspections.

Regarding border infrastructure, the [Canadian Vehicle Manufacturers’ Association](#) commented that improvements to ports and border-crossing facilities would prevent inefficiencies and bottlenecks, and would increase the competitiveness of Canada’s



exports. The [United Parcel Service of America Inc.](#) remarked that “[u]pgrading infrastructure at points of entry and exit is vital to improving the cost and the time efficiency of cross-border trade.”

Concerning border processes, [Food and Beverage Ontario](#) stated that the NAFTA negotiations should focus on simplifying customs procedures. In particular, it identified the need to reduce documentation and certification requirements, expand the use of electronic filing, ensure timely border inspections and release of goods, and provide expedited customs treatment for low-risk shipments. The [Canadian Federation of Independent Business](#) also made a number of proposals, suggesting that customer service should be improved, easier and timelier access to information should be provided, and response times to business inquiries should be faster.

In addition, the [Canadian Federation of Independent Business](#) suggested that the NAFTA countries should research ways in which to reduce border-crossing times for trucks, which could include analyzing the extent to which trade facilitation programs – such as the Free and Secure Trade (FAST) initiative – serve their intended purpose and ensuring that they are easy to use and meet the needs of small businesses. The [United Parcel Service of America Inc.](#) mentioned that a broader range of goods transporters should be allowed to use the dedicated FAST lanes.

As well, the [United Parcel Service of America Inc.](#) identified the World Trade Organization’s (WTO’s) *Trade Facilitation Agreement* “as a good foundation for NAFTA negotiations,” and described the negotiations as an opportunity for Canada, the United States and Mexico to align their single window initiatives so that traders could “deal with more similar systems.” It urged the NAFTA countries to: allow goods traders to use multi-year electronic certificates, rather than single-year hard-copy certificates; recognize each other’s trusted trader programs; and “move towards ... an ‘inspected once, cleared twice’ model” that would allow shipments examined by one NAFTA country to be “accepted as cleared” by the other NAFTA countries.

In providing comments prior to the beginning of the NAFTA negotiations, [Canada’s chief NAFTA negotiator](#) said that one of Canada’s main negotiating objectives would be the use of technology, including electronic authorization and automatic approvals, to help move goods across the Canada–U.S. border.

Regarding the use of technology at the Canada–U.S. border, the [Canadian Federation of Independent Business](#) suggested that, while technology is a tool that could be used more effectively than is currently the case, “often these tools are built with the big businesses in mind ... and not so much the little independent that is only going to be sending a small amount across the border... [E]ven if [paperwork is] going to be

electronic, you still have to figure out how to fill out all the forms.” Similarly, [Canadian Manufacturers & Exporters](#) stated that “[j]ust saying ‘Well, let’s make it electronic’ doesn’t eliminate the burden. We need to start eliminating burdens, not just make them electronic.”

In the view of the [Canadian American Business Council](#), Canadians who speak to Americans about efforts to make the border more efficient should not refer to the border as being “thick” or “thin.” It said that, since “[a] thin border sounds like an insecure border to American ears,” reference should instead be made to a smart, secure and efficient border.

To reduce border delays and modernize customs processes, the Committee recommends:

#### **Recommendation 17**

**That the Government of Canada, in collaboration with the Governments of the United States and Mexico, reduce the time needed for goods to cross borders within North America, including by investing strategically in border infrastructure. As well, Canada should work with the United States and Mexico to modernize the processes required for goods and people to cross shared borders, including through more efficient pre-clearance for low-risk shipments and expanded trusted traveler programs.**

## **B. Regulatory Cooperation Among the North American Free Trade Agreement Countries**

In her remarks to the Committee, Canada’s [Minister of Foreign Affairs](#) observed that Canada would like to “to cut red tape, to continue the really good work we’ve already been doing on harmonizing regulations, and to make [the NAFTA] trading relationship even more frictionless.”

Witnesses highlighted a range of incongruous or cumbersome regulations, both generally and in such sectors as beef, pork, chicken, wheat, barley, automobiles and chemicals. In providing a number of examples, the [Canadian American Business Council](#) commented that, in certain sectors, there is an array of conflicting regulations that make it difficult to do business on both sides of the 49th parallel”; they also sometimes impede consumers’ ability to buy the products that they want and need. It suggested that regulatory harmonization between Canada and the United States has “win-win potential” for the federal governments of both countries and could “ease tensions” between them.



[Canada's chief NAFTA negotiator](#) stated that, during the NAFTA negotiations, Canada might try to harmonize regulations “[w]here it makes sense in a specific industry that is very integrated.” However, he also said that, in some instances, it would be easier to pursue regulatory coherence or cooperation “to ensure that although regulations may be different, they don't pose an obstacle, because they're essentially trying to achieve the same objective.”

Some witnesses made proposals about the Canada–United States Regulatory Cooperation Council. For instance, the [Business Council of Canada](#) urged the Governments of Canada and the United States to establish a permanent entity based on the Regulatory Cooperation Council, and to provide it with a mandate to harmonize regulations except in cases where it can be demonstrated that doing so would create health and safety risks. According to the [Canadian/American Border Trade Alliance](#), “[t]he best thing Canada can do at this point is to pass pre-clearance legislation and also embed the [Regulatory Cooperation Council].”

The [Canadian Federation of Independent Business](#) noted the significance of regulatory discrepancies at the sub-national level, suggesting that, “[s]ometimes, the toughest issues that small businesses face are the myriad of taxes and rules at the state and provincial levels of government.” It proposed that sub-national governments should participate in tax and regulatory cooperation efforts.

However, the [Canadian Centre for Policy Alternatives'](#) brief to the Committee suggested that regulatory cooperation can “become a hindrance to good public interest regulation if it prioritizes trade and industry needs over precaution.” It said that cooperation should lead to “the highest possible standards” across North America, and should allow countries to “exceed North American norms if it is in the public interest to do so.”

Witnesses representing agricultural producers identified numerous regulatory impediments to trade. Regarding trade in meat products, the [Canadian Agri-Food Trade Alliance](#) noted that meat products sent to the United States must meet U.S. regulations and inspection requirements, as well as Canadian regulations.

The [Canadian Cattlemen's Association](#) indicated that the United States Department of Agriculture tests samples from about 10% of Canadian meat shipments to the United States. According to it, if a shipment is tested, the Canadian producer could decide to return the shipment to Canada in order to avoid losing several days of shelf life while awaiting the test results; if it continues with the shipment into the United States before the test results are available, it could “have a recall on its hands” if the results reveal a problem with the product.

As well, the [Canadian Cattlemen's Association](#) urged Canada and the United States to eliminate meat reinspections at the shared border. Similarly, the [Canadian Pork Council](#) mentioned that it would welcome any regulatory alignments that would allow Canada and the United States to recognize each other's meat inspection processes.

The [Chicken Farmers of Canada](#)'s brief to the Committee called for corrections to regulatory "misalignments" in relation to such issues as country-of-origin labelling, mislabeled spent fowl, raised-without-antibiotics standards, antibiotic categorization and on-farm programs.

In focusing on regulations that affect the ability of U.S. wheat farmers to export to Canada, the [Western Canadian Wheat Growers Association](#) stated that, because of Canadian legal and regulatory requirements, U.S. producers exporting to Canada automatically receive the lowest grade for their wheat, regardless of its quality or variety. It remarked that Canada should update the *Canada Grain Act* "to ensure that wheat is treated consistently on both sides of the border." According to it, the free movement of grain in both directions across the shared border would both improve the efficiency of the grain handling system and prevent future trade restrictions by eliminating price distortions that have caused "ill will."

[Fertilizer Canada](#) commented on the need for regulatory harmonization and cooperation, and mentioned that a "consistent science-based approach will prevent the creation of protectionist trade barriers under the guise of environmental, health, and [sanitary and phytosanitary] rules." Similarly, the [Canadian Agri-Food Trade Alliance](#) observed that greater regulatory alignment in plant and animal health products would remove barriers to trade.

Regarding the NAFTA negotiations, [Alberta Barley](#) stated that NAFTA's chapter that addresses sanitary and phytosanitary measures should include provisions consistent with those in recently negotiated FTAs. Specifically, it mentioned that the sanitary and phytosanitary chapter in the TPP agreement could be a template for the negotiations. [It](#) also suggested that provisions that would allow a "harmonized or trade-facilitating" approach to pesticide regulations would both reduce trade barriers and be a model for future trade negotiations. Regarding low-level presences in crops, it proposed that the NAFTA countries should formally recognize each other's biotechnology approvals or, at a minimum, add a common low-level presences policy to NAFTA.

[Food and Beverage Ontario](#) identified the NAFTA negotiations as an opportunity for Canada and the United States to consider the establishment of a joint authority to oversee food safety risk assessments.



Witnesses also mentioned regulations in the automotive sector. In commenting on vehicle regulations, the [Canadian Vehicle Manufacturers' Association](#) noted that “[a]lignment of and recognition of vehicle technical and safety standards ensures that Canadian consumers have access to the safest, cleanest cars in the world at the most competitive prices.” [Ford Motor Company of Canada Limited](#) said that the NAFTA countries should accept U.S. automotive safety standards as part of a modernized NAFTA, while [General Motors of Canada Limited](#) urged those countries to align their vehicle technical standards.

According to the [Japan Automobile Manufacturers Association of Canada](#), the NAFTA countries should increase regulatory cooperation, “with the flexibility to align with, or have mutual recognition of,” major international standards, such as the United Nations Economic Commission for Europe standards and U.S. Federal Motor Vehicle Safety Standards. [Its](#) brief to the Committee called for the creation of framework agreements in NAFTA, including for automated vehicles, data flows and cybersecurity. In the view of [Toyota Canada Inc.](#), a framework agreement regarding connected vehicle technology and automated vehicles would allow consumers to purchase vehicles at the lowest possible cost, and would make these vehicles “the most easily manufacturable.”

The [Chemistry Industry Association of Canada](#) highlighted that the U.S. government is reforming regulatory and taxation policies, and indicated that Canada will “struggle to attract its historical share of investment into the chemistry sector” without a “coordinated, appropriate response” by Canadian policy makers. It urged enhanced regulatory cooperation and harmonization between Canada and the United States.

With the objective of reducing regulatory impediments to trade, the Committee recommends:

#### **Recommendation 18**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, work with the Governments of the United States and Mexico to eliminate “red tape” and further harmonize regulations where it is possible to do so without compromising public health, safety or security. As well, the Governments of Canada and the United States should continue to work on initiatives like the Regulatory Cooperation Council, and should consider the establishment of a similar initiative with Mexico.**



## C. Digital Trade and E-commerce

In her remarks to the Committee, Canada's [Minister of Foreign Affairs](#) observed that NAFTA is 23 years old, and that the "technology revolution" has transformed the North American and Canadian economies since the agreement entered into force. [Canada's chief NAFTA negotiator](#) indicated that Canada wants to modernize NAFTA to account for changes that have occurred since the agreement was originally negotiated, including in relation to "the digital area" and e-commerce.

Various witnesses commented on the possibility of e-commerce provisions being added to NAFTA. The [U.S. Chamber of Commerce](#) proposed that such provisions would bring the agreement "into the 21<sup>st</sup> century." Similarly, [Mr. Robertson](#) mentioned that "it is time to bring the NAFTA negotiated before the digital age and the arrival of e-commerce into the 21<sup>st</sup> century."

Similarly, during its Seattle, Detroit and Washington, D.C. fact-finding missions, the Committee heard that digital trade and e-commerce provisions should be added to NAFTA. In Seattle, the Committee was told that the TPP agreement's e-commerce provisions should be used as a model. In Seattle and in Milwaukee, the Committee was informed that NAFTA should provide duty-free treatment for trade in digital products.

Some witnesses were cautious about e-commerce and NAFTA. For instance, in the view of the [Canadian Federation of Independent Business](#), e-commerce provisions should be "balanced with the needs of 'bricks and mortar' businesses" that compete with online firms.

According to the University of Ottawa's [Michael Geist](#), who is Canada Research Chair in Internet and E-commerce Law at the University of Ottawa and appeared as an individual, Canada should be "wary" of adding provisions to NAFTA that could "undermine legitimate public policy interests, particularly privacy and security." He indicated that demands that would limit the ability of Canada's governments to establish legitimate privacy and security safeguards in the form of data localization requirements and data transfer restrictions should be resisted.

The [BC Freedom of Information and Privacy Association's](#) brief to the Committee commented that British Columbia's privacy law that is applicable to the public sector has a domestic data storage requirement that is designed to protect privacy. In its opinion, this requirement should not be compromised during the NAFTA negotiations, and Canada's governments should retain their "legislative sovereignty" to adopt such legislation in the future. [OpenMedia Engagement Network's](#) brief made a similar proposal.





In commenting on a proposal that Canada should raise its *de minimis* threshold – the value of an import shipment below which duties and taxes are not payable – to a value that is comparable to the U.S. threshold of US\$800, the [U.S. Chamber of Commerce](#) highlighted studies showing that foregone tariff revenue resulting from higher *de minimis* thresholds is more than offset by the increased trade and economic growth that occurs when these thresholds are raised. It identified its support for a “commercially meaningful” *de minimis* threshold. Similarly, during its Seattle fact-finding mission, the Committee heard that the NAFTA negotiations should result in “commercially reasonable” *de minimis* thresholds being adopted.

However, in focusing on “fair rules” and on creating an “equal footing” for Canadian and U.S. businesses, [Quebec’s chief NAFTA negotiator](#) mentioned that a Canadian consumer who purchases a product from a Canadian retailer pays a 15% sales tax in Quebec, but does not have to pay that tax if the product is ordered from a U.S. business and the price is below the *de minimis* threshold.

The [Canadian Federation of Independent Business](#) commented that Canada’s *de minimis* threshold should remain at \$20 because raising it would be “unfair” to Canadian brick-and-mortar stores.

In realizing that the NAFTA negotiations provide Canada, the United States and Mexico with an opportunity to address such emerging issues as digital trade and e-commerce, the Committee recommends:

#### **Recommendation 19**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, pursue provisions that would provide new opportunities for Canadian businesses to engage in online commercial activities. As well, the government should work to ensure that those provisions do not undermine either the competitiveness of Canada’s “bricks-and-mortar” businesses, including retailers, or Canadians’ privacy rights and the security of their data.**

### **D. Telecommunications and Culture**

In commenting on the United States’ 17 July 2017 negotiating objective that aims to promote a competitive supply of telecommunications services by facilitating market entry through transparent regulation and an independent regulator, [Rogers Communications Inc.](#) characterized Canada’s independent regulatory agency – the Canadian Radio-television and Telecommunications Commission (CRTC) – as

“transparent in both its rules and its decision-making processes.” In its view, the CRTC’s “processes and procedures are very similar in nature to those exercised by the Federal Communications Commission in the [United States].”

In referring to the rules that regulate investment in Canada’s telecommunications sector, [Rogers Communications Inc.](#) stated that the “current Canadian foreign ownership rules already permit market entry by foreign firms ... into the ... sector.” It suggested that allowing U.S. companies to acquire large Canadian telecommunications companies “would not promote a more competitive supply of telecommunication services, but instead would simply replace one large provider with another.”

Regarding the U.S. negotiating objective that aims to secure commitments that would ensure reasonable network access for telecommunication suppliers through interconnection, as well as access to physical facilities and scarce resources, [Rogers Communications Inc.](#) observed that the CRTC’s rules currently permit regulated access that is used by “hundreds of foreign and domestic telecom service providers operating in Canada.”

In the opinion of [TELUS Communications](#), telecommunications and broadcasting policies should “remain within the sovereign jurisdiction of Canada,” and should be based on domestic needs and interests. It also said that reviews of the *Telecommunications Act* and the *Broadcasting Act* “should not be unduly fettered” by FTAs.

[BCE Inc.](#) called for Canada to ensure that it is able to protect simultaneous substitution and other domestic measures under NAFTA's existing cultural industries exemption. In the context of addressing “the crisis in local TV,” BCE Inc. also suggested that Canada should retain its ability to implement domestic broadcasting-related reforms as changes to NAFTA are being negotiated.

Regarding retransmission, [BCE Inc.](#) noted that cable companies can retransmit the signals of its Canadian over-the-air stations for free and that some U.S. broadcasting groups have complained that they are unable to charge fees for their signals in Canada. According to BCE Inc., Canada should consider adopting a “retransmission consent regime” by eliminating section 31 of the *Copyright Act* to allow over-the-air stations to negotiate “the fair value of their signal” with Canadian cable companies.

Some witnesses disagreed with BCE Inc. According to [Rogers Communications Inc.](#), the NAFTA negotiations should not result in U.S. over-the-air broadcasters having exclusive retransmission rights over their “freely available signals.” It said that such a regime would increase the cost of cable for Canadians. Similarly, the [Canadian Cable Systems Alliance Inc.](#) remarked in their brief that “the government should reject ... the repeal of



[section] 31 of the *Copyright Act* and introduction of a ‘retransmission consent’ regime into Canada.” It commented that “the American experience with ‘retransmission consent’ has dramatically increased the cost of television services to consumers with no actual addition of value to the services they receive.”

In addition, [BCE Inc.](#) described the requirement for Canadian-owned digital services providers to collect and remit sales taxes in Canada when foreign-owned video providers – such as Netflix – and foreign-owned digital advertising platforms – such as Google and Facebook – are not required to do so as “unfair.” In its opinion, “Canada must maintain the ability to address this inequity with new modernized tax laws. In negotiating NAFTA, the government should ensure its ability to apply the same regulatory rules to all online services.”

In discussing the importance of NAFTA’s cultural exemption, Canada’s [Minister of Foreign Affairs](#) told the Committee that the “exception in [NAFTA] to preserve Canadian culture” is a “key” element to the country’s national interest and would be upheld during the NAFTA negotiations. [Rogers Communications Inc.](#) expressed its support for the Government of Canada’s emphasis on maintaining the cultural exemption and said that, in [its](#) view, it would be difficult for Canadian broadcasters to “survive” without this exemption.

According to [Quebec’s chief NAFTA negotiator](#), although the United States’ 17 July 2017 negotiating objectives did not mention NAFTA’s cultural exemption, the United States will eventually seek its elimination. He stated that the government must occasionally be allowed to help Canada’s cultural productions and sectors; for this reason, during the NAFTA negotiations, Canada should oppose elimination of the cultural exemption.

[BCE Inc.](#) commented that NAFTA’s cultural exemption has served Canada’s broadcasting system “very well.” In its opinion, this exemption enables the country’s broadcasting system to create and disseminate “truly homegrown Canadian content,” despite Canada’s proximity to the “largest entertainment production capital of the world.”

Recognizing the importance of NAFTA’s cultural exemption for Canada’s broadcasting and cultural sectors, the Committee recommends:

#### **Recommendation 20**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, oppose elimination of the cultural exemption.**

## E. Intellectual Property

Regarding intellectual property rights, witnesses mainly focused on positions that – in their opinion – Canada should defend during the NAFTA negotiations. For instance, [Rogers Communications Inc.](#) highlighted potential concerns in relation to amendments to intellectual property-related exceptions in Canada’s *Copyright Modernization Act*, the removal of protections for Internet intermediaries, and replacement of Canada’s “notice and notice” infringement complaints system with a “notice and take down” regime.

According to [Rogers Communications Inc.](#), the *Copyright Modernization Act* is designed “to serve the interests of all Canadians in its balance between rights holders and users of copyrighted works.” It said that discussing copyright issues during trade negotiations “could endanger this delicate balance.” In its view, “any changes to [Canada’s] domestic copyright laws should be made through the upcoming five-year review of the *Copyright Modernization Act*, not through the NAFTA renegotiation.” Similarly, [TELUS Communications](#)’ brief to the Committee suggested that anticipated domestic legislative review of Canada’s *Copyright Act* “should not be unduly fettered by trade agreements.” For instance, it stated that the Government of Canada should “resist” allowing issues such as a more rigorous copyright enforcement regime and the end of exceptions found in the Canadian *Copyright Act* to be included in trade agreements. It said: “NAFTA renegotiations are not an appropriate venue to discuss such important matters in the national interest.”

[Mr. Geist](#) characterized Canada’s intellectual property rights regime as balanced and compliant with international obligations. He noted that Canada has strengthened its intellectual property rights regime over the past five years, including through anti-circumvention and anti-counterfeiting legislation, an extension to the term of protection for sound recordings, and patent and trademark reforms. In his opinion, Canada “has largely addressed previous U.S. demands regarding further reforms.”

[Mr. Geist](#) emphasized that, during the NAFTA negotiations, Canada’s goal “should be to retain an appropriate [intellectual property] balance that fosters creativity and access while ensuring that there is room for Canadian-specific policies that sit within the flexibilities of the international [intellectual property] framework.” He listed a number of specific negotiating priorities for Canada, such as promoting and preserving access to the public domain, facilitating access to affordable medicines, requiring the NAFTA countries to have a “fair use” provision, addressing the abuse of intellectual property rights, and levelling the “uneven playing field for innovation” that has resulted from the expansion of U.S. digital lock exceptions. In his opinion, the “Canadian approach should be to require NAFTA parties to meet international law but retain the full flexibility that is found within those laws.”



The [Canadian HIV/AIDS Legal Network](#)'s brief to the Committee stated that intellectual property rules that would result in longer terms of protection for pharmaceutical products could impede or delay access to lower-cost generic drugs for poor people living with such diseases as HIV/AIDS, particularly in developing countries. It also indicated that intellectual property rules that delay the competition that puts downward pressure on drug prices could also be detrimental to Canada's public health care objectives. It urged Canada not to ratify any trade agreement that would interfere with "access to health technologies." In their briefs, the [Council of Canadians](#) and [Trade Justice PEI](#) made similar comments about the potential impact of stricter intellectual property rules on the cost of pharmaceutical products.

[BCE Inc.](#) said that, during the NAFTA negotiations, Canada should consider improving its response to "widespread online copyright infringement," an issue that has been the subject of U.S. complaints. It observed that "many of the most prominent global players in the piracy ecosystem operate out of Canada as a relative safe harbour," and that "Canadians made 1.88 billion visits to piracy sites last year." It proposed that, during the negotiations, the Government of Canada should commit to stronger enforcement of intellectual property rights by establishing an administrative agency dedicated to such enforcement, defining requirements for Internet services providers to block access to piracy sites blacklisted by such an administrative agency, and creating a criminal provision for any infringement of copyright, including facilitating and enabling piracy where it is undertaken for a commercial purpose.

The [OpenMedia Engagement Network](#)'s brief to Committee included comments that address BCE Inc.'s assertions and proposals. It cited a report that concluded that, in 2015, "piracy rates in Canada were at a historic low ... as well as below both global and European averages." As well, it identified its opposition to Bell Inc.'s proposals regarding stronger enforcement of intellectual property rights and criminalization of copyright infringement, stating that the Government of Canada should "[r]eject any attempts to further criminalize copyright infringement or expand digital rights management ... or anti-circumvention provisions."

With a view to ensuring the existence of an intellectual property rights regime in Canada that balances the interests of rights holders and users, the Committee recommends:

#### **Recommendation 21**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, oppose provisions that would reduce its ability to ensure that the Canadian intellectual property regime balances the interests of**

**right holders and users. As well, the government should work to preserve Canada's ability to modernize its regime following domestic reviews.**

## **F. Labour Mobility**

Witnesses generally agreed that the NAFTA countries should further facilitate the movement of certain professionals within the NAFTA region, especially between Canada and the United States, with some providing specific examples to illustrate the ways in which labour mobility affects Canada's businesses and its economy. For example, the [Canadian Labour Congress](#) commented that allowing electricians who reside in Windsor and Detroit to work on the other side of the Canada–U.S. border “in a way that makes sense” would be good for the economies of both countries because “sometimes there are contracts and they need lots of electricians on the Windsor side, and sometimes they need lots on the [Detroit] side.”

According to a document submitted to the Committee by the Forest Products Association of Canada, expanding labour mobility within the NAFTA region would allow businesses in Canada's forest sector to access “more qualified labour from the U.S. and Mexico,” and would facilitate the ability of “qualified Canadian labour” to “share experience and knowledge” in businesses operating in the United States and Mexico.

A number of witnesses described difficulties that they encounter when attempting to obtain approvals to move workers among the NAFTA countries. For instance, the [Chemistry Industry Association of Canada](#) stated that businesses in the chemicals sector can have experts move more easily between Egypt and New Zealand than between Canada and the United States. In addition, the [Canadian Federation of Independent Business](#) remarked that NAFTA's labour mobility rules are unclear. In its opinion, “often when you think you've filled out the forms correctly, you still run into complications.”

Some witnesses called for NAFTA's list of job categories that are eligible for temporary entry to be modernized, including the [Canadian Vehicle Manufacturers' Association](#), which also advocated more timely and flexible temporary entry procedures. The [Pacific NorthWest Economic Region](#) supported a modernization of NAFTA's list of professions.

[Canada's chief NAFTA negotiator](#) commented that the NAFTA countries can “accelerate” the movement of workers. According to him, if a U.S. business wants to send workers to its Canadian subsidiary, those workers should be able to cross the border without “any kind of holdups or extra complications.”

However, the [Canadian Centre for Policy Alternatives'](#) brief to the Committee suggested that NAFTA allows employers to hire migrant workers, including in regions where local



workers are available and unemployment is high. It said that NAFTA's chapter on temporary entry should be eliminated, and proposed that Canada should "create and expand domestic immigration programs for facilitating the entry of migrant workers, and their families, into Canada."

In the view of the [U.S. Chamber of Commerce](#), U.S. businesses generally support "easier travel of professionals," but there are "political complications" in the U.S. Congress that could prevent increased labour mobility between the United States and other countries.

The [Canadian Chamber of Commerce in Mexico](#) commented that Canada and Mexico should explore a formal framework that would allow skilled workers and professionals from the latter to work in the former; that framework should be included in NAFTA or in a bilateral agreement.

To ensure that skilled labour is available where it is needed the most, the Committee recommends:

#### **Recommendation 22**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, oppose changes that would reduce the existing labour mobility commitments. As well, the government should pursue additions to the list of professionals who are eligible for temporary entry.**

## CHAPTER SIX: SETTLING DISPUTES

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The Committee's witnesses discussed the three chapters in NAFTA that provide for the settlement of disputes: 11, 19 and 20.

### A. Chapter 11

Some witnesses commented on the investor–state dispute-settlement mechanism contained in Chapter 11 of NAFTA, which permits investors from a NAFTA country to file a claim for compensation if they believe that another NAFTA country has adopted a measure that is inconsistent with the provisions of the agreement's investment chapter. According to the [Smart Prosperity Institute](#), 39 claims have been filed against Canada under Chapter 11, at a federal fiscal cost of \$215 million. In its opinion, most of these claims were related to environmental issues, and “many” challenged “the rights of government to regulate.”

In her remarks to the Committee about investor–state dispute settlement, Canada's [Minister of Foreign Affairs](#) stated that “Canada takes a strong interest in improving and making more progressive investor–state dispute-settlement mechanisms.... [O]f paramount importance is preserving a sovereign, democratically elected government's right to regulate” in the public interest.

In the view of York University's [Gus Van Harten](#), who appeared as an individual, investor–state dispute-settlement mechanisms – including that in NAFTA – should meet several requirements; in particular, they should: balance the rights provided to investors with enforceable responsibilities for them; be “independent in the nature of other judicial processes at the international [and] domestic level[s]”; provide fairness to all parties having an interest in the resolution of the dispute; and be “respectful of domestic institutions,” especially courts.

The briefs to the Committee from the [OpenMedia Engagement Network](#) and the [Council of Canadians](#) called for NAFTA's investor–state dispute-settlement mechanism to be eliminated, with the former suggesting that “[f]oreign investors and corporate entities should not have a greater degree of access to ‘justice’ above and beyond Canada's own laws and courts than the Canadian public does.” Similarly, the [Canadian Centre for Policy Alternatives](#)' brief supported elimination of the investor–state dispute-settlement mechanism, and indicated that NAFTA's provisions on minimum standards of treatment and indirect expropriation should be changed “to make perfectly clear they do not apply to non-discriminatory laws or regulations taken in good faith to protect the public interest.”





The [International Institute for Sustainable Development](#) proposed that CETA's investment chapter should be used as a template for changes to Chapter 11 of NAFTA, with the [Smart Prosperity Institute](#) mentioning that CETA clearly identifies governments' ability to regulate "as they see fit."

However, in [Mr. Van Harten's](#) opinion, while the investment court system outlined in CETA's investment chapter "took significant steps to improve the lack of [judicial] independence," it does not address the other three factors that he considers to be important for international adjudication of investment disputes. [He](#) stated that Chapter 11 of NAFTA should provide a judicial – rather than a private arbitration – process, with conventional safeguards to ensure judicial independence. He also mentioned that it should allow third parties with an interest in the dispute to have standing in the process, and should provide foreign investors with basic and enforceable responsibilities, as well as a duty to exhaust "reasonably available" domestic remedies.

From a different perspective, the [Canadian Association of Petroleum Producers](#) suggested that a revised NAFTA should preserve "redress for individual investors," which it considers to be a "basic building block" of FTAs. Similarly, the [Canadian Chamber of Commerce in Mexico](#) remarked that some Canadians with investments in Mexico are concerned that NAFTA's dispute-settlement mechanisms, including that in Chapter 11, could possibly be weakened or eliminated during the NAFTA negotiations.

Recognizing the importance of governments' ability to regulate in the public interest, the Committee recommends:

### **Recommendation 23**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, work to ensure that the investment provisions allow governments to regulate in the public interest.**

## **B. Chapters 19 and 20**

In addition to Chapter 11, Chapters 19 and 20 of NAFTA set out mechanisms for settling disputes. Chapter 19 enables an independent binational panel to review countervailing duty and anti-dumping duty decisions made by a trade regulatory body of a NAFTA country. Chapter 20 outlines a state-to-state dispute-settlement mechanism through which a NAFTA country can dispute the interpretation or application of the agreement's obligations. Witnesses primarily focused on the former of these two chapters.

In her remarks to the Committee about Chapter 19, which the United States announced on 17 July 2017 should be removed from NAFTA, Canada's [Minister of Foreign Affairs](#) said that "Canada will uphold and preserve elements in NAFTA that Canadians deem key to our national interest, including a process to ensure that anti-dumping duties and countervailing duties are only applied fairly [and] when truly warranted."

Witnesses identified retention of Chapter 19 as an important objective. For example, the [Canadian Chamber of Commerce in Mexico](#) stated that dispute-settlement mechanisms of the type outlined in Chapters 19 and 20 – ensure "certainty in [market] access." [Food and Beverage Ontario](#) suggested that retaining Chapter 19 "is of critical importance to the long-term validity of NAFTA," and is "a major concern of all food processors across the country." [Its](#) brief to the Committee commented that eliminating Chapter 19 "could potentially translate into years of litigation in the U.S. court system on matters where the final [countervailing duty and anti-dumping] decisions of U.S. trade agencies are often perceived as biased towards U.S. interests." In its opinion, "an impartial dispute resolution mechanism is essential to an assurance of fairness and objectivity in how disputes are eventually resolved under the NAFTA."

In emphasizing the importance of dispute-settlement mechanisms – particularly Chapter 19 – for certain Canadian sectors, the [Forest Products Association of Canada](#) specifically mentioned the country's forest sector, which has repeatedly faced U.S.-imposed countervailing duties and anti-dumping duties. In its view, "[a]ny trade deal is only as good as its ability to solve disputes." In a document submitted to the Committee, it stated that eliminating Chapter 19 would result in NAFTA lacking a mechanism for disputing unfair countervailing duties or anti-dumping duties imposed on Canadian products by the United States or Mexico; instead, recourse would have to be sought through U.S. or Mexican domestic courts – which it described as "biased" – or through the WTO's dispute-settlement mechanism – which it characterized as potentially "costly" and "time consuming."

Furthermore, according to the [Canadian Chamber of Commerce](#), while it "would support some improvements to the dispute resolution mechanisms in NAFTA," the elimination of Chapter 19 "would be unacceptable." In observing that such a dispute-settlement mechanism "was a deal breaker for NAFTA in the original negotiations," the [Business Council of Canada](#) commented that Canada should continue to have that view. [It](#) also expressed concern that the United States' objective with respect to dispute settlement is not focused solely on NAFTA, but also on the WTO; in its opinion, the existence of such an objective increases the importance of "embedding in rock" – in an agreement with the United States – a dispute-settlement mechanism like that contained in Chapter 19.



Some witnesses mentioned that aspects of Chapters 19 and 20 could be strengthened. For instance, in a document submitted to the Committee, the Forest Products Association of Canada said that, in addition to retaining Chapter 19, it would be ideal to strengthen the dispute-settlement mechanism's efficiency and the enforceability of decisions made under it.

The [Canadian Cattlemen's Association](#) commented on Chapter 20, and indicated that the NAFTA countries should "improve enforceability of NAFTA panel decisions." In noting that Canada's beef sector has more often relied on the WTO's dispute-settlement mechanism than on Chapter 20 of NAFTA, it stated that strengthening NAFTA's dispute-settlement provisions "would provide a meaningful alternative to the WTO." [It](#) observed that, after consulting with representatives of affected Canadian sectors, the Government of Canada chose to dispute the United States' country-of-origin labelling requirements under the WTO process rather than through NAFTA; while the latter would have been more expeditious, the former has a stronger enforcement mechanism.

In an effort to ensure that Canada, the United States and Mexico respect their NAFTA commitments, and that an impartial review process for anti-dumping and countervailing duties continues to exist, the Committee recommends:

#### **Recommendation 24**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, defend the dispute-settlement mechanisms in Chapters 19 and 20.**

## CHAPTER SEVEN: EXPANDING THE SCOPE OF THE *NORTH AMERICAN FREE TRADE AGREEMENT*

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In focusing on an expanded scope for NAFTA, the Committee's witnesses focused on the potential for chapters in four areas: the environment; labour; gender; and Indigenous peoples.

### A. The Environment

NAFTA has a side agreement that addresses the environment: the North American Agreement on Environmental Cooperation (NAAEC). In her comments to the Committee, Canada's [Minister of Foreign Affairs](#) stated that Canada wants to integrate "enhanced environmental provisions" into NAFTA both to ensure that none of the three countries weakens its environmental protections to attract investment and to "fully support efforts to address climate change."

A number of witnesses made comments about the NAAEC. For example, the [International Institute for Sustainable Development](#) said that NAFTA and the NAAEC "broke new ground in aligning trade and environmental issues," and indicated that NAFTA's environmental provisions and those of the NAAEC "should not be weakened with backsliding in the [NAFTA] renegotiations."

Some witnesses said that the NAAEC should be incorporated into NAFTA. For instance, in describing the NAAEC as "toothless," the [Canadian Centre for Policy Alternatives'](#) brief to the Committee stated that the NAAEC should be strengthened and incorporated into NAFTA. The [Smart Prosperity Institute](#) made a similar proposal.

In supporting the Government of Canada's commitment to address climate change as a core objective during the NAFTA negotiations, the [International Institute for Sustainable Development](#) said that – consistent with G20 commitments – a revised NAFTA should include provisions to eliminate fossil fuel subsidies. It also proposed "carving out" a climate environmental goods and services list. In its view, "NAFTA has a chance to accelerate trade in clean technologies through not only zero tariffs but, more importantly, eliminating non-tariff barriers within Canada and between Canada, the U.S., and Mexico."



The [Smart Prosperity Institute](#) suggested that Canada should “begin to move toward a North American clean economy strategy” during the NAFTA negotiations. In its view, the strategy could include “a discipline on fossil fuel subsidies,” the creation of a North American clean economy commission and the harmonization of product efficiency regulations. Regarding the latter, during its Milwaukee fact-finding mission, the Committee heard about a desire to maintain or increase the alignment of standards relating to the ENERGY STAR program.

A number of witnesses mentioned that NAFTA should incorporate, or refer to, specific international agreements regarding climate change. For example, the [Environmental Coalition of Prince Edward Island](#)’s brief to the Committee commented that, “[c]limate change commitments such as those made within the Paris Accord,<sup>12</sup> should be embedded into NAFTA and other trade agreements.” The [Smart Prosperity Institute](#) observed that, if its proposed North American clean economy strategy is not developed, NAFTA should – at a minimum – add the *United Nations Framework Convention on Climate Change* (UNFCCC) to its list of environmental agreements so that Canada’s implementation of its UNFCCC obligations would be “non-actionable in trade terms.” It also mentioned that NAFTA should state that none of its provisions would limit the right that Article XX of the *General Agreement on Tariffs and Trade* gives to countries – including Canada – to adopt or maintain environmental measures.

Some witnesses called for elimination of the provisions in Article 605 of NAFTA regarding energy export restrictions. For instance, the [Council of Canadians](#) suggested that these energy proportionality provisions make it difficult for Canada to “transition away from fossil fuels.” because they “lock Canada into maintaining energy export quotas to the United States.”

The [Environmental Coalition of Prince Edward Island](#)’s brief to the Committee stated that the proportionality clause in Article 315 of NAFTA could prevent Canada from restricting water exports to the United States “even in times of drought,” and called for NAFTA to be amended to remove water “as a tradable good, a service and an investment.” The [Council of Canadians](#)’ brief made a similar proposal, and David Suzuki – who submitted a document to the Committee on his own behalf – commented that there should be “no trade in water until and when we have come to care for and protect this sacred fluid in a way that is truly sustainable.”

The majority view of the Committee is that the *International Boundary Waters Treaty Act* and the *International River Improvements Act* prohibit the removal of bulk water

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12 On 1 June 2017, the United States [announced](#) its intention to withdraw from the Paris Accord.

from Canadian boundary and transboundary waters. Canadian water in its natural state is exempt from trade obligations, including under NAFTA. These obligations are confirmed by Canada, Mexico and the United States' joint declaration on water resources, by NAFTA and by Canada's domestic legislation.

As well, the [Environmental Coalition of Prince Edward Island](#)'s brief to the Committee indicated that the Government of Canada's NAFTA Advisory Council on the Environment is "weighted heavily towards industry representatives, [almost] to the ... exclusion of environmental or community representatives." Accordingly, it urged the Minister of Environment and Climate Change to adjust the council's membership to "include people with knowledge of environmental issues."

In supporting the importance of environmental protections, the Committee recommends:

#### **Recommendation 25**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, pursue environmental provisions that would strengthen the enforcement of environmental standards.**

## **B. Labour**

Like the environment, NAFTA has a side agreement that addresses labour: the [North American Agreement on Labour Cooperation](#). A number of witnesses discussed labour standards in the NAFTA countries. For example, according to the [Canadian Centre for Policy Alternatives](#), "Mexican workers, whose real wages have languished under NAFTA and [who] are rarely free to join independent unions, would be the primary beneficiaries [of higher labour standards], but rising wages and improved working conditions in Mexico and many southern U.S. states would also benefit workers in the rest of North America."

Witnesses disagreed about the extent to which the Government of Mexico sufficiently protects the rights of Mexican workers. The [Canadian Labour Congress](#) stated that worker rights in Mexico have been constrained by "protection contracts," which are agreements between a company and a company-approved union that represents workers. It commented that Mexican workers do not have the right to view their collective agreement, and that their lives may be threatened if they try to replace a company-approved union with a union of their choice. However, in providing a different perspective, the [Mexican Council on Foreign Relations](#) said that, "[i]n terms of freedom to organize and to strike, those freedoms are perfectly safeguarded [in Mexico]."



[Oxfam Canada](#) mentioned that most workers in Mexico's maquiladoras are female, and indicated that "Mexican women have seen new job opportunities created since the introduction of NAFTA, but under exploitative conditions and with well-documented labour rights abuses occurring in that sector."

Regarding U.S. labour standards, the [Canadian Labour Congress](#) described right-to-work legislation as an "unfair subsidy" to businesses. In its view, "[u]nder NAFTA or under the WTO, we could possibly launch a complaint regarding how the United States unfairly subsidizes companies by allowing them to pay workers less, because that's what ends up happening in right-to-work states." It also suggested that U.S. states' right-to-work laws violate the International Labour Organization's conventions on the right to organize and freedom of association.

Some witnesses made proposals about incorporating labour standards into NAFTA. For instance, Canada's [Minister of Foreign Affairs](#) told the Committee that one of Canada's objectives during the NAFTA negotiations is "bringing strong labour safeguards into the core of the agreement." [Canada's chief NAFTA negotiator](#) stated that Canada will be pursuing a "fairly ambitious outcome" on the issue of labour, and that it will promote "fair" labour practices across the three NAFTA countries. He commented that Canada has "some concerns" about certain U.S. practices, and "will be seeking to pursue disciplines in those areas."

The [Canadian Centre for Policy Alternatives](#) proposed that "strong, fully enforceable labour standards" should be incorporated into any trade agreement among the NAFTA countries. [It](#) also remarked that unions and workers should have the ability to file disputes that can result in remedies – such as fines – as a means of addressing violations of labour rights, and [it](#) characterized the inclusion of labour standards within NAFTA as "absolutely crucial."

The [Canadian Labour Congress](#) noted that any labour chapter in NAFTA should contain references to International Labour Organization conventions. It observed that the "best" labour chapter would be a combination of provisions included in the CETA and the TPP agreement, such as provisions referring to the International Labour Organization's agenda for decent work and those setting out an enforcement mechanism.

In identifying the differential impact of trade liberalization on women and on men, [Oxfam Canada](#) commented that the "current labour provisions ... have failed women and should be strengthened in ways that would support greater real gains in the economy."

To ensure the existence of binding labour standards in North America, the Committee recommends:

## Recommendation 26

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, pursue strong and enforceable labour standards for North America.**

## C. Gender

Canada's [Minister of Foreign Affairs](#) told the Committee that "adding a new chapter on gender rights, in keeping with our commitment to gender equality" is among Canada's objectives during the NAFTA negotiations. A number of witnesses supported this objective, and commented that FTAs affect men and women differently. The [Organization of Women in International Trade](#) said that this differential impact is true in Canada, where women in SMEs do not have the same access as men to the resources needed to benefit fully from Canada's FTAs. According to it, "[e]vidence suggests that even when a sector expands as a result of trade liberalization, women are less likely to experience wage increases and are more likely to remain small producers." [It](#) said that adding a gender chapter to NAFTA would be a "serious way to address inclusiveness" in relation to international trade.

In addition, the [Organization of Women in International Trade](#) commented that an increased focus on gender in NAFTA would be positive for women-owned businesses if the provisions that are added are based on a "better appreciation of how women can participate in trade and the impact of trade on women." [Oxfam Canada](#) noted that the "renegotiation of NAFTA is an opportunity for Canada to support the inclusion of gender equality in a trade agreement so that women and men benefit equally from its provisions."

The [Organization of Women in International Trade](#) observed that the NAFTA negotiations provide Canada, the United States and Mexico with an opportunity "to affirm their commitment to the advancement of women in trade," and to build on the "untapped economic potential" of women-owned businesses.

Witnesses also said that Canada could use the gender chapter that was added to the Canada–Chile FTA in June 2017 as a template during the NAFTA negotiations. The [Organization of Women in International Trade](#) said that this chapter "is one that can be followed and built upon." That said, in commenting that adding a gender chapter to NAFTA that is similar to that recently added to the Canada–Chile FTA would be positive but insufficient, [Oxfam Canada](#) suggested that the Canada–Chile provisions should be strengthened in order to maximize potential impacts. It stated that:

[the gender chapter in the Canada–Chile FTA] is a useful entry point and has some great ideas, including support for initiatives such as building women's networks, improving





labour standards, [and] supporting the specific needs of women to help them take advantage of the trade agreement ... , but the agreement is weak, in that it lacks specificity of what it will achieve and lacks accountability due to the fact that it is completely voluntary.

As well, [Oxfam Canada](#) mentioned that gender should be “mainstreamed” in other parts of NAFTA, and that efforts to address gender equality should not focus exclusively on women entrepreneurs and business owners, since the “vast majority of women work and women are concentrated in the lowest paid roles with the least job security.” [It](#) highlighted the potential incorporation of a labour chapter in NAFTA as another good “entry point” to address gender equality because gender issues, including those relating to pay equity and working conditions, could be addressed in such a chapter.

In addition, the [Organization of Women in International Trade](#) observed that a gender analysis of the issue of labour mobility would help to inform changes to NAFTA’s commitments in that area. As well, [it](#) remarked that a greater focus on SMEs in a revised NAFTA would have “positive gender benefits” because women are more likely to be involved in the economy through SMEs.

The [Women's Enterprise Organizations of Canada](#) noted that provisions in FTAs, such as those allowing parties to give preferential treatment to minority suppliers and business owners, could benefit women-owned businesses if those provisions were amended to include gender considerations.

Witnesses suggested that trade negotiations should be informed by appropriate gender analysis and sex-disaggregated data. For example, the [Organization of Women in International Trade](#) stated that Canada's trade negotiators should be “aware of the various ways in which women and men operating businesses can be impacted differently by any renegotiated provisions. A gender analysis would offer concrete information about the differential impact of NAFTA on women and men.”

Similarly, [Oxfam Canada](#) said that “[e]vidence gathered through a sound gender and poverty analysis, including through the collection of sex-disaggregated data, would improve the knowledge, analysis, and choices of the negotiators, policy advisers, and partners with respect to the impacts and benefits of NAFTA on gender equality.” [It](#) and the [Organization of Women in International Trade](#) also emphasized the United Nations Centre for Trade and Development’s Trade and Gender Toolbox, which can be used to assess the direct and indirect effects of trade agreements on women.

In seeking to ensure that trade-related benefits are shared by all people, the Committee recommends:

## Recommendation 27

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, ensure that gender remain an important consideration.**

## D. Indigenous Peoples

In her remarks to the Committee, Canada's [Minister of Foreign Affairs](#) stated that, during the NAFTA negotiations, the addition of an Indigenous peoples chapter is among Canada's core objectives. This priority was supported by a number of witnesses, including the [National Aboriginal Economic Development Board](#), which said that "[an] indigenous chapter is of critical importance to ensure that indigenous rights are inherent in the agreement." [It](#) indicated that any such chapter should include an acknowledgement of the *United Nations Declaration on the Rights of Indigenous Peoples*.

The [National Aboriginal Economic Development Board](#) and the [International Inter-tribal Trade and Investment Organization](#) suggested that a revised NAFTA should acknowledge the right of North America's Indigenous peoples to cross the Canada–U.S. border freely and engage in commerce with each other, as originally intended in a 1794 treaty between Great Britain and the United States, commonly known as the Jay Treaty.<sup>13</sup> For instance, the former stated that "the spirit of the Jay Treaty should be recognized.... [If] there are companies that are identified as being indigenous and are verified by their communities as being indigenous, they should be allowed to have that trade across the border. There could be a registry system for the companies that are allowed to trade."

In addition, the [International Inter-tribal Trade and Investment Organization](#) proposed the introduction of legislation that would enable international inter-tribal trade between Canada and the United States. In [its](#) opinion, "[w]e can't move forward without acknowledging that what happened with respect to the Great Britain and the United States was an acknowledgement of the pre-existing economic right of trade, indigenous inter-tribal trade, embodied in the Jay Treaty."

In the view of the [Canadian Council for Aboriginal Business](#), any Indigenous peoples chapter that is added to NAFTA should retain and expand Canada's existing reservations in NAFTA regarding rights or preferences provided to Indigenous peoples.<sup>14</sup> [It](#) said that "the

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13 The formal name of the Jay Treaty is *Treaty of Amity, Commerce and Navigation, between His Britannick Majesty and the United States of America*. It has not been implemented by legislation in Canada.

14 In Annex II of the *North American Free Trade Agreement*, Canada "reserves the right to adopt or maintain any measure denying investors of another Party and their investments, or service providers of another Party, any rights or preferences provided to aboriginal peoples."



current reservations in NAFTA allow for set-asides from the Canadian government to support aboriginal businesses. We would like to see that language expanded somewhat to be more reflective of what is in CETA. This would give the federal government a broader scope of action to support aboriginal businesses.” As well, it urged Canada to ensure that potential provisions in NAFTA regarding state-owned enterprises would not apply to First Nations, Inuit or Métis economic development corporations.

According to the [International Inter-tribal Trade and Investment Organization](#) and the [Canadian Council for Aboriginal Business](#), the protection of “traditional knowledge” – Indigenous communities’ rights over their cultural heritage, including their right to protect and develop associated intellectual property – should be among the issues addressed during the NAFTA negotiations. For the [Canadian Council for Aboriginal Business](#), the protection of traditional knowledge is a “high priority.”

In highlighting the importance of consulting Indigenous peoples and involving them in the NAFTA negotiations, the [National Aboriginal Economic Development Board](#) said that:

[m]any of the concerns [expressed by Indigenous peoples during the initial NAFTA negotiations arose because] NAFTA was negotiated without proper consultation and participation of indigenous peoples.... [T]he success of this renewed agreement for indigenous peoples in Canada, Mexico, and the U.S. will hinge upon the process by which the agreement is negotiated and meaningful engagement with indigenous peoples. This is the base requirement upon which the specifics of the terms and conditions of the agreement must be built.

Similarly, the [International Inter-tribal Trade and Investment Organization](#) remarked that Canada's constitutional and treaty obligations to Indigenous peoples require “meaningful, full and informed consultation....”

With the goal of supporting Indigenous rights, the Committee recommends:

#### **Recommendation 28**

**That the Government of Canada, during the *North American Free Trade Agreement* negotiations, continue to advocate for a chapter on Indigenous peoples and seek to include principles contained in the *United Nations Declaration on the Rights of Indigenous Peoples*.**

## CHAPTER EIGHT: MAKING CONCLUSIONS

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Canada's existing close and productive trade relationships with the United States and with Mexico are at least a partial result of rules designed to promote free and fair trade. While there is currently some uncertainty about the future of the North American trade and economic partnership, the Committee is convinced that there are opportunities for Canada, the United States and Mexico to develop their trade relations further, to increase the competitiveness of the North American region, and to create new jobs and improve working conditions in all three countries.

In the Committee's view, as the NAFTA negotiations continue, Canada should work with the United States and Mexico to ensure that the first priority is to "do no harm." In particular, Canada's access to the North American market should be preserved, the country's producers should be able to participate in existing and new North American value chains, NAFTA should contain dispute-settlement provisions that ensure respect for commitments and impartial review of antidumping and countervailing duties, Canada's market access commitments for imports of supply-managed products should not be increased, NAFTA's cultural exemption should be retained, and Canada should be able to modernize its intellectual property regime following domestic reviews, including to balance the interests of rights holders and users.

While doing no harm during the NAFTA negotiations is a critical consideration, the Committee believes that there are opportunities for Canada to pursue objectives – during those negotiations and otherwise – that would create new market access opportunities for Canadian businesses. For example, Canada could use the *Defence Production and Sharing Agreement Between Canada and the United States* as a model as national treatment for Canadian businesses in U.S. public procurement markets is pursued. As well, the Government of Canada should continue its discussions with the Government of the United States with a view to resolving the softwood lumber dispute, which has limited the ability of certain producers in Canada's forest sector to sell into the U.S. market. Furthermore, the negotiations among the TPP 11 countries are a promising development that could provide Canadian businesses with an increased ability to trade internationally. Finally, new NAFTA provisions on digital trade and e-commerce could create opportunities for businesses to engage in online commercial activities, although the interests of e-businesses must be balanced with those of "bricks and mortar" retailers, and Canadians' privacy rights and the security of their data must not be compromised.



To develop North American trade relations further, the Committee feels that the NAFTA countries should focus on increasing the efficiency with which legitimate goods and people can cross their borders. For example, this efficiency could be achieved by additional infrastructure and modernized customs processes, as well as labour mobility provisions that would enhance the ability of qualified workers to travel to other NAFTA countries in order to use their skills where they are needed the most. As well, efforts to harmonize regulations, where it is possible to do so while safeguarding the public interest, would increase both businesses' ability to sell products in all three NAFTA countries and consumers' access to a broader range of products.

The United States is Canada's largest trade and investment partner, and the Committee views continued engagement and dialogue between the two countries as indispensable for the future of the bilateral relationship. Consequently, every available opportunity should be taken to increase Americans' awareness of their country's trade and investment relationship with Canada. Mexico too is a valuable partner for Canada, and the NAFTA negotiations should remain trilateral and be directed to increasing the competitiveness of the North American region.

In believing that businesses, people and communities throughout Canada should be able to share in trade-related benefits, the Committee urges the Government of Canada to consider the interests and perspectives of as many Canadians as possible during negotiations for free trade agreements. It should also consider the provinces/territories as negotiations occur, since they too are affected by the provisions in trade agreements. Consultations should continue, and provisions regarding gender and Indigenous peoples, as well as enforceable labour and environmental standards, should be pursued by Canada during the NAFTA negotiations. As well, the Government of Canada must ensure that investor-state dispute-settlement provisions allow regulations to be adopted in the public interest.

The Committee is confident that implementation of the recommendations in this report will help Canada to strengthen the North American partnership, and thereby continue to create economic opportunities for Canadian businesses, workers and communities.

## APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<p><b>Business Council of Canada</b> Andrea van Vugt, Vice-President North America</p>	2017/05/04	65
<p><b>Canadian American Business Council</b> Maryscott Greenwood, Chief Executive Officer</p>		
<p><b>Canadian Vehicle Manufacturers' Association</b> Mark Nantais, President</p>		
<p><b>Canadian/American Border Trade Alliance</b> Daniel Ujcz, International Trade Attorney Dickinson Wright PLLC</p>		
<p><b>Canadian Centre for Policy Alternatives</b> Scott Sinclair, Senior Research Fellow</p>	2017/05/09	66
<p><b>Canadian Manufacturers &amp; Exporters</b> Mathew Wilson, Senior Vice-President</p>		
<p><b>Canadian Sugar Institute</b> Sandra Marsden, President</p>		
<p><b>Ford Motor Company of Canada Limited</b> Caroline Hughes, Vice-President Government Relations</p>		
<p><b>General Motors of Canada Limited</b> David Paterson, Vice-President Corporate and Environmental Affairs</p>		
<p><b>Pacific NorthWest Economic Region (PNWER)</b> Matt Morrison, Executive Director</p>		
<p><b>Canadian Agri-Food Trade Alliance</b> Brian Innes, President</p>	2017/05/11	67

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<p><b>Canadian Cattlemen's Association</b></p> <p>Dan Darling, President</p> <p>John Masswohl, Director Government and International Relations</p>	2017/05/11	67
<p><b>Canadian Pork Council</b></p> <p>Hans Kristensen, Member, Board of Directors</p> <p>Gary Stordy, Public Relations Manager</p>		
<p><b>Western Canadian Wheat Growers Association</b></p> <p>Levi Wood, President</p>		
<p><b>Canadian Association of Petroleum Producers</b></p> <p>Nick Schultz, Vice-President Pipeline Regulation and General Counsel</p>	2017/05/16	68
<p><b>Canadian Labour Congress</b></p> <p>Angella MacEwen, Senior Economist</p>		
<p><b>Canadian Steel Producers Association</b></p> <p>Joseph Galimberti, President</p>		
<p><b>Chemistry Industry Association of Canada</b></p> <p>Bob Masterson, President and Chief Executive Officer</p> <p>David Podruzny, Vice-President Business and Economics</p>		
<p><b>Council of the Great Lakes Region</b></p> <p>Mark Fisher, President and Chief Executive Officer</p>		
<p><b>As an individual</b></p> <p>Colin Robertson, Vice-President and Fellow Canadian Global Affairs Institute</p>	2017/05/18	69
<p><b>Canada West Foundation</b></p> <p>Carlo Dade, Director Centre for Trade and Investment Policy</p>		
<p><b>Canadian Chamber of Commerce in Mexico</b></p> <p>Armando Ortega, President</p>		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<p><b>Mexican Council on Foreign Relations</b></p> <p>Agustín Barrios Gómez, Co-Chair, Working Group on the Future of North America</p>	2017/05/18	69
<p><b>Honda Canada Inc.</b></p> <p>Hanif Nori, Manager Government and Environmental Affairs</p>	2017/06/01	71
<p><b>Japan Automobile Manufacturers Association of Canada</b></p> <p>David Worts, Executive Director</p>		
<p><b>Toyota Canada Inc.</b></p> <p>Stephen Beatty, Vice-President Corporate</p>		
<p><b>Toyota Motor Manufacturing Canada Inc.</b></p> <p>Scott MacKenzie, Manager Business Planning and Government Affairs</p>		
<p><b>Department of Foreign Affairs, Trade and Development</b></p> <p>Hon. Chrystia Freeland, P.C., M.P., Minister of Foreign Affairs</p> <p>Catherine Gosselin, Deputy director Trade Negotiations - North America (TNP)</p> <p>Martin Moen, Director General North America and Investment</p> <p>Tim Sargent, Deputy Minister for International Trade</p> <p>Steve Verheul, Acting Assistant Deputy Minister, Trade Policy and Negotiation, and Chief Negotiator for the North American Free Trade Agreement</p>	2017/08/14	74
<p><b>As an individual</b></p> <p>Michael Geist, Canada Research Chair in Internet and E-commerce Law Faculty of Law, University of Ottawa</p>	2017/09/18	75



<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<p><b>Canadian Council for Aboriginal Business</b></p> <p>Max Skudra, Director Research and Government Relations</p> <p><b>Dairy Farmers of Canada</b></p> <p>Isabelle Bouchard, Director Communications and Government Relations</p> <p>Pierre Lampron, President</p> <p><b>Food and Beverage Ontario</b></p> <p>Norm Beal, Chief Executive Officer</p> <p><b>International Inter-tribal Trade and Investment Organization</b></p> <p>Wayne Garnons-Williams, Chair</p> <p><b>National Aboriginal Economic Development Board</b></p> <p>Dawn Madahbee Leach, Interim Chair</p>	2017/09/18	75
<p><b>Alberta Barley</b></p> <p>Jason Lenz, Chairman</p> <p><b>BCE Inc.</b></p> <p>Rob Malcolmson, Senior Vice-President Regulatory Affairs</p> <p><b>Canadian Federation of Independent Business</b></p> <p>Corinne Pohlmann, Senior Vice-President National Affairs and Partnerships</p> <p><b>Chicken Farmers of Canada</b></p> <p>Mike Dungate, Executive Director</p> <p>Yves Ruel, Manager of Trade and Policy</p> <p><b>Council of Canadians</b></p> <p>Sujata Dey, Trade Campaigner National</p> <p><b>Fertilizer Canada</b></p> <p>Clyde Graham, Senior Vice-President</p>	2017/09/20	76

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>International Institute for Sustainable Development</b> Scott Vaughan, President and Chief Executive Officer	2017/09/20	76
<b>Rogers Communications Inc.</b> Pam Dinsmore, Vice-President Regulatory, Cable		
<b>Smart Prosperity Institute</b> David Runnalls, Senior Fellow		
<b>U.S. Chamber of Commerce</b> John Murphy, Senior Vice-President International Policy	2017/09/25	77
<b>As individuals</b> Pierre Marc Johnson, Senior Counsel Lavery, de Billy Gus Van Harten, Professor of Law Osgoode Hall Law School, York University	2017/10/02	78
<b>Government of Quebec</b> Raymond Bachand, Chief Negotiator for NAFTA and Strategic Advisor for Norton Rose Fulbright		
<b>Oxfam Canada</b> Francesca Rhodes, Women's Rights Policy and Advocacy Specialist Julie Delahanty, Executive Director		
<b>Spirits Canada</b> C.J. Helie, Executive Vice-President Jan Westcott, President and Chief Executive Officer		
<b>The Organization of Women in International Trade</b> Ainsley Butler, Representative Ottawa Chapter Alma Farias, Representative Toronto Chapter		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>United Parcel Service of America Inc.</b> Aylin Lusi, Vice-President Public Affairs, UPS Canada	2017/10/02	78
<b>Women's Enterprise Organizations of Canada</b> Marcela Mandeville, Director		
<b>As an individual</b> David Suzuki	2017/10/04	79
<b>Business Council of Canada</b> Andrea van Vugt, Vice-President North America		
<b>Canadian Chamber of Commerce</b> Adriana Vega, Director International Policy		
<b>Canadian Vintners Association</b> Dan Paszkowski, President and Chief Executive Officer		
<b>Forest Products Association of Canada</b> Derek Nighbor, Chief Executive Officer		

## **APPENDIX B LIST OF BRIEFS**

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### **Organizations and Individuals**

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**BC Freedom of Information and Privacy Association**

**Canadian Cable Systems Alliance**

**Canadian Centre for Policy Alternatives**

**Canadian HIV/AIDS Legal Network**

**Chicken Farmers of Canada**

**Council of Canadians**

**Dairy Farmers of Canada**

**Environmental Coalition of Prince Edward Island**

**Fertilizer Canada**

**Food and Beverage Ontario**

**Japan Automobile Manufacturers Association of Canada**

**Open Media Engagement Network**

**TELUS**

**Trade Justice P.E.I.**

**Unifor**



## APPENDIX C

# TRAVEL TO THE UNITED STATES

## From April 3 to 6, 2017

Organizations and Individuals	Location/Date
<p><b>Amazon</b></p> <p>Arrow Augerot, Senior Manager Public Policy, Trade Policy</p> <p>Steve de Eyre, Head Public Policy, Canada</p> <p>Dan Joy, Director North American Retail Expansion</p> <p>Jeffrey Kratz, Managing Director Canada, Latin America and Caribbean Public Sector Sales</p> <p>Rick Logan Category Leader, Canada Media</p> <p>Mike Strauch, Country Manager Canada</p> <p>Alykhan Sunderji, Senior Corporate Counsel</p> <p>Ryan Wilson, Manager Public Policy, Economic Development</p> <p><b>As an individual</b></p> <p>Laurie Trautman, Director Border Policy Research Institute, Western Washington University</p> <p><b>Boeing Commercial Airplanes</b></p> <p>Kelsey Garrett, Regional Director Aviation Policy and Analysis</p> <p>Mike Murray Everett Visitor Relations</p> <p>Leslie Peng International Strategy and Business Development</p>	<p><b>Seattle, Washington</b> <b>2017-04-03</b></p>

<b>Organizations and Individuals</b>	<b>Location/Date</b>
<b>Boeing Commercial Airplanes</b>	<b>Seattle, Washington 2017-04-03</b>
Sheila Remes, Vice-President Strategy	
Larry Wilson Supplier Management	
<b>CleanTech Alliance</b>	
J. Thomas Ranken, President and Chief Executive Officer	
<b>Consulate General of Canada, Seattle</b>	
Lewis Coughlin, Consul and Senior Trade Commissioner	
Troy DeFrank, Trade Commissioner Information Technology Sector	
Patrick Higgins, Policy Officer	
James K. Hill, Consul General	
Harkiran Rajasansi, Consul and Foreign Policy and Diplomatic Services Head	
Monica Tate, Trade Commissioner Aerospace Sector	
Michael Wooff, Consul and Senior Trade Commissioner	
<b>Microsoft</b>	
DeLee Shoemaker, Senior Director State Government Affairs for Washington State	
<b>National Center for APEC</b>	
Barbara Hazzard, Policy Director APEC Business Advisory Council Coordinator	
<b>Northwest Horticultural Council</b>	
Kate Woods, Vice-President	
<b>Office of Economic Development, City of Seattle</b>	
Carlton Vann, Director International Business Development	

<b>Organizations and Individuals</b>	<b>Location/Date</b>
<p><b>Office of U.S. Senator Maria Cantwell, Washington</b> Tommy Bauer, Director State Outreach</p>	<p><b>Seattle, Washington</b> <b>2017-04-03</b></p>
<p><b>Office of U.S. Senator Patty Murray, Washington</b> Shawn Bills, State Director</p>	
<p><b>Pacific NorthWest Economic Region</b> Brandon Hardenbrook, Deputy Director and Chief Operating Officer</p>	
<p><b>The Northwest Seaport Alliance</b> Kurt Beckett, Deputy Chief Executive Officer</p>	
<p><b>Washington Council on International Trade</b> Ashley Dutta, Vice-President</p>	
<p><b>California Chamber of Commerce</b> Susanne Stirling, Vice-President International Affairs</p>	<p><b>Sacramento, California</b> <b>2017-04-04</b></p>
<p><b>California Governor's Office</b> Panorea Avdis, Director GO-Biz</p>	
<p><b>California Governor's Office</b> Tyson Eckerle, Director Zero Emissions Vehicle Program Jason Law, International Trade Specialist</p>	
<p>Oliver Rosenbam, Business Incentive Specialist</p>	
<p><b>Consulate General of Canada, San Francisco</b> Yves Beaulieu, Consul Foreign Policy Justin Currie, Foreign Policy and Diplomacy Officer Edgar Ruiz, Executive Director</p>	



<b>Organizations and Individuals</b>	<b>Location/Date</b>
<p><b>NAPA Valley Vintners</b> Teresa Wall, Marketing Director</p>	<p><b>Sacramento, California</b> <b>2017-04-04</b></p>
<p><b>Office of U.S. Congressman Mike Thompson, California</b> Brad Onorato, Deputy Chief of Staff</p>	
<p><b>Office of U.S. Senator Bill Dodd, California</b> Alex Pader, Field Representative</p>	
<p><b>Office of U.S. Senator Dianne Feinstein, California</b> John Murray, Field Representative</p>	
<p><b>Office of U.S. Senator Kamala D. Harris, California</b> Melanie Harris</p>	
<p><b>The Council of State Governments West</b> Martha Castenda, Director International Relations</p>	
<p><b>Walt Wines</b> Mike Reynolds, President</p>	
<p><b>Wine Institute</b> Tyler Blackney, Director Government Relations Devin Rhinerson</p>	
<p><b>Consulate General of Canada, San Francisco</b> Brandon A. Lee, Consul General  John Zimmerman, Consul and Senior Trade Commissioner</p>	<p><b>San Francisco, California</b> <b>2017-04-05</b></p>
<p><b>Plenty Inc.</b> Matt Bernard, Co-Founder and Chief Executive Officer</p>	
<p><b>Power Association of Northern California</b> George P. Shultz, Advisory Council Chair Precourt Institute for Energy Efficiency, Stanford University</p>	

Organizations and Individuals	Location/Date
<p><b>RocketSpace</b>  Duncan Logan, Founder and Chief Executive Officer  Melissa Powers, Director  Business Development, Corporate Innovation Services</p>	<p><b>San Francisco, California</b>  <b>2017-04-05</b></p>
<p><b>City of Denver</b>  Michael B. Hancock, Mayor</p>	<p><b>Denver, Colorado</b>  <b>2017-04-06</b></p>
<p><b>Colorado Business Roundtable</b>  Jeff Wasden, President</p>	
<p><b>Colorado Department of Agriculture</b>  John Addison, International Marketing Specialist</p>	
<p><b>Consulate General of Canada, Denver</b>  Jamie Caton, Manager  Foreign Policy and Diplomatic Services  Jérôme Pischella, Consul and Senior Trade Commissioner  Stéphane Lessard, Consul General</p>	
<p><b>Encana</b>  Dave Lye, Vice-President  External Affairs</p>	
<p><b>Ireland Stapleton</b>  Tom Downey, Director</p>	
<p><b>J.D. Irving Limited</b>  Ken Reid, Vice-President  Special Projects, Business Development and Improvement  Dan Richards, Corporate Counsel</p>	
<p><b>MenoGeni</b>  Debra Duke, President and Chief Executive Officer</p>	
<p><b>Messner Reeves LLP</b>  Tyler Rauert, International Corporate Attorney</p>	

<b>Organizations and Individuals</b>	<b>Location/Date</b>
<p><b>Molson Coors Brewing Company</b> Sam Walker, Chief Legal and Corporate Affairs Officer</p>	<p><b>Denver, Colorado</b> <b>2017-04-06</b></p>
<p><b>OmniTRAX-Broe Industries</b> Kevin Shuba, Chief Executive Officer</p>	
<p><b>Questor Technology Inc.</b> Audrey Mascarenhas, President and Chief Executive Officer</p>	
<p><b>Techstars</b> David Brown, Founder and Chief Executive Officer</p>	
<p><b>Western Governors' Association</b> Jim Ogsbury, Executive Director</p>	
<p><b>World Trade Center, Denver</b> Karen Gerwitz, President</p>	

## APPENDIX D

# TRAVEL TO THE UNITED STATES

## From June 4 to 8, 2017

Organizations and Individuals	Location/Date
<p><b>As an individual</b></p> <p>Bill Anderson, Director Cross-Border Institute, University of Windsor</p> <p><b>Canada-United States Business Association</b></p> <p>Mark R. High, President</p> <p><b>Center for Automotive Research</b></p> <p>Kristin Dziczek, Director Industry, Labor and Economics Group</p> <p><b>Consulate General of Canada, Detroit</b></p> <p>Douglas George, Consul General</p> <p>Andrew Hupfau, Consul and Manager Foreign Policy Diplomacy Service</p> <p><b>Michigan Department of Transportation</b></p> <p>Laura Mester, Chief Administration Officer</p> <p><b>Southeast Michigan Council of Governments</b></p> <p>Carmine Palombo, Director Transportation Planning</p> <p><b>Windsor Detroit Bridge Authority</b></p> <p>Michael Cautillo, Chief Executive Officer</p> <p>Mark Butler, Director Communications</p> <p><b>Windsor-Essex Chamber of Commerce</b></p> <p>Matt Marchand, President</p>	<p><b>Detroit, Michigan</b> <b>2017-06-05</b></p>

Organizations and Individuals	Location/Date
<p><b>Air Canada</b>  Fitti Lourenco, Director  Government Affairs, Federal Government and Ontario</p>	<p><b>Chicago, Illinois</b>  <b>2017-06-06</b></p>
<p><b>Archer Daniels Midland</b>  Greg Webb, Vice-President  State Government Relations</p>	
<p><b>Avison Young</b>  Tim Henry, Principal</p>	
<p><b>BMO Financial Group</b>  Mary Kenney, Director  U.S. Government Affairs</p>	
<p><b>Bombardier Recreational Products</b>  Alain Villemure, Vice-President and General Manager</p>	
<p><b>BP America Inc.</b>  Tom Wolf, Director  Communications and External Affairs</p>	
<p><b>Canada-U.S. Business Council Chicago</b>  Cynthia Shearn, President  Partner, Fragomen, Del Rey, Bernsen &amp; Loewy, LLP</p>	
<p><b>CN</b>  Jim Kvedaras, Director  U.S. Government Affairs</p> <p>Paul Tonsaler, Director  Supply Chain Development and Optimisation</p>	
<p><b>Consulate General of Canada, Chicago</b>  Scott McCook, Manager  Foreign Policy and Diplomacy Services</p> <p>Darcee Munroe, Senior Trade Commissioner</p>	

Organizations and Individuals	Location/Date
<p><b>Convergent Technologies</b>            Jacques Yapo, Director            International Finance</p>	<p><b>Chicago, Illinois</b>  <b>2017-06-06</b></p>
<p><b>Cossette</b>            Bridget Dore, Director            Group Account</p>	
<p><b>Illinois Chamber of Commerce</b>            Laura Ortega-Lamela, Executive Director            International Business Council</p>	
<p><b>International Trade Banking, MB Financial Bank</b>            Chantal Wittman Meier, Vice-President</p>	
<p><b>Kerry Inc.</b>            André Amyot, Director            Operations</p>	
<p><b>Livingston International</b>            Cora Di Pietro, Vice-President and General Manager             Daniel J. McHugh, Chief Executive Officer             Candace Sider, Vice-President            Regulatory Affairs, North America</p>	
<p><b>LR International Inc.</b>            Ric Frantz, Chief Executive Officer</p>	
<p><b>American Enterprise Institute</b>            Claude Barfield, Resident Scholar</p>	<p><b>Washington, D.C.</b>  <b>2017-06-07 and 2017-06-08</b></p>
<p><b>Cato Institute</b>            Daniel Pearson, Senior Fellow</p>	
<p><b>Center for Strategic and International Studies</b>            Scott Miller, Senior Adviser and Scholl Chair            International Business</p>	

<b>Organizations and Individuals</b>	<b>Location/Date</b>
<b>Embassy of Canada to the United States, Washington</b>	<b>Washington, D.C.</b>
Dan Abele, Head Intergovernmental Affairs	<b>2017-06-07 and 2017-06-08</b>
Collin Bird, Minister-Counsellor, Head of Trade and Economic Policy Section	
Gilles Gauthier, Minister	
Roy Houseman, Legislative Representative	
Laura Lumsden, First Secretary	
<b>Embassy of Mexico in Washington</b>	
Kenneth Smith Ramos, Director Trade and NAFTA Office	
<b>Library of Congress</b>	
Ian Ferguson, Specialist International Trade and Finance	
Joel Greene, Specialist Dairy, COOL	
Katie Hoover, Specialist Natural Resources Policy	
Renée Johnson, Specialist Overall NAFTA Agriculture	
Michaela Platzer, Specialist Industrial Organization and Business and Buy American	
<b>Peterson Institute for International Economics</b>	
Jeff Schott, Senior Fellow	
<b>The Heritage Foundation</b>	
James Roberts, Research Fellow Economic Freedom and Growth	

Organizations and Individuals	Location/Date
<b>United Steelworkers of America</b>	Washington, D.C.
Holly Hart, Legislative Director, Assistant to the President	2017-06-07 and 2017-06-08
<b>U.S. House of Representatives, House Committee on Ways and Means</b>	
Jason T. Smith, Representative	
Mike Bishop, Representative	
Judy Chu, Representative	
Susan Delbene, Representative	
Brian Higgins, Representative	
George Holding, Representative	
Mike Kelly, Representative	
Sander Levin, Representative	
Kristi Noem, Representative	
Linda Sanchez, Representative	
Adrian Smith, Representative	
Patrick Meehan, Representative	
Bill Pascrell, Representative	
<b>U.S. Senate Committee on Finance</b>	
Shane Warren, Chief International Trade Counsel	
Douglas Petersen, International Trade Counsel	
<b>U.S. Senate</b>	
Pat Roberts, Chairman	
Senate Committee on Agriculture, Nutrition & Forestry	





## APPENDIX E

# TRAVEL TO THE UNITED STATES

## From September 27 to 29, 2017

Organizations and Individuals	Location/Date
<p><b>BMO Harris Mid-Market Banking</b></p> <p>Kimberly A. Dennis, Market Executive</p>	<p><b>Columbus, Ohio</b> <b>2017-09-27</b></p>
<p><b>Columbus 2020</b></p> <p>Archit Dhir, Project Manager Global Trade and Investment</p> <p>Deborah Scherer, Managing Director Global Trade and Investment</p>	
<p><b>Consulate General of Canada, Detroit</b></p> <p>Mary Lynn Becker, Public Affairs Officer</p> <p>Rainer Kunau, Trade Commissioner</p> <p>Daniel Tremblay, Consul, Foreign Policy and Diplomacy Services Manager</p>	
<p><b>Dickinson Wright PLLC</b></p> <p>Dan Ujcz, Director Counsel and Cross Border Business Development</p>	
<p><b>Ohio Manufacturers' Association</b></p> <p>Ryan Augsburger, Vice-President and Public Policy Managing Director</p>	
<p><b>U.S. House of Representatives</b></p> <p>John Patterson, Representative</p>	

Organizations and Individuals	Location/Date
<b>Axium Plastics</b>	<b>Columbus, Ohio 2017-09-28</b>
Paul Judge, President	
Harp Dhaliwal Operations and New Business Development	
<b>Cheryl's Cookies</b>	
Bob Happel, Vice-President and General Manager	
Sheila Howell, Vice-President Marketing	
<b>City of Westerville</b>	
John Bokros, Vice-Mayor	
Jason Bechtold, Director Economic Development	
<b>Columbus 2020</b>	
Archit Dhir, Project Manager Global Trade and Investment	
Deborah Scherer, Managing Director Global Trade and Investment	
<b>Dickinson Wright PLLC</b>	
Dan Ujcz Counsel and Cross Border Business Development Director	
<b>Knowlton Development Corporation</b>	
Ian Kalinosky, Division President	
<b>NetJets</b>	
Robert Tanner, Vice-President Corporate and Government Affairs Operations and Business Development	

Organizations and Individuals	Location/Date
<b>Addison-Clifton, LLC</b>	<b>Milwaukee, Wisconsin</b>
Ngosong Fonkem	<b>2017-09-29</b>
<b>A Plus C</b>	
Jimenez Bautista	
Erik Donn	
Jose Manuel	
Lisa Tejada	
<b>As individuals</b>	
Joseph Daniel, Chair, Department of Economics, Director of Center for Global & Economic Studies, Professor of Economics, Marquette University	
Doug Fisher, Director of the Center for Supply Chain Management, Assistant Professor of Practice, Marquette University	
<b>BizTimes Milwaukee</b>	
Arthur Thomas	
<b>City of Milwaukee</b>	
Tom Barret, Mayor	
<b>Compass Minerals</b>	
Fran Malecha, General Manager	
<b>Consulate General of Canada, Chicago</b>	
Wayne Robson, Consul and Senior Trade Commissioner	
<b>Diversey, Inc.</b>	
Sheri Wolf	
<b>FarmFirst Dairy Cooperative</b>	
David Cooper	

Organizations and Individuals	Location/Date
<b>Federal Marine Terminals</b> Luke Kvapil, General Manager	<b>Milwaukee, Wisconsin</b> <b>2017-09-29</b>
<b>FedEx HealthCare Solutions</b> John Pinkstone	
<b>FedEx International Sales</b> John Fagan  Marchelle Kammuller	
<b>H&amp;R Block</b> Lawrence Kress	
<b>Johnson Controls</b> Liz Tate, Director Sustainability  Terrence Nadeau, Vice-President Global Procurement, Building Technologies & Solutions	
<b>Johnson Controls</b> Antonio Galvao, Vice-President Logistics and Distribution, Americas, Building Technologies & Solutions  Anthony Grasso, Senior Manager International Trade Compliance, Building Technologies and Solutions  Arvind Kaushal, Vice-President Strategy and Market Intelligence, Power Solutions	
Adam Muellerweiss, Executive Director Sustainability, Industry and Government Affairs, Power Solutions	
Tammy Sacharski, Director Global Trade Compliance, Power Solutions	

Organizations and Individuals	Location/Date
<b>Joy Global</b>	<b>Milwaukee, Wisconsin</b>
Jessie Chung	<b>2017-09-29</b>
Kelly Presser	
<b>JP Morgan Chase &amp; Co.</b>	
Susan Walker	
<b>M3 Insurance Solutions, Inc.</b>	
Jen Pino-Gallagher	
<b>Merrill Lynch, Bank of America Corporation</b>	
Michael Poludniak	
<b>Metropolitan Milwaukee Association of Commerce</b>	
Steve Baas, Senior Vice-President	
Government Affairs	
<b>Metropolitan Milwaukee Association of Commerce</b>	
Peter Beitzel, EB-5 Program Consultant	
Katie Henry, Executive Director	
World Trade Association	
<b>Port of Milwaukee</b>	
Jeff Fleming	
Marketing & Media Relations	
Peter Hirthe, Senior Representative	
Trade Development	
Jazmine Jurkiewicz, Trade Development Representative	
Thomas Czajkowski, General Manager	
Port tenants Compass Minerals	
<b>SPI Lighting</b>	
Cecilia Allison	

Organizations and Individuals	Location/Date
<b>TWD Global Enterprises LLC</b> Terry Dittrich	<b>Milwaukee, Wisconsin</b> <b>2017-09-29</b>
<b>U.S. Commercial Service</b> Koreen Grube	
<b>U.S. Department of Commerce, U.S. Export Assistance Center</b> Rebecca Dash	
<b>Waukesha State Bank</b> John Huber	
<b>Wisconsin Economic Development Corporation</b> Brad Schneider	

# REQUEST FOR GOVERNMENT RESPONSE

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

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 65, 66, 67, 68, 69, 71, 74, 75, 76, 77, 78, 79, 80, 89, 90, 91, 93](#)) is tabled.

Respectfully submitted,

Hon. Mark Eyking  
Chair





**SUPPLEMENTARY OPINION BY THE OFFICIAL OPPOSITION  
CONSERVATIVE PARTY OF CANADA  
PRIORITIES OF CANADIAN STAKEHOLDERS HAVING AN INTEREST IN BILATERAL  
TRADE IN NORTH AMERICA, BETWEEN CANADA, UNITED STATES AND MEXICO**

The Conservative Party of Canada greatly appreciates the contributions of the witnesses who took the time to share their priorities for free trade in North America.

This supplementary report is offered to ensure that the voices of Canadian stakeholders are heard on their issues, and their priorities are presented in this report.

**Maintaining the Benefits of NAFTA**

The Conservative Party of Canada was listening to witnesses when they advocated a “Do No Harm” approach. The general sentiment of stakeholders from all countries is that their top priority is to maintain the current benefits of NAFTA.

This priority was consistently expressed heard from stakeholders, their consultations, and government consultations:

“Our first principle for the Canada-U.S. relationship, and the NAFTA negotiations in particular, is to do no harm. Canada must protect the framework of rights, benefits, and privileges that our companies and citizens currently enjoy under NAFTA.”

Andrea van Vugt, Business Council of Canada  
May 4, 2017

“...we must take extreme care to “do no harm” to the integrated NAFTA auto supply chain, which is extraordinarily beneficial and important to Canada's economy.”

David Paterson, General Motors of Canada Limited  
May 9, 2017

“Yes, we've heard some common trends, I think, from many of the people we consulted, the different groups. One of the common trends was “do no harm”, to try to preserve what we already have access to in the negotiations.”

Catherine Gosselin, Department of Foreign Affairs, Trade and Development  
August 14, 2017

“The free trade agreement has been beneficial, and while there is always room for improvement, the starting point should be “do no harm” and we should be sure to preserve basic building blocks of free trade agreements, such as national treatment and redress for individual investors.”

Nick Schultz, Canadian Association of Petroleum Producers  
May 16, 2017

“The common thread in our discussions was that reopening NAFTA should do no harm. The NAFTA has largely benefited the food and beverage processing sector on both sides of the border.”

Norm Beal, Food and Beverage Ontario  
September 18, 2017

“In essence, while we support an enhanced NAFTA, I think we would certainly like the Government of Canada to take a “do no harm” approach. What we have is pretty valuable, and we'd like to sustain it and make it better.”

Clyde Graham, Fertilizer Canada  
September 20, 2017

“The U.S. chicken industry understands that NAFTA is of benefit to them. If they got a bit more access, would they say they liked it? Yes, but what's important to them, as Clyde has said, is to do no harm.”

Mike Dungate, Chicken Farmers of Canada  
September 20, 2017

“First, do no harm. Interrupting the \$1.3 trillion in annual trade across our borders or reverting to the high tariffs that were in place prior to the agreement could endanger many of the millions of jobs that depend on trade in our three countries.”

John Murphy, U.S. Chamber of Commerce  
September 25, 2017

The clearly expressed priority of Canadians is to keep a Canadian trade agenda simple, effective and focused on securing access to markets, letting Canadian businesses play on a level playing field, and free trade with market economies.

The Conservative Party of Canada would like to stress that the federal government should not just adopt the slogan “Do No Harm” and pursue its own trade agenda that ignores the priorities of Canadian stakeholders and threatens to shut Canadian exports out of progressively more and more markets. Such an approach would be harmful to Canadians.

**The Conservative Party of Canada recommends that in ongoing trilateral negotiations on the North American Free Trade Agreement, that the Government of Canada’s top priority should be to preserve the free trade environment which has benefitted all three nations.**

### **Keeping Canada Competitive Internationally**

The committee also heard testimony regarding domestic policies which add costs to Canadian businesses, and make Canada less competitive internationally. When asked about the impact of proposed small business tax changes, the Canadian Federation of Independent Business was clear:

Overall, it's tough to compete these days, and I think any new measures that increase the costs of doing business can be difficult for smaller companies to absorb. I would say it's not just the tax changes that have been recently proposed. Those certainly have an impact, but they are compounded with the increases we know are coming on payroll taxes, and the increases in some of the provincially mandated minimum wages.

There are a number of factors that are currently coming at small business owners across Canada that are scaring many of them in terms of understanding what they need to do in order to continue to operate their businesses. Many of them operate on very thin profit margins and this compounding of issues that are coming at them is what's scaring them. The most recent tax changes are something like a straw that breaks the camel's back kind of issue. It's almost like there have been so many in the last six to eight months.

- Corinne Pohlman  
Canadian Federation of Independent Business  
September 20, 2017

The small business tax changes proposed by the government were produced without adequate consideration of the negative impact they would have on Canadian businesses and Canada's international competitiveness.

Changing the rules and adding to the costs of doing business can have deleterious effects on Canada's economy. This is the same principle Canada's chief negotiator mentioned when describing why Canada opposed the inclusion of a sunset clause in NAFTA:

I think few enterprises are going to be looking to make a long-term investment commitment in North America, and in particular in any of the three parties, if they don't have some assurance that the terms of trade are going to be predictable, and that they will know that years down the road, as their investment continues, they will be operating under the same business conditions as they were when they first started that investment. If they're looking at a prospect whereby the agreement ends after one of those five-year periods, all at once their investment is going to be very negatively impacted because the conditions of trade will change entirely.

Changing the rules of the game without warning, (and then changing the changes,) creates economic instability and uncertainty. For Canada to remain internationally competitive, the Government of Canada needs to do better.

**The Conservative Party of Canada recommends that the Government of Canada conduct a full economic impact assessment of future tax changes to ensure that business costs are more stable and predictable.**

**The Conservative Party of Canada recommends that the Government of Canada should make sure that Canadian businesses can operate in a fair, low-tax environment that will keep Canadian businesses internationally competitive.**

### **Trading with Market Economies**

Many witnesses stressed the importance of Canada's other trading relationships, specifically the proposed TPP-11 trade agreement.

That is why the Conservative Party was troubled by the Prime Minister surprising trusted trading partners like Japan and Australia when he refused to attend trade negotiations at the APEC summit in November. This gesture was not well-received by our TPP-11 partners.

The current government has also sought closer ties to China, even as the automotive manufacturers before the committee complained of the impact currency manipulation had on Canada's ability to sell cars.

Another source of confusion is the government's dissonance on bilateral trade balances. For example, the Minister of Foreign Affairs acknowledges that "Canada does not see bilateral trade balances as a useful measure of the benefits of trade."<sup>1</sup> Yet under their current leader, members from the governing party often complain about trade deficits at committee meetings<sup>2</sup>, and in the House of Commons.<sup>3,4,5,6,7,8</sup> The government should not tell Canadians one thing and then tell Americans the opposite.

As mentioned in paragraph 77 of the committee's report, stakeholders in the automotive sector report that currency manipulation limits exports of Canadian vehicles. Canadian vehicle manufacturers would like the inclusion of a clause to prevent currency manipulation to set an important precedent.

As the prevention of currency manipulation is also a priority expressed by the United States Trade Representative, and no NAFTA country has engaged in currency manipulation, the inclusion of such a clause is easily achievable.

As the committee was tasked with reporting on the priorities of stakeholders, it would be wrong to neglect a clearly expressed priority of Canadian automotive manufacturers.

**The Conservative Party of Canada recommends that the Government of Canada seek to join fellow market economies in a Trans-Pacific Partnership, and engage with non-market economies through the TPP platform.**

**The Conservative Party of Canada recommends that the Government of Canada seek to address currency manipulation in NAFTA and other trade negotiations, as suggested by Canadian manufacturers.**

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<sup>1</sup> Freeland, Hon. Chrystia, October 17, 2017. Press Conference following 4<sup>th</sup> Round of NAFTA negotiations. Available from: <https://www.youtube.com/watch?v=5-Kv5hAQ20Y>

<sup>2</sup> Lapointe, Linda, May 17, 2017. [Evidence, Standing Committee on International Trade.](#)

<sup>3</sup> Freeland, Chrystia, May 25, 2015. [House of Commons Debates.](#)

<sup>4</sup> Freeland, Chrystia, June 15, 2015. [House of Commons Debates.](#)

<sup>5</sup> Lamoureux, Kevin, November 22, 2016. [House of Commons Debates.](#)

<sup>6</sup> Lamoureux, Kevin, December 8, 2016. [House of Commons Debate.](#)

<sup>7</sup> Lamoureux, Kevin, February 13, 2017. [House of Commons Debates.](#)

<sup>8</sup> Vaughn, Adam, March 21, 2017. [House of Commons Debates.](#)

## **Conclusion**

The Conservative Party of Canada will support efforts that advance free trade in North America and free trade amongst market economies.

Maintaining a positive working relationship with the United States and Mexico has been crucial for the success of NAFTA under previous Liberal and Conservative governments.

If the Government of Canada proceeds as recommended and seeks to enter an agreement with our TPP-11 partners, we must also maintain a strong working relationship with our Trans-Pacific trading partners. Ignoring our friends and trading partners in TPP-11 was not helpful, as the agreement would benefit Canada greatly, and would give Canada a stronger platform to deal with China. This approach would be more productive than the Prime Minister's trip in early December.

For the good of Canadian jobs and our economy, the Government of Canada needs better management of our economy and our tax system. The government's proposed tax changes and other increases to the costs of Canadian businesses can put our strongest job creators at a competitive disadvantage internationally. That reduces the job creating benefits of NAFTA significantly.

The Government of Canada should have a clear set of priorities for free trade negotiations that are based on the issues identified by Canadian stakeholders, so that we can preserve the benefits of the agreement for North America and preserve Canadian jobs.

## **SUPPLEMENTARY OPINION NEW DEMOCRATIC PARTY OF CANADA**

### **INTRODUCTION**

The NDP thanks the Committee members, staff, analysts, and the witnesses who participated in this study of the “Priorities of Canadian Stakeholders Having an Interest in Bilateral and Trilateral Trade in North America, Between Canada, United States and Mexico” and the North American Free Trade Agreement (NAFTA).

The NDP supports fair and progressive trade relations with key partners on the continent to create new opportunities for Canadian exporters, which would generate job creation and economic growth for Canadian workers and communities. When Canada signed NAFTA originally in 1994, the federal government promised people jobs, rising productivity and secure access to the largest market in the world.

There is no way to determine the exact degree to which NAFTA has affected Canadian jobs or productivity growth. Twenty three years after NAFTA went into effect, there is strong support to modernize this agreement and ask whether it is the right model for today’s priorities of reducing inequality, eliminating poverty, and reversing and mitigating the destructive effects of climate change.

The NDP heard from many witnesses during this study that NAFTA has created hardships for working people, and questions about factors that undermine our sovereignty, including our freedoms to pursue social, environmental and cultural policies. In addition, multiple stakeholders stated that withdrawal from NAFTA would not be catastrophic since World Trade Organization (WTO) bound tariff rates would still apply.

The terms of this multilateral agreement are far broader than simply tariff reductions. As stated in the report from [OpenMedia](#), “NAFTA reaches far beyond trade, and affect rights, interests, and fundamental values that are unique to Canada among the three members of NAFTA.”

New Democrats understand the importance of our trading relationship with the US, our largest trading partner, and believe that a better NAFTA can improve the welfare of all North Americans. In order to achieve this it must be transparent, inclusive and forward-looking. It must address important issues like income inequality, sovereignty, climate change and human rights. We have the opportunity to change this key trade deal and make it about improving the lives of all Canadians.

### **GOVERNMENT CONSULTATIONS AND TRANSPARENCY**

The NDP believes that the Government of Canada can make no meaningful claims to



transparency without providing Canadians with information about the subjects of negotiation. The government must lift the veil of secrecy on trade negotiations.

Despite the Liberal government's efforts to consult, there remain no formal requirements set up for government to engage the public on trade agreements, and as with the previous government, the current government largely negotiates behind closed doors with very little public participation or transparency.

As was noted in the main report, Global Affairs Canada (GAC) received over 22,500 submissions and over 43,000 online submissions as of December 2017. However, these GAC submissions have not been made public or provided to Members of Parliament.

The level of government consultation was a frequently raised issue during the Committee's study. While many industry groups reported feeling well consulted, many other groups felt the opposite to be true.

The government's continued failure to uphold its commitments to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) when it comes to trade agreements is also of deep concern. Article 19 is very clear that Canada must obtain the free, prior and informed consent of Indigenous Peoples before adopting any measures that may affect them, and NAFTA certainly falls within this classification.

The NDP also believes that in order for Canada to fulfill its obligations to Indigenous Peoples under the UN Declaration, they must have full representation at the negotiating table.

In future negotiations, the government should consult Members of Parliament from all Parties who represent the Canadian public, in a meaningful and comprehensive way that includes Canadians from all sectors, regions and backgrounds, and the results of these consultations should be made public.

The NDP will continue to push for better as the government embarks on all future negotiations.

## **INEQUALITY**

Recent studies provided to the committee by the Canadian Centre for Policy Alternatives (CCPA), the Trade Justice Network of PEI, the Canadian Labour Congress (CLC), the Council of Canadians and UNIFOR argue that NAFTA's overall benefits are contentious at best. In an [article](#) written by Pamela Palmater, she states that, "In fact, Canada's welfare shows an actual decline of 0.06 per cent. Some experts have argued that NAFTA has created more economic instability than actual benefit as millions have lost their jobs, wages have stagnated generally and decreased in Mexico... Some have referred to NAFTA as the end result of negotiations between self-interested transnational corporate elite largely benefitting corporations — not people or the planet".

In an [article](#) written by Robert Scott, Jeff Faux and Carlos Salas named, the authors state, “Although, as the Canadian government is quick to note, trade volumes have increased dramatically in the post-NAFTA era, inequality has also increased and real wages have stagnated or, in the case of Mexico, fallen further behind.”

In fact, in an [interview](#) with Bloomberg Businessweek, even Prime Minister Justin Trudeau admitted that, “Trade hasn’t been great for everyone...Sometimes it has benefitted only the top tier of any economy certain multinationals, not smaller businesses.”

At its core, NAFTA is about shifting the power in the economy from governments and workers to corporations as it gives enforceable rights to investors and it limits the powers of current and future governments and the citizens who elect them. To truly improve this agreement, NAFTA must be renegotiated to protect the poorest and most marginalized people. As was noted in Oxfam Canada’s submission to Global Affairs Canada, equality in trade agreements cannot be attained if there is no emphasis on human rights, gender equality and inclusive economic growth, and it can have adverse effects like lowering labour standards and decreasing the provision of public services.

## **LABOUR**

NAFTA’s current priorities and objectives must be redefined and must put the rights of working people first.

When NAFTA was first signed, workers in all three countries were given false hope of more stringent labour standards and higher living standards. To this day, in Mexico, workers are still denied the right to engage in free collective bargaining with their employer, independent unions are often blocked from negotiating on behalf of workers, wages are stagnant, and labour laws and environmental laws are far below Canadian standards. In the United States, the rise of “Right to Work” laws across states are being used to deter unionization, diminish wages and labour rights.

The North American Agreement on Labour Cooperation (NAALC) was a side agreement in NAFTA, and is therefore ineffectual. In fact, the NAALC was designed as a review mechanism that member states could voluntarily open themselves up to, but has limited capacity to sanction states for violation of the agreement, and thus is unable to harmonize labour rights among member states. And, as was noted in a [report](#) by the Council of Canadians, the NAALC does not provide an effective mechanism to challenge avoidance of domestic labour laws, which is encouraged as investors shift production to lower-wage countries in the ‘race to the bottom’.

A modernized NAFTA must learn from and address the limitations of the NAALC by including a Labour Chapter into the main text of the agreement to ensure that labour regulations are binding and include penalties and standards for all three countries.

The [Canadian Labour Congress](#) (CLC) also made it clear that in order to equally raise labour rights and standards in NAFTA, the Labour Chapter must include requirements from all three member states to sign and ratify the International Labour Organization's (ILO) eight core conventions, adhere to its Decent Work Agenda, sign and ratify the ILO's convention 81, which is the labour inspection convention and the chapter must include the creation of an independent labour secretariat to oversee a dispute-settlement process for violations of labour rights as there is no current or adequate mechanism to combat the widespread violation of labour rights.

The NDP also agrees with the [CLC](#) that the Government of Canada must, "look at due diligence for Canadian companies and funding agencies... and create a framework for transnational bargaining to allow unions to represent workers in multiple countries." The NDP believes that NAFTA negotiations should be guided by the principle that no one should be disadvantaged; working people cannot continue to be an afterthought in trade agreements.

## **AUTO AND MANUFACTURING SECTOR**

While the highly-integrated North American auto and manufacturing industry has played with respect to increased production, innovation and sales, but the playing field is very uneven. Since 2001, 44,000 Canadian auto jobs and at least 400,000 manufacturing jobs were lost. In a [report](#) from UNIFOR, half of Canada's current manufacturing trade balance with Mexico is made up of cars and parts. The overall automotive trade deficit between Mexico and Canada has gone from \$1.6 to \$8.7 billion dollars under NAFTA.

It is important to note that rules of origin must be modernized to accommodate changes in technology and the rules dictating North American content (i.e. the tracing list) must be strengthened.

This integration and trade liberalization has benefitted corporate stakeholders but has not been shared with workers or small and medium sized auto and manufacturing parts businesses.

The Canadian government must defend auto jobs, address the unfair share of wealth and implement a National Auto Strategy to ensure the strength of the sector.

## **INVESTOR STATE DISPUTE SETTLEMENT AND CHAPTER 11**

The NDP believes investor-state provisions that privilege corporations in a way that conflicts with the public interest do not belong in trade agreements. These provisions allow foreign investors to bypass domestic court systems, thereby undermining our sovereignty. Arbitration tribunals, which lack accountability, can order governments to compensate investors who are allegedly harmed by public policies or regulations.

The [CCPA](#) noted that, "Chapter 11 was originally characterized as an exceptional remedy to be used only under extreme circumstances... Instead, foreign investors have targeted a broad

range of government measures in areas of environmental protection and natural resource management... Canada has lost or settled eight cases, paying out damages to foreign investors of over \$215 million. In nine cases, arbitrators found that Canada did not breach the complainant investor's rights in NAFTA. Canadian governments have incurred tens of millions of dollars in unrecoverable legal costs through this process."

While the [Minister of Foreign Affairs](#) said she would pursue changes to the ISDS provisions and work to bring them more in line with the Investor Court System (ICS) provisions that were negotiated as part of the Comprehensive Economic Trade Agreement (CETA), a professor from Osgoode Hall Law School, [Dr. Gus Van Harten](#), revealed that there are gaps in the ICS. Members of the court decision making roster are remunerated based on the number of claims brought before the court, which is not healthy for perceptions of independence. In addition, the arbitration process is not public and therefore roster members are never held to account.

In a [report](#) to the committee, UNIFOR raised the point that Canadian investors have access to a well-developed domestic court system, but Chapter 11 provides them with additional privileges which also threatens to "chill" domestic regulation. An ISDS challenge is not even necessary to influence and/or change a government's position on regulations and legislation – rather the mere threat of a potential lawsuit under Chapter 11 is enough.

It is important to note that Ecuador, Brazil, South Africa, Indonesia, India and Japan have all stated they would no longer or would never accept trade deals with these provisions in place.

## **ENVIRONMENTAL PROTECTIONS, ENERGY AND WATER**

The NDP believes that the North American Agreement on Environmental Cooperation (NAAEC) must be brought into the main text of the agreement to ensure our protection from the disastrous impacts of climate change and the continuing degradation of our environment.

The NAAEC has a limited budget, and its dispute settlement process is unable to compete with the strength and backing of the ISDS provisions within Chapter 11.

NAFTA's regressive energy proportionality provisions must be removed from NAFTA as they prohibit Canada from reducing oil and gas exports to the U.S., even if we experience shortages, reduce domestic output to meet greenhouse gas reduction obligations, or prioritize domestic value-added production.

NAFTA treats water as a tradeable or marketable good instead of as a human right. Under Chapter 11, Canada has already been sued for laws protecting water and as corporations challenge our domestic laws further, our government's ability to protect our water is at great risk.

As was stated by Dr. David Suzuki from the Suzuki Foundation, “there should be no trade in water until and when we have come to care for and protect this sacred fluid in a way that is truly sustainable”.

It is clear to the NDP that the ISDS provisions of Chapter 11 must be eliminated as they have had the greatest impact on domestic environmental, energy and water regulations and have created a regulatory chill as referenced in this report earlier.

## **GENDER RIGHTS**

The NDP was disappointed that the committee chose to only reflect a vague statements of gender rights in their recommendations instead of truly reflecting the full and important testimony that witnesses brought forward on the Gender rights chapter.

The NDP would like to emphasize again that [Oxfam Canada](#) called for a mainstreaming of gender rights throughout the entirety of the NAFTA text. It should not be solely limited to one chapter, and gender equality does not concern only issues that women entrepreneurs and business owners face. Labour rights must also address injustices to women like pay inequity, child labour and poor working conditions. The NDP believes that for an agreement to be truly progressive when it comes to gender rights, it must address the systemic inequalities for all women. The NDP believe that both a gender-analysis and a gender impact assessment must be applied to all trade agreements.

## **INDIGENOUS RIGHTS**

As stated above the NDP believes the government must abide by Article 19 of the UN Declaration and obtain the free, prior and informed consent of Indigenous Peoples before adopting any measures that may affect them.

Another key issue brought forward through witness [testimony](#) by the International Inter-Tribal Trade and Investment Organization, the National Aboriginal Economic Development Board and the Aboriginal Business Council was the protection of “traditional knowledge” and the rights on Indigenous communities’ rights over their cultural heritage as an intellectual property right. This is a concern that must be acknowledged and addressed by the Government of Canada.

## **INTELLECTUAL PROPERTY, DIGITAL AND PRIVACY RIGHTS**

With respect to intellectual property and digital rights issues, which witnesses stated were difficult to negotiate within trade agreements, there are growing concerns over the level of preparedness of the Canadian government to defend and advance Canada’s. The Committee heard witnesses raise concerns over NAFTA’s potential and extensive changes to intellectual property (IP) rights related to copyright, patents and trademarks, which may unfairly benefit big U.S. corporations over Canadian consumers or innovators.

Canadian copyright policy must not be sacrificed at the altar of free trade. Maintaining balanced and sensible copyright policy is particularly critical in light of the fundamental connection between copyright law and the ability to exercise free expression online—through sharing knowledge, research, and art; participating in public and political discourse; contributing to the cultural commons; and inspiring, and building upon creativity. The NDP emphasizes the fact that notice-and-notice is an effective system that achieves objectives with respect to copyright infringement, while mitigating (albeit not completely) the harms that arise from notice-and-takedown.

The Canadian government, should reject any proposal to extend copyright terms beyond its current term of 50 years after the author’s death, knowing that current Canadian copyright terms are already largely in compliance with international copyright treaties.

With drug prices in Canada already the second-highest in the world, the government must resist further patent extensions that will cause drug prices to rise even further, ensuring NAFTA will not impede the creation of a Pharmacare program in Canada.

As stated by the [CCPA](#), “Fully aligning our system of patent protection for medicines with the U.S. model would be extremely expensive for Canadian consumers and our health care system...[we cannot] impede access to affordable medicines in Mexico, a developing country with many citizens who are simply unable to bear these extra costs.”

The USTR requested changes to NAFTA asking member countries to create criminal penalties for individuals who circumvent ‘digital locks’ and rights management information, such as people who use software to copy their DVDs onto their computers. Data storage changes must not prevent governments from requiring that data be stored on local Canadian servers.

There are already laws in place in certain provinces (British Columbia and Nova Scotia) that protect Canadian privacy rights and require domestic data be stored locally, and as stated in a [report](#) by the BC Freedom of Information and Privacy Association (FIPA), it is vital that this current legislation and future Canadian legislative sovereignty not be undermined by NAFTA or other trade agreements.

The NDP believes that Canada must preserve its longstanding approach to exempting culture from NAFTA and trade agreements. Cultural policy must be determined domestically by the Canadian government. Trade agreements must not be able to dictate our cultural policy.

## **AGRICULTURE**

Agricultural organizations emphasized the deep integration of agricultural policies and trading practices for food producers and marketers, and the Canadian increase of exports. The NDP has concerns that NAFTA has put the provision of safe, domestic food or food sovereignty at risk and it is incumbent upon the Government of Canada to determine its own agricultural policy and ensure the public has the ability and right to know what is in their food and how and

where it is produced. This point speaks to strengthening of Country of Origin labelling and raising the standards on pesticide and food safety harmonization.

The NDP also believes that to further protect agricultural producers, bankruptcy protections, like those seen in the United States under the Perishable Agricultural Commodities Act, should be placed into NAFTA to better protect businesses dealing in fresh and frozen fruits and vegetables by establishing a code of fair business practices and by helping farmers and companies resolve business disputes.

## **SUPPLY MANAGEMENT**

Supply management must be protected by the government against the recent US attempts to dismantle it. This will help ensure Canadians have access to high-quality, locally produced food, while supporting small family farms and rural communities. The supply managed sector is a major contributor to our economy contributing more than \$26 billion to our economy and generating 310,000 jobs.

Supply management must not continue to be eroded in trade agreements as was the case CETA and the TPP. No further market access should be granted to the US in NAFTA renegotiations.

## **NDP RECOMMENDATIONS**

1. That the Government of Canada provide greater transparency during trade negotiations by directly engaging Canadians through consultations and providing regular briefings to Parliamentarians during all rounds of negotiations.
2. That the Government of Canada protect future policy flexibility at all levels of government to expand public services or return privatized sectors to the public sector without the threat of litigation.
3. That the Government of Canada commit to strong and enforceable currency disciplines within all trade agreements.
4. That prior to the conclusion or signing of any future trade agreement including NAFTA, the Government of Canada commission an independent study of the agreement's expected costs and benefits, ensure that gender-based analysis is applied and that a gender impact assessment is undertaken.
5. That the Government of Canada ensure that NAFTA's Chapter 11 ISDS provisions are eliminated and that all future trade agreements do not include investor-state arbitration provisions.

6. That the Government of Canada promptly disclose all costing estimates relating to potential increases to prescription drug costs to all provinces, territories, individual Canadians and employers resulting from any proposed changes to patent laws in a renegotiated NAFTA, as well as details of financial compensation that should be paid to Canadian provinces, territories, individuals and employers.
7. That the Government of Canada defend intellectual property rights that benefit Canadian consumers and innovators in all future trade and investment agreement negotiations and commit to retaining Canada's current copyright regime, specifically (a) commitment to balance through a "made in Canada" approach; (b) notice-and-notice; and (c) current copyright terms (i.e. reject all term extension proposals).
8. Ensure that any provisions regarding data localization preserve Canada's ability to make substantive domestic law protecting Canadians' personal data and privacy rights.
9. Retain Canada's strong net neutrality regime, and reject all attempts to weaken net neutrality in Canada or "harmonize" with the United States on this policy.
10. That the Government of Canada, during the *North American Free Trade Agreement* renegotiations, pursue incorporation of the *North American Agreement on Environmental Cooperation* into the *North American Free Trade Agreement*. As well, the government should negotiate provisions that would strengthen the enforcement of environmental standards.
11. That the Government of Canada, during the *North American Free Trade Agreement* renegotiations, pursue the full elimination of Articles 315 and 605 (energy proportionality), and those provisions that make water vulnerable to exportation and privatization.
12. That the Government of Canada, during the *North American Free Trade Agreement* renegotiations, pursue strong and enforceable labour standards for North America. In particular, the government should pursue the inclusion of a labour chapter in the *North American Free Trade Agreement* that would require ratification and enforcement of the International Labour Organization's eight core conventions and adherence to its Decent Work Agenda. As well, the government should ensure the creation of an independent labour secretariat with the power to oversee a dispute-settlement process for violations of labour rights and enforce penalties upon the violators.
13. That the Government of Canada work with the United States and Mexico to ensure that, consistent with the *United Nations Declaration on the Rights of Indigenous Peoples*, the rights of Indigenous peoples are respected. As well, before agreeing to any *North American Free Trade Agreement* provisions that could affect Indigenous



peoples, the government should obtain their unqualified, free, prior and informed consent.

14. That the Government of Canada safeguard food sovereignty, mechanisms of production and supply management, rural livelihoods and the right to know about what is in our food and how and where it is produced.
15. That if the Government of Canada pursues alternative bilateral agreements with the United States of America and/or Mexico, they conduct broad and meaningful public consultations with Canadians, including industry, labour and civil society; provinces, territories and municipalities; and First Nations, Inuit and Métis communities.
16. That the Government of Canada strengthen the Investment Canada Act to protect Canadian jobs and ensure that foreign takeovers of domestic companies provide a net benefit to Canada.