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Chair: The Honourable Judy A. Sgro





## Standing Committee on International Trade

Wednesday, April 6, 2022

• (1545)

[English]

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

This is meeting number 13 of the House of Commons Standing Committee on International Trade.

Our meeting is taking place in a hybrid format pursuant to the House order of November 25, 2021. Per the directive of the Board of Internal Economy on March 10, 2022, all those attending the meeting in person must wear a mask, except for members who are at their place during the proceedings.

I'd like to make a few comments for the benefit of witnesses and members. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike, and please mute yourself when you are not speaking. For those participating via Zoom, you have interpretation options at the bottom of your screen of either floor audio, English or French. I will remind you that all comments are directed through the chair.

Welcome to all of our committee members, and welcome to our witnesses.

Pursuant to Standing Order 108(2) and the motions adopted by the committee on Monday, January 31, 2022, and March 21, 2022, the committee is resuming its study of the modernization of the Canada-Ukraine Free Trade Agreement.

On the first panel, we have with us, by video conference, from the Department of Foreign Affairs, Trade and Development, Jay Allen, director general, trade negotiations; François Rivest, director general, regional trade operations and intergovernmental relations; Andrew Turner, director, Eastern Europe and Eurasia division; and Sarah Geddes, deputy director, trade negotiations. From the Department of Finance, we have Michèle Govier, director general, international trade policy division.

Welcome, all of you.

**Mr. Randy Hoback (Prince Albert, CPC):** I have a point of order, Chair, before we get started. I have some housekeeping that I think we need to take care of relating to some of the items we asked for at previous meetings that haven't yet been delivered.

I'll read what I have in front of me, Madam Chair, and then we can continue with the meeting.

When the Minister of International Trade appeared before committee on February 7, she stated the following in response to my question regarding the government's game plan to head off American tax on Canadian businesses. I quote the Honourable Mary Ng:

Since President Biden has taken office, some 480 meetings have taken place at the most senior levels, at the cabinet level, between the President and the Prime Minister, but also between myself....

Later, in the second half of the meeting, the minister's ADM, Americas, Michael Grant, in response to a question from Mr. Lewis, told the committee that he would provide a list of the persons the minister met with during those meetings.

**The Chair:** Mr. Hoback, can I just check with the clerk? The indication is that it is not a point of order.

Madam Clerk—

**Mr. Randy Hoback:** The point of order is referring to the fact that we're waiting for documents and information that is incomplete. I am wanting to get those addressed through the committee here and now, and this is the process: to do it at this point in time in the committee. That is my point of order.

**Mr. Arif Virani (Parkdale—High Park, Lib.):** Madam Chair, I'm wondering if this might be better addressed with committee business at the tail end of the meeting.

**Mr. Randy Hoback:** No. It's an official complaint that I have with the department in regard to its not providing documentation to the committee in a timely and complete manner. This is the only process I have to do that.

**Mr. Arif Virani:** It sounds quite clearly that there is a piece of contention Mr. Hoback is raising, which is debate rather than a point of order.

**Mr. Randy Hoback:** It's to do exactly with this—

**Mr. Arif Virani:** What I would suggest, since we have witnesses here, is that we actually get on with hearing from those witnesses and use the committee time to deal with administrative matters at the tail end of the meeting.

**Mr. Randy Hoback:** Again, Chair, I do have the floor, so I would request that I finish my letter, which will be a matter of another two or three minutes, and then you can continue. I would have it in the record, and then there would be some action the clerk could take in regard to getting the documents that have been asked for and committed to this committee.

**The Chair:** Yes, absolutely. Please continue, Mr. Hoback.

**Mr. Randy Hoback:** At the 16:35-minute mark of that meeting, Chris Lewis said this:

Thank you, Mr. Grant. I appreciate that.

Of those 400 meetings, is somebody able to table with this committee exactly who the minister met with?

Mr. Michael Grant responded as follows:

Not at this moment, but I'm sure that is something we can provide through the chair.

Madam Chair, the list provided to the committee by the Department of Foreign Affairs, Trade and Development, which was circulated to committee members on March 1, is far below the 480 meetings stated by the minister—only 51 meetings, in fact.

I would therefore ask you, Madam Chair, to write to the minister on behalf of the committee to remind her of her assistant deputy minister's assertion that he would provide the committee with the full list of all the persons the minister met with during her 480 meetings with U.S. officials.

I've included the list they provided of the 51 names, which I can give to the clerk so that I don't have to read them into the record.

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

Mr. Allen, I invite your opening remarks for up to five minutes, please.

**Mr. Jay Allen (Director General, Trade Negotiations, Department of Foreign Affairs, Trade and Development):** Good afternoon, committee members. Thank you for the opportunity to provide an update on the status of the modernization of the Canada-Ukraine Free Trade Agreement, or CUFTA, as we call it, and to discuss other matters pertinent to the current crisis in Ukraine.

As you know, modernization negotiations were launched on January 27 of this year. Canadian and Ukrainian officials were prepared to hold the first round of negotiations; however, due to the Russian leadership's decision to invade Ukraine in late February, our trade talks were informally paused and are unlikely to resume in the near to mid term. When Ukraine is ready, we will be willing and able to engage with them.

In the meantime, Canada continues to demonstrate its support for and solidarity with Ukraine. Our priority is to provide Ukraine with military, humanitarian and financial assistance. Following Russia's invasion, Canada has authorized more than \$160 million in military aid to Ukraine for lethal and non-lethal equipment. We have back-stopped Ukraine's economic resilience with offers of up to \$620 million in loans.

In addition, Canada has allocated \$145 million to support the humanitarian response in Ukraine and regional countries, all of which has been allocated to experienced UN, Red Cross and NGO partners.

Canada calls on the Russian leadership to stop its brutal war against Ukraine, withdraw all military equipment and troops from Ukraine's sovereign territory and turn to good-faith diplomacy. We call on Russia to uphold its obligations under international humanitarian law.

We deplore the senseless murder of innocent civilians in Ukraine. The images and reports of what Russian forces carried out in Bucha are vile and deeply shameful. We strongly support efforts to ensure full accountability for those atrocities.

In early March, Canada and a number of our partners referred the situation in Ukraine to the International Criminal Court. This action followed numerous allegations that Russian forces had committed international crimes, including war crimes and crimes against humanity. Sadly, these allegations have only become more numerous since the referral.

Canada fully supports ongoing investigations at the United Nations Human Rights Council and the Organization for Security and Co-operation in Europe on the human rights and humanitarian impacts of Russia's invasion.

Since February 24, we have imposed a series of economic sanctions in close coordination with our allies and international partners. Among a wide range of measures, including those that target sectors of strategic importance to Russia, Canada has sanctioned over 700 individuals and entities in Russia, Belarus and Ukraine.

Canada has also stopped the issuance of new permits for the export and brokering of controlled military, strategic and dual-use goods and technology to Russia, and cancelled previously issued permits.

Canada has strongly decried Russia's military aggression and has committed to taking actions necessary to protect our essential security interests. At the WTO, for example, Canada was the first country to withdraw the most favoured nation treatment for imports from Russia and Belarus. Russia and Belarus no longer have preferential access to the Canadian market, and most imports from those countries are now subject to a general tariff rate of 35%. Canada has also supported a statement at the WTO, indicating that it considers the accession process of Belarus at the WTO to be terminated.

Further announcements are coming in the days ahead.

Canada supports the brave and resilient Ukrainian people who continue to defend an independent and sovereign Ukraine. They deserve to live in peace.

Thank you, Madam Chair.

● (1550)

**The Chair:** Thank you very much, Mr. Allen. We'll now open the floor for questions.

Mr. Hoback, you have six minutes, please.

**Mr. Randy Hoback:** Chair, I think Mr. Martel was going to go first. I apologize.

**The Chair:** That's fine.

Mr. Martel, go ahead, please.

[Translation]

**Mr. Richard Martel (Chicoutimi—Le Fjord, CPC):** Mr. Allen, thank you for joining us. We are happy to have you here.

How and to what extent has the war in Ukraine affected the ability of Canadian companies to engage in trade with that country or to take advantage of trade opportunities currently available under the Canada-Ukraine Free Trade Agreement, or that would be available under a modernized agreement?

[English]

**Mr. Jay Allen:** Madam Chair, war and trade don't go together very well. It's unfortunate, but trade with Ukraine has obviously dropped dramatically. Our companies are not, right now, largely able to benefit from the agreement.

We are in the position, unfortunately, of having to put an informal pause on our negotiations. We are not, and the Ukrainians simply are not, ready to negotiate a modernization at this point.

[Translation]

**Mr. Richard Martel:** After the war in Ukraine, if the country loses access to the Sea of Azov and the Black Sea, what will be the consequences for Canadian companies trading in Ukraine?

• (1555)

[English]

**Mr. Jay Allen:** Madam Chair, I'll turn to my colleague, François Rivest. He may be best placed to answer that question.

[Translation]

**Mr. François Rivest (Director General, Regional Trade Operations and Intergovernmental Relations, Department of Foreign Affairs, Trade and Development):** Thank you, Mr. Allen.

Mr. Martel, it is very difficult to predict how much international trade would be compromised if access to the Black Sea were lost. At this point, it is not clear what the impact will be or what the alternatives will be once trade returns to normal.

**Mr. Richard Martel:** Is the Government of Canada already working to define the role our companies could play in a possible reconstruction of Ukraine?

**Mr. François Rivest:** Thank you for the question, Mr. Martel.

There is a humanitarian aspect to this question.

On the Canadian business side, the Trade Commissioner Service has a presence across Canada. There are also trade commissioners who are not necessarily on the scene, but who play a role in helping Canadian companies find ways to contribute. This is done on a regular basis.

Canadian companies that are, or were, doing business in Ukraine and Russia are in contact with us, and we talk to them. It's part of our job to keep them informed of the needs in the affected countries.

We communicate daily with Canadian companies that do business with the Trade Commissioner Service.

**Mr. Richard Martel:** To what extent are the sanctions and measures against Russia affecting Canada's economy?

[English]

**Mr. François Rivest:** Jay, I can answer, if you like.

[Translation]

Imports and exports are halted. Trade with Russia and Ukraine is mostly based on agricultural products, including urea, a fertilizer imported from eastern Canada. There is a long list of exports, including aeronautical and consumer products, but not in large quantities. It's mostly agricultural products. There is also trade in machinery, and we do some investment in the financial sector. In general, these operations have all been interrupted.

**Mr. Richard Martel:** Madam Chair, do I have any time left?

[English]

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

[Translation]

**Mr. Richard Martel:** What steps are countries like Canada taking to reduce the impact on trade or investment of sanctions and other measures against Russia?

[English]

**The Chair:** Please give a short answer.

**Mr. Jay Allen:** Yes. Thank you, Madam Chair.

Absolutely. We are working with Canadian companies to help them find opportunities to replace imports. We're also working very closely with our trading partners to find synergies, to find ways to help one another, to ensure that we can make up what's lost to the sanctions.

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

We'll go on to Mr. Sorbara for six minutes, please.

Welcome to the committee, by the way.

• (1600)

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Thank you, honourable Ms. Sgro, for that wonderful welcome. It's very kind.

Good afternoon, everyone.

Mr. Allen, I wanted to ask about an instrument in your opening remarks that the Canadian government has used, in removing the most favoured nation trading status. What are the implications of that for both Russia and Belarus?

**Mr. Jay Allen:** The basic implication of that is that under the WTO agreement, they had preferential access to Canada, so they got our best possible tariff rates. Now, they are getting far higher tariff rates. They no longer benefit from that preferential access.

As I said, 35% is the tariff on most of them. Some products will have a higher tariff rate than that.

**Mr. Francesco Sorbara:** Secondly, you noted on the WTO accession process that Canada raised its hand and gave a big, red “stop” to Belarus. Can you explain the accession process and why it was so important for Canada to do that?

**Mr. Jay Allen:** Belarus is not a member of the WTO. It has been trying to join the WTO.

Joining the WTO is a process that requires the consensus of all members. Canada and a number of our trading partners who joined with us in that statement that day looked at the actions of Belarus in supporting the Russian invasion of Ukraine, and we simply did not think that it warranted membership.

That decision to keep Belarus out means that it will not get into the WTO. It will not get the benefit of the international trading order.

**Mr. Francesco Sorbara:** Can you explain to me, to provide some colour, the removal from the WTO? What would that look like, if there was an ask to remove an entity that has gained accession to the WTO?

**Mr. Jay Allen:** Right now, there isn't officially a process for removing a country from the WTO. Academics have debated over the years as to what the process might be and how it might be implemented, but right now, there simply isn't a process to do that.

**Mr. Francesco Sorbara:** The reason I allude to that is I'm a big believer in rules-based trade systems in multilateral institutions. Canada is a beneficiary of international trade. Our economy benefits in that we create great middle-class jobs. We're a signatory to a number of trade agreements—the revised NAFTA, CETA, CPTPP—and under those systems, we follow a rules-based system. That's why it's so important.

When we look at what has transpired with the illegal, unjustified Russian invasion of Ukraine and what is happening on Ukrainian soil to Ukrainians, it's horrid. It needs to be deplored and condemned at every opportunity. I will do that right now. I condemn what is happening. I see some of my colleagues have joined me.

It's very important that we, as a country of some substance and some power, make sure that rules-based institutions are being followed, and that entities that want to be a partner with them, and/or that wish to join them, follow that. That's the only way we can function in this world and get along, if I can use those terms.

Moving on to the actual modernization of the agreement, how quickly, God willing, can the Ukrainian people regain their sovereignty and have their institutions start functioning fully again? How quickly can we re-engage with our Ukrainian friends, family members and great trading people, with whom we enjoy a long historical relationship? How quickly could our officials re-engage with them, when given the opportunity to do so?

**Mr. Jay Allen:** Madam Chair, Canada is prepared to re-engage. We were ready to have a first round of negotiations. Right now, we could be in negotiations with them.

The moment that Ukraine signals a willingness and an ability to re-engage, we will be ready to re-engage.

**Mr. Francesco Sorbara:** Can you, in your department...? In my view of the world, I am the chair of the Canada-Europe Parliamentary Association, which contains both EU and non-EU member states.

I met with the EU ambassador yesterday, and I coined the term...it's nothing new, but I just said, “What is old again is new again,” in terms of the relationship between Canada and Europe, and Ukraine being a part of that world, in my view.

What sectors would you and your department officials say would benefit most from the modernization of the free trade agreement?

• (1605)

**The Chair:** Give a brief answer, sir.

**Mr. Jay Allen:** The existing FTA covers goods right now, so we have very good access to goods. We have the ability to expand commitments on services. We can improve the labour chapter. We also have the opportunity to cover things such as government procurement. There are a number of areas in which we can improve what's already there, but goods market access is already pretty solid.

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

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

[*Translation*]

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

I thank the witnesses for being with us today. I extend my greetings to all of our colleagues.

We have heard that the sanctions on Russia have caused problems for companies, some of which have appeared before this committee. I reiterate that the sanctions were necessary. When you invade a country, you have to expect consequences. That is not the point.

However, we are still wondering what compensatory measures we could take so that our companies are not penalized as much as Russia rightly has to be.

Have you had any discussions or contacts with companies that have allegedly been penalized because of their investments in the Russian market?

[English]

**Mr. Jay Allen:** I have not personally had contact with companies that have been harmed by the sanctions, but I know there are some. We are aware of that. We recognize that to have a punitive effect on Russia, the sanctions have to be tough, which means that, unfortunately, there will be adverse consequences on companies, including Canadian companies.

We will work with those companies. We're trying to find ways to help them. We're trying to find ways to mitigate their exposure.

Perhaps my colleague, François Rivest, would like to add to that.

**Mr. François Rivest:** Thank you, Jay.

[Translation]

As I mentioned earlier, our Trade Commissioner Service is indeed in contact with some of the companies that are or were doing business in the conflict-affected region of Ukraine. Some of them have been affected. We are trying to help them as much as we can.

**Mr. Simon-Pierre Savard-Tremblay:** Are any compensation measures being considered for companies that placed orders before the sanctions were imposed in early March, but would still be subject to the 35% tariff?

**Mr. François Rivest:** I know that the issue has been raised. However, to my knowledge, no decision has been made on the approach to be taken.

**Mr. Simon-Pierre Savard-Tremblay:** So the idea of granting compensation measures is a possibility that is being considered, as I understand it. Earlier, there was talk of helping companies withdraw from Russia and move to new markets.

Is that correct?

**Mr. François Rivest:** I can confirm that this issue has been raised, but I don't know if it is being discussed at the moment.

**Mr. Simon-Pierre Savard-Tremblay:** Could you tell us if any other support measures have been proposed?

**Mr. François Rivest:** Export Development Canada, or EDC, provides services, such as insurance, to exporting companies. The Business Development Bank of Canada, or BDC, offers a financing program for companies with disrupted supply chains. Otherwise, there are not many business assistance programs, but there may be some for certain sectors.

**Mr. Simon-Pierre Savard-Tremblay:** You say that traditional support programs are already in place and accessible at all times. However, in a context where new sanctions are being imposed because of a situation as exceptional as a war between two countries—which we hope will not become global, even if Canada has decided to take a stand—are there other measures than those offered by EDC and BDC?

• (1610)

**Mr. François Rivest:** Unfortunately, I don't have the answer to that question.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Rivest.

Madam Chair, how much time do I have left?

[English]

**The Chair:** You have one minute and 36 seconds.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** I'd like to go back to the modernization of the agreement.

Do our witnesses have any suggestions or ideas as to what could be included in a future agreement to make it as beneficial as possible?

[English]

**Mr. Jay Allen:** Thank you, Madam Chair.

As I have said, our agreement right now is pretty good. It covers goods. We've specifically identified cross-border trade in services—financial services, investment, telecommunications and temporary entry—as elements that will be added to a review. That was agreed on with Ukraine.

We're also looking to add good regulatory practices, trade and gender, and specific provisions to help SMEs. One of the issues we're looking at as well is improving the existing provisions on labour and environment and government procurement.

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

We will move to Mr. Green for six minutes.

Go ahead, please.

**Mr. Matthew Green (Hamilton Centre, NDP):** Thank you, Madam Chair.

If I recall correctly, in the testimony of the witnesses it was noted that Canada issued the most favoured nation tariff entitlement withdrawal order on March 3, 2022, to remove Russia's and Belarus's entitlement to preferential trade treatment and to add a 35% tariff rate to be applied on goods imported into Canada from Russia or Belarus.

Which imports does the withdrawal order not apply to?

**Ms. Michèle Govier (Director General, International Trade Policy Division, Department of Finance):** I'll take that if you like.

As mentioned earlier, it applies to virtually all imports. The first exception is that in cases where the tariff is already higher than 35%, which applies to a very limited number of products, the higher tariff would stay in place. The second exception is that there are 29 tariff items that are duty-free on an MFN basis but that also have a general tariff that is free, as a long-standing policy.

Most items under the general tariff are at 35%, but there are certain ones that are already at zero. Those include things like works of art and collectibles. They also include ferrochromium alloy and some petroleum products, but I would note that on the petroleum products we also have a ban in place.

**Mr. Matthew Green:** If I am clear, on February 28 the government announced that it would prohibit crude oil imports from Russia. Do those include refined petroleum as well?

**Ms. Michèle Govier:** I believe they do, but I'll defer to Global Affairs.

**Mr. Jay Allen:** Mr. Turner, could you help with this?

**Mr. Andrew Turner (Director, Eastern Europe and Eurasia Division, Department of Foreign Affairs, Trade and Development):** Yes, the measures that have been imposed apply to both crude and specific refined oil petroleum products.

**Mr. Matthew Green:** I'm just noting a National Post article, in which a subject matter expert suggested that all of the sanctions were designed to let the oil and gas trade continue and pointed out that while Canada and the U.S. have vowed to cease buying Russian oil, many European nations aren't following suit.

Just so we're clear on the record today—because it's my position that every dollar we are providing to Russia is a dollar that will ultimately be used against the Ukrainian people—are there any aspects of our oil and gas industry that are still actively trading with Russia through what I think the paper called “a battleship-sized hole” in some of these sanctions?

**Mr. Jay Allen:** Madam Chair, my understanding is that in Canada there is no trade in oil or gas products with Russia. I could be wrong about that. It's not my area of expertise.

What I will say is that there are certainly exports still going to Europe, and that's largely a product of the specific situation they are in. They are very heavily dependent on Russian gas, so it will take them time to wean themselves off of that.

**Mr. Matthew Green:** There are no goods that are excluded from the withdrawal order based on Canada's customs notice 22-02 from March 3, 2022.

• (1615)

**Ms. Michèle Govier:** As noted, the customs order does not impose a 35% tariff on petroleum. Just because of the way that is structured, on a pre-existing basis, there was an active decision not to include them. It's just because the general tariff for that product is not 35%; it's zero.

The import ban in place, which was imposed under different legislation, covers our imports of oil from Russia, so from Canada's perspective, we are well covered in that domain. I think for other countries the case is different.

**Mr. Matthew Green:** As it relates to that particular order, it's noted that the measure will be applied for 180 days on these imports from Russia and Belarus, and this period may be extended by a resolution adopted by the House. What factors should we consider as parliamentarians in deciding whether to extend the withdrawal orders application?

**Ms. Michèle Govier:** That would be at the discretion of parliamentarians to decide how they would like to proceed. In terms of deciding whether to introduce that type of resolution, it would be examining what the current situation is with respect to the situation in Ukraine, as well as whether it's still the appropriate measure, whether stronger measures might be warranted, etc. I think it would be looking at that as well as at the implications of the measure and the impacts it may have had in the Canadian market.

**Mr. Matthew Green:** On that very important note, Madam Chair, perhaps the witnesses could expand on what they believe might be at our disposal for stronger and more direct, extended or harsher sanctions, because it appears that, while symbolic, what the international community is doing ultimately hasn't to this point slowed down the aggression of the Russian invasion or the occupation of Ukraine. Could you provide to this committee some potential examples that we may want to consider in terms of tightening up or creating greater restrictions or sanctions?

**The Chair:** Please give a very brief answer, Mr. Allen.

**Mr. Jay Allen:** The sanctions have been very effective. We are seeing a dramatic impact on the Russian economy, which will in turn have a real impact on the Russian ability to wage war.

There are going to be additional items that could be sanctioned. There could be other measures. Those at this point we're unfortunately not able to discuss, and quite honestly in my role I'm not familiar with them, but that would be a matter for politicians to look at.

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

We'll move on to Mr. Hoback for five minutes, please.

**Mr. Randy Hoback:** Thank you, Chair, and thank you to the witnesses here.

You know, this is an awkward study right now because of what's going on between Russia and Ukraine, with the horrific scenes we see on television and the war crimes that Putin is committing. It's just horrible. It must be tough for you guys to think about the people you are negotiating with, who are now, somewhere back in Ukraine, dealing with all this and trying to figure out how to keep their country together and progress. To be thinking about the future for them is day by day, while we're looking a year or two or three years down the road.

My question is on the process right now in light of what's going on. How do you take a step back now and relook at what we want in terms of results in a trade agreement with Ukraine in light of the situation today versus where it was when we started the negotiations?

**Mr. Jay Allen:** We carefully evaluated with Ukraine what we wanted to do to modernize. That was obviously the product of the situation as it was, Ukraine's economy being where it was and Ukrainian society being where it was. This is a fundamental change. We will have to re-evaluate everything.

As the member noted, it is very difficult to have conversations. We have not had conversations with our counterparts. Some messages were sent immediately before the invasion, just simply to wish people luck and safety. We haven't had those kinds of conversations, and I don't expect we will in the near future.



**Mr. Randy Hoback:** In the meantime, you might as well park it, really, until we know exactly what we're dealing with, and then regroup at a time when Ukraine can regroup with us.

What are you and your staff focused on in light of that? You're not just assigned to Ukraine. The Asian deal is being talked about. A U.K. deal is being talked about. Would you redeploy resources to those agreements now and focus on that in light of what's going on?

**Mr. Jay Allen:** We have a very full negotiating agenda. As the member correctly points out, there are ongoing trade negotiations with a number of different partners and yes, indeed, we redeploy resources. All of our resources will work on various agreements, so if we have a lightening of a load in one area, then those resources can be spread out to address another agreement.

• (1620)

**Mr. Randy Hoback:** Fair enough. That makes sense.

I often wonder, though: We had people who were on the ground in Kyiv who have been evacuated out of Kyiv. Maybe they're in Poland. I'm not sure where those resources are now, but people like our trade commissioners, just the staff that we had in Kyiv.... How are they acting in light of what's going on? Do they take on different roles now and maybe leave the trade role for more of a humanitarian role or a visa role? Do they fill those types of shoes when this type of situation happens?

**Mr. Jay Allen:** All of our mission staff have been evacuated. I can maybe turn to Mr. Turner on that. He may have a better idea of where they are. Certainly, in terms of the functions they carried out at post, they will be redirected to help with other elements of the crisis.

Andrew, do you have any comment on what's happened with the staff and what they're focused on?

**Mr. Andrew Turner:** Certainly.

Our staff are continuing to focus on providing Canada's support to Ukraine in the most relevant and useful capacities. At the moment, yes, the focus on trade promotion has shifted more to dealing with the emergency response. We have deployed more resources to focus on the consular situation, on providing humanitarian assistance, and on ongoing monitoring of the political and military situation.

We will continue to adapt our footprint to best respond to the crisis and best provide support to Ukraine.

**Mr. Randy Hoback:** Okay. That makes sense.

You know, again, I'm trying to stay on the topic of the Canada-Ukraine trade agreement; I really am, because that's what we're here to study. I want to make sure we do our work properly, but it's really tough not to get drawn into the Russian aspect of it.

If the chair could maybe give me a bit of liberty here, today, for example, we heard in question period about the SAMs, those missiles. Are we getting involved in the trade side of things, making sure that when Ukrainians are asking for specific items to help them defend their country...? Do our trade officials actually help in the process? Where do they locate them, how do they locate them, and how do they get them?

**Mr. Arif Virani:** On a point of order, Madam Chair, this is a question that would probably be directed to officials from the defence department. I'm not sure our trade officials have the ability to answer that question.

**Mr. Randy Hoback:** I'm not asking about defence. I know that Defence would be doing that. I'm asking if our trade people are also engaged in those types of roles. It's pretty straightforward.

**The Chair:** Thank you very much, but there is no time left. We have a very short meeting here, and we have another one coming up.

Mr. Arya, you have four minutes, please.

**Mr. Chandra Arya (Nepean, Lib.):** Thank you, Madam Chair.

The withdrawal order doesn't ban the import of goods from Russia or Belarus. It just increases the tariff rate to 35%. The only things that are banned from import are oil and probably gas from Russia and Belarus. Why is that? Do we have the mechanism to ban an entire range of goods from Russia? Is there any problem in our banning an entire range of goods? That's number one.

Two, this withdrawal order is applicable for 180 days. This can be extended by a resolution adopted by both houses of Parliament. Is that the requirement under the WTO, or is the requirement due to any of our own legislation? Can somebody explain that to me?

**Ms. Michèle Govier:** Maybe I'll start with that, and for the broader question I'll turn it back to GAC colleagues.

Yes, the requirement to have both houses of Parliament approve a resolution is within our domestic law, in the customs tariff, and it's part of the condition for this order.

I will note that we're one of the few, if not the only country among our like-minded partners that has something that can be done by order this way. Many other countries that take action on MFN require legislative changes. It's one of the reasons we were able to move so quickly to take this measure. However, there's also this 180-day requirement, noting that it is a deviation from our usual customs tariff.

In terms of broader bans, I will turn to Andrew to maybe speak to that issue.

**Mr. Andrew Turner:** Certainly.

Madam Chair, Canada has imposed a wide range of measures to restrict imports and exports with Russia, not just in this immediate crisis. We've had some restrictions on exports of machineries related to oil exploration going back to 2014, in response to Crimea. In addition, then, to the new sanctions that are being put in place with the restrictions on oil, we have also imposed extended export control restrictions. All controlled goods are prohibited.

Through the Special Economic Measures Act, we have also imposed restrictions preventing the export of a whole range of goods and technologies that, while they would be generally commercially available, could still be of use to the Russian military—semiconductors, or engines for large trucks that would be used in civilian transport but could be used to move military personnel or equipment.

Canada has joined with the like-minded in imposing these restrictions. The intent of these measures is to gradually degrade the capacity of the military.

• (1625)

**Mr. Chandra Arya:** Mr. Turner, my time is limited.

The things you elaborated on are more about export controls. I was asking whether there is any reason we have not expanded the banning of imports beyond oil.

**Mr. Andrew Turner:** In terms of banning imports, we certainly continue to look at other options that could be imposed. In addition, though, we have imposed restrictions on access to Canadian airspace and Canadian waters. That would make it very difficult for Russian goods to be transported and brought into the Canadian market. While the goods themselves have not yet been banned, which is still under consideration, we have taken measures that would still have a very significant impact by preventing them from being brought into Canada.

**The Chair:** Thank you very much. I'm sorry, Mr. Arya, but your time is up.

I want to thank all of our witnesses for appearing today. This is a very difficult subject we're dealing with right now, with what's going on in Ukraine. We appreciate your time and your contribution to this discussion.

We will suspend for a moment while our second panel is brought online. Thank you again to the witnesses.

• (1625)

(Pause)

• (1630)

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

We have from Crossways MK Consulting Limited, Markiyany Markevych, president; from the European Union Chamber of Commerce in Canada, Delphine Adenot-Owusu, executive director; and from the France Canada Chamber of Commerce Ontario, Riva Walia, managing director. We have two witnesses here, and the third one is attempting to join us.

Welcome, Mr. Markevych. I invite you to make an opening statement of up to five minutes, please.

**Mr. Markiyany Markevych (President, Crossways MK Consulting Ltd.):** Thanks, Madam Chair.

Hi, everybody. My name is Markiyany Markevych. I'm principal and president of Crossways MK Consulting, an investment consulting business. I've been doing business in Ukraine since 2014. I sit on the board of the Canada-Ukraine Chamber of Commerce, and I've been heavily involved with investment and trade between Ukraine and Canada, with investments for about \$400 million, since 2014—direct investments into multiple industries.

I would like to focus my attention on three different topics, briefly.

The first is that it's been tough with what's going on, and we received the invitation before the war broke out. We are talking about free trade agreements, and I've been heavily utilizing that. Our

companies have been utilizing the free trade agreement, and now the circumstances are a little different. I just came back from Poland, where I've been for the last three weeks. It's unfortunate times. Nevertheless, I think we have to focus on helping Ukraine and the Ukrainian people in the meantime, and focus on the future. This is very important.

Ukraine will win this war, 100%, and it will be an independent, democratic state.

Even prior to the war, what Ukraine needed was investments. I know we're talking about free trade, but this is all tied up. Ukraine has brains, hands and grains, and it needs help. The specific help that I'm talking about is the EDC. Ukrainian companies need the trade credit insurance, expert financing, which will enable Canadian and Ukrainian companies to do this efficiently, more effectively and in greater schemes.

Another area I've been involved in is through the Canadian Chamber of Commerce, with the CUTIS program. GAC and CUCC partnered together for the CUTIS program, Canada-Ukraine investment and trade support. I think we need more of these programs.

The program has been very successful. We have increased investments tremendously. We have increased trade over the last four years. We need more programs like that to help Ukrainian and Canadian companies.

When we talk about bilateral trade between Canada and Ukraine, I think the area that is very much in need is services. Specifically, Ukraine has probably one of the best procurement systems in the world, called ProZorro. CUCC is trying to set up ProZorro systems through which Canadian companies can directly bid on projects in Ukraine. Again, EDC comes into the picture, with its arsenal, its weapons, to help Canadian companies manage and work effectively in that field.

On the last one, more specifically when talking about trade, one type of company that Canadian investors are directly involved in is agriculture companies. There are specific products in agriculture. I'm going to be very specific here: There are dry egg shells, which come in three different forms. That can be looked into extensively. Right now, there are tariffs on them, and if we eliminated that.... Those are products that have a long life—24 years. That can be looked into as an angle for Ukraine, Canada and the U.S., where Canadian-Ukrainian products can be exported to and imported from Canada under no-name labels. It could be a great working relationship with the Canadian companies, providing three-way trade.

That's all for me. Thanks, Madam Chair.

• (1635)

**The Chair:** Thank you very much, Mr. Markevych. We appreciate the information.

We will now go on to Ms. Adenot-Owusu.

Welcome to the committee.

[*Translation*]

**Ms. Delphine Adenot-Owusu (Executive Director, European Union Chamber of Commerce in Canada):** Madam Chair, members of the committee, let me first thank you for inviting me to appear before the committee.

I would like to clarify that I am speaking in the context of my mandate within the European Union Chamber of Commerce in Canada. So we represent the interests of European Union businesses and chambers of commerce in Canada. Our chamber does not represent any Ukrainian business interests and has only peripheral expertise on the Canada-Ukraine Free Trade Agreement.

With this reservation, I would like to express our solidarity with Ukraine, its people and its representatives. We support the measures adopted by European governments and the Canadian government and their allies to stop the Russian invasion. As necessary as they are, the sanctions and restrictions adopted so far, combined with Russian countermeasures and the disruption of trade with Russia and Ukraine caused by the conflict, have not been without effect on our economies and industries. The sanctions have multiple repercussions and will require a variety of responses from all of us in the short and medium term.

The conflict in Ukraine has had an immediate effect on energy, commodity and food prices, and this is having an impact on all our economies. Developments in commodity prices and financial markets since the start of the war could reduce gross domestic product, or GDP, growth, and push up inflation. To address this, some European governments have already announced tax cuts as well as quick, targeted and time-limited measures in the form of new state-guaranteed loans or direct aid for fossil fuel-intensive companies.

The war in Ukraine has thus harmed industries directly affected by the sanctions and restrictions put in place by Canada and its allies, foremost among them the financial industry, the dual-use goods and technology industry, the transportation, mining, oil and gas equipment and supplies industry, the aerospace industry and the high-tech goods industry. These are complemented by hundreds of companies with an industrial and commercial presence in Ukraine and Russia, including in the automotive, manufacturing, agricultural and agri-food sectors.

In the event of a prolongation of the conflict, with associated restrictions, a thorough sectoral impact assessment would be in order to possibly adopt sectoral or targeted aid for industries and companies particularly affected by the conflict. Many European and Canadian companies will also seek to redirect all or part of their production to other markets. As such, any efforts to improve the implementation of the Comprehensive Economic Trade Agreement, or CETA, and other agreements, or to advance ongoing negotiations, would be welcome.

Many supply chains have been affected directly or indirectly by this conflict. I will focus today on three particularly critical chains.

First, there is the energy supply chain, which has already been mentioned. It could be hit even harder in the event of a halt to exports or an embargo on Russian oil and gas imports. At a time when Europe will be seeking to diversify its energy mix, there are many

avenues for this committee and Canadian negotiators to explore, which are also in line with the necessary transition.

Secondly, there is the supply chain for critical materials and minerals. A strengthening and acceleration of the co-operation between the European Union and Canada in the framework of the strategic partnership on raw materials now seems crucial, as well as an increased triangulation with Washington on these issues.

Third, the supply of agricultural and agri-food commodities in many regions could be affected, which could cause serious short- and medium-term food security problems globally.

To conclude, I would like to add a final word on the Canada-Ukraine Free Trade Agreement, which, at the end of the conflict, could prove to be an extremely valuable tool to support and help rebuild a ravaged Ukraine. Three dimensions seem particularly important to us today: a facilitation of trade in food, basic goods and materials needed for the reconstruction of Ukraine; the adoption of an inclusive approach and the establishment of transparency mechanisms to facilitate access to public procurement for businesses, especially SMEs; and, finally, the inclusion of mechanisms to facilitate professional mobility between the two countries.

On these considerations, Madam Chair, I thank you. I am at the disposal of the members of the committee to answer their questions.

● (1640)

[*English*]

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

Please go ahead, Ms. Walia, for five minutes.

**Ms. Riva Walia (Managing Director, France Canada Chamber of Commerce Ontario):** Madam Chair and members of Parliament, thank you for this invitation.

The ongoing Ukrainian war is certainly a watershed moment in the history of our modern world. The outcomes of this war will define how societies will transcend and how humanity will evolve from here on. We are certainly witnessing the global and the local impacts of this Russian invasion of Ukraine on our economy, as well.

With regard to the modernization of the CUFTA, which is in front of this committee today, I would like to bring forward three important aspects. I do not want to divert into the aspects that are already very much in front of us, but I want to talk about solutions.

First and foremost, I would like to highlight the incremental risk of European dependence on Russian oil and gas, which is the primary reason Europe has been considering an energy transition in the first place. Even though this is the right thing to do, it's not the easiest. I believe that Canada, therefore, has a very strong role to play in the world and, in particular, on the European stage today. While we in Canada do not face an immediate threat to our energy security like Europe does, we are certainly likely to face the pressure to expand our role as a safe and secure source of fossil fuels, coupled with a very strong and stable economy.

Canada, therefore, has a very unique challenge to fulfill in routing some of the oil and natural gas to Europe through channels that are actually non-existent today. Therefore, it's imperative for Canada to rethink the export infrastructure and our role as a supplier to Europe, as well as our role in rebuilding Ukraine. Additionally, this could present a very significant challenge for Canada's efforts to reduce greenhouse emissions by 2050. This presents an opportunity for us to consider additional ways to reduce greenhouse gas emissions and also to formulate policies that will allow us to meet our global targets by 2050.

This brings me to the second point, which is really Canada's role in supporting Ukraine when this war is over. I'm hoping this will be ending soon. Historically, Canadian companies have recognized the strengths of Ukraine in IT and white-collar jobs. The Canadian-Ukraine Free Trade Agreement has a pivotal role to play in rebuilding Ukraine post the Russian invasion by bringing jobs to Ukraine.

As we modernize CUFTA, large-scale Canadian companies like Fairfax have definitely invested strongly in Ukrainian companies. There is an opportunity for us to have additional provisions in this free trade agreement that would enable more Canadian companies to invest in Ukraine and human capital to move freely between the two trade partners. This is also one of the recommendations of the global task force on refugee labour mobility, which I was a part of, earlier today. These measures will concretely support rebuilding and the thriving of the European economy in the free world.

Lastly, I would like to bring to your attention to CUFTA and the parallels that I can draw to the ratification of CETA in France, which, as we all know, is the Canada-European trade agreement, in which France is a big stakeholder. Sitting where I sit, as the managing director of the chamber of commerce and managing \$10.8 billion of bilateral trade between France and Canada, I can assure you that ratification of CETA was not an easy task. My colleague, Delphine, from the European Union chamber, would agree with this as well.

We can learn from CETA and translate what we learn into CUFTA to ensure that we are able to effectively leverage the steps we need to take that will play an important role in rebuilding Ukraine and modernizing CUFTA. In particular, I would like to draw attention to the lack of information for Canadian corporations about this free trade agreement that also exists between France's and the European Union's companies and Canada. There is a constant, ongoing effort between the French chamber of commerce and the European chamber of commerce to educate investors and large corporations in Canada on what the free trade agreement between the largest European nations and Canada may mean for businesses and the Canadian economy. It seems to be a never-ending process for us.

• (1645)

Therefore, I urge this committee to put the right set of resources to ensure that the right information and education sessions are available for companies in Canada, as well as Ukrainian companies, for the free trade agreement or the modernization thereof, so that there is clarity on how to proceed and how to get the maximum benefit out of CUFTA for both Ukrainian and Canadian organizations.

**The Chair:** Thank you very much. I'm sorry; the time is up.

We go to Mr. Martel for five minutes, please.

[*Translation*]

**Mr. Richard Martel:** Thank you, Madam Chair.

I thank the witnesses for being with us today.

Ms. Walia, your comments on Canadian energy sources are interesting. You said that Canada should play an important role in this area. I'd like you to elaborate a little bit more on that.

Also, what are your thoughts on liquefied natural gas?

Ms. Walia, did you hear my question?

[*English*]

**Ms. Riva Walia:** I'm sorry. I can't hear anything. I'm not sure if you can hear me.

**The Clerk of the Committee (Ms. Dancella Boyi):** Madam Chair, if you don't mind, we'll perhaps ask IT to assist Ms. Walia.

**The Chair:** Yes, please.

Mr. Martel, we need to have IT check Ms. Walia's connection. Would you like to ask someone else a question first while IT tries to fix her connection?

[*Translation*]

**Mr. Richard Martel:** Yes, Madam Chair.

Mr. Markevych, since the Canada-Ukraine Free Trade Agreement came into effect in 2017, I have noticed that the value of Canadian exports to that country has dropped sharply.

Why do you think the renewal of this agreement is important for Canada?

• (1650)

[*English*]

**Mr. Markiy Markevych:** I'll be honest with you; I'm not familiar with Canadian exports dropping. In contrast, since the start of the Canada-Ukraine Free Trade Agreement, I've seen Canadian companies picking up way more interest in Ukraine than ever before.

As I said, I think a very important part for this to work are the tools that Canadian companies need, and one of them is EDC. Export Development Canada needs to be working in both ways, in Canada and Ukraine, and I think that's one of the pillars we are missing.

[Translation]

**Mr. Richard Martel:** Canada and Ukraine signed a Foreign Investment Promotion and Protection Agreement in 1995. Currently, the Canada-Ukraine Free Trade Agreement does not contain any investment-related commitments.

Does the Foreign Investment Promotion and Protection Agreement meet the needs of Canadian investors?

[English]

**Mr. Markiy Markevych:** I think more can be done, to be honest. Ukraine is a developing country, and with every developing country there are obstacles and difficulties. I think the renewal of the CUFTA, the modernization of the free trade agreement, needs to be accounted for, as we've seen some instances of Canadian companies in Ukraine having a bit of a difficult time. I'm not talking about large international companies like Fairfax or the others. I'm talking on a smaller scale: entrepreneurs, private investors, etc.

[Translation]

**Mr. Richard Martel:** Madam Chair, has Ms. Walia been able to log in? May I ask her a question?

[English]

**The Chair:** It appears we haven't been able to correct that.

[Translation]

**Mr. Richard Martel:** All right.

Mr. Markevych, why is it advantageous for Canadian companies to have an investment commitment as part of a trade agreement rather than a protection agreement?

[English]

**Mr. Markiy Markevych:** I don't have an answer for you there.

[Translation]

**Mr. Richard Martel:** All right.

My next questions are for Ms. Adenot-Owusu.

Ms. Adenot-Owusu, what role could Canadian companies play in a possible reconstruction of Ukraine?

What role does the European Union Chamber of Commerce in Canada play in preparing its members for the reconstruction of Ukraine?

**Ms. Delphine Adenot-Owusu:** Thank you for the question.

Our members include European companies based in Canada. Therefore, while we interact with Canadian companies, we are more likely to do business with European companies.

However, Canadian companies can play a role in the reconstruction of Ukraine, particularly with regard to the modernization of the Canada-Ukraine Free Trade Agreement. In parallel with what is be-

ing done on CETA, the government procurement aspect is very important. It would be important to open this chapter for the modernization of the agreement so that Canadian companies can participate in public contracts in Ukraine and thus participate in the reconstruction. I touched on this in my opening remarks.

[English]

**The Chair:** I'm sorry, but I have to interrupt again. Time is up for the member.

We'll go on to Mr. Virani.

**Mr. Arif Virani:** Thank you very much, Madam Chair.

Just by way of starting, I want to thank the witnesses. I obviously express complete solidarity with the efforts that everyone is making with respect to Ukraine. We stand in solidarity with Ukraine against this unjust and illegal invasion by Russia.

I also want to correct, for the record, a bit about sanctions, which came up during the previous hour. There was an implication made that sanctions haven't "slowed down" the Russian regime. The actual evidence we've heard at this committee shows that the Russian ruble is falling, inflation is soaring, interest rates are climbing and the entire economy is collapsing. I don't think we're seeing protests in the streets in Russia by Russian citizens because protests of that nature can result in jail time, based on Putin's authoritarianism.

I'm going to split my time with Mr. Sheehan, Madam Chair.

I want to put a question to Mr. Markevych.

Mr. Markevych, I want to ask you about the issue you raised about needing more investments. You talked about how CUFTA had been assisting you, in particular, in your work with your consulting operation.

We heard from the former ambassador of Ukraine to Canada at the last meeting about harnessing not just people-to-people ties, but specifically the IT capacity in Ukraine. I'm wondering if you have an opinion on that as part of the expansion in services trade that you mentioned, specifically in the area of cybersecurity.

I'll go over to you, Mr. Markevych. Thank you. *Dyakuyi.*

• (1655)

**Mr. Markiy Markevych:** As you heard and you know, Ukraine is not only grains and hands, but, as I said, brains. We have humongous...and all these companies are now relocating and still functioning. A couple of my clients are companies that have offices in Canada and all over the world. They're Ukrainian businesses, and that part of the service can be included. They are functioning. They are operating in Ukraine under one regime, so if in the free trade agreement there can be something done for those companies to have trade services expanded, that would be fantastic.

**Mr. Arif Virani:** Thank you, Madam Chair.

I'll cede my time to Mr. Sheehan.

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

Mr. Sheehan, you have the floor.

**Mr. Terry Sheehan (Sault Ste. Marie, Lib.):** Thank you very much.

I'm going to stay on the theme of information technology.

It may not immediately come to mind about information technology in Sault Ste. Marie, but we have the Ontario Lottery Gaming Corporation, which is a multi-billion dollar corporation that relies heavily on IT. There are other small and medium-sized industries that have started that are related to it and have spun off, etc.

There are firms in Sault Ste. Marie that have people who work for them, and a lot of them are freelancers from Ukraine and Belarus as well. As we see this war unfolding, we're seeing a lot of the larger companies—I'm not talking about the Ontario lottery corporation, but in general—moving to safer spots in Ukraine. There are a lot of small, freelance individuals, who are very good, who are still working as freelancers—about 70% of them. We've seen a lot of people from Belarus, with their government and how it's changed, move to Ukraine.

My question, to the same witness, is this: Are you still finding that some of these IT people are shifting where they're working? How does it work, with Ukraine conscripting a lot of the men of 18-plus years of age to fight in this unjust war, and what kind of strain is happening in the IT industry in Ukraine?

**Mr. Markiyanyan Markevych:** A lot of the IT men have been conscripted, and some of them are putting a weapon in their hands, but they are also using their knowledge, brains and their hands on a computer. They are helping to stop all these hacker attacks with cybersecurity, which was ongoing even before Russia invaded. Everybody is volunteering, and 80% of companies have their workforce working. Three of my biggest clients have up to 80% of their people fulfilling their obligations and doing the actual work.

• (1700)

**The Chair:** Thank you very much, sir. We're out of time again.

Before I go to the next member, Ms. Walia apparently has a connection now. She is now available for questions.

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

You have five minutes.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** This is good timing, as my questions were for Ms. Walia.

Ms. Walia, in your assessment, how soon do you think this transition would be possible? I am talking about the gradual withdrawal in Europe of Russian oil and gas in favour of North American or western sources, if I may use the latter term tentatively.

[*English*]

**Ms. Riva Walia:** I wish I had a magic wand to answer your question and say that it could be a couple of years, but certainly not. I think the whole world is working on that.

In particular, I work with a lot of French companies that are investing very heavily in this energy transition. For example, Air Liquide is a large French organization looking at hydrogen as a source of energy. In fact, Canada is host to the largest carbon capture hydrogen plant when it comes to Air Liquide.

These investments—capital expenditure by large organizations—coupled with the desire from countries like Canada, are going to make this happen. We're talking decades in terms of when everybody can truly transition into energy independence. Specifically, this needs to happen with urgency, and the Canadian government really needs to pay attention to this.

There are other governments, like the French, who are ready to participate and ready to partner so we can address this energy transition and accelerate the time frame.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Since we're talking about decades and we know that the environment is the issue that's getting most of the attention, are you advocating the replacement of fossil fuels from the Russian supplier with western North American suppliers, or are you talking about an energy transition to renewables instead?

These are two different things.

[*English*]

**Ms. Riva Walia:** Absolutely, the two are different. They all, for a period of time, need to co-habit and move toward the actual net-zero transition, for sure, but it's not going to happen overnight. It's not one or the other for a period of time. We have to learn to live with what we have as we move into newer technologies and newer ways of powering the world.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** I want to be very sure I understand.

At the end of the day, what you are asking for today is for Canada to be a partner in the import of green technology and renewable energy.

Is that correct?

[*English*]

**Ms. Riva Walia:** That is certainly my request, but it's also to partner with companies and countries outside of Canada to accelerate the process.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** I have understood well, Ms. Walia, and I thank you.

My next question is for the representatives of the two chambers of commerce.

Representatives of Canadian and Quebec companies have told us that they are unfortunately feeling the impact of the necessary sanctions.

Have you received such comments from your members?

**Ms. Delphine Adenot-Owusu:** Is the question addressed to me?

**Mr. Simon-Pierre Savard-Tremblay:** Yes, Ms. Adenot-Owusu.

**Ms. Delphine Adenot-Owusu:** Thank you.

Could you repeat it, please?

**Mr. Simon-Pierre Savard-Tremblay:** I was asking you if any of your member companies have been impacted by the sanctions on Russia. I would also like to know what steps you have taken in this regard.

I don't question the need for these sanctions, but we are still wondering how to compensate companies here so that they are not hurt as much as Russia must be.

• (1705)

**Ms. Delphine Adenot-Owusu:** As I said earlier, our companies are European companies based in Canada. Obviously, like everyone else, they have to deal with rising energy and commodity prices.

However, it is the head offices of these companies in Europe that deal with the direct consequences of the sanctions. In response and to support European companies, European governments have put in place tax breaks, which inevitably impact European companies here in Canada. These are targeted measures for fossil fuel-intensive companies and industries.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Ms. Adenot-Owusu.

[*English*]

**The Chair:** Thank you very much. I'm sorry. Your time is up, Monsieur Savard-Tremblay.

We're on to Mr. Green for five minutes.

**Mr. Matthew Green:** Thank you, Madam Chair.

I want to acknowledge again, to the witness who just returned from Poland, the cognitive dissonance you must feel in contemplating trade matters, having witnessed, even in proximity, the atrocities that are being committed in Ukraine. However, I want to pick up on a line of questioning that I think is an important and integral question, which is Canada's role in the reconstruction and rebuilding of Ukraine.

Mr. Markevych, you touched on investment, the EDC and the agricultural sector. There has been lots of discussion around the movement of goods. I would also like to add, for your contemplation, the idea of visa-free travel and the movement of people, entrepreneurial-class folks, who might be able to find refuge here while doing business abroad.

Could you contemplate, based on your experience and the roles you play here locally, how Canada can best position itself, now, in the future contemplation of the reconstruction and rebuilding of Ukraine?

**Mr. Markiyany Markevych:** You touched on all the important points, and I think that's all valid. I think we need to put mechanisms in place as far as what I'm talking about.

I've been part of the CUTIS program with the Canada-Ukraine Chamber of Commerce. I think one of the witnesses mentioned that educating people and educating companies never stops. Companies in Canada are not aware of the benefits they can achieve in Ukraine and what can be done through the ProZorro procurement system.

Prior to the conflict, say six months ago, we were trying to get Canadian businesses in oil and gas, where it's our bread and butter, to do the gas modernization in Ukraine. It's very difficult, almost impossible, so education is the key. Having programs to do—

**Mr. Matthew Green:** On that particular issue, I think you've touched on one where we may even find consensus around the table, which is that there is certainly expertise here on oil and gas. What you've suggested is the need for supports on the modernization of the sector in Ukraine, yet if I heard the testimony correctly, you said it was difficult.

Can you expand on that? I feel, even as a guest to this committee, that one of the recommendations of this study could be something that goes back to the House particular to that point. I'm sure that vital part of infrastructure within Ukraine will be important for their ongoing independence and democracy there.

Can you expand on where you see some of those difficulties coming from and recommendations you suggest that we send back to the House for further supports?

**Mr. Markiyany Markevych:** Number one is payment guarantees. Even though it was guaranteed, like all these contracts.... I'm talking about \$250 million U.S. per gas transshipment facility that needed to be modernized. There were eight of them. We're talking about multi-million dollar contracts.

The EDC is not working. Companies are afraid of risking their money, even though they're prepayments from the Canadian government for the first batch of work. It's the risk and the unfamiliarity. It's all these little nuances. I think EDC is a big, critical part here to make things start flowing, first of all.

Second of all, it's the education. We need to have programs here with people, with the European chambers and with the Canada-Ukraine chamber. You have enough.... We're talking about free trade between Ukraine and Canada, and you have enough expertise here. Our embassy and trade commissioners in Canadian embassies—I'm a Canadian citizen, so I'm talking about our embassies and trade commissioners—are doing phenomenal work. I've been involved with them over the last eight years, and they're doing phenomenal work, but it's not enough. It's just a small portion of it.

• (1710)

**The Chair:** I'm sorry, Mr. Green, your—

**Mr. Matthew Green:** I still have 15 seconds left. I have my timer going right here.

Thank you, Madam Chair.

**The Chair:** You have 15 seconds.

**Mr. Matthew Green:** I'll use them. Thank you.

If you have anything in writing that you'd like to contemplate or you'd like the committee to contemplate, I urge all witnesses who may not have had the time to fully respond to provide their response in writing for the committee's future consideration.

Thank you.

**The Chair:** Thank you.

Thank you very much to all of our witnesses today, again, for very valuable—

**Mr. Randy Hoback:** I have a point of order, Chair.

I wonder if we could give Mr. Martel a minute to ask his question, now that there are no technical difficulties with the witnesses he was trying to address.

**The Chair:** Yes. He can have just one minute, though.

Go ahead, Mr. Martel.

[*Translation*]

**Mr. Richard Martel:** Thank you, Madam Chair.

Ms. Walia, I liked your comments about Canadian energy. I would like you to talk more about it.

How could Canadian liquefied natural gas play a key economic and geopolitical role in Europe while meeting greenhouse gas emission reduction targets?

[*English*]

**Ms. Riva Walia:** I think we all would agree that we have no choice but to save the planet. The only way we can do it is by making sure we make the energy transition. As I said earlier, Canada has a very strong role to play globally, given that ours is the biggest and most stable energy economy in the world.

I see the opportunity to partner with the European partners, in particular.

[*Translation*]

**Mr. Richard Martel:** However, Ms. Walia, just to...

[*English*]

**The Chair:** I'm sorry, Mr. Martel. We still have an agenda that we have to get through this afternoon. You could communicate directly with Ms. Walia to get the information. You have my apologies. It's just that we still have committee business for the remainder of the afternoon.

Thank you again to all of our witnesses.

We are now going from public to the in camera meeting. Members and authorized staff who are participating virtually, please log off this meeting and use the in camera Zoom link.

Thank you again to all our witnesses. We very much appreciated your testimony.

[*Proceedings continue in camera*]

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