



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

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# Standing Committee on International Trade

EVIDENCE

**NUMBER 015**

Wednesday, April 27, 2022

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Chair: The Honourable Judy A. Sgro





## Standing Committee on International Trade

Wednesday, April 27, 2022

• (1610)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** Welcome to meeting 15 of the House of Commons Standing Committee on International Trade.

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

I'd like to make a few comments for the benefit of the 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're not speaking. For those participating via Zoom, you have interpretation options at the bottom of your screen of floor, English or French. I'll remind you that all comments should be addressed through the chair.

Go ahead, Mr. Hoback.

**Mr. Randy Hoback (Prince Albert, CPC):** In respect of the time for the witnesses—I want to give them as much time as possible—if it's okay with the committee, I would suggest we just go to committee business quickly for a minute. I think we have an agreement on the proposals we'd like to see brought forward.

Do you want me to read them into the record?

The proposal that we'd like to see, but probably won't get, is where we take 12 MPs, one analyst and one clerk to Bangkok, Singapore, Hanoi and Jakarta. In light of the fact we probably won't get that due to the costs, plan B would be Bangkok, Hanoi, Singapore and Jakarta, but reduced to seven MPs, one analyst and one clerk.

I think there's consensus around here that this would be okay to take forward to the committee.

**The Chair:** Is everybody in favour?

**Mr. Arif Virani (Parkdale—High Park, Lib.):** Yes and, Madam Chair, I can confirm that I heard from Mr. Masse by text message. He said that it sounds very reasonable.

**The Chair:** Monsieur Savard-Tremblay is okay with it.

**Mr. Arif Virani:** It's reasonable to this side as well. Thank you.

**The Chair:** All right.

**Mr. Randy Hoback:** I know you have some dates here, which we could talk about at a later meeting. I know this is time-sensitive.

**The Chair:** Yes, it is.

That's great. Everybody's in favour. Thank you very much, Mr. Hoback.

Madam Clerk, you're clear with that? We'll do two submissions.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, March 21, 2022, the committee is resuming its study on trade opportunities for Canadian businesses in the Indo-Pacific.

You have our apologies for being delayed. I think if you've been here before you know how votes work, so we couldn't get our meeting started. We have another one later on at the end of the meeting, so we want to get as much testimony from our great witnesses as we can.

From the Canada-ASEAN Business Council, we have Wayne Christopher Farmer, president. From the Canadian Chamber of Commerce, we have Mark Agnew, senior vice-president, policy and government relations. From the Canada Korea Business Council, we have Sonny Cho, president and chief executive officer. From the Canada Vietnam Society, we have Julie Dai Trang Nguyen, director. From Greenpeace Canada, we have Shane Mofatt, head of nature and food campaign.

Welcome to all of you.

We will start with opening remarks for five minutes, please, starting with Mr. Farmer.

**Mr. Wayne Christopher Farmer (President, Canada-ASEAN Business Council):** Thank you.

Good afternoon everyone. It's morning here in Singapore. My name is Wayne Farmer, and I'm president of the Canada-ASEAN Business Council. Thank you for the opportunity to speak today, Madam Chair and members of the Standing Committee on International Trade.

I'll give a brief background. The CABC is a private sector-led not-for-profit that was established in 2012 and headquartered here in Singapore. Our mission is to build trade and commerce between Canada and ASEAN and the 10 member states within ASEAN. We represent over 60 Canadian and ASEAN businesses trading between the two regions. We've been a very key advocate for increasing the Canada-ASEAN trade flow, recognizing the immense potential that ASEAN presents for Canada and vice versa.

We've been very active in working with Canadian governments in the ASEAN member states to get to the point where two free trade negotiations were formally launched in 2021, which are the Canada-ASEAN FTA and the Canada-Indonesia CEPA.

I also want to note that it's taken quite a lot of time to get to this point, which is the nature of these discussions. I've been involved in volunteering with this for almost 10 years—

**The Chair:** Mr. Farmer, can I interrupt you for one moment?

I have to apologize to Mr. Masse. I was supposed to wait 10 minutes before starting the committee meeting. We did just start though.

**Mr. Brian Masse (Windsor West, NDP):** Thank you, Madam Chair.

You're a good chair, so I know it wasn't by intent.

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

We'll go back to Mr. Farmer, please.

**Mr. Wayne Christopher Farmer:** As the president of the CABC and a Canadian who has been living in the region for almost 30 years, I want to emphasize the growing importance of ASEAN as a hub for business, trade and investment and Canada's potential gateway into the Indo-Pacific region.

As a single market with over 670 million people—I might add that about 50% of those are under the age of 30—ASEAN currently represents Canada's sixth-largest trading partner, with bilateral merchandise trade between the two regions growing steadily by about 6.4% per annum over the last two decades. Certainly, as the ASEAN economies and populations continue to grow, and their middle class grows, the rising demand for exports and services represents an increasing opportunity for Canadian businesses.

At present, however, Canada-ASEAN trade is still underperforming. This deficit needs to be addressed not only to maximize the economic benefit and market access for Canada in one of the world's fastest-growing regions, but also to provide long-term risk diversification for Canada to hedge against geopolitical and supply chain concentration risks and strengthen ties with a region fully supportive of global trade and the regulatory institutions that govern it.

According to a recent economic analysis conducted by C.D. Howe, a Canada-ASEAN FTA could see potential bilateral trade increases of up to \$4.3 billion and income gains of \$2.1 billion to Canada, as well as net job creation on the order of 2,000 to 3,000 jobs. While appearing modest, these are achievable numbers, not inflated goals, and they are, we believe, somewhat understated. This does not include the fact that an FTA or more formal trade

framework is itself a catalyst to greater trade and custom between the two regions.

With the recent Russian invasion of Ukraine, and given some time, Canada is also ideally positioned to supply ASEAN with such necessary commodities as energy and food. Food security has increasingly become an issue as of late. Strategically, an FTA with ASEAN will also allow Canada to eventually enter the RCEP trade agreement, as an ASEAN FTA is a prerequisite for joining that.

While the strategic and economic potential is immense, so is the competition. Many of Canada's trade competitors, including the U.S., the EU and Australia, amongst others, and now the U.K., have been very proactive in ramping up their strategic engagement and trade initiatives with ASEAN. It is a hugely successful accomplishment to recent Canadian governments and to the work of Global Affairs Canada that, given our smaller current economic engagement and footprint with ASEAN compared with these nations, we are positioned where we are on ASEAN's list of priorities.

As such, the CABC and the network of Canadian businesses we represent urge Canada to continue to prioritize the negotiation and implementation of the Canada-ASEAN FTA and the Canada-Indonesia CEPA, in addition to exploring other opportunities for bilateral agreements with economies in ASEAN. A holistic approach is certainly necessary to yield long-term engagement with ASEAN. We should also ensure that we adopt a constructive and pragmatic approach during the current free trade negotiations by promoting the sharing of best practices and assisting with capacity building, understanding that this is the starting point to a much longer relationship with an opportunity to continue to upgrade and deepen our trade and diplomatic ties over time.

In conclusion, ASEAN is a region of significant growth, with a long queue of parties who want access. The time certainly is now for Canada to commit as a long-term trading partner to ASEAN and secure its presence in the Indo-Pacific. The CABC and its members stand ready to support Canada's efforts to increase regional trade with ASEAN, and hold a lot of optimism for the future of Canada-ASEAN trade and relations.

Given the limited time, I have outlined more analysis and recommendations in the briefing note we have submitted for the committee's consideration. I would very much welcome more discussion and any questions that you have subsequent to this. I'd be happy to follow up with that.

Thank you for the opportunity to make a few remarks.

• (1615)

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

We'll now move on to Mr. Agnew.

Welcome back to the committee.

**Mr. Mark Agnew (Senior Vice-President, Policy and Government Relations, Canadian Chamber of Commerce):** Thank you very much, Chair, for having me back.

I think this is certainly a timely study, given the government's work currently on the Indo-Pacific strategy, upon which I'm going to be focusing my remarks for the next few minutes.

The first area that I want to mention is around trade policy. We have a number of initiatives that are ongoing in the region, and certainly they hold potential for opening new market access opportunities. These include recently announced initiatives such as our negotiations with ASEAN and Indonesia but also the potential for CPTPP expansion and opening opportunities in underutilized markets for Canadian businesses such as Taiwan.

I think it's important to go into these discussions, certainly, with a clear set of priorities. That's something we hear about regularly from our members. Some of the priorities that I would encourage this committee to think about in its recommendations would be, first, around tariff liberalization to ensure that our exports are remaining cost-competitive; having robust digital trade chapters that ensure the protection of cross-border data flows and that data localization does not become a condition for doing business in these markets; and enhancing regulatory dialogues to ensure that non-tariff measures such as SPS regulations in the agriculture sector do not become barriers to trade.

Also in the context of CPTPP specifically, we encourage the government to maintain the high standards of the agreement and not water down its provisions when it's looking at potential accession countries in the negotiation process.

The second area in the Indo-Pacific strategy in the Indo-Pacific region, of course, is China. Although the government has committed to delivering an "Indo-Pacific strategy", the elements that pertain to China will certainly be quite critical for the Canadian business community. I think it's important to be clear-eyed not only, of course, about the size of the market but also the geopolitical challenges posed by China. How we engage with China needs to be balanced intelligently and certainly anchored, also, around co-operation with our allies in engaging with Beijing.

The third consideration goes back to what I said a moment ago around focus. The reality is that we live in a world of finite resources, both financially for the government and also with the bandwidth of human resources to deliver upon a foreign policy agenda. It would not be realistic to expect that our country can make a push in all sectors and in all countries in the region equally. We need to be judicious about how we go about selecting markets of focus and the priority sectors we are pursuing in those countries.

The fourth and final area I want to mention is around the role of non-governmental entities in bolstering trade relationships through the region in on-the-ground connections. Businesses are the ones that engage in commerce at the end of the day rather than governments. In doing so, they play an important part in the Canadian footprint in the region. I think government should see trade missions and other activities that facilitate those connections as part of a broader set of foreign policy tools at our disposal.

I know that when I travel abroad on behalf of the Canadian Chamber of Commerce, I represent not only my organization but also what foreign nationals perceive about Canada and Canadians. Therefore, a strong industry-government collaboration, I think, is mutually reinforcing.

Thank you for your attention, and I look forward to your questions.

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

We move to Mr. Cho.

**Mr. Sonny Cho (President and Chief Executive Officer, Canada Korea Business Council):** Thank you, Madam Chair. I'd like to thank the committee for this opportunity to provide comments on the business and trade opportunities with South Korea.

My name is Sonny Cho, CEO at the Canada Korea Business Council. We work mostly with the Canadian SMEs in the technology and manufacturing sectors across Canada. Some of the activities we're involved in are hosting forums to educate and motivate Canadian SMEs to explore the South Korean market. We host technology tours to Korean SMEs to showcase Canada's leadership in advanced technologies and try to facilitate joint ventures.

We also support government missions to and from Korea to promote trade and investment. Some members of our CKBC lead their own private business missions to arrange B2B meetings and facilitate business deals.

Why Korea? Korea has about 52 million in population, \$1.8 trillion U.S. in GDP, and it is one of the top 10 economies in the world. It's ranked number five in R and D expenditure. Canada is actually at number 13. Canada and Korea have had a free trade agreement since 2015.

Just recently Korea has been trying to become less dependent on China. It currently imports about 25%. It has suffered substantially in recent years with China's retaliation. It is building more plants in the U.S., India, and ASEAN countries. Now we're beginning to get a few in Canada in the semiconductor and EV sectors.

Some of the opportunity sectors for Canadian companies in South Korea are in automotive, aerospace, ICT, autonomous vehicles, artificial intelligence, cybersecurity, energy and clean technologies, defence, communications systems and radars, ocean technologies, medical devices, life sciences, and agriculture and food.

You've probably seen in the media some of the recent deals with Canada were Li-Cycle with LG Chem and LG Energy Solution; Stellantis and LG Energy Solution; GM Canada with POSCO; and Naver's investment in Wattpad in Waterloo.

One area where I think we can improve especially is in commercial branding. Koreans love Canada and Canadians, but they don't give us too much business. Most foreigners can't name what commercial products Canada makes. More Canada branding programs are needed, and we need to support some of the service providers who are involved in facilitating exports, joint ventures and foreign direct investment.

Frequency and consistency with a long-term view are critical for success. Face-to-face meetings, sharing meals, these are the universal culture. We should be doing more of that now that we're getting out of the pandemic.

Many Canadian SMEs are not very knowledgeable about South Korea and are reluctant to invest time and resources to penetrate the Korean market. Most SMEs are still very comfortable just selling to the U.S., the U.K., the western EU and Australia.

We're not taking advantage of the Korean Canadian experts who are living in Canada. Actually, the Korean government is the one taking advantage of the Korean diaspora around the world. It supports its chapters and conferences annually, trying to help export their goods over to other countries. I think Canada should get involved in taking advantage of our multicultural diaspora communities, which are very active in international trade.

We need to improve our competitiveness. Canada's contribution to Korea's imports is only 0.87%. China and Japan are the top exporters to Korea. It is understandable since they are its closest neighbours, but other western countries do much better than Canada. The U.S. is at 12%. Germany is at 4.5%. Australia is at 3.85%. The Netherlands is at 1.5%. They export from two to 15 times more than Canada to South Korea. We need to study and understand why we are behind other countries.

The trade commissioner service and the EDC do a great job in helping many Canadian companies, but I think there are limits to what the public sector can do. There's a gap to be bridged. I think the private sector can do a better job in recruiting and persuading Canadian SMEs to sell to South Korea. More Canadian SMEs need to travel to Korea and Asia to understand the markets and build relationships.

● (1625)

Building relationships with major Korean companies can open up a lot of opportunities and provide access to China, India and other Indo-Pacific markets. There are lots of good government programs, but directing SMEs to take advantage of these programs and be adventurous is still a challenge.

In closing, we've had good—

**The Chair:** I have to interrupt you.

I'm sorry, Mr. Cho. You'll have to insert your last comments into your answers to the committee members.

**Mr. Sonny Cho:** We're doing good work with the Canadian embassy and CanCham Korea, and we look forward to sharing more ideas and thoughts with the Canadian government in the near future.

Thank you.

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

We'll now have Ms. Nguyen for five minutes, please.

**Ms. Julie Dai Trang Nguyen (Director, Canada Vietnam Society):** Good afternoon.

On behalf of the Canada Vietnam Society, I would like to thank the House of Commons Standing Committee on International Trade for inviting me to speak as a witness. The Canada Vietnam Society is a non-profit organization with a mission to build a strong Vietnamese Canadian community to promote trade, education and people-to-people links for the benefit of all Canadians. Our society has member associations, which include the Canada-Vietnam Trade Council, student associations and cultural and sport groups across Canada.

My opening statement will focus on the importance of Vietnam for Canadian businesses, not only in ASEAN but in the Indo-Pacific overall.

My first point is that Vietnam matters to Canada because Vietnam has been Canada's largest trading partner in ASEAN since 2015. Bilateral trade between Canada and Vietnam was \$9 billion in 2020. That's up from \$8 billion in 2019, despite the pandemic.

Trade diversification is important to Canada. Canada needs to build strong relationships with other Asian countries beyond China. ASEAN is an important trading bloc of 10 nations. It has a total population of 660 million and a combined GDP of \$5 trillion, representing the world's fifth-largest economy. ASEAN is Canada's sixth-largest trading partner. In 2020, Canadian trade with ASEAN was \$33 billion.

ASEAN is at the centre of Asia's regional security. Within ASEAN, Vietnam is not only an important trading partner but also an important security partner as Canada considers its Indo-Pacific strategy. Vietnam and Canada are both committed to multilateralism, global security and combatting climate change.

From a war-torn and impoverished nation in 1975, Vietnam became a lower middle-income country in 2010. With a current population of 100 million, Vietnam's economy grew an average of 7% for five years after 2015. While most of the world's economy shrank during the pandemic, Vietnam's economy grew an average of almost 3% over the last two years. Vietnam is expected to be an upper middle-income country by 2030, and a high-income developed country by 2045. Canadian companies stand to benefit in the education, technological, agricultural, clean energy and aerospace industries, among others.

Here is my second point. Canada should consider tapping into Vietnam's network of free trade agreements. Vietnam has 15 free trade agreements in force, including with the European Union, the United Kingdom and the Regional Comprehensive Economic Partnership, or RCEP for short. The RCEP consists of 10 ASEAN nations, plus Australia, China, Japan, New Zealand and South Korea. Taken together, Vietnam's free trade agreements encompass 60 economies that represent 90% of the world's GDP.

Here is my third point. Canada and Vietnam have had a long-standing diplomatic relationship since 1973. Next year marks the 50th anniversary of that relationship. Both are members of the United Nations, la Francophonie and the CPTPP. The Canada-Vietnam partnership agreement was signed by both governments in 2017. In 2019, Vietnam became one of the top five source countries for international students in Canada.

Canada opened a military attaché office in Vietnam in 2020. Last January, the Canada-Vietnam joint economic committee was established. Earlier this month, Canada's foreign affairs minister made an official visit to Vietnam and discussed, among other issues, the launching of the Canada-ASEAN free trade negotiations.

Vietnam plays a major role in the Indo-Pacific region. The United States, Japan and India have already recognized this reality. This is why they have strong relationships and partnerships with Vietnam.

In closing, I urge you to consider—

• (1630)

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** Madam Chair, there is no more interpretation.

[*English*]

**The Chair:** Ms. Nguyen, your time is finished. Thank you very much.

Is the translation all right now?

Okay. Thank you.

Mr. Moffatt, you have five minutes, please.

**Mr. Shane Moffatt (Head of Nature and Food Campaign, Greenpeace Canada):** Thank you, Chair.

It's a pleasure to be able to speak with you today. I very much appreciate the opportunity.

I'm speaking from Tkaronto on the traditional territories of the Haudenosaunee, the Anishinabe, the Huron-Wendat, the Chippewas and the Mississaugas of the Credit.

Greenpeace is a global campaigning organization with a mission to maintain life on earth in all its diversity. We comprise 26 independent regional organizations, with a presence in over 55 countries around Europe, Africa, the Americas, Asia and the Pacific. These include an incredible team of people working on the ground with Greenpeace Indonesia as well as Greenpeace Canada, where we were founded over 50 years ago. Since then, we have invested significant resources in exposing the risky commodities driving deforestation and human rights violations around the world.

Palm oil, unsurprisingly, comes in near the top of the list. Palm oil is made from the fruit of oil palm trees, which come from west Africa originally but were brought to Southeast Asia in the 1960s. It's found in many of the products that we use every day—shampoo, bread, toothpaste, chocolate and even laundry detergent. Palm oil is grown in many tropical countries, although Indonesia is by far the largest producer in the world.

Palm oil can be produced sustainably, but a lot of it isn't. The problem lies with where and how it is grown. To make way for palm oil plantations, huge areas of rainforest are torn down by bulldozers or burned to the ground. Most Indonesian oil palm plantations are on the islands of Sumatra and Borneo, where forest destruction has pushed all three species of orangutan to critically endangered status. Borneo has lost nearly 150,000 orangutans over the last 16 years. In Indonesia the palm oil industry is estimated to have caused 2.3 million hectares of deforestation between 1995 and 2015.

Deforestation is also a major contributor to climate change. Clearing forests releases enormous amounts of carbon. With fewer trees, less carbon dioxide is then removed from the atmosphere. Oil palm plantations need dry land, so companies drain the forests and peatlands, making it very flammable. Our analysis revealed that between one million and two million hectares of Indonesia's peatland burned between 2015 and 2018.

More than 900,000 people in Indonesia suffered acute respiratory infections due to smoke haze from those 2019 fires. The Dayak people, one of Borneo's original inhabitants, rely heavily on the forests for their livelihood. Now their culture and way of life are threatened.

When we talk about risky commodities, however, it's not just palm oil. Rubber was among the top five exports from Indonesia to Canada in 2019. Rubber plantations have also been connected to deforestation and indigenous rights violations.

Wood pulp was the third-largest export from Canada to Indonesia in 2019. This is a key component in writing paper, which is, interestingly, one of Indonesia's largest exports to Canada—the fifth-largest that year. What's more, the largest wood pulp producer in Canada, Paper Excellence, is said to be owned by the Indonesian family business behind the Sinar Mas palm oil and pulp wood empire. Sinar Mas has a long track record of deforestation and social conflict. The logging industry in Canada is itself already under pressure for “some of the worst forestry in the world”, responsible for a tremendous loss of biodiversity and massive greenhouse gas emissions from unsustainable logging.

Both Greenpeace Canada and Greenpeace Indonesia have significant concerns with the proposed Canada-Indonesia trade agreement. Almost 50,000 Canadians have already voiced their opposition. We have identified three priorities for any deal.

First, we need more transparency. The draft text should be shared with the public. Independent impact assessments should be conducted with the involvement of civil society.

Second, the public deserves to know how any deal will align with the government's commitments under the United Nations Declaration on the Rights of Indigenous Peoples, the Convention on Biological Diversity, the Paris Agreement and the most recent Glasgow leaders' declaration to end deforestation. Clear goals embedded in the treaty text and annual progress reporting are essential.

Third, any deal should distinguish between goods based on how they are produced, and guarantee traceability of all products. This requires enforceable guarantees that Canadian forest products are not originating without the free, prior and informed consent of indigenous peoples, or originating in threatened species' habitat. The same goes for Indonesian products like palm oil originating from deforestation or linked to human rights abuses.

In conclusion, we need to see a Canada-Indonesia deal that truly reflects the most urgent global issues that require co-operation to resolve—climate change, the biodiversity crisis, rampant social inequalities and the concentration of resources in the hands of a wealthy few. Transparency and public oversight are the best ways to achieve this.

Thank you very much.

• (1635)

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

We'll now move to committee questions.

Mr. Lewis, go ahead, please, for six minutes.

**Mr. Chris Lewis (Essex, CPC):** Thank you, Madam Chair.

Thank you to all the witnesses. Thank you for your fantastic testimony this afternoon. We're sorry to delay you, but that's the life up here sometimes.

My first question, Madam Chair, is through you for Mr. Agnew.

I'm not here to blame anybody or any nation, but what is your perspective on why a trade agreement hasn't happened before with ASEAN nations? Why has there been a delay there?

**Mr. Mark Agnew:** I'll go into highly speculative mode here, but I think part of it is because of the pandemic. Certainly, the inability to do face-to-face interaction slows down a whole lot of things. Trade agreements aren't immune to that either.

The other thing I would say about ASEAN, though, is that if you look at some of the other negotiations, potentially, that they have done—for instance, with the EU—you'll see that these things took time to get off the ground and materialize. When you're negotiating with 10 countries at once, it's going to take a little bit longer.

The last thing I'll say is that there still is not entire clarity in my mind as to whether the levels of ambition are completely aligned

between the countries. We want to make sure that we're maintaining a fairly high level of ambition and that there's a good deal on the table that matters for businesses and delivers real outcomes.

**Mr. Chris Lewis:** Thank you, sir.

My next question is for Mr. Farmer.

What sectors should we prioritize? Along with that, what would be the next step for those discussions? We talk about agriculture. We talk about automotive. We've had some really good discussions here, and great testimony, but which one do you believe, sir, we should be prioritizing?

**Mr. Wayne Christopher Farmer:** The reality is that Canadian business engagement with ASEAN is quite diverse. You can see that in our membership. There are probably a dozen or more industries.

Certainly, tariff bases on goods is a starting point. Financial services is another area of strong concern to our members. A lot of the Canadian insurance and pension funds are very active in this region, and are being encouraged to be more active by the ASEAN countries as well. Agribusiness, agrotech, infrastructure—all of these areas are areas of focus for us in this region.

Energy is another one that's potentially there in the existing supplies of gas, in future cleaner energy sources and in energy transition, which ASEAN itself is in the process of looking at in terms of their stated desire to reduce their carbon footprint as well in this part of the world.

The opportunity says “big” and it's very complex, but you'll note in the written testimony that I've submitted that there are probably half a dozen or more very core areas, including digital technology and digital access, that are of great importance for Canadian industry to focus on in this part of the world.

**Mr. Chris Lewis:** Thank you, Mr. Farmer.

I'll go back to you again, sir, with regard to electric vehicles. Basically in my own backyard, we have a \$5-billion investment from both levels of government, provincial and federal, for an EV battery plant. Is there an appetite, if you will, in the ASEAN world for electric vehicles? Are they doing as much work on it? Do they want electric vehicles as much as the North American countries do?

**Mr. Wayne Christopher Farmer:** I'd say the answer to that is yes. Obviously, we have to recognize that within ASEAN you have 10 sovereign countries that have very different levels of development. They go from the highly developed, such as in Singapore, where I am, to Myanmar, Cambodia, Laos and the less developed countries in the region. Certainly, these countries are all looking at battery storage, digital to grid technologies, as well as component manufacturing.

To speak to Vietnam, VinFast is a very big and growing electronic vehicle brand and company that's coming out. Indonesia and Thailand have been very traditional centres of automotive assembly and manufacturing, not just for domestic consumption but also for export. You have a lot of the Korean and Japanese auto companies and others involved in these regions.

Yes, the general thrust is also toward electronic vehicles and battery storage, not just for vehicles but also for power in general. There's a lot of innovation coming down the road in this part of the world that I think translates back to Canada and vice versa.

• (1640)

**Mr. Chris Lewis:** Fantastic. Thank you, Mr. Farmer, for that answer. That was really good.

This last question is for Mr. Cho.

I'm going to stay along the lines of automotive here. Although we have some of the greatest manufacturers and assembly plants in the world, I'm wondering if there is a way that the ASEAN nations could help, if at all, with the shortage of our microchips. Long story short, we can build all these great vehicles, but we don't have the semiconductors to put into them.

Mr. Cho, do you have an opportunity there, or do you see an opportunity there?

**Mr. Sonny Cho:** Yes, I think there are lots of opportunities. We just have to have the government and the private sector work together and make more trips to meet with decision-makers. They're not as knowledgeable about Canada's capabilities yet, but they're beginning to recognize us. That's why they invested in Wattpad in Waterloo. They set up AI labs in Canada, in Toronto, Montreal and Vancouver. Now they're building EV plants.

The U.S. convinced Korea that it needs to become less dependent on China. That's why they are building semiconductor plants in the United States. We should get a share of that. It's because the Americans have been much more aggressive than we have.

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

Mr. Arya, go ahead, please, for six minutes.

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

These discussions on the Canada's trade and investment relations with ASEAN countries are very important, especially in the context of Canada's development of its Indo-Pacific strategy. We all know that, for Canada, trade is very important. It accounts for 60% to 65% of our GDP. We also know that export companies provide high-quality jobs, with almost 40% higher salaries.

The pandemic has changed international trade, I think I should say, permanently. There is a permanent dent in globalization and international trade. Protectionism has come up. This Russian invasion of Ukraine is also going to have a major impact. Energy security has become very important for every country in the world. For Canada, we need to diversify. Today most of our trade is with the United States. Our companies are more comfortable dealing with the U.S. and the North American market than looking beyond North America.

This study we are conducting also includes India and Taiwan, along with ASEAN countries. India is, of course, a high-priority trading partner for Canada. This year we formally launched a comprehensive economic partnership agreement to consider an interim agreement, whatever that means. Let's see how it goes.

With Taiwan, merchandise trade with Taiwan is better than India. I think in 2021 we had about \$10 billion in trade with Taiwan, against India's \$9 billion. Taiwan, as we all know, has applied for the Comprehensive and Progressive Agreement for a Trans-Pacific Partnership, CPTPP. With Taiwan this year we have begun exploratory discussions on a foreign investment protection agreement. Also we have agreed with Taiwan to work together to further promote supply chain resilience.

ASEAN countries are very important for diversification. Combined, they make up a very big number in terms of their size. I think that their combined GDP in 2020 was about \$8 trillion, with a combined population of around 617 million. We need to encourage Canadian companies to go beyond the North American market, to look outside of Europe and China. The next big thing is ASEAN countries.

As the Canada-Vietnam Society director Julie Nguyen said, ASEAN countries are our sixth-largest trading partner. I am glad to see the Canada Vietnam Society represented here.

It's good to hear the views of Mr. Farmer, the president of the Canada-ASEAN Business Council. With his feet on the ground there, his perspective is very important for us. I did note that you mentioned that Canada can be a supplier energy and food to these countries, which is very important.

To the Canada Korea Council chair Sonny Cho, it's so nice to see you. I was the previous co-chair of the Canada-Korea Interparliamentary Friendship Group. I know the investments South Korea has made in Canada, in the semiconductor and the electrical vehicle sectors. It is good.

As I said, ASEAN as a whole is very important. Recently I met with ambassadors from Brunei, Indonesia and Malaysia. In fact, later today, I'm scheduled to meet the Indonesian ambassador and an Indonesian delegation of officials and private sector leaders from energy, finance, mining and transportation sectors, who are interested in expanding their business in Canada.

My question is for Mr. Farmer, Ms. Julie Nguyen and Mr. Sonny Cho. It's the same question for all three of you. Because of the time restrictions, please answer in under one minute each. Tell us the three important things Canada should do, change or modify to improve trade relations between Canada and ASEAN countries.

Mr. Farmer, you can go first.

• (1645)

**Mr. Wayne Christopher Farmer:** Thank you for that.

In many ways, we're doing that already. A formal trade framework will certainly help encourage that and get us to a level playing field with some of our competitors in the region. That has started and is well under way, and we need to maintain the momentum on that.

The second thing, which is more challenging, is ensuring that once we have these trade frameworks in place, we continue to encourage Canadian businesses to take advantage of them. This requires a lot of coordination among the resources that we have. There's often a complaint that we don't have enough resources on these problems, but we have a tremendous amount of resources. It's just that we're not always very coordinated with the left hand and the right hand in getting a clear picture to Canadian business of what the opportunity set is there and what the resources are that they can take advantage of in accessing these markets.

I think the other thing is patience and a time commitment. It takes a long time, both to build these agreements and to building trading relationships, particularly in a region like Asia, or an ASEAN country, where relationships are highly valued. We've had remarkable success in the last decade or so, since rejuvenating our relationship with ASEAN and focusing on that. We are now at the table as a partner that's taken very seriously, and we need to take advantage of that and, being where we are at the moment, because there's no better time—

**The Chair:** Thank you very much, sir, for the answer.

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

[*Translation*]

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

I want to greet my colleagues and thank all the witnesses for being with us today.

Mr. Moffatt, you gave us a brief overview of the situation with palm oil and what it is used for. You mentioned Indonesia. Now, in the Association of Southeast Asian Nations, or ASEAN, there is also Malaysia, which is the second-largest exporter of palm oil in the world.

According to the feedback you get from there, have the operating conditions improved or does the same problem, generally speaking, persist?

[*English*]

**Mr. Shane Moffatt:** Thank you.

My understanding is that the environmental challenges regarding palm oil production are very similar, in both Indonesia and Malaysia. They have shared challenges related to deforestation and the monopoly of production by a relatively small number of individuals.

[*Translation*]

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

To your knowledge, are there other countries in the Indo-Pacific region where this is also a problem?

Although these are the two major exporters, are there any other major players in the field in this part of the world?

• (1650)

[*English*]

**Mr. Shane Moffatt:** I'm most familiar, I must say, with Indonesia, in particular, and Malaysia. My understanding is that between those two countries, they comprise a very significant majority of the global production of palm oil.

In terms of other commodities within the region, the concerns I have raised regarding commodity production in a manner that supports local communities, respects indigenous rights, enables small farmers.... Those are themes I have heard from my colleagues—working in the region and on the ground—that are of concern to people there, in many of the different countries across the region where we have offices.

[*Translation*]

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

As far as we know, imports have already increased greatly in Canada for a number of years.

In your view, is the need for palm oil already being met or will more be needed, particularly from these parts of the world?

[*English*]

**Mr. Shane Moffatt:** My understanding is that palm oil imports have increased roughly 1,600% over the past 20 years. That's a huge increase.

One of our concerns is that this deal would potentially open up the marketplace for a spike in those imports and further drive the connection between imports into Canada and deforestation and some of the indigenous rights violations that I've described. We see that as a potential impact of this deal that we would be very concerned about.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** To your knowledge, are there ethical and eco-responsible ways to produce it, if necessary?

[*English*]

**Mr. Shane Moffatt:** That's a fantastic question.

As I mentioned, there are.... Palm oil production can be done sustainably. I think one of the main issues is how it's being produced, and how its production is dominated by a relatively small number of oligarchs in that region.

My organization has worked on the ground with a number of local communities that have invested much of their time and resources and have really put their heart and soul into producing sustainable palm oil. It can be done, but it goes back to these trade deals that need to create the enabling conditions for some of those local communities and small farmers to be rewarded for stepping up to the challenge that we're all facing in trying to produce these kinds of goods in a responsible manner.

One of our concerns, shared by Greenpeace Canada and Greenpeace Indonesia, is that this deal would potentially reward some of those multinational corporations that are currently benefiting from a very destructive model of palm oil production, which is not to the benefit of those who are producing it sustainably.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** My understanding of what you are saying is that there should be greater restriction of access in the Canadian market to palm oil that is produced under ecological conditions, through the traceability that you are talking about and some means of investigation, and easier access to palm oil which is produced under ecologically responsible conditions.

Is this correct?

[English]

**Mr. Shane Moffatt:** Yes, that's exactly right. That's the kind of approach we're advocating for here in this deal.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** You said that palm oil production was dominated by a handful of oligarchs. In terms of feasibility, I guess it's not easy to know where the product comes from.

What is your opinion on this?

[English]

**Mr. Shane Moffatt:** That's right. Traceability is a big issue with palm oil. On the international markets, it's very hard to know where palm oil has originated in many of the products that we consume here in Canada.

To really address the problems of lack of traceability and inability to distinguish between those who are producing in a very responsible manner and those who aren't producing in a responsible manner, we need much more transparency for the commodities that are being exchanged. We need to build that transparency and that oversight into the deal itself.

Transparency is absolutely key when it comes to palm oil and other commodities.

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

We'll move to Mr. Masse for six minutes.

**Mr. Brian Masse:** Thank you, Madam Chair.

Maybe I could start with Mr. Cho.

With regard to South Korea, one challenge we've had with trade for the automotive industry has very much been a lack of market access for Canadian manufactured vehicles, whereas importation has been nearly \$3 billion. I think that's the latest. Even with the South Korea free trade agreement, there hasn't been a noticeable incline for our exportation.

Can you give me a little highlight of...? If we were looking to expand our opportunities, what would we need to do differently in terms of a better balance between the two?

• (1655)

**Mr. Sonny Cho:** I think we have to sell different kinds of vehicles. Germany exports an incredible number of vehicles to South Korea.

South Koreans, especially wealthy people, tend to drive top, brand-name cars. Mercedes-Benz and BMW do very well in South Korea. Most of the vehicles that are manufactured in Canada are probably not going to be competitive in South Korea. Unless we can come up with some unique Canadian brand, it might be tough.

**Mr. Brian Masse:** There might be some of that, but there are other non-tariff barriers, like not being allowed to set up dealerships, not being able to service vehicles or OEMs not having the capabilities. We also have state-owned enterprises in South Korea, like Kia, that make it pretty difficult.

I'm concerned about the continuation of the erosion of our auto industry, especially during a transition right now, if we don't have access to the market, at least in a generally equitable way. It's so lopsided right now that it just gives me concern. It's fair enough if you're saying that it's the types of vehicles we're manufacturing. It's a global industry where we finally have our own battery plant now. We're way behind. That doesn't seem like incentive for us—to expand that trade and not have an access to a market that would be somewhat equitable.

I'm just looking for more on what we can do. Are there joint ventureships? What can it be? I'm searching for answers.

**Mr. Sonny Cho:** I agree with you, but I must be honest that we at the council are not the experts on those trade negotiations. We have the CKFTA. I think our Canadian embassy and the trade commission—the experts—have to keep negotiating further with the South Korean government. They are very protective in many sectors. It's not just in automotive.

That has to be done more at the government level. I don't think we can help you too much from our non-profit council level.

**Mr. Brian Masse:** That's very helpful, though.

**Mr. Sonny Cho:** I'm saying that if Germans can sell a lot of cars from South Korea, maybe we need to study what Germany's doing that we're not doing.

**Mr. Brian Masse:** Yes, Germany also has an interest in equity in its own state-owned manufacturing as well, when I look at Volkswagen. I think that's one myth of the auto industry that we seem to not wrestle with properly over here in Canada.

Mr. Agnew, maybe I can follow up with that.

What other state-owned enterprises should we be concerned about as we're looking into expanding trade?

We're going to run into this, perhaps even with some in the technological sector. I'd like to red-flag, I guess, some of the state-owned enterprises we'll have to compete with. We like to profess that there's a free market society over here, but at the same time, when we go into trade operations with state-owned competitors, it becomes quite challenging.

**Mr. Mark Agnew:** Yes, and if I can localize it to the southwestern Ontario region, certainly state-owned—or if I can say, heavily state-backed—steel producers are a major concern we have.

As much as our steel companies have the ability and the desire to compete, they can't do it against some of these companies that are not playing with the same commercial terms. They don't have to pay the same financing terms when they take out a loan. That's something that I think is quite challenging for businesses. We want to make sure that what we call the distortive industrial subsidies issue is being tackled front and centre by the government when it thinks about how to engage in the region.

**Mr. Brian Masse:** Yes, and I'm looking for structural things we can do in an agreement. As a New Democrat, here I am advocating for some policy directive to deal with state-owned enterprises we compete against. We seem to ignore that in our trade agreements. We don't seem to even carve that out separately. We talk about the environment. We talk about labour and a series of things.

Is there a model or anything else that the chamber might have with regard to how to deal with state-owned enterprises, whether or not there's a policy directive we can work on in the future? There are lots of different ones in here that I'm concerned about.

**Mr. Mark Agnew:** There are a couple of different things that come to mind there. First, of course, a lot of this is going to be done, if at all, at a multilateral level. The question is what leverage we have in a bilateral negotiation.

One big challenge, I think, in the context of distortive industrial subsidies, is transparency. It's hard to discipline something if you don't actually know what it is. That's something that I think we can take on in a bilateral context.

The other thing linked to this is what it is we want to do when it comes to looking at national security interests. When we're talking about a domestic steel industry, what level of steel industry is important to maintain for our own domestic industrial base?

The third and final point is about reciprocal procurement market access. In trade agreements, we're giving and getting at the same time, so we want to make sure there's a balance of concessions that are made in the procurement chapter. Of course, as you would know for the infrastructure sector, a lot of steel gets used.

• (1700)

**Mr. Brian Masse:** Am I out of time, Madam Chair?

**The Chair:** In six seconds you will be.

**Mr. Brian Masse:** Okay, I'll just say thank you, then.

Thank you, Mr. Agnew.

**The Chair:** Mr. Martel, you have five minutes.

[Translation]

**Mr. Richard Martel (Chicoutimi—Le Fjord, CPC):** I thank the witnesses for being here with us today.

Mr. Agnew, do you think a free trade agreement with ASEAN countries would have a negative impact on Canada's manufacturing sector?

[English]

**Mr. Mark Agnew:** I don't have the economic analysis at hand. I think, certainly, there will be sectors that face competitive pressures from lower tariffs on goods that would be coming into Canada, absolutely.

[Translation]

**Mr. Richard Martel:** How could we reach a satisfactory agreement, while providing incentives for Canadian companies to keep jobs in Canada?

[English]

**Mr. Mark Agnew:** One thing that we always say about trade agreements is that it's not just the tariff rates that influence the decisions that companies make. Companies will look at a whole host of factors: the tax policy domestically, the regulatory policy, the access to labour. What's important is that as we are opening up our markets, we have our domestic house in order. Right now, if we're talking about a number of sectors, we could talk about how Canada has a tax competitiveness problem. We have a regulatory approvals problem. That's going to be further exacerbated, certainly, as we have open markets and we need to be able to compete.

[Translation]

**Mr. Richard Martel:** Are any members of the Canadian Chamber of Commerce experiencing particular problems in the Southeast Asian region?

One of the things I was told was that some of the traceability mechanisms were not clear in these countries and that this made free trade agreements much less effective.

Have you heard about this problem?

[English]

**Mr. Mark Agnew:** If I could ask the member for clarification, when you said “traceability”, it may have been lost in the interpretation. Are you talking about rules of origin, or are you talking about supply chain transparency?

[Translation]

**Mr. Richard Martel:** My question is about transparency in relation to the supply chain.

[English]

**Mr. Mark Agnew:** This is, I think, an interesting area of trade policy. It's one that we hear about, from our members, as being very difficult to actually do in practice with the due diligence that a number of civil society groups are seeking for companies to implement. The reality is that a lot of company supply chain information is commercially proprietary information. Particularly for SMEs in Canada, they don't have the leverage in those relationships to fully certify that due diligence has been undertaken. If there is going to be greater supply chain due diligence taken by companies here, the federal government has to play a role in providing information to help companies make informed choices.

[Translation]

**Mr. Richard Martel:** Thank you, Mr. Agnew.

Mr. Cho, I would like to start by saying that my region is very favourable to the development of critical minerals such as tantalum, niobium, mafic source phosphate and vanadium. Many people tell me that there is a lot of commercial opportunity between Canada and South Korea for critical minerals, especially for battery production.

Can you tell us more about these opportunities and how other ASEAN countries could learn from them?

[English]

**Mr. Sonny Cho:** Yes. Certainly for South Korea, as a very small country with very limited natural resources, Canada is a very good strategic partner for it to access those critical minerals. I think we can take advantage of the free trade agreement with South Korea.

Major Korean corporations are global. They have a lot of free trade agreements also with other nations like China and other Asian countries. We need the government to make more trips and work with the Korean government and some of the Korean conglomerates in stronger strategic partnerships on critical minerals.

• (1705)

[Translation]

**Mr. Richard Martel:** Ms. Nguyen, in my region, we produce a lot of aluminum, and we actually use a new process, ELYSIS. It allows us to produce aluminum without an environmental footprint.

In your opinion, are there any commercial opportunities in terms of green aluminum in Vietnam?

[English]

**Ms. Julie Dai Trang Nguyen:** Thank you for your question.

Again, our trade council is not an expert in aluminum. In terms of environmental protection, Vietnam has a new environmental protection law, which came into effect last January. This law requires owners of factories to use the best available technology to control pollution and to limit environmental impacts. The law also defines residential communities as essential parts of the environment to be protected. I believe that, with this new law, the environmental impact of doing business in Vietnam, including in the area of aluminum, would be resolved.

**The Chair:** Thank you very much, Ms. Nguyen.

We move to Mr. Virani for five minutes.

**Mr. Arif Virani:** Thank you very much to all the witnesses. I'll go a little bit quickly because I have three questions.

First to Mr. Agnew, welcome back. It's always good to see you. In your opening statement you had three or four different key points. One of them was about robust digital trade provisions. This is something I'm quite seized with because we know that a lot of the world and economic activity are moving to digital platforms and so on.

There's something called the Digital Economic Partnership Agreement, which was started by New Zealand, Chile and Singapore, a member of ASEAN. Could you comment on things like the DEPA and its utility in terms of providing some of those digital trade protections going forward for different nation-states?

**Mr. Mark Agnew:** I think it's important to have those agreements. The more of these we have, the more embedded into international trade law the digital trade provisions are. There are two that I'll cite specifically.

One is cross-border data flows, ensuring that if a company's going to operate in a market, it doesn't have to store data locally as a condition of doing business. Certainly, the view we have and that our members have is that data is actually more secure if it can be monitored out of a central location rather than having locally stored servers.

The other critical area as well that a DEPA and related agreements provide is around customs, duties and moratoriums on electronic transmissions. The WTO has an agreement on this. Every two years we have to go through this torturous renewal process, so embedding that permanently into the international trade rule book, I think, is quite valuable for companies. The idea of putting a tariff on electronic transmission is just conceptually very difficult and, I think, in practice would be very difficult to implement for our businesses and governments.

**Mr. Arif Virani:** Thank you very much, Mr. Agnew.

Mr. Cho, I'll turn to you. It's good to see you. Thank you for your commentary here.

I want to build on something that was actually asked of you by Monsieur Martel about critical minerals. We're seized of this.

We are a country of vast natural resources. I understand we have at least 16 of the top 30 critical minerals that are required for electric vehicle batteries. We obviously have, in my province—and in your province because I know you're a Torontonian—various critical minerals in the Ring of Fire, for example. We're trying to invest heavily in unlocking that kind of resource wealth and using it for the sustainability goals we all share.

From your perspective, is the Korean business community seized of the fact that this is a pressing priority for Canada? How can we leverage that further in terms of developing relations between our two nations economically?

**Mr. Sonny Cho:** Yes, one thing we're trying to do more, now that we're getting out of the pandemic lockdowns, is that we'd like to invite more Korean corporate executives to come visit. We used to focus mostly on Toronto, Montreal, Waterloo, the technology hubs, but we should also start giving them the tours of the other parts of the provinces and give them a good understanding, but also educate Korean Canadians. Even a lot of Korean Canadians don't realize how knowledgeable our workforce is and how many good natural resources we have. There are lots of opportunities.

Educating locally and also abroad is critical in getting deals done. I think a lot of them still don't know much about Canada. All they know is that we have great schools, and it's a nice and safe place to send their kids. We do get a lot of students at universities and colleges, but I think we should take them to northern Ontario, northern Quebec and other parts where there are lots of resources.

• (1710)

**Mr. Arif Virani:** Just briefly to Mr. Moffatt, I was quite seized with your testimony. Thank you. It was quite illuminating.

I just want to ask you, given the success we had with CUSMA, where we have an environmental protection clause inserted into the agreement and we had indigenous negotiators with us at the table when we were dealing with Mexico and the United States, and that we've committed as a government to UNDRIP and passed it as a Parliament, do you see some potential in using those kinds of patterns going forward with countries like Indonesia and Malaysia, to address some of the environmental protection concerns that you very rightfully raised about palm oil?

**Mr. Shane Moffatt:** I think those are the kinds of global commitments that are central to making this deal really work for people and planet. As you'll no doubt be aware, Canadians care deeply about climate change, biodiversity loss and indigenous rights. Our position really is to ensure that, in any trade deal, our international commitments in those areas are aligned with the text of the deal and the consequences and the commodities that flow through that deal.

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

We move to Monsieur Savard-Tremblay for two and a half minutes.

[*Translation*]

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

I would like to address Mr. Farmer, who represents the Canada-ASEAN Business Council.

Mr. Moffatt, the representative of Greenpeace Canada, shared his concerns about palm oil with us earlier. In his view, there should be more traceability. Rather than rewarding large multinationals for contributing to deforestation, traceability would encourage smaller companies that produce in an environmentally responsible manner.

Mr. Farmer, given your expertise in trade between Canada and this region, I assume you have already addressed this issue.

Do you have any comments on that?

[*English*]

**Mr. Wayne Christopher Farmer:** I'm not up on the particular subject matter of palm, but it is a big industry here. I would say that in the last, probably seven to eight years, perhaps a bit longer, the problems that Mr. Moffatt outlined have been widely recognized. Certainly a lot of the multilateral financing institutions, the domestic financing institutions, as well as the buyers, people like Unilever and that, have taken tremendous steps forward to ensure that some of those issues are addressed in terms of more sustainable harvesting, growing and processing of palm, and in fact, are tracing the source of their palm additives that go into their food products. Progress is being made.

I'd point out that, although there are a large number of big companies involved in this, they are very big employers of people in these countries and are raising their living standards. I would argue that greater engagement by Canada and other foreign countries that are the purchasers of these goods have consistently helped to improve the situation. There may be a little way to go just yet, but I think that having us at the table and working with Indonesian counterparts on these issues would only strengthen and improve the situation on the ground.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** To improve the situation, therefore, Canada could legitimately be quite strict in terms of the conditions under which it would agree to trade in such production.

Is that right?

[*English*]

**Mr. Wayne Christopher Farmer:** Look, I think we all share a concern for the environment and sustainable practices, and on the labour front as well. I think our members at the council would echo that.

As I said, I do believe that a lot of progress has been made. Certainly, we want to get those points across in our negotiations with the Indonesians and with ASEAN on general agricultural labour practices in this part of the world.

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

Mr. Masse, you have two and a half minutes, please.

**Mr. Brian Masse:** Thank you, Madam Chair.

I just want to follow up with Mr. Moffatt.

What other types of challenges are there? Palm oil production is getting a lot of attention, but are there others that you would flag as important?

**Mr. Shane Moffatt:** Absolutely. As I mentioned, rubber is a very significant import from Indonesia into Canada as well.

There are other commodities. Writing paper, for example, is one of the top five imports from Indonesia to Canada. Both of those commodities have been heavily linked to deforestation, displacement of local communities, human rights violations and violations of indigenous rights.

My comments regarding palm oil, I think, pertain to risky commodities writ large. That's why it's really essential to build some of the provisions into any agreement that addresses transparency and sustainability and really centres the needs of local communities versus some of those big businesses that currently dominate not just the palm oil sector but a whole host of risky commodities in the region.

• (1715)

**Mr. Brian Masse:** There are two aspects of this. I'm hoping you can answer this, but you may not be able to. Are there one or two that would have a heightened political sensitivity in our discussions? Likewise, is there one that might have an international ownership component that might be challenging for Canada to address?

If we bring these forward, which ones have a heightened political sensitivity and which ones might have a corporate sensitivity?

**Mr. Shane Moffatt:** I'm not sure I'm very well placed to address which one of these commodities might raise political sensitivities. From what I understand from my colleagues in the region, the production of these commodities across the board is of concern to many people in the region as well as to people here in Canada.

How much political sensitivity they generate I'd defer to some of the experts.

**Mr. Brian Masse:** That's fair enough. I'm sure we'll hear.

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

Committee, the bells are ringing. Does the committee want to stay until 5:30, so that we can finish the other two speakers on this round? They are Mr. Baldinelli and Mr. Sheehan. All right.

Mr. Baldinelli, you have five minutes, please.

**Mr. Tony Baldinelli (Niagara Falls, CPC):** Thank you, Madam Chair, and thank you to my committee colleagues.

I'd like to thank our committee witnesses for being with us today.

I just want to build on some of the earlier testimony from Mr. Farmer.

I was interested in some of your comments. You indicated the need for these trade agreements and you talked about using them to share best practices, learnings and so on. I was just wondering what some of that learning and those best practices are that could be used in these upcoming negotiations with not only Indonesia but ASEAN countries as well.

**Mr. Wayne Christopher Farmer:** I think Canada has an excellent trade negotiating team within Global Affairs Canada. I think approaching an agreement where you have 10 different nations at 10 different stages of development with the concerns that we have in balancing the economic opportunity with our commercial trading values and values as a nation is always going to be a bit tricky.

There are very creative ways that those can be balanced. I mention again that this is a starting point in a journey that will continue going forward. A lot of the ASEAN trade agreements that have been struck, particularly if we follow what's happened with the Australia and New Zealand relationship, have been agreed to at a certain level. Then, over a period of time, as that relationship has deepened and the commercial ties have been more valuable, they've been revised to become more comprehensive, more detailed and to encompass more things.

Looking at it in that direction, I think we need to put our creative hats on and recognize that we're here for a long-term haul and that we can address those through our negotiations and bring those ideas to the table.

I'd also like to mention that in some of the areas we've discussed, the region itself is also adopting many of the ESG and environmental labour concerns that we have been talking about here this afternoon. As a source of critical minerals, Canada would be very welcome in this part of the world.

Much like we have, in this part of the region there is a concentration risk on certain things, like critical minerals, particularly with China. There is the desire to diversify supply chains into jurisdictions that are respecting more labour and environmental rules to create a critical mineral production with this ESG compliance. That would be a very strong point in Canada's approach to this part of the world and the industries here that require those materials.

• (1720)

**Mr. Tony Baldinelli:** Thank you, Mr. Farmer.

Building on that notion of rules and moving forward, my colleague Mr. Martel spoke about it with Mr. Agnew, and you talked earlier about our need for having our domestic affairs in order before we can open up our markets to the world. I just wanted to build on that. You referenced taxes, regulations and access to labour.

Mr. Agnew, in your opinion, are Canada's affairs in order today so that we can get into these upcoming trade negotiations? Are we in that position right now?

**Mr. Mark Agnew:** Yes and no. I think there are certain sectors that are well positioned. If you look at, for instance, our agriculture exporters, we have a great comparative advantage here.

The one area, though, where I think we have a lot of work to do is in the energy sector. Mr. Arya referenced earlier the Indonesian delegation, whom I had a chance to also meet with today. One of the comments I made is that there is a need for us to improve our regulatory process if we want to export future hydrogen or even natural gas. We need to have more regulatory predictability if we're going to be able to tap into those markets in the energy sector, for instance.

**Mr. Tony Baldinelli:** On the agricultural side, do you see any sectors within our supply-managed sectors of agriculture that should benefit or have some concerns?

**Mr. Mark Agnew:** I don't think any of our supply-managed sectors have expressed an interest in those markets. I stand to be corrected on that, but certainly I would anticipate that the government is going to be taking a fairly traditional approach to minimizing concessions, if any, in supply-managed commodities.

**The Chair:** Thank you very much, Mr. Baldinelli. I'm sorry, but you're right down to two seconds.

Mr. Sheehan.

**Mr. Terry Sheehan (Sault Ste. Marie, Lib.):** Thank you very much to all our presenters again.

The ASEAN region is very susceptible to climate change. I found when I travelled over there that much discussion was about climate change as it related to the devastating effects on the region, both the loss of life because of disaster and the loss of economic opportunity.

Through you, Madam Chair, to our presenters, perhaps the gentleman from Singapore and the person representing Vietnam, or others, may want to comment on the opportunities in trade and trade deals in tackling climate change. Our country Canada has taken a very aggressive stance in relation to climate change. We are investing in industries and opportunities all across Canada, including in my riding of Sault Ste. Marie.

What are the opportunities that we can work on together as we all try to reach net zero?

**Mr. Wayne Christopher Farmer:** I guess I'll go first. Thank you.

Look, it is a definite concern in this part of the world. I would say that there's a balance, particularly in some of the developing nations in ASEAN, between bread-and-butter economic issues and people's livelihoods, with the resources necessary to spend on climate mitigation and change. However, there is quite a bit of growing expertise in this part of the world. Particularly here in Singapore, climate change is a concern in terms of rising water levels in the ocean, rainwater and that sort of thing. There's actually quite a bit of innovation that's been taking place.

In addition, the sovereign wealth funds here, Temasek and GIC, as you probably know, are quite significant globally. Much like our pension funds in Canada, they have made very strong commitments to climate change through investment, both in companies in their existing portfolio—not just in Singapore but globally, and having them adapt to this—and in new industries and new areas of technology that can be brought to bear.

I think there is quite a bit of collaboration that can exist in this region with the initiatives in Canada, and it would be quite mutually beneficial to continue to push that.

**Mr. Terry Sheehan:** Thank you.

I'm going to ask one more quick question, because we're running out of time as well, to our representative from Vietnam.

Vietnam has a very interesting history in the region. It has emerged as a trade tiger over the last few years. Could you talk about some of the opportunities?

Again, some shared values that come to my mind include women in the workforce. Women have played a paramount role in Vietnam throughout its history, both during conflict and within the economy. In Vietnam they speak many languages, but they also speak English and French.

To our representative from Vietnam, perhaps you could expand on some of the opportunities related to both of our countries' efforts to maximize gender equity in trade deals and in trade matters, as well as the shared languages that we have.

• (1725)

**Ms. Julie Dai Trang Nguyen:** Thank you for the question.

It is true that both Canada and Vietnam are members of la Francophonie. This is a huge opportunity to build people-to-people links in order to take advantage of educational and cultural co-operation.

As for gender equality, we could take advantage, when we negotiate the trade agreement, and include a trade and gender chapter. This is to mainstream gender by including gender-related provisions throughout a free trade agreement. This is only one way, among many ways in Canada, we have used to seek to promote access for women to trade and also to advance gender equality and other gender-related activities in future agreements.

Canada has also had many international development assistance projects to promote women-led businesses in Vietnam. I could see that, from the points of view of language and of gender equality, Canada and Vietnam have a long history of co-operation. These would be great opportunities for both countries.

**Mr. Terry Sheehan:** Thank you very much.

Do I have any more time? I have no time.

**The Chair:** Thank you very much to the members.

Thank you very much to all our witnesses. You have our apologies for the delay, but it was well worth it to listen to your testimony. Thank you all very much.

The meeting is adjourned.







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