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Chair: The Honourable Judy A. Sgro



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• (1100)
[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I call to order meeting number 32 of the Standing Committee on International Trade.

Today's meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022. Therefore, members are attending in person in the room and remotely by using the Zoom application.

I need to make a few comments for the benefit of witnesses and members.

Please wait until I recognize you by name before speaking. When speaking, please speak slowly and clearly. For those participating by video conference, click on the microphone icon to activate your mike. Please mute yourself when you are not speaking.

With regard to interpretation, for those on Zoom, you have the choice at the bottom of your screen of either "floor", "English" or "French". For those in the room, you can use the earpiece and select the desired channel.

All comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can. We appreciate your patience and understanding in this regard.

Please note that during the meeting, it is not permitted to take pictures in the room or screenshots on Zoom.

Should any technical challenges arise, please advise me. Please note that we may need to suspend for a few minutes to ensure that all members are able to participate fully.

As part of the motion adopted by the committee on Tuesday, September 20, 2022, the committee is meeting virtually today with Nadia Theodore, ambassador and permanent representative to the World Trade Organization.

Welcome to our committee, Ambassador Theodore. We will start with your opening statement of up to five minutes and then proceed with rounds of questions. We're very glad you were able to join us today to share some information and knowledge with the committee members.

I will turn the floor over to you, Madam Theodore.

Her Excellency Nadia Theodore (Ambassador and Permanent Representative of Canada to the World Trade Organiza-

tion, Department of Foreign Affairs, Trade and Development): Thank you very much.

Good morning, everyone.

As some of you may know, I wear three hats here in Geneva. I am the head of the permanent mission of Canada to the United Nations, the World Trade Organization and other international organizations. I am Canada's alternate permanent representative to the United Nations, and I am the ambassador and permanent representative of Canada to the World Trade Organization.

It is a real pleasure to be here today in my capacity under that third hat, as Canada's ambassador to the World Trade Organization, to update you on the latest developments at the only global international organization dealing with the rules of trade between nations.

The three pillars of the WTO—the deliberative, the negotiating and the dispute settlement pillars—are all of enormous importance to Canada. The work to maintain, improve and strengthen all three is ongoing. Working to uphold, safeguard and continuously improve the system has been a cornerstone of Canada's trade policy since its inception and remains so today. With that context, let me move to where we are today.

As was the case with many things due to the pandemic, the WTO 12th ministerial conference was delayed and eventually took place from June 12 to June 17, 2022. MC12, as it's known, produced a set of outcomes that represent the most significant package to come out of the WTO in recent years.

Could there have been a higher level of ambition? Well, Canada is a high-ambition, high-standard member, so the answer to that question will almost always be yes. However, the MC12 outcomes were significant and set the ground for the pathway forward.

Let me provide you with an overview of some of what was achieved.

Significant was the WTO agreement on fishery subsidies. It is the first sustainable development goal target to be fully met. It is the first SDG target met through a multilateral agreement, the first WTO agreement to focus on the environment and the first broad, binding multilateral agreement on ocean sustainability.

The moratorium on not imposing customs duties on electronic transmissions will continue to provide predictability for our businesses and our consumers, as members have agreed to extend the moratorium until the next ministerial conference or until March 2024.

Under the consensus-based decision that is commonly known as the ministerial decision on the TRIPS agreement or the TRIPS waiver, eligible developing country members may waive certain TRIPS provisions on patents for COVID-19 vaccines.

MC12 outcomes also included a package on WTO responses to emergencies, a ministerial declaration on the WTO response to the COVID-19 pandemic and preparedness for future pandemics, a decision on World Food Programme food purchases and a declaration on the emergency response to food insecurity.

This is where we are, coming out of the last ministerial conference.

Where are we going? As I already noted, Canada would have liked to have seen more ambition at MC12, and we are not alone in that regard. In all three of the pillars, members have already committed to doing more and under ambitious timelines.

Members have committed to the restoration of a fully functioning dispute settlement system by 2024. Members have begun work toward the implementation of the fisheries agreement and have already begun work on what I like to call the second generation of the fisheries agreement.

Discussions have already begun on whether to extend the TRIPS waiver to cover patents for the production and supply of COVID-19 diagnostics and therapeutics.

There is broad agreement among the membership that a way forward on agriculture is needed.

Members are also re-energized around the improvement of the deliberative function of the organization. Work around WTO reform of this function will feature prominently over the coming months.

The path to success will be as challenging as we know member-driven, consensus-based and legally binding success to be, but it is doable. Canada will continue our active engagement across all of the pillars. The Ottawa Group, inaugurated in 2018 under Canada's leadership, will continue to serve as a much-needed forum for incubating ideas and creating positive momentum across the organization. This will be of crucial importance in the lead-up to MC13, which is expected to take place before March 2024.

● (1105)

Before I close and hand it over for the discussion and questions, let me underscore that overarching in Canada's engagement at the WTO is our commitment to constructive participation in the work on development across the organization and our active engagement on trade and gender and on MSMEs to ensure that these important issues are brought to the forefront.

We are also demonstrating considerable leadership in the area of trade and environment and serve as co-coordinator for the structured discussions on trade and environmental sustainability.

Thank you very much. I look forward to the discussion.

The Chair: Thank you very much, Ambassador. We appreciate your comments.

Now we'll open the floor for questions.

Mr. Carrie, you have six minutes. Go ahead, please.

Mr. Colin Carrie (Oshawa, CPC): Thank you very much, Madame Chair.

Ambassador, thank you so much for being with us. Trade is so important to Canada and our economy. Coming from Oshawa, I really do understand the export and import business, and your synopsis of what's been going on is quite eye-opening.

I want to ask you about the MC12 and this dispute settlement system and the appellate body. Everybody is talking about how urgent the agreement to come together by 2024 is. What do you think the biggest holdups are? I know the Americans have been hesitant to appoint. Could you please give us a little bit of an update there? To me, 2024 doesn't sound too urgent.

● (1110)

H.E. Nadia Theodore: Thank you very much, Mr. Carrie.

That's a really good question, and it's so interesting, because 2024 does seem like a long time away.

As I'm sure you would know, in any negotiation—but certainly in multilateral negotiations—what seems like a very long time often ends up being a very short time in which to get over 160 members of the organization to come to consensus, so there's that.

Maybe what I'll do is say three things about the dispute settlement body, and in particular the appellate body, and the holdup.

Number one, you are absolutely 100% correct that the reason we are where we are with the the dispute settlement body and the appellate body is indeed that the United States, for some time now, has been blocking the appointment of panellists to the appellate body, which renders it not functional.

Number two, I would say that it's important to note that members have put together an alternate structure—if I could call it that—under the leadership of Canada, called “the multi-party interim arrangement”, or MPIA. I was trying to think of what the acronym actually means, because all we do is use the acronym here. That allows a group of members to use an appellate mechanism among themselves when and if the need to appeal a case comes up.

I think that's important to note, because it is not the case that disputes are not allowed to be heard and that if there is a need to appeal, there is absolutely no mechanism through which to do that. We do have this interim appeal mechanism that Canada has spearheaded and pioneered, which does provide us with an interim solution.

Number three, I agree with you that if we could get the United States to stop blocking panellists tomorrow, we would absolutely do that. Right now, what is happening here in Geneva is what I'll call a very thoughtful and inclusive process that is actually spearheaded by the United States—which is good news, since it means they're engaged—to bring together the membership to discuss what the issues are with the appellate body system and how we can move to address them in time for this 2024 deadline.

That process started in September and is in the sort of ideas-gathering phase. Then, starting in January, members are actually going to sit down, look at all of the ideas that have been put forward and see how we can put forward concrete proposals based on those ideas put forward by members.

The hope very much is that sometime before March 2024, we will indeed have come to a place where ministers will be able to sanction—to bless—whatever result will bring us to having a fully functioning dispute settlement system, which would include the ability to appeal by the entire membership, and not necessarily just by this interim solution that Canada has spearheaded.

Mr. Colin Carrie: I think it would be great if we could come up with something.

I've been around a little while, and it's a bit concerning when it takes so long. I think the Doha started in 2001, and we're at 2022 and we still haven't figured all that out yet.

The challenge is when we have managed economies such as China's. I think it was 2001 when China was admitted to the WTO. When we're talking about fair trade, free trade, I think the Americans have some legitimate issues with the process, just as Canada does. We can always talk about our softwood lumber issues as well.

I wonder how relevant the WTO is. Should Canada be looking at our trusted trading partners, people we can count on who will follow the rules, and with that, lead in there?

I want to ask you about the accomplishment with the fisheries subsidies and the agreement you mentioned in your opening remarks. I'm wondering how enforceable—

• (1115)

The Chair: Mr. Carrie, my apologies for interrupting, but your time was up a couple of seconds ago.

Mr. Colin Carrie: Oh, was that six minutes?

The Chair: We would like to give the ambassador an opportunity to give us some sort of a short response, if that's possible.

Mr. Colin Carrie: If you could cover how enforceable it is, I would appreciate it.

H.E. Nadia Theodore: Sure. Maybe I'll address the fisheries.

As I mentioned, we concluded the fisheries agreement at the last ministerial conference. Once two-thirds of the membership have

deposited their instruments of acceptance at the WTO, which really means they have done all of their domestic work they need to do, Canada included, it will enter into force and will indeed be fully enforceable at that moment in time.

Even though I did mention that we had already started negotiations on the elements that we were not able to conclude, it's really important to recognize that what we did conclude at MC-12 is absolutely a full agreement, and members are now going through their domestic processes at home. Once two-thirds of the membership have fully deposited their instruments of acceptance, it will indeed come into force and be fully enforceable.

The Chair: Thank you very much, Ambassador.

We'll move on to Mr. Virani for six minutes, please.

Mr. Arif Virani (Parkdale—High Park, Lib.): Thank you very much, Ambassador Theodore. It's a real pleasure to have you here. We're really grateful to have you in the position that you are in. I know Minister Ng really values and relishes her working relationship with you at the recent MC-12 just took place.

I want to build on some of your opening comments and ask you about Canada's role in advocacy for trade and gender that you talked about. Obviously, you are well situated to comment on this, as you know that the recent renegotiation of CUSMA included a trade and gender chapter. I'm sure you're quite familiar with the importance of gender that the Prime Minister has placed on our government and what he's provided in the mandate letter of Minister Ng.

Could you comment on how Canada can really take a leadership role in advocating more inclusive trade, including for women, with respect to our interactions with the WTO?

H.E. Nadia Theodore: Yes, absolutely.

First of all, thank you very much for those kind words. It really, truly is a pleasure to be representing Canada here at the World Trade Organization.

Let me say a couple of things. For the past several years, Canada has taken a leadership role in the organization at the WTO in the terms of both the policy piece of trade and gender and in particular women in trade—everything that is about mainstreaming issues of gender across all of our agreements. That is as...I was going to say "basic", but that makes it sound negative. However, it is as basic as looking at how some of our agreements, when they were first negotiated, didn't take into account that some of the barriers faced by those companies that are actually using the agreements will differ, depending on whether they are women-owned businesses or not.

It's taking a look at that and at things that are a little bit more sophisticated and a little bit more cross-cutting across the organization—for example, looking at how the WTO as a negotiating body works and deals with women-owned businesses, or allowing them to participate as observers, for instance, in some meetings and events we have at the WTO, or working more closely with some of the WTO and United Nations organizations, in particular the International Trade Centre, which Canada just recently recommitted funding to.

The International Trade Centre is a joint WTO and United Nations organization that is geared towards helping small businesses, in particular women-owned, youth-owned, youth-led and indigenous organizations, particularly in developing countries, to access markets. It's also creating the environments in those developing countries so that they can also better utilize exports from other countries that are looking to enter their markets.

Canada is—

• (1120)

Mr. Arif Virani: Thank you very much, Ambassador Theodore. I want to jump in with another question.

You also mentioned, when you talked about Canadian leadership, the Ottawa Group, which we've had in place since 2018, as another illustration of Canadian leadership at the WTO. You mentioned at the end of your remarks a bit about trade and the environment.

I want you to connect that to something you addressed with Mr. Carrie—namely, getting the fisheries subsidies hammered out. How do you connect ensuring the sustainable development goals that are being met in line with protecting global fish stocks with the broader agenda to ensure that the work of Canada at the WTO, and the WTO writ large, is ensuring that we are handling trade in a more environmentally sustainable manner? Can you connect those two for us, please?

Thank you.

H.E. Nadia Theodore: As I mentioned, the fisheries subsidies agreement is indeed the first agreement that fully meets one of the SDGs, that being SDG 14.6. Indeed, it is around controlling and regulating subsidies for fish stocks. It is the first multilateral agreement that actually deals with trade and environment.

Canada has, as I mentioned in my comments, through our work on the trade and environment sustainability discussions and our leadership role in concluding the fisheries agreement.... Again, that is actually a concluded agreement. We have just continued the work to go even further. There is more to hammer out, but we actually do have an agreement, which is very important, and which Canada played a leadership role on. That was the result of all the members, through the leadership of Canada, recognizing that sustainability issues and environment issues are at the core now of every multilateral organization, whether we like it or not. Issues surrounding sustainability and environment are crucial to the way we negotiate trade agreements and the way we set up the environment for trade for our companies.

As the common global good that the environment is, all members at the WTO recognize that this global problem of climate change

requires global solutions. That is why the WTO, through leadership by Canada and by others, has taken that step with the fisheries agreement, but is going further right away with the second generation of an agreement and is also continuing work on trade and environment writ large across the organization.

The Chair: Thank you very much, Ambassador.

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

[*Translation*]

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

Good morning to all my colleagues.

Thank you for being with us today, Madam Ambassador.

Since the obvious thing that nobody wants to talk about is the issue of the Appellate Body, the body responsible for dispute resolution, I was a little surprised that you didn't mention it until you were asked specifically about it. We know that this is the major problem we are having.

You told us about the Americans' good intentions and the fact that they had a plan. Finally, we can say that the Americans are committed to thinking about the issue, but that's pretty much it. Am I summarizing the situation correctly?

H.E. Nadia Theodore: Thank you very much for your question.

No, I wouldn't say that they're just thinking about the issue. They're doing a little more than that. They've been thinking about it for a long time. The United States has been telling us for years that they've had problems with dispute settlement at the WTO; they've been saying it for years.

Today, we are about to begin work to resolve the situation for a specific reason, which is that in June, the ministers gave WTO members a very clear mandate to find a solution. There's no question that this is an issue, and we're working hard to resolve it, but it's also very important to know that Canada and other WTO members have been able to reach a multi-party interim appeal arbitration arrangement, or MPIA. So there is a way to resolve disputes at the WTO. It's not as if there's no way to bring a particular case with the WTO. There's a way to do it. It's certainly not the best way, and it's not a permanent solution, but at least it allows a group of members to resolve disputes among themselves when necessary. So it's very important to point that out.

It's also important to note that we're not just thinking about the issue; we're working hard to find solutions. As I said, we'll begin the process in January to find concrete solutions.

• (1125)

Mr. Simon-Pierre Savard-Tremblay: You say that this is a kind of alternative, a plan B, until the issue of the Appellate Body, which is responsible for dispute resolution, is resolved. What is the status of this initiative?

How many disputes have been resolved that way? How many settlements have been reached? How many cases were resolved?

H.E. Nadia Theodore: That's a very good question. You can look at it as good or bad; it depends on how you look at it. There has only been one case where we had to come to an MPIA. It's not because that mechanism doesn't work; it's just that no cases have gotten to that point yet.

However, the mechanism exists, and WTO members can use it.

Mr. Simon-Pierre Savard-Tremblay: Great.

So you're telling me that there has been one case so far that could have been resolved in this way, that the mechanism is there and that WTO members can use it.

H.E. Nadia Theodore: That's right.

Mr. Simon-Pierre Savard-Tremblay: So it's a temporary solution. That pretty much sums up your point.

Before examining some of the cases in more detail, I'd like to ask you whether the reform of the World Trade Organization deals solely with the institutional blockage of the institution, or has there been some discussion and reflection on its profound directions?

We were told that as a result of the COVID-19 pandemic, we are now in a context where we no longer want to rely solely on trade as a means of sustaining humanity.

Is any thought being given to the profound directions of the WTO?

H.E. Nadia Theodore: That's a good question.

I think WTO reform is a very good thing. I am thinking, for example, of having deep discussions about what the organization is and whether it's achieving its objectives. We also have to think about the best way to regulate international trade and to study issues in depth. I think that's very important.

Just because we're trying to improve them doesn't mean that some aspects aren't good. It all works. It's a very important organization, especially for a country like Canada, which depends on its exports and the international market. There have to be multilateral rules. That said, there's always room for improvement.

I think the answer to your question is yes. We can think about it, and we're not because things aren't working. Things are working well, but they can be improved.

• (1130)

[English]

The Chair: Thank you very much, Ambassador.

I'm letting everybody go over a bit of their time simply because the answers are so important.

Ms. Barron, welcome to the committee today.

Ms. Lisa Marie Barron (Nanaimo—Ladysmith, NDP): Thank you, Chair.

I'm happy to be here today. Thank you for the warm welcome, and I'm sending regrets from MP Masse, who's not able to be here today.

I'm sitting here thinking about how fortunate I am to be here on the same day as the ambassador and to hear the updates on all that's happening and getting caught up on this information, of course.

Ambassador, you gave updates around the fisheries subsidies. I appreciate you speaking about the narrative that occurred on this being a global problem that requires global solutions and about the subsidies that are prohibited, specifically with regard to the IUU, the illegal, unreported and unregulated fisheries. My critic role, just for context, is in the fisheries committee, so I'm particularly interested in hearing from you a little bit more.

You also talked about the importance of helping small businesses as another topic. How does that link together? How do members speak about the importance of having sustainability in an environment, while also ensuring that small businesses and fishers are part of the equation in decisions moving forward?

H.E. Nadia Theodore: Yes, that's a really great question.

I will say first that you are absolutely right: The agreement has several new measures that ban subsidies for illegal fishing, for overstocked fish and on the unregulated seas, as you mentioned.

I also want to note—and this goes to the second part of your question around small and medium-sized businesses—that the agreement, and where we landed on this agreement, was done within Canada's existing programs and is consistent with them. Canada did not have to make any domestic changes in order to fulfill our responsibilities under the agreement.

I say that because even though I wasn't at MC12 because I just took up my role in September, there was quite a discussion in the fishery subsidies negotiations around how we on the one hand recognize that at the end of the day, both protecting our environment and continuing to regulate subsidies in a way that allows us to protect our environment are required because, frankly, if we don't do it, there will not be any fish for our small and medium-sized fishers to fish, and on the other hand, that many domestic programs around the world are indeed set up to support small and medium-sized businesses in order for them to survive and thrive.

In particular, as you noted, and as you would very well know, in Canada, where we have very small and medium-sized fishers that depend on being able to fish and being able to export their product, finding that balance is really and truly important. I believe that the agreement we came up with at MC12 satisfies that.

I have to say that as part of the negotiations, we also recognize that there's a role for everybody to play within this realm of its being a global good and a global purpose. There is a role for all of us to play to help developing countries that might indeed have a little further way to go to live up to the commitments that were made and in particular to continue to be able to support their small and medium-sized businesses. As you know, Canada truly believes that climate change and environment are a global problem that requires a global solution, so as part of the agreement, we set up what's called a "fish fund", which is a fund that will provide technical assistance and capacity building to qualifying members to help them implement the agreement.

As we all know, part of the purpose of multilateral trade rules—and the fish subsidies agreement is no different—is the idea that when members—in particular, developing country members and members that aren't necessarily as far along as perhaps a country like Canada is—are able to implement their commitments to the fullest extent possible, what it really does is help to create a level playing field and a degree of predictability and certainty for our Canadian companies.

Canada was really and truly quite open to the idea of this voluntary fish fund, because by providing assistance to developing members to bring them up to fulfilling their commitments under the agreement, it at the end of the day benefits them but also us, in particular our small and medium-sized companies in being able to navigate the rules of trade in global markets.

• (1135)

The Chair: I'm sorry, Ms. Barron. There are 10 seconds left.

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

[*Translation*]

Mr. Richard Martel (Chicoutimi—Le Fjord, CPC): Thank you, Madam Chair.

First of all, thank you, Madam Ambassador, for being with us and for answering in French.

I'll try to be brief. I'll ask you a question, and then I'll give the rest of my time to my colleague Mr. Baldinelli.

Since the end of the Softwood Lumber Agreement in 2006, there have been several softwood lumber disputes at the WTO between Canada and the United States. Minister Ng announced last August that she intends to challenge the U.S. duties on softwood lumber, under Chapter 10 of CUSMA.

What's the status of our softwood lumber dispute at the WTO? Also, why is this still not settled after all these years? It's been 16 years.

Thank you.

H.E. Nadia Theodore: That's a million-dollar question. Frankly, if I knew why the softwood lumber disputes are not yet resolved,

[*English*]

I would be a very popular woman around town, I think.

[*Translation*]

You're right; we've been working on this with the U.S. for years.

Mr. Richard Martel: We always hear that relations between Americans and Canadians are good, that things are going well and that everything is fine. But we can't resolve these conflicts.

H.E. Nadia Theodore: Things aren't perfect. In fact, they never are. I always say we're like a family. I don't know how it is in yours, but in mine, things aren't always perfect.

We'll always have problems with our American friends. That's for sure. Let's put it this way: in the case of softwood lumber, it's clear that the United States knows that its position is ridiculous. However, they don't want to give it up, so the problem is endless. It's also clear that Canada is right every time, but the U.S. continues to resist. There's no doubt that it's frustrating, and it's frustrating for everyone.

• (1140)

[*English*]

I wish I had a better answer.

[*Translation*]

You're right that it's frustrating. This has been going on for years and years, but the fight over it continues. I don't know what to tell you.

Mr. Richard Martel: Thank you, Madam Ambassador.

I'll turn it over to Mr. Baldinelli.

[*English*]

Mr. Tony Baldinelli (Niagara Falls, CPC): Ambassador, congratulations on your appointment, and thank you for being here.

You mentioned the MPIA. I have two quick questions.

It was established, and 18 or 19 nations are taking part in it, but what is the value of having that institution if the Americans aren't participating in that panel?

You also talked about the one case that's come forward to the MPIA. Perhaps you can mention quickly what that deals with.

H.E. Nadia Theodore: I knew you were going to ask me what case it was, and I can't remember. I will look it up and come back to you. I can't remember what the case is, because it's upcoming with the MPIA.

I'm sorry, but what was the second part of your question?

Mr. Tony Baldinelli: It was on the value of having the MPIA if the Americans are not members of it, as well as the challenges with the dispute settlement. If they're not appointing individuals to the appellate body and they're not participating in MPIA, one of the largest trading countries in the entire world is missing from those bodies. How effective can it really be?

H.E. Nadia Theodore: I would say it's still effective, because while the United States is a user of the system, they haven't "appealed into the void", so to speak. That's what we call it here. It's not the case that they are trying to proactively agitate the system by appealing into the void, knowing they're blocking appellate body members and knowing they're not parties to the MPIA. That's a good thing, and it speaks to the continued usability of the system.

One hundred per cent, if the United States appeals a case before 2024 and is blocking members to the appellate body and is not part of the MPIA, I'm not going to pretend that this situation does not make it more difficult to resolve the appeal, but nothing prevents—and this has happened as well in a couple of cases here in Geneva—members from looking to find a solution *entre eux*, between or among themselves, to a dispute when they don't agree with the ruling.

I think I said this in my previous answer. Is it 100% ideal? Absolutely not. That's why we're working to find a solution, but at least it is something.

I found the case. It's the Colombia french fry case, which I should have remembered. It's the Colombia french fry case with the EU.

• (1145)

The Chair: Thank you very much, Ambassador.

Mr. Arya, you have five minutes.

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

Thank you, Madam Ambassador, for spending a few minutes with us today.

You talked about the three pillars that work at the WTO. They are the deliberative pillar, the negotiating pillar and the dispute settlement pillar.

Instead of your three pillars, I want to take you back to the three pillars proposed by the Deputy Prime Minister in her speech a couple of weeks ago in Washington. I'm sure you must have heard it or read about it.

In my opinion, our Deputy Prime Minister said that globalization and the global trade system as we know them are almost done. She was specifically referring to the rules-based system of global free trade as we have practised it over the last several decades. It was quite successful, as far as trading went. However, the fundamentals changed during the pandemic and in what is currently happening in the world today.

The three pillars she mentioned are as follows, and I'm paraphrasing here. First, she said that the western liberal democracies—western Europe, North America, Australia, Japan and Korea—should have their own economic co-operation.

Then the second pillar she suggested—which I think she also acknowledged is the hardest—is what we do with the countries in the middle. These are the countries in Asia, Africa and Latin America that are not as liberal a democracy as we are and that do not follow the global orders-based system as we do. What do we do with them when it comes to, say, "friend-shoring", the term that was used by U.S. Secretary Janet Yellen?

The third pillar our Deputy Prime Minister mentioned was that we have to deal with adversaries like China and Russia, although she did not name them directly. We have to work with them to tackle climate change and to deal with arms security. She said that we should go back to the way we used to deal with things during the Cold War, when we learned to contain them and engage with them at the same time.

These are the three pillars.

To start, I would like your opinion on her entire speech.

H.E. Nadia Theodore: Let me first say that I think that dissecting our Deputy Prime Minister's speech is probably best done with her in the room to be able to speak to what she meant, to not paraphrase, and to really have a discussion with her on what that all means.

What I can say, frankly, from my perspective, my seat and my mandate here in Geneva representing Canada at the World Trade Organization, is that regardless of how you characterize countries yesterday, today and tomorrow, having an international organization—and it is the only house we have, the only international organization we have—a one-stop shop where we, Canada, as a middle power can engage all of—

Mr. Chandra Arya: I have limited time, so I will interrupt here.

In your opinion, will the current rules-based system of global trade survive and will it be of the same shape, say, five years down the road?

H.E. Nadia Theodore: I hope it's not of the same shape, because if things stay the same forever, that doesn't do us all any good. As the world changes—

Mr. Chandra Arya: Will it be as positive as it is today?

H.E. Nadia Theodore: Absolutely it will be, if we do our jobs correctly.

If we are able to respond to the changes and the issues that are arising today that are of importance to all of us around the world—to our businesses, our citizens and to our consumers—and if we are actually able to use the global trading system in a way that responds to these new issues, absolutely it will be as strong. If I may say so, it will be even stronger.

That is part of what WTO reform is all about. That's part of what Canada's leadership is, not just at the WTO, but across our trade policy portfolio with regard to—

• (1150)

The Chair: I'm sorry, Ambassador. Your information is so valuable and everybody has so many questions.

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

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Madam Ambassador, our committee recently reviewed this issue. Parliamentarians and the electric vehicle industry were concerned about the U.S. Build Back Better Framework. The wording of the document was changed to require purchases to be made in North America rather than only in the United States.

Are you concerned that it won't pass the test of the North American free trade tribunals?

Are you concerned that this will eventually end up in your backyard?

H.E. Nadia Theodore: Thank you for the question, Mr. Savard-Tremblay.

I really don't know if it's going to end up in our backyard, because there's nothing to stop member countries from bringing disputes to the WTO. That is happening with softwood lumber. Canada says the softwood lumber issue is ridiculous and unfounded, but the U.S. is making it a dispute anyway.

I have no idea whether a dispute will be brought to the WTO. Quite frankly, just because a member country brings a case to the WTO doesn't mean that Canada is wrong. That's not what it means at all.

Mr. Simon-Pierre Savard-Tremblay: I didn't mean to say that Canada was wrong. It was the United States that amended its own bill on this matter.

I know that experts don't necessarily agree on this. It becomes a legal debate. The biggest law first in the world may someday clash on these issues. They will do it eminently better than we can assume here.

As Canada's ambassador, I imagine that you're trying to anticipate what may end up in your backyard and what may affect us.

I'm hearing the bells ringing. I'll let you answer briefly.

[*English*]

The Chair: Make it a brief answer, Ambassador.

H.E. Nadia Theodore: Maybe I'll do it in English. I'm sorry that I'm a little bit long-winded.

I don't know if it will be a case, and it's not because we don't anticipate cases; it's just because, as I said, nothing prevents somebody from bringing a case. Could somebody bring a case? Absolutely. Does this mean that either the United States or Canada or Mexico, any of the USMCA members, was wrong? No. Does it mean that we would win the case or that they would lose the case? No.

The Chair: Thank you, Ambassador.

It's on to Ms. Barron for two minutes, please.

Ms. Lisa Marie Barron: Thank you, Chair.

Thank you again to the ambassador.

I'm going to build off the questions I was asking you before. I'm going to be heading right to my fisheries committee and we're going to be doing a study coming up about illegal, unreported and unregulated fishing.

I appreciate much of what you talked about around the importance of sustainability within our fisheries and around the prohibitions in place on WTO members against providing fisheries subsidies in the areas as we discussed before.

Can you clarify what was in place prior to these agreements being put into place? How will these prohibitions be enforced? How do indigenous rights play into these discussions?

I realize it's a big question, but do your best.

• (1155)

H.E. Nadia Theodore: Before the agreement there were not comprehensive disciplines on subsidies. With the fisheries subsidies agreement, we actually have enforceable rules that regulate this area, and I won't go through the three pillars that we already talked about before on the agreement.

Before, we had no predictability and no enforceability. Now we have actually put fences around the subsidies in those three areas that we've already discussed.

The question of indigenous rights for Canada is an interesting question, and I'm going to take too long and I'm happy to come back to it. The question of indigenous rights in an organization like the WTO is quite complex, because what the term "indigenous peoples" means in countries around the world is different from what it means in Canada or even in North America.

For Canada, when we were negotiating the fisheries subsidies agreement, we were, as I said, very intentional about making sure that we negotiated something that would allow us to balance this need to protect the ability of our fishers to fish and to export on the one hand, and on the other hand to protect our environment.

The Chair: Thank you, Ambassador. My apologies for interrupting. I know we have limited time with you. I have two more speakers here, which will give another eight minutes or so if you can just bear with us.

Go ahead, Mr. Seeback, for four minutes.

Mr. Kyle Seeback (Dufferin—Caledon, CPC): Thank you very much, Madam Chair.

I think I understood when you were answering a question from my colleague, Mr. Baldinelli, that the United States is not part of the MPIA. Is that correct?

H.E. Nadia Theodore: That's correct.

Mr. Kyle Seeback: In long-simmering disputes like softwood lumber, which the U.S. is clearly intent on not resolving at the WTO, if they're not going to be part of the MPIA, how does Canada resolve trade disputes with the United States? It seems like we're in an impossible situation without a solution.

H.E. Nadia Theodore: The good news is that in the case of the United States, we have different forums that we can use. We do have the new NAFTA, the CUSMA, which we can use with softwood lumber in particular.

Again, I think it's important to be frank. Is not having a dispute settlement system with a multilateral appellate body ideal? No, it is absolutely not. The United States, for a very long time, has been putting forward their complaints. We are working towards resolving them, but with the United States in particular and with softwood lumber in particular, Canada does have another forum through which we can resolve disputes with the United States.

Mr. Kyle Seeback: That would be the government actually doing the tough work of negotiating a settlement, because there clearly won't be a settlement arrived at through the WTO or through the MPIA. It would seem to me that the route to resolve this is a government-to-government approach.

Would you agree with me on that?

H.E. Nadia Theodore: Not to be too blunt, but it has not been since the appellate body was blocked by the United States that we have not found a solution for softwood lumber. The softwood lumber dispute has been going on for decades. It is not the case that if we just had a functioning appellate body this year, we would solve that *bois d'oeuvre* case. Bluntly, that's not so.

Mr. Kyle Seeback: Has the softwood lumber dispute with the United States ever been resolved at the WTO?

My recollection is that ultimately it just had to be the governments negotiating a solution. Is that correct?

H.E. Nadia Theodore: That's absolutely correct.

The first softwood lumber agreement was indeed a bilateral solution that we reached with the United States. When that solution expired, we were not able to reach a new settlement with the United States. We continue to work on all fronts, frankly, to figure out a way forward on softwood lumber.

• (1200)

The Chair: Thank you very much, Mr. Seeback.

Ms. Dhillon, you have four minutes, please.

[*Translation*]

Ms. Anju Dhillon (Dorval—Lachine—LaSalle, Lib.): Thank you, Madam Chair.

Thank you, Madam Ambassador, for coming to testify today.

I'll ask you my two questions together because I don't have much time.

First, could the committee hear your views on the importance of the WTO's role and the function of dispute settlement mechanisms?

Second, could you give us an overview of the timeline for having a fully operational dispute resolution system by 2024?

H.E. Nadia Theodore: I'll answer your second question first.

In terms of timing, by the end of the year, members will be working on concepts and ideas that, by January, will form the basis for concrete proposals to address the dispute resolution system by 2024.

So by the end of the year, we'll be looking at the concepts and, in January, members will come up with proposals and solutions. We'll

work on this until the 13th WTO ministerial conference, scheduled before March 2024.

If I understand correctly, your other question is about the link between the WTO as an organization and the dispute settlement system. Is that correct?

Ms. Anju Dhillon: Exactly.

H.E. Nadia Theodore: As I said earlier, the dispute settlement system is one of the major pillars of the WTO. Being able to resolve issues and disputes between members remains very important to the organization. There's no doubt about that. All but one of the WTO members—and I'm talking about the United States, of course—recognize that the system, in its current form, works. It works well enough to satisfy members.

Could it work better? Yes, it certainly could. Could it be improved? Yes, definitely.

However, I'm really comforted by the fact that all members except the U.S. recognize that the system, with the Appellate Body, is working as it is. In January, we'll be discussing how to ensure that the system is fully operational by 2024. However, all members agree that the system, as it is now, can work, and that will be good for us. We'll then be able to work on very specific solutions to the problems identified by the U.S. That will allow us to move forward.

I must admit that it's mainly because of the political situation in the United States that it's sometimes difficult to get them to participate. As I was said earlier, the United States isn't just a participant. The fact that they are the initiators of the process we're using now really increases the possibility that the situation will be resolved at the next ministerial conference.

I'll stop there.

• (1205)

[*English*]

The Chair: Thank you very much.

I'm sorry; we just don't have enough time, Ambassador.

The committee seems to have thoroughly enjoyed your visit and your questions. We may, at some future time, want to invite you back for a bit of an update. Thank you for giving us an extra 10 minutes so that all of the members had an opportunity to have at least some of their questions answered by you.

Do you have any closing comments, Ambassador?

H.E. Nadia Theodore: I will just say that it was a real pleasure and that it would also be my pleasure to come back at any time, even to answer the hard questions from Mr. Tremblay.

The Chair: Thank you very much.

We will suspend for a moment while we go in camera for a few minutes of committee business. *[Proceedings continue in camera]*

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