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Chair: The Honourable Judy A. Sgro





## Standing Committee on International Trade

Tuesday, November 21, 2023

• (1105)

[English]

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

Welcome to meeting number 82 of the Standing Committee on International Trade. Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Therefore, members are attending in person in the room and remotely using the Zoom application.

I'd like to make a few comments for the benefit of witnesses and members.

Please wait until I recognize you by name before speaking. For those online, please mute yourself when you are not speaking. I'll remind you that all comments should be addressed through the chair.

If any technical issues arise, please inform me immediately. We may need to suspend in order to deal with them.

I ask that all participants be careful when handling the earpieces in order to prevent feedback.

Thank you to Mr. Seeback for chairing the meeting when I was absent the previous week.

**Mr. Kyle Seeback (Dufferin—Caledon, CPC):** I heard I did an excellent job.

**The Chair:** People have to be in training for all kinds of positions in the future. You never know.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, November 2, 2023, the committee is resuming its study of the subject matter of Bill C-57, an act to implement the 2023 free trade agreement between Canada and Ukraine.

We have with us today, from the agri-food analytics lab, Sylvain Charlebois. He is the director of the agri-food analytics lab and a professor at Dalhousie University, and he is joining us by video conference. From the Canadian Centre for Policy Alternatives, we have Stuart Trew, senior researcher.

We have two others attempting to join us, who aren't connected at the moment. As soon as they can get their issues corrected, they will join us.

Welcome to all. We will start with opening remarks and then proceed with a round of questions.

Dr. Charlebois, I invite you to make a statement of up to five minutes, please.

**Dr. Sylvain Charlebois (Director, Agri-Food Analytics Lab and Professor, Dalhousie University):** Thank you, Madam Chair.

Honourable members of the parliamentary committee on international trade, it is my privilege to present before you today as we deliberate on the significant strides our nation is making in global trade and diplomacy, particularly through the Canada-Ukraine free trade agreement implementation act. This landmark legislation not only fortifies our international trade relationships, but also opens new avenues for Canadian agri-food industries, which are pivotal to our economy and societal well-being.

Canada's agri-food sector stands at a crucial juncture, poised for transformative growth and international expansion. The implementation of this agreement with Ukraine, a nation with vast agricultural potential and complementary trade needs, presents unique opportunities for Canadian producers, processors and exporters. In this context, I wish to put forth three key recommendations that are instrumental in maximizing the benefits of this agreement for our own agri-food sector.

First, investment in agricultural technology and innovation should be prioritized. This agreement provides an avenue for Canadian agri-food businesses to access new markets and adopt advanced agricultural technologies. Emphasizing innovation will not only enhance the productivity and sustainability of Canadian agri-food businesses, but also position Canada as a global leader in agricultural technology.

We should encourage partnerships between Canadian and Ukrainian entities in research and development, focusing on sustainable farming practices, climate resilience and advanced food-processing technologies.

Secondly, it is imperative to strengthen supply chain infrastructure. The expansion of trade with Ukraine necessitates robust and efficient supply chains. Investments in transportation infrastructure, storage facilities and digital supply chain solutions are critical. This will ensure the smooth movement of goods, reduce logistical bottlenecks and mitigate risks associated with international trade. Enhancing supply chain resilience will also prepare our agri-food sector to effectively respond to global food security challenges.

Thirdly, I recommend the development of a comprehensive market access strategy. While the agreement opened doors, Canadian agri-food businesses need support in navigating the Ukrainian market. This strategy should include trade promotion activities, market intelligence services and guidance on regulatory compliance in Ukraine.

Establishing a Canada-Ukraine agri-food business council could be a strategic step in this direction, fostering bilateral trade relationships and providing Canadian businesses with the insights and networks needed to succeed in the Ukrainian market.

In conclusion, the Canada-Ukraine free trade agreement implementation act heralds a new era in our trade relations, offering significant prospects for the Canadian agri-food sector. By focusing on technological innovation, strengthening supply chain infrastructure and developing a comprehensive market access strategy, we can fully leverage the potential of this agreement, bolstering our economy and reinforcing Canada's position as a global leader in agri-food.

Thank you for the opportunity to present these recommendations. I look forward to a fruitful discussion on these matters.

• (1110)

**The Chair:** Thank you very much, Dr. Charlebois.

We go on to Mr. Trew for up to five minutes, please.

**Mr. Stuart Trew (Senior Researcher, Canadian Centre for Policy Alternatives):** Thanks very much to the chair and to the committee for the invitation to be here. It's my privilege to be here to speak about this important agreement.

I'm going to make only one recommendation today, which is that the committee should advise the government to remove the treaty's investor-state dispute settlement process from chapter 17. The inclusion of ISDS in the treaty, whether or not Ukraine requested it, is inconsistent with the goal of sustainable postwar reconstruction and redevelopment, and unnecessary for the purposes of attracting Canadian investment to the country.

Contrary to what you heard from Global Affairs Canada officials earlier in these hearings, there is nothing stopping the two governments from amending the treaty at this point to take out the ISDS provisions. In fact, this is what Canada did in the CETA negotiations in 2016, if you remember, in order to make sure that passed through the European Parliament.

What is wrong with ISDS and the model investment treaty that has been included in this agreement? It's come up at this committee before. It's one-way protection. This is accessible only to foreign investors. There's no ability in this treaty for states to file counter-claims against businesses like negligent investors, for example.

The contrast between this and the labour chapter is pretty stark. In the labour chapter, workers are dependent on the state to bring claims forward on their own behalf to uphold their rights in the treaty, whereas investors can bring their own disputes directly to arbitral tribunals.

The second point is that there are huge liabilities for states in ISDS. Awards from ISDS claims have grown enormously since the

1990s, when these treaties started to proliferate. Canada is currently facing a \$20-billion award, for example, related to the non-approval of an LNG facility in Quebec. This is outrageous in the sense that it accounts for future lost profits. Ukraine will not be able to afford these awards if they are handed down in the future, especially in its current state and in its postwar state.

The third point is that there is too much room for interpreting investment rights. Even though Canada has done some work in this chapter and in its model FIPA to narrow down certain vague descriptions of treatment that are supposed to be granted to investors, there is still vagueness in this treaty. It will depend on how an arbitrator, for example, decides what is meant by manifest arbitrariness in public policies that happen to affect an investor's business interest in the country.

Finally, there is the chilling effect on climate measures and energy transition policies. The threat of huge awards can scare countries away from introducing new climate measures, which is the reason that a lot of European Union member states are pulling out of the Energy Charter Treaty and why the European Parliament itself is considering a withdrawal from that treaty.

Finally, Ukraine has strong domestic legislation in place for foreign investors, which protects against expropriation without compensation and even protects Canadian investors against changes in legislation that might affect the business outlook, including for energy firms. Ukrainian law is supportive of international arbitration as a means of handling disputes between the states in contract-based arbitration, which would be another matter. We don't need ISDS. You can still have contract-based arbitration for Canadian firms.

Instead of putting this treaty in place, which is a substitute for the rule of law and for strengthening anti-corruption measures in Ukraine, I think Canada should put its focus on those measures and continue to work with the Ukrainian government, the European Union and other allies on strengthening those efforts to weed out corruption in the political system. Nothing in this treaty will speed up or ensure that Ukraine's infrastructure needs are met sooner, more efficiently or with more public benefit.

I'll just conclude by saying that the whole agreement needn't be thrown out, but the investment chapter should be reviewed and the ISDS provisions excluded, much as Canada did when CETA was negotiated.

As it's currently written, ISDS is more likely to harm than help Ukraine's sustainable development goals during the war and after the war. This is a missed opportunity to start to dismantle the ISDS regime in general, as countries like Australia and now the European Union are starting to do as well.

Thanks very much. I also look forward to questions.

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

Hopefully, we are now going to have the Quebec network for inclusive globalization.

I need to suspend for a moment while we check their connections to see if they are now working.

I will suspend for a moment.

• (1110) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1115)

**The Chair:** I'm resuming the meeting.

For the Quebec network for inclusive globalization, we have Claude Vaillancourt, member and spokesperson, by video conference.

I'm very glad you were able to get connected, sir. Please, you have up to five minutes to speak to the committee.

[*Translation*]

**Mr. Claude Vaillancourt (Member and Spokesperson, Quebec Network for Inclusive Globalization):** Good morning.

Thank you for inviting us to appear before the Standing Committee on International Trade.

We represent the Réseau québécois pour une mondialisation inclusive, or RQMI, formerly the Réseau québécois sur l'intégration continentale, or RQIC. RQMI consists of labour and citizen organizations concerned about the need for fair trade. I am also a member of Attac-Québec, an association that advocates for physical, social and environmental justice.

Today, we would like to highlight some significant advances in the trade agreement between Canada and Ukraine, mainly regarding the chapters on the environment and labour. The agreement provides a response to many of our concerns regarding the need to prioritize environmental protection in the fight against climate change and better protection for workers.

However, we are still concerned about chapter 17, on investment. We have always been opposed to the mechanisms of the investor-state dispute settlement process, or ISDS, for the following reasons: they impede states' ability to regulate for the common good; they have a deterrent effect that influences the governments' willingness to regulate; they are very costly, as award amounts tend to run into the billions of dollars; the tribunals generally rule too frequently in favour of businesses that are their only clients; and they constitute a barrier to democracy.

For these reasons, we believe that this free trade agreement between Canada and Ukraine, more particularly, but also that between Canada and the United Kingdom, should be nullified, particularly

since the actions brought under them could be even more unwelcome as numbers of disputes increase in times of crisis. Such actions could further destabilize a government already weakened by the invasion of its country.

Many countries, including New Zealand, Brazil, Ecuador and South Africa, are abandoning these agreements or limiting them as far as possible and are not being economically penalized. We would note that ISDS is one of the main obstacles to ratifying the Canada-European Union Comprehensive Economic and Trade Agreement, or CETA, as a result of the strong opposition it raises in many European countries. Canada has taken a first important step by not including the investor-state dispute mechanism in the Canada-United States-Mexico Agreement.

While we obviously admit that the investment chapter in the Canada-Ukraine agreement seems less harmful than many chapters in other, similar agreements signed by Canada, its implementation will nevertheless be problematic. The very nature of arbitration tribunals remains largely unchanged, and we believe the application of this chapter would be subject to numerous interpretations that would not always favour the general interest.

Your committee conducted a thorough analysis of this subject and published it in a report released in June 2021. You mainly heard from experts on the matter, and they were divided in their opinions. The people from the labour world, the international co-operation community, the associative sector and various environmental organizations have a clear opinion on the matter. They have complained about the harmful effects of the ISDS process on numerous occasions. The Canada-Ukraine free trade agreement affords us an excellent opportunity to abandon tribunals that cause controversy.

We do not believe it would be a great sacrifice to remove the investment chapter from this agreement. In so doing, we would eliminate an interpretational risk, simplify its content, set a significant example for other nations and afford ourselves better protection for Canada's interests and citizens.

Thank you for your attention.

• (1120)

[*English*]

**The Chair:** Thank you very much, Monsieur Vaillancourt, we appreciate that.

We will go to questions, and we'll start with Mr. Martel, please, for six minutes.

[*Translation*]

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

Thanks as well to the witnesses for being with us.

Mr. Charlebois, carbon pricing is mentioned in Bill C-57. This is the first time it has been included in a free trade agreement. Do you think it's useful to impose a carbon tax on Ukraine since it's currently at war?

[English]

**The Chair:** You are on mute. Please unmute yourself.

**Dr. Sylvain Charlebois:** I just did, Madam Chair.

Can you hear me now?

[Translation]

The problem is solved.

I ask myself the same question, Mr. Martel. We have to decarbonize the global economy, of course, but each country has its own economic reality.

Ukraine will be developing for some time, and a significant carbon intensity cycle occurs when you rebuild a country. I agree that the expressed wish to reduce Ukraine's carbon footprint is valid, but you also have to acknowledge that Ukraine will be spending a decade, or even two, focusing on intensive development. By imposing our own aspirations on another country, we may penalize it, which in a way would make the agreement less appealing for Canada.

Ukraine already has a carbon tax, and it's probably the lowest in the world. So we acknowledge that something has to be done in Ukraine, but I don't think we need to impose our own values, as a generally western country, on it.

**Mr. Richard Martel:** Mr. Charlebois, there has been a lot of talk about food security since the war started in Ukraine.

Would you please tell us about the connection between access to energy and a country's food security?

**Dr. Sylvain Charlebois:** The invasion of Ukraine disrupted the entire world and the agri-food world as well. We've seen price rises for many staples such as wheat and barley. All of that has caused prices to surge, including the price of energy generally speaking. I'm not an energy expert, but the one often goes with the other. We saw that during the financial crisis in 2008, and the same thing is happening in Ukraine.

I think we have to acknowledge that Ukraine is essentially a prisoner of its own geographic situation, being located in a sensitive part of the world. Ukraine is often called the breadbasket of the world, but that's more the case for Europe. Consequently, Europe has been disrupted by the invasion.

Generally speaking, as I mentioned earlier, I think that Canada can play a leadership role on infrastructure, logistics and agricultural technology development. Ukraine won't be able to get that support without Canada, especially in the next 10 years.

• (1125)

**Mr. Richard Martel:** Mr. Trew, according to the U.S. Energy Information Administration, nearly 70% of the coal imported by Ukraine in 2020 came from Russia. That report also notes that most of its previous natural gas imports came from Russia as well.

Do you think Ukraine will be vulnerable for as long as it's dependent on Russia for its energy?

[English]

**Mr. Stuart Trew:** I can't disagree with that statement, that it's in every country's interest to increase its energy independence.

I can't disagree with you on that one.

[Translation]

**Mr. Richard Martel:** The reason I asked that question is that Canada could have addressed energy in this agreement. Absolutely nothing in it suggests to us that there was any discussion about energy. Energy is now crucially important there, since Ukraine depends on Russia's natural resources and on Putin, who uses the money he gets from energy sales to finance his war. Ukraine seems to be trapped.

How is it that Canada and Ukraine have never discussed energy security or energy per se?

**Mr. Stuart Trew:** Thank you for that question.

[English]

I don't know the answer.

Canadian trade agreements usually don't include a lot on energy—energy policy and energy security—outside of, say, the North American context, where there's a more integrated energy market. Why they wouldn't talk about it specifically....

The point we raised here is that the investor-state dispute settlement process in the investment chapter may actually end up frustrating Ukraine's ultimate decision on where it wants to go to secure its energy independence. Does it want to double down on oil and gas fossil-fuel development, for example, or perhaps further roll out more renewables in the country? That's another reason we recommend taking the ISDS out. It's only going to potentially frustrate Ukraine's ultimate decisions at that point.

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

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

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

You know, we have been standing with Ukraine since the start of Russia's illegal invasion, and we will stand strong with Ukraine when it is free once again.

This CUFTA legislation—the bill—supports the long-term security, stability and economic development of Ukraine while also ensuring there's high-quality market access to Canadian businesses. This will create good-quality jobs in both Ukraine and Canada.

Last week, we had the Ukrainian ambassador here. I would like to quote her. She said, “We believe that the modernized CUFTA will pave the way for Ukrainian companies and Canadian companies to work together.” She also emphasized a key thing that is important for Canadian businesses. I have another sentence I'd like to quote here. She said, “Ukraine believes partners in victory are partners in rebuilding.” That recognizes the great support Canada has been giving to Ukraine in this current war, and the promise that Canadian businesses will have a vitally important and significant role in rebuilding Ukraine.

Rebuilding Ukraine is a very long-term process. The current cost estimates are over \$400 billion. Canadian companies have knowledge and expertise to use for their own benefit and for the benefit of Ukrainians. In fact, Ukraine's rebuilding is the single biggest rebuilding project in Europe since the Second World War. Obviously, all of this rebuilding will be done by the private sector, and Canadian companies can play a very vital role.

I have a question for the Agri-Food Analytics Lab and Sylvain Charlebois. You mentioned a Canada-Ukraine agri-food business council. That's an interesting concept. I think it's the first time I've heard of that. Canada has signed numerous free trade agreements across the world. I think it's with almost 51 countries, accounting for close to 60% of the world's GDP. Not many Canadian sectors make use of these free trade agreements, like the steel and aluminum sectors. Their exports are limited to North America only, with more than 90% of their production used for Canadian and American markets, as well as Mexico. They don't export to Europe or Asia-Pacific.

If there's one sector in Canada that uses every free trade agreement for the growth of that sector, Canadian businesses and the economic prosperity of Canada, it is the Canadian agriculture and agri-food sector. In fact, a small group of farmers have made Canada the fifth-largest exporter in the world of agricultural products, including agri-food.

The concept of a Canada-Ukraine agri-food business council is a very interesting one, not only for Ukraine and Canada. I think it could be refined further. We could have that with different markets. We could have significant co-operation with local markets, local businesses and the Canadian agriculture sector.

I would like to ask you to elaborate on the concept of this agri-food business council.

• (1130)

**Dr. Sylvain Charlebois:** Absolutely. When reading the act, I felt that it was critical for both Canada and Ukraine to make this act, once implemented, a priority and a focus. One way to do that is to establish a council.

We've seen councils impacting agriculture in Canada in a very positive way. I can certainly think of two examples, one of which is the Lobster Council of Canada, which is right here in Halifax. It has really made Canadian lobster a stronger commodity. It has been able to develop major markets. It's the same for the Canola Council out west.

I would say that if we are to make this an opportunity for both countries—

**Mr. Chandra Arya:** I have limited time.

I want to mention that as we talk today, November 21, today and tomorrow we have the second Rebuild Ukraine Business Conference.

The first one, last time, was overcrowded by Canadian businesses and Ukrainian businesses participating. The conference that's happening today and tomorrow, the Rebuild Ukraine Canada business conference, focuses on agriculture, construction of infrastructure and the energy and health care sectors. It is very important for us to make sure that with the support of all political parties in our Parliament, we pass this legislation quickly to show our solidarity with Ukraine and convey to Ukrainians that we are there in rebuilding Ukraine.

Thank you, Madam Chair.

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

I have Monsieur Savard-Tremblay for six minutes, please.

[*Translation*]

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

Thanks to our guests for their impactful testimony.

Mr. Vaillancourt, I just want to make sure I understand your position. There will be a clause-by-clause consideration of the bill sooner or later, but we're conducting a pre-study now.

Do you think the committee should reject the chapter on the investor-state dispute settlement process?

**Mr. Claude Vaillancourt:** Thank you for your question.

Yes, I think that the investment chapters in agreements signed by Canada, more particularly the one with Ukraine, should be removed. In the past, they have shown how far they serve businesses, but not necessarily the common interest. You've discussed that here on several occasions, I believe. So I don't think there's any need to go back over that line of argument.

What's important is that a precedent was set during the negotiations for the Canada-United States-Mexico Agreement. These kinds of provisions are no longer in force between Canada and the United States, and I think Canada-U.S. relations are doing very well without them.

These kinds of investment chapters are now being challenged around the world, as I said in my presentation. Many countries systematically reject them. I think it would be a simple and possible matter to remove this chapter from the agreement. That's also Stuart Trew's position. I think we agree on that point, and I believe the committee could respond to that request.

• (1135)

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

How do you explain why we still persist, despite the precedent established in the Canada-United States-Mexico Agreement? We agree this is the most important agreement for connecting Canada and its economy. How have we managed to survive, with everything in good shape, even though we've retained these provisions, and we're aware of all the consequences.

Why continue on this path, especially, as you pointed out, in the midst of a crisis?

**Mr. Claude Vaillancourt:** I believe we're in a kind of dilemma over whom governments are supposed to serve. I think these agreements are very useful for certain businesses, including Canadian businesses that are based and invest outside Canada but that would like to disregard domestic regulations. In my view, it's up to states to regulate that, and they should be able to do so in the interest of their citizens.

It seems to me there's a conflict between the interest of certain businesses that want to set up outside Canada and that of the citizens of countries that want to defend themselves and feel it's up to the government to regulate in this area.

In any conflict between a business and a government, there have to be state-to-state negotiations and not this kind of shortcut that businesses can take advantage of. The tribunals are especially established for them, which then enables them to attack states directly. I don't think that's the best possible way to proceed.

In the interest of citizens, it's preferable to proceed in another way, by using justice systems, which incidentally exist in most if not all countries. Sometimes it's felt that they aren't as good as people would like, but the fact remains that this is how you should proceed.

**Mr. Simon-Pierre Savard-Tremblay:** Mr. Trew, earlier you said that this mechanism was a one-way street. What do you mean?

[*English*]

**Mr. Stuart Trew:** It's a system available exclusively to foreign investors. Some people call it a justice bubble. It allows foreign investors going into a host country to bring with them a series of standards for the treatment of investors, taken mainly from U.S. and U.K. law, and then apply those outside of the courts and have arbitral panels decide for them.

That's why I think Mr. Vaillancourt was saying it's not a very democratic process. There's no recourse in this treaty for countries to hold investors to account for their projects, say, if they're not actually doing anything or if there are illegal activities or whatnot.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you very much, Mr. Trew.

I would like to use my last minute to introduce a motion on a completely different matter. I know we'll be discussing it later, but I'm going to take this opportunity to introduce it now.

[*English*]

**The Chair:** We don't have translation. From when I gave you one minute, we lost translation. I know it's very important that we

understand exactly what you're putting forward, so just hold on for a second, please.

• (1140)

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** All right. Then I'll start over.

The motion I wish to introduce, which we will assess later, reads as follows:

That the Committee undertake a comparative study of the Government of Canada's process for awarding contracts for the procurement of defence aircraft, in comparison with similar processes in other countries, paying particular attention to the impact of the Government of Canada's process on Canadian companies' ability to develop leading-edge expertise that is competitive in both the Canadian domestic and international markets; that the Committee devote four meetings to conducting this study, and report its observations and recommendations to the House.

Thank you, Madam Chair.

[*English*]

**The Chair:** Thank you very much, Mr. Savard-Tremblay. You've given us notice of a motion that we can deal with at another time.

Mr. Cannings, you have six minutes, please.

**Mr. Richard Cannings (South Okanagan—West Kootenay, NDP):** Thank you, and thank you to all of the witnesses here today.

I'm going to start with Mr. Trew and this discussion of the investor-state dispute mechanisms.

You point out that the inclusion of this in the agreement is inconsistent with the trend whereby other countries are moving with ISDS, including what we saw in CUSMA with the United States and Mexico. You implied that it wasn't too late to change this. You gave an example, and I'd like you to expand on that.

Also, if it is removed, what does that do to our existing FIPA with Ukraine, the foreign investment protection agreement?

I'd like you to comment on just those two aspects.

**Mr. Stuart Trew:** I'll answer the second part first, with respect to what it does to the FIPA. That would depend on how the government reviews that section.

Currently in the treaty, as I understand it, even if this comes into force, the FIPA protections for existing investors remain in place for 10 years. That would be to challenge events that occurred before the signing of the treaty. That might be another thing the committee could consider—taking out that long sunset clause. Obviously, the FIPA is very much like the current investment chapter in many ways, and it should be diffused, I think, as well, in the interest of Ukrainian postwar recovery.



I would say also, with regard to the first point, that the inclusion of this chapter is inconsistent with Canadian policy on investment protection, as well. We heard about the CETA. We heard about removing this arbitration-based investor-state dispute settlement from CETA to put in place this new so-called “investment court system”, with a standard sitting body of arbitrators, for example, something that has an appeals mechanism. This was supposed to be the top-of-the-line version, according to the government, for investment dispute settlement. It's something that we were getting away from in the old model.

The other alternative, as Monsieur Vaillancourt said, was the NAFTA model, whereby we simply removed ISDS. We said that the investment chapter's substantive protections remain, but we don't need investors to be able to directly invoke those protections through arbitration where we cannot guarantee that we're going to get consistent results and where the awards are outrageous and whatnot, and all the other problems.

Some kind of state-to-state option would be preferable, I think, in the Ukraine situation, and it would be consistent with Canadian policy.

**Mr. Richard Cannings:** We've heard testimony here from the Canadian side that it was Ukraine that asked for this to be included, yet in your opening remarks you talked about the effects that this might have on Ukraine if Canadian companies use this avenue to bring actions against the Ukrainian government and ask for large sums.

Can you expand on that? Why would Canadian companies really need this to be able to invest in Ukraine?

**Mr. Stuart Trew:** The point I was trying to make briefly in my presentation was that Canadian companies don't need this to make investments. The only things stopping Canadian companies from investing in Ukraine right now are war, mines and uncertainty about where the borders are going to be drawn after this all settles. There's been a FIPA in place since 1994, and Canadian investment in Ukraine has been pitiful over the past 20 years. It's not like the treaty is going to attract more investment.

As I was saying in my presentation, it simply continues to tie the hands of the Ukrainian government, I suppose. They're signing these treaties because they need investment, and they're desperate. People like the OECD and other countries tell them that these treaties are essential for that.

The evidence of their existing 60 agreements is that this is not the case. They obviously need something more than these agreements to attract investment, and that's going to come post war, whatever the situation is. It's going to be difficult, but the treaties themselves clearly don't provide that incentive to get in there.

• (1145)

**Mr. Richard Cannings:** I would like to ask Monsieur Vaillancourt to comment on those similar concerns.

[Translation]

**Mr. Claude Vaillancourt:** I absolutely support what Mr. Trew just said. I entirely agree with his position. I think his analysis is truly excellent.

I'd also like to add that the number of disputes tends to increase in times of crisis. For example, we've observed that six complaints were filed against Ukraine between 2020 and 2022, but only two a year before that. In a vulnerable situation like the one Ukraine is in, I don't think that having to deal with disputes leaves the country very comfortable with all this. It isn't very positive.

That's another reason to remove it from the Canada-Ukraine agreement.

[English]

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

Mr. Baldinelli, you have five minutes, please.

**Mr. Tony Baldinelli (Niagara Falls, CPC):** Thank you, Madam Chair. I'd also like to thank the witnesses for being here today.

Professor Charlebois, first of all, thank you for your comments and suggestions with regard to the investment in agricultural technologies and how we can strengthen supply chain infrastructure, and your comments on market access strategy being needed. I want to build on your testimony in response to my colleague Mr. Martel regarding the inclusion of a carbon tax and carbon leakage in this agreement.

You mentioned in your response to Mr. Martel that we should not be looking to impose our standards or values on Ukraine, particularly now, as Ukraine seeks to rebuild and recover.

Her Excellency the ambassador was here at our previous meeting, and she indicated that a rebuild would cost about \$411 billion at a minimum and would look at five key areas: infrastructure, energy and agriculture, of course, as well as IT, military technology and demining.

You mentioned that Ukraine is a prisoner of its own geography, so wouldn't the imposition of a carbon tax in this agreement hurt or delay Ukraine's recovery and its food security?

**Dr. Sylvain Charlebois:** I would see it more as an imposition, to be honest. On the one side, I would see this as a very western value being imposed on a country that has been devastated by war. Second, we also need to question the mechanism itself, the carbon tax. There is literature out there suggesting that sometimes the carbon tax may not actually achieve the goals we're trying to reach from an environmental perspective.

We need to make really sure that whatever we're imposing on Ukraine actually works, that it actually can make a difference, and I'm not sure there's consensus there.

**Mr. Tony Baldinelli:** Thank you for that, and again, maybe this is in terms of the examples here in Canada, but how would the imposition of a carbon tax and discussions of carbon leakage hurt Ukraine's ability in terms of food security? It's the breadbasket of Europe, so how would that hurt its ability? Again, that's one of the five key priorities for Ukraine coming out of this war, when it's successful over Russia, for its rebuild. Agricultural development is a key priority. How could that hurt its chances at that and potentially hurt the world because of it?

**Dr. Sylvain Charlebois:** I see opportunities for Canadian companies to actually help empower farmers in Ukraine to use cleaner, more effective technologies. We often focus on clean and green, but clean and green also mean more efficiency. In Ukraine we know there's lots of corruption, and right now farmers don't have access to the best technologies possible. I think Canada can actually play a role. If we do that, we'll actually make the agricultural sector in Ukraine greener over time.

• (1150)

**Mr. Tony Baldinelli:** Technology, not taxes, would be a suggestion you're putting forward.

**Dr. Sylvain Charlebois:** Technological empowerment would be. That's correct.

**Mr. Tony Baldinelli:** Mr. Trew, earlier in your testimony you said that nothing precludes the government from amending this free trade agreement right now.

Can you just explain that? We've heard from the government and officials that we can't amend it, so could you just explain that?

**Mr. Stuart Trew:** Just briefly, countries can do whatever they want. There's nobody above Ukraine and Canada saying when the final moment is. Once it has been ratified and royal assent has been achieved, then, yes, the treaty law would say that's when it comes into force, but until that moment, we can do whatever we want, and in the case of CETA, we did. A year after it was initially signed, the ISDS section was pulled out and replaced by an investment court system and then resigned. That happened in the USMCA as well—the CUSMA—when Democrats were opposed to some of the long data protection terms on biologic drugs, so those were changed on the American side and then it was kind of repackaged.

It's possible.

**Mr. Tony Baldinelli:** I ask that question because in our previous hearings we considered whether it would not have made sense to talk about energy security and having a chapter with regard to that included in this free trade agreement. Again, the ambassador is saying that a rebuild of Ukraine is going to be about \$411 billion, at a minimum, and that's not only for infrastructure. One of their key aspects is energy and energy security, so we were asking, why don't we include it? Can we in this committee, at a minimum, make those recommendations?

I'll just get your thoughts on that.

**Mr. Stuart Trew:** Thank you again.

My thoughts are that there's nothing stopping the government from doing that, from putting any kind of chapter it wants in there—maybe through a committee as we've done in recent agreements on critical minerals and other aspects. There are a lot of

things that could be done to put energy security into the treaty, even at this point.

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

Thank you, Madam Chair.

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

Ms. Fortier, please.

[*Translation*]

**Hon. Mona Fortier (Ottawa—Vanier, Lib.):** Thank you, Madam Chair.

Thanks to the witnesses for being here today to support us in our study of this bill.

Mr. Charlebois, your remarks are contributing a great deal to this study. You've previously said that, in invading Ukraine, Vladimir Putin was using food as a weapon, and, again today, Ukraine was generally described as one of the breadbaskets of the world, and of Europe.

I'd like us to talk a little more about how Russia's unlawful invasion of Ukraine has affected food prices and food insecurity globally. You made three recommendations, and I'd like you to tell us a little more about the measures that need to be taken to implement them. What would you do to achieve that?

**Dr. Sylvain Charlebois:** Thank you for your question, Ms. Fortier.

The invasion has definitely had appalling consequences for agri-food markets. Russia still influences the markets, particularly for wheat. It's now selling wheat at low prices to undermine exports from Canada and the United States. So its influence is quite significant, and that will continue for some time. Food is still being used as a weapon several months after the invasion, and that's why we mustn't take the situation lightly and look ahead to reconstruction.

Furthermore, from what I've been hearing since earlier, people seem to believe there will be an end to this war. I'm not so sure about that. You have to think about developing an economy in wartime because, even if you want peace, there's no guarantee you'll get it. You have to think about developing the market, and the recommendations I've made today will help move the situation in that direction.

• (1155)

**Hon. Mona Fortier:** Thank you very much.

My next question concerns climate change. We know it presents a threat to Canada's agricultural sector and the entire world.

Do you think that the risk will increase if no steps are taken to reduce greenhouse gas emissions, to fight climate change and to ensure, going forward, that businesses in all sectors contribute to reducing those emissions.

**Dr. Sylvain Charlebois:** That's a good question, Ms. Fortier.

We do have to act. Most businesses in the agri-food industry acknowledge that climate change is the greatest threat to the sector.

We also have to consider the various tools at our disposal, including carbon capture and storage. That technology was developed in Canada, particularly in western Canada. It's a tool that could help Ukraine decarbonize its economy, for example, especially in the agri-food sector.

**Hon. Mona Fortier:** Thank you.

Canada continues to play a real role in decarbonizing our economy, which is quickly becoming a global priority.

Does the inclusion of environmental considerations in free trade agreements, such as the one we're discussing today, have an impact on decarbonization efforts around the world?

Would you also please tell us about specific solutions that Canada could contribute to strengthen the agreement based on its expertise?

You've discussed supply chain technologies and innovations in particular. Do you have any other suggestions?

**Dr. Sylvain Charlebois:** I'm thinking of genetic engineering, for example. A lot of work is being done in that field in Canada. We innovate extensively for ourselves, but we should also do it for other countries. Once again, in the context of today's discussion, we have to think about Ukraine. International trade can definitely create a larger carbon footprint. So we have to pay attention to that aspect of the situation.

Twenty-seven countries around the world have a carbon tax. However, we don't really know if that approach is effective in reducing greenhouse gas emissions. That's why we have to be very cautious and refrain from imposing our aspirations as a rich country, which you have to admit we are, on countries that have suffered greatly.

**Hon. Mona Fortier:** Thank you, Madam Chair.

[English]

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

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

Go ahead, please.

[Translation]

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

Mr. Vaillancourt and Mr. Trew, my next question is for you.

We've discussed the environment chapter and, more broadly, those concerning workers rights, for example, but the government has boasted about one chapter in particular. One chapter of the bill contains measures respecting responsible corporate behaviour, but they're voluntary measures, and nothing else is proposed, even though they're based on internationally recognized principles.

Instead don't you think we should have considered establishing more authoritative bodies that would be able to monitor those measures to ensure they're actually implemented?

**Mr. Claude Vaillancourt:** Thank you for your question.

The answer is, yes, that should have been done.

The free trade agreements signed to date have a dark past regarding labour and the environment.

With regard to labour, competition from workers in all countries has had a remarkable impact on working conditions. Consequently, measures really need to be taken to improve workers' rights and to make those measures binding, something that will require much more than good intentions.

However, the labour chapters in previous free trade agreements are full of good intentions but provide for absolutely nothing that might achieve actual results in this area. That's clearly unsatisfactory.

As for the environment, we know that this issue absolutely is not a concern in free trade agreements. On the other hand, most of the measures concerning tribunal proceedings, which are addressed in the chapters on the investor-state dispute settlement process, concern environmental issues. That tells you just how much more importance is attached to business interests than to environmental protection.

Furthermore, an interesting about-face has been made in the 2023 Canada-Ukraine Free Trade Agreement, which provides, for example, that the parties will contribute to achieving the objectives of the Paris Agreement, which is very important.

However, I believe we can go much further on this subject if we adopt a vision in which the environment is considered an absolute priority.

When it comes to global warming, we're really talking about the future of the planet. From one report on the subject to the next, we can see just how destructive failure on this issue may be. It all has a price. Consequently, it's very important to make the measures in free trade agreements binding.

● (1200)

[English]

**The Chair:** I'm sorry but your time is up, Mr. Savard-Tremblay.

Mr. Cannings, you have two and a half minutes.

**Mr. Richard Cannings:** Thank you.

I'm going to turn to Monsieur Charlebois.

You talked about one of your recommendations being to have a comprehensive market-access strategy. I'm wondering if this might include a situation such as we got with CETA, when, in our negotiations, we gave up increased access to our supply-managed sectors and in return got more quota for things like beef and pork, but in reality what has happened is that we've exported almost no beef and pork to Europe because of non-tariff barriers.

I'm wondering if this comprehensive market-access strategy would address that and whether we need a bilateral agency just to keep communications open to address these matters.

How would you respond to that?

**Dr. Sylvain Charlebois:** Obviously, when it comes to agri-food trades, there is always a slew of sensitivities between nations. All nations will be protective of some commodities in some way.

I think we need to look at different verticals in different ways, including the SM5. I think there are certainly issues there.

Over time I think with Ukraine I do see more exchanges related to IP, for example, and technologies in general, not necessarily just commodities per se. It is a faraway nation, but there are some interesting links that could be built. However, we would need to look at the entire sector in a strategic manner before making any sort of commitment at this point.

**Mr. Richard Cannings:** I'll leave it there.

Thanks.

**The Chair:** Mr. Seeback, go ahead.

**Mr. Kyle Seeback:** Thank you very much, Madam Chair.

We've often talked about what's in this agreement. Conservatives have often talked about what's not in the agreement. Governments have a choice to make. They can put certain things in the agreement, and they can put other things not in the agreement. For example, we've talked about LNG, and people have said that's not normally in an agreement. When we talk about the carbon pricing, that's never been in a Canadian trade agreement, ever, in the history of Canadian trade agreements.

You can actually put things in trade agreements that you don't normally put in. Otherwise, how would you put a carbon tax in a trade agreement for the first time?

With that in mind, I'm just going to ask anyone this: If you've looked at the trade agreement, have you seen any language there that deals with munitions exports to Ukraine to help them during the war, or munitions production? It's okay if no one knows the answer to that. It's one of those questions I know the answer to.

**Mr. Stuart Trew:** If I can answer briefly, usually munitions, armaments and defence matters are excluded from coverage in these agreements. Nothing would discourage the sale of munitions, but they would generally be policy-related. Then they'd be excluded, yes.

**Mr. Kyle Seeback:** With that in mind, Madam Chair, I'm now going to move a motion. I've given a copy of the motion to the clerk. Could the clerk distribute that motion now?

I'm going to move:

That the committee recommend to the House that it be granted the power during its consideration of Bill C-57, An Act to implement the 2023 Free Trade Agreement between Canada and Ukraine, to expand the scope of the study of the bill in order to support expanded munitions production in Canada and increasing munitions exports to Ukraine and support the development of weapons and munitions manufacturing capabilities in Ukraine by Canadian industry.

Madam Chair, as we have heard throughout the pre-study of this legislation, the government has choices to make on what it includes in trade agreements.

As I was saying in my question, you can add things into trade agreements that we've never seen before. For example, in this trade agreement, there are references to carbon pricing and carbon leakage. There are references to the United Nations sustainable development goals. These are things that have never been put into a trade agreement between Canada and any of its trading partners.

Obviously, the government gets to make choices. The government can say that it is going to have this new type of trade agreement and that it's going to put certain things into this trade agreement that have never been put into a trade agreement before.

If you're doing that, Madam Chair, then you actually have the ability to put other things into a trade agreement that you've never put into a trade agreement. You can't have one or the other. If you're putting new things in, you can put other new things in.

What we've heard repeatedly at this committee from witnesses is that there are things that could have been included in this trade agreement that would have been beneficial to Ukraine during this time of war. For example, we've talked about LNG. Ukraine has the third-largest proven LNG reserves in Europe. The further development of those could certainly defund Putin's war machine.

Conservatives think that should absolutely have been included in the trade agreement. If you're including some things in a trade agreement, like carbon pricing and carbon leakage, you can include other things in a trade agreement, like the development of LNG reserves.

This government made a clear choice to put carbon taxes and carbon leakage into a trade agreement for a country in the middle of a war, as opposed to putting in something that could actually help them in the war, which is LNG development or—and I now turn to my motion—expanded munitions production in Canada and increased munitions exports to Ukraine.

In the course of this war, an incredible quantity of munitions is being expended by Ukraine in the defence of its country—a valiant defence, I might add. No one thought Ukraine would be able to stop the second-largest military in the world. They've done it heroically and they've done it with the challenge of having enough artillery munitions and other munitions to defend their country and in fact perform counterattacks.

Therefore, I say we should take the time at this committee to expand the scope of what we're doing to include not just.... I'm not going to go down the road of LNG, energy co-operation and other things which, quite frankly, I think we should expand the scope to look at. I'm going to narrowly focus this motion today on munitions production in Canada. We should be increasing munitions production so that we can export to Ukraine and increase those exports. We should also be thinking about how we could help Ukraine itself increase its munitions production.

I think this is something we should be doing at the committee. We should expand the scope of what we're studying to add things like this into our study.

Thank you, Madam Chair.

• (1205)

**The Chair:** Mr. Genuis.

**Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC):** Thank you, Madam Chair.

I appreciate the opportunity to speak today at the trade committee on this important motion to support our allies in Ukraine in their fight for freedom and victory, which undertakes to allow amendments to this bill that would support the expansion of munitions exports to Ukraine.

When it comes to discussions about Ukraine, we see a lot of instances of what has come to be called “performative allyship”—people wanting to show they're on Ukraine's side but not actually focusing on the things Ukraine needs most. Ukrainians are not asking for a carbon tax. Ukrainians are asking for weapons. Ukraine needs to win this war. That means they need the munitions and equipment that, in many cases, Canada could make available, in order to allow them to secure victory.

There is nothing currently in Bill C-57 that deals with munitions exports. Conservatives are preparing substantial, serious amendments to this legislation that would make the sale of vital munitions to Ukraine much easier. This would have a concrete impact in terms of helping the Ukrainian people win this war. Again, we need to put aside the performative allyship and focus instead on the things Ukraine really needs, which are weapons, munitions and materiel that will concretely allow them to achieve victory as soon as possible.

I would like to see the same review standards for arms exports that apply to our existing NATO partners applied to Ukraine. This is currently not the case. There are different review standards subject to so-called “open-policy” countries—easier review standards than those applied to Ukraine. We should be applying as little red tape as possible to munitions exports to Ukraine, so weapons get there as quickly as possible. We can be supplying surplus military equipment that we're not using here in Canada to Ukraine and, in the process, use this as an opportunity to modernize our own equipment.

We should be encouraging EDC and BDC to support efforts by Canadian defence manufacturers to partner with Ukraine's defence industry. We should be making long-term commitments to defence

productions that will allow us not only to develop the munitions vital for our own security here but also to support Ukraine.

Let's focus on victory for Ukraine. Victory for Ukraine means weapons. It means munitions. It means helping Ukraine get the equipment it needs. This motion would allow us to expand the scope of amendments that can be made to Bill C-57, so we can include that critical content around munitions development and exports to help Ukraine win the war.

This is what matters for Ukraine. This is where the rubber hits the road. This will be an important test if the committee is prepared to focus on meeting Ukraine's needs instead of simply using a trade deal to talk about the carbon tax. Let's focus on what Ukraine really needs, which is urgently getting munitions in the hands of the Ukrainian people, so they can effectively continue to defend themselves.

Thank you.

• (1210)

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

We will go to Mr. Arya.

**Mr. Chandra Arya:** Thank you, Madam Chair.

While the intention to expand munitions production in Canada so we can provide them to Ukraine in its immediate need is good, it is not part of the free trade agreement that this bill is envisioning, which has a very long-term impact. To change a bill that has already come to this late stage in order to solve immediate needs is not recommended.

I'm not in favour of this motion.

**The Chair:** Go ahead, Mr. Baldinelli.

**Mr. Tony Baldinelli:** Thank you, Madam Chair.

I just want to respond. I think that this motion is important. It responds, for example, to the comments of the minister, when she made her initial presentation that questioned the honourable members on this side of this table for putting questions forward on the inclusion of a carbon tax.

She implied that somehow we were helping Vladimir Putin by causing some kind of delay. It was an audacious statement for her to make. I mean, we've had the ambassador here talking about what it's going to take for Ukraine to successfully come out of this war, and successful it will be. It discusses \$411 billion in key areas: energy, infrastructure and agriculture. She mentioned IT military technologies as well. What we need to do as a country is support Ukraine, including through this free trade agreement, so the inclusion of this motion is fair. I think we need to examine this.

To my colleague's point, if the government is saying it can include aspects of a carbon tax, I would ask Mr. Trew with regard to his suggestion that this be amended now. We can include provisions with regard to energy security. Why would we not try to defend one of our strongest allies? Remember that it was Canada that was one of the first countries, one of the first Western nations in the world, to recognize Ukraine. We were there in 2015 with Operation Unifier. We struck that free trade agreement in 2017 with regard to Ukraine.

What we're trying to do is respond to some of those audacious comments from this government that somehow we're supporting the Russians by asking questions about what could be put into a free trade agreement.

You know, a former colleague I knew at Queen's Park, a member of the provincial parliament, Bob Runciman, served in the Senate. When trying to respond to comments like that, he would suggest that the member had more nerves than a canal horse. I mean, how does one equate asking questions with regard to what can be included in a free trade agreement with our support of Ukraine? It's ludicrous to make that suggestion. In fact, I think that this motion shows that we do support Ukraine, and we support it militarily as well.

I support this motion, Madam Chair.

• (1215)

**The Chair:** Can I make a suggestion? Since we have our witnesses here, and we have business scheduled at probably 12:40 or so, if we hold this down and go back to complete a few minutes with our witnesses, then we'll have this with committee business.

**Mr. Kyle Seeback:** I want to continue this. We're prepared to vote.

**The Chair:** I have Mr. Sidhu on the list, and then I have Mr. Genuis.

Mr. Sidhu, you have the floor.

**Mr. Maninder Sidhu (Brampton East, Lib.):** Thank you, Madam Chair.

I think what's ridiculous is what's being held up by the Conservatives. This is what the UCC wants. This is what the ambassador said she wants. This is what the Canadian business community wants. I'm not sure where this is coming from, to be honest with you, but it seems like, if we're going to be talking about what Ukraine wants and what Ukraine asks for, this is exactly what they said.

Frankly, we're being very disrespectful to the witnesses we invited here today to hear from. These are the experts we want to hear from, but instead, now we have a sideshow going on, with a random motion being presented saying that we want to study this even more.

I don't think Canada wants this, and I think it's important that Ukraine doesn't want this. They said it. We heard from the ambassador a few weeks ago, when she said quite frankly that they would like to see this passed as soon as possible so support can be provided on the ground to those in Ukraine and those in Canada who are working to help Ukraine.

We all need to be mindful that this goes against everything we've heard so far on this study. I want to put that on the floor as well.

**The Chair:** Go ahead, Mr. Genuis.

**Mr. Garnett Genuis:** Thank you, Madam Chair.

I'll just respond very briefly, and hopefully the parliamentary secretary will listen to this, because his description of the motion is wholly inaccurate. He doesn't seem to have even read it.

This motion is not about extending the study; it is about granting the committee the power to adopt amendments that expand the existing scope of the bill. That does not change the timeline for consideration. It is about expanding the scope of the kinds of amendments that can be heard and considered by the committee.

I suspect that all of the organizations that he claims support him would be enthusiastic about this motion. This motion simply gives the committee the power to do its work, to adopt amendments that would allow the expansion of munitions exports.

The parliamentary secretary should read it again, should reflect on what it says and should note that this is about giving the committee the power to consider more amendments.

When those amendments come to the table, if members decide at that time that they don't like those amendments, they can, of course, vote them down or, in any event, consider them on their merits. What Conservatives are asking for is simply that the committee be able, during clause-by-clause, to consider amendments that would have the effect of significantly easing the sale and export of munitions to Ukraine.

Ukraine needs munitions more than anything else. We have reasonable amendments that I think could gain broad support and that we would like to put before the committee in the course of this study. We need to adopt a motion that would expand the scope in order to be able to do that.

I ask Liberals and other members of the committee not to get in the way of reasonable proposed amendments that would allow the export of munitions. Enough with the performative allyship. Let's focus on what Ukraine wants and what Ukraine needs, which are weapons that will allow them to win this war.

We're prepared to vote on this.

• (1220)

**The Chair:** Mr. Miao, before you speak, I just want to make sure that everybody is clear on what the motion says. It says:

That the committee recommend to the House that it be granted

—it being the committee—

the power during its consideration of Bill C-57, An Act to implement the 2023 Free Trade Agreement between Canada and Ukraine, to expand the scope of the study of the bill in order to support expanded munitions production in Canada and increasing munitions exports to Ukraine and support the development of weapons and munitions manufacturing capabilities in Ukraine by Canadian industry.

I just want to make sure that everybody is clear on what it says. It asks the House to grant the committee the power during its consideration to expand the scope.

It's a motion that would go to the House for adoption by the House, so the committee would then be able to expand the scope. I just want to make sure that everybody is clear on what it is going to accomplish.

Go ahead, Mr. Miao.

**Mr. Wilson Miao (Richmond Centre, Lib.):** Madam Chair, is it possible for me to move to adjourn this debate so we can respect the witnesses and continue our questions? We can then debate this later in committee business.

**The Chair:** I suggest that, if you want to complete the witness testimony for another 10 minutes or so, and we are going into committee business anyway, we could vote on it at that time.

Mr. Miao is suggesting to adjourn the debate completely.

**Mr. Garnett Genuis:** We could move to resume later.

**The Chair:** I think we should give the witnesses their last 10 minutes, if that's okay with Mr. Seeback.

**Mr. Kyle Seeback:** I'm okay with that, but we're not going to go in camera to discuss this motion in committee business.

**The Chair:** Before we go into committee business, we will deal with your motion.

**Mr. Kyle Seeback:** Thank you. Is there agreement to do that?

**The Chair:** For the moment, we're going to go back to our witnesses to give them 10 more minutes on the floor. Then we will deal with your motion.

Is that okay? Are you in agreement with that, too?

**Mr. Kyle Seeback:** That's great.

**The Chair:** We'll try to give the witnesses 10 more minutes.

Mr. Miao was next on the speakers list.

You pretty much lost all of your time unless you want a couple of minutes back.

**Mr. Kyle Seeback:** I'm okay with that. I'm very easy to get along with.

**The Chair:** Mr. Miao, you have the floor.

**Mr. Wilson Miao:** Thank you, Madam Chair.

I apologize to the witnesses for this. I think the focus is really on your sharing with the committee what is important to this modernized Canada-Ukraine free trade agreement.

A couple of weeks ago, when the Canada-Ukraine Chamber of Commerce came to our committee, they noted that the modernized CUFTA would set a path to further eliminate trade barriers and open up new avenues for businesses in both countries.

Through you, Madam Chair, to Mr. Trew, do you share this belief? If so, what sector do you think would benefit from the elimination of these trade barriers?

**Mr. Stuart Trew:** As I understand the treaty through looking at the government materials and the treaty itself, Canada did have a free trade agreement with Ukraine before this modernized treaty was proposed. As I understand it, the big change would be in the area of services, which were not covered in the original FTA. There is a typical Canadian model for services opening, the service mar-

ket access chapter. Then there's the integration of the investment treaty into this modernized deal.

There are some quite positive elements on labour. The labour protections are much better than in past Canadian trade agreements. There's some interesting stuff on procurement.

My understanding is that this was largely a way to bring the past trade agreement more in line with Canada's comprehensive trade agreements with respect to services, coverage, financial services and that kind of thing.

**Mr. Wilson Miao:** From your perspective, how will this modernized CUFTA trade deal improve the bilateral relationship between Canada and Ukraine?

**Mr. Stuart Trew:** I'm not sure how I'd answer that. Canada's relations with Ukraine are good, as I understand it. There's a lot of co-operation going in a number of areas, like anti-corruption and climate change. There are all kinds of co-operation happening at different levels.

Will this agreement increase that? I'm not sure.

There is the establishment of a number of committees, which sounds quite positive. For example, there's a committee to co-operate on integrating first nations and other groups into commerce, which sounds great. Labour committees will be established, which will be quite positive for workers' rights, as long as they are staffed up and paid attention to.

• (1225)

**Mr. Wilson Miao:** Thank you.

Do you feel this trade deal can play an important role in helping Ukraine rebuild its postwar economy?

**Mr. Stuart Trew:** On that point, I'd say maybe or maybe not.

Certainly the main point I wanted to make was that you don't need the ISDS to do that.

As it is now, ISDS will get in the way of a Ukraine-focused beneficial recovery for that country. It simply hamstring the future government on how it handles incoming investment to all those areas. It prohibits performance requirements and conditions you might place on inward investment. It gives these companies the right to sue them for billions of dollars that they don't have because they've just gone through a war.

To me, it's a no-brainer. We have to take out the ISDS. Questions could be asked about the other aspects that you've raised on the treaty.

**Mr. Wilson Miao:** That's great. Thank you. I have one last question for you.

Do you see any specific sector in Canada's economy that can significantly benefit from this CUFTA agreement?

**Mr. Stuart Trew:** I'm not sure exactly. Probably a number of sectors could benefit.

It would be nice to see co-operation on renewable energy, for example, and laying out a more renewable energy grid in Ukraine when the time is right. That could be done through government co-operation with the private sector and that kind of thing.

**Mr. Wilson Miao:** Thank you, Mr. Trew.

I'll direct my next question, through the chair, to Professor Charlebois online.

Do you feel this trade agreement will be beneficial to your sector in agri-food and agriculture? How do you see the benefit of a modernized CUFTA agreement?

**Dr. Sylvain Charlebois:** That's a good question.

When you look at Europe, essentially there's already a lot of work to be done. Ukraine could actually give us an excuse to expand our reach in that region of the world. My answer to you is absolutely, yes, for many sectors.

Most importantly, with the R and D that we have in Canada, we can help Ukraine build its agricultural capacity over time.

**Mr. Wilson Miao:** With the new chapters being proposed in this new CUFTA agreement—I know you mentioned this earlier—can you share your perspective on how this trade deal will also improve the bilateral agreement between Canada and Ukraine?

**Dr. Sylvain Charlebois:** Through agri-food, we're looking at a food-insecure region. I mean, agriculture has been impacted by the war. Ukraine is not as influential as it used to be. I think we should aspire to make sure that Ukraine comes back to its old self, at the very least. I don't think it can achieve that without the help of Canada.

**Mr. Wilson Miao:** Thank you very much for that.

**The Chair:** Mr. Genuis, go ahead for five minutes, please.

**Mr. Garnett Genuis:** I'll give them to Mr. Seeback.

**Mr. Kyle Seeback:** Thanks very much.

I'm not going to need the full five minutes, Madam Chair.

I just wanted to talk to Mr. Charlebois. Part of the free trade agreement language in there talks about stopping ways of “carbon leakage”. That's the terminology they've used. How they try to define carbon leakage, effectively, is that you can't have a carbon tax that is so low that you attract investment into your country. That's how they've set it out in this trade agreement.

Now, Ukraine's carbon tax is very tiny. I think it's the lowest in the world, and it's applied just in certain sectors of their economy. It's not even across the entire economy.

It would seem to me that putting language like “carbon leakage” in addition to “carbon pricing” is trying to encourage or force Ukraine to increase their carbon tax so that there's no carbon leakage or investment attracted into Ukraine because of their low carbon price.

Would you agree with me, if my interpretation is correct and this was applied, that it would be harmful to Ukraine in their efforts to rebuild?

● (1230)

**Dr. Sylvain Charlebois:** I've said it before and I'll say it again: I think we need to be extremely careful in how we see our values and how we impose our values onto a great partner like Ukraine. Ukraine will absolutely need more help from Canada than we will need from them, especially over the short term. Again, I see this as an imposition from Canada. That's my perspective.

The environment is a critical issue, of course, for everyone on earth, but at the same time, food security is also a very important issue. We just need to keep that in mind when helping Ukraine rebuild.

**Mr. Kyle Seeback:** I know about the food security issue—of course, that's your area of expertise—but Ukraine was also a very large exporter of steel. The steel-making process is, in fact, usually carbon-intensive, unless you go with electric arc, for example. However, most Ukrainian steel is not made with electric-arc technology, so it's carbon-intensive. Putting in something like preventing carbon leakage, again, means you're attracting investment because your carbon tax is so low.

If Ukraine were forced to increase its carbon tax as a result of this trade agreement, that would make its steel more expensive, which would put it at a disadvantage, would it not?

**Dr. Sylvain Charlebois:** It probably would. Again, I haven't studied the issue in Ukraine, but it would probably make Ukraine a less attractive market to invest in.

We've been doing some work on the carbon tax in Canada over the last six months, and we're starting to see some trends with industrial prices as well. There's been more movement with industrial prices in Canada versus in the U.S., so you could argue the same with Canada with the carbon tax right now. It may actually make Canada a less attractive place to invest as well.

**Mr. Kyle Seeback:** Thanks very much.

That's the end of my questions, Madam Chair.

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

We'll go to Madame Fortier, and she will be our last for the moment.

I'm sorry. Is it not you?

It's Mr. Sidhu.

**Mr. Maninder Sidhu:** Thank you, Madam Chair.

I want to give Mr. Vaillancourt a chance to share his views on this modernization of the trade agreement.

You said some things in your opening remarks, but as the course of the conversation has evolved, I wanted to hear your thoughts on what stands out to you and what's important for Ukraine and Canada.



**Mr. Claude Vaillancourt:** Could you repeat the question? I'm not sure I understand.

**Mr. Maninder Sidhu:** The conversation has evolved, and I really wanted to hear your thoughts on what is best at this time within this modernization agreement for Ukraine and Canada. In your opening remarks, you spoke a bit about it, but if you want to expand on that, you can.

[Translation]

**Mr. Claude Vaillancourt:** We have obviously requested that the investment chapter be removed. That was really our idea. Here we're talking a lot about environmental issues and the carbon tax.

What's interesting in this agreement, as opposed to others, is that the environment is really part of it. When you think of the economy, you also have to consider the environmental issue because any harm done to the environment has consequences for the economy, very serious ones in some instances. Global warming is costing us a lot of money and is very harmful.

The environment must remain an absolute concern. I'm pleased to see that this agreement represents a positive evolution on this issue. For example, it refers to meeting the objectives of the Paris Agreement, although I think it needs to go even further on that issue.

[English]

**Mr. Maninder Sidhu:** I think that chapter on the environment is important. Climate change is no doubt something that is a challenge for all of us. It's important on this side of the floor that we recognize that climate change is real and Canada needs to do its part. It's practical and it's important that we continue working with our partners around the world to help protect our environment. I appreciate your words on the environment.

Thank you, Madam Chair. That's all I have today.

• (1235)

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

I'm not seeing any other questioners of witnesses. We have an agreement that we will go into committee business, but before we go into committee business we have the motion by Mr. Seeback.

**Mr. Kyle Seeback:** I'd like to request a recorded division.

**The Chair:** Mr. Cannings.

**Mr. Richard Cannings:** Can we speak to this before there is a vote?

**The Chair:** Of course.

Mr. Cannings has indicated he wants to speak to it as part of the debate.

Mr. Cannings, are you speaking directly to Mr. Seeback's motion?

**Mr. Richard Cannings:** I am.

This suddenly appeared. What I mentioned to Mr. Seeback is that this is something I would have to take back to other members in my caucus to discuss. It touches on various other files, such as foreign affairs and defence.

I think that if we did support this eventually, it would have to be amended somewhat. If you're forcing a vote right now, I can't support it in this situation. I think this would cause delays. It's all very well to say we can do this in clause-by-clause, but we would have to bring back a lot of the witnesses we heard from to discuss this very matter. I think it would add delays to passing this bill.

I would like to say that the main reason is that I would need to talk to other members of my caucus before being able to support, or not, this motion.

If we're voting now, I will vote against it.

**The Chair:** Mr. Genuis.

**Mr. Garnett Genuis:** Again, Madam Chair, I'll be very brief.

On the question of delays, we have put forward a motion that is very much on the matter that is being debated. It proposes giving the committee powers to consider more amendments. I would suggest to members that if they're unsure how they feel about those amendments, they should support this motion allowing more scope for those amendments. Then, if they don't like those subsequent amendments, they can come forward to vote against them.

This motion does not compel the committee to adopt certain future amendments. It simply gives the committee power to consider a broader range of amendments. Members can do consultation as they like, but in terms of this delaying things, this leads to no delays. This allows the consideration of additional amendments on an issue that I would assume all members of Parliament would be well versed on. That is the urgency of delivering munitions to Ukraine that will allow it to achieve victory. This is not a prescriptive motion; it gives the committee more room to manoeuvre in the future.

In that sense, I don't think it's complicated. I think it's very reasonable. It aligns with what is at least the stated position of most members of Parliament.

That will probably be the last thing I say on this. I don't see why it should be difficult to support this fairly quickly.

**The Chair:** Mr. Savard-Tremblay, you have your hand up.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** I'd like to note, with regard to what was just said, that the word used is "support", not "evaluate". The motion is quite binding, and "support" doesn't mean "evaluate".

Having said that, I would also like to speak with the colleagues of my party and my team. Could we simply make an amicable request to our friends to postpone the vote to a future meeting?

[English]

**The Chair:** I'll go to Mr. Sidhu, and then I'm going back to Mr. Seeback.

Mr. Sidhu.

**Mr. Maninder Sidhu:** Thank you, Madam Chair.

We've heard from multiple parties that this is intended to delay Bill C-57, the support that Ukraine and the ambassador asked for. I think it's important to put that on the record. I think it's clear where our party stands, and we should vote today.

**The Chair:** Okay.

Go ahead, Mr. Seeback.

**Mr. Kyle Seeback:** I'm going to apologize to my colleagues for the shortened delivery of this motion. It took some time to get it done.

I'm going to suggest two things. One is that we vote on this motion today.

Two is that I will consult with my colleagues from the Bloc and the NDP about a potential motion that they could support, which I could bring at a later date. I hope that satisfies them, but I think we should proceed with this today, and then I'll come back to them and see if we can find something that others could agree to.

I'd like to proceed to the vote.

• (1240)

**The Chair:** To our witnesses, you are free to leave at any time, or you can remain on until we go into committee business, if you like. We are going to deal with....

Thank you, Mr. Trew.

I apologize to the witnesses, but the committee is doing important work. Sometimes it goes in a different direction, but it's all going to the same place.

I'm going to read this out, so we make sure that it's clearly understood. It reads:

That the committee recommend to the House that it be granted the power during its consideration of Bill C-57, An Act to implement the 2023 Free Trade Agreement between Canada and Ukraine, to expand the scope of the study of the bill in order to support expanded munitions production in Canada and increasing munitions exports to Ukraine and support the development of weapons and munitions manufacturing capabilities in Ukraine by Canadian industry.

Mr. Seeback has asked for a recorded vote.

(Motion negatived: nays 7; yeas 4)

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

We will now go into committee business. We will need to suspend for approximately 10 minutes, because we have translators who are doing it remotely and they require a 10-minute adjournment, possibly.

We will suspend for a few minutes.

*[Proceedings continue in camera]*

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