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Chair: The Honourable Judy A. Sgro



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• (1535)

[English]

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

This is meeting number 94 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 need to make a few comments for the benefit of the witnesses and members.

Please wait until I recognize you by name before speaking. For those online, please mute yourself when you are not speaking. For interpretation online, you have the choice, at the bottom of your screen, of floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

I would ask all participants to be careful when handling the earpieces in order to prevent feedback, which can be extremely harmful to our interpreters and cause serious injuries. Please speak only into the microphone your headset is plugged into. Place earbuds away from the microphone when they are not in use.

As a reminder, 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.

If any technical issues arise, please inform us immediately. We may need to suspend to ensure that interpretation is properly restored before resuming proceedings.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, February 6, the committee is continuing its study of free trade negotiations between Canada and Ecuador.

We have with us today, from the Department of Employment and Social Development, Pierre Bouchard, director, bilateral and regional labour affairs.

From the Department of Foreign Affairs, Trade and Development, we have His Excellency Stephen Potter, ambassador of Canada to Ecuador; Doug Forsyth, director general, market access; Dean Foster, director, trade policy and negotiations; and Reuben East, deputy director, investment trade policy.

Before I open up the floor for comments and remarks, the ambassador of Canada to Ecuador does not have a proper headset, so he will not be able to participate today.

After speaking with particularly Mr. Cannings, who would very much like to have your participation, Ambassador, we're wondering if the following would be possible. You could listen in on the discussion this afternoon. You will not be able to comment back, but if you would like us to make arrangements for you to appear on another occasion when you have the appropriate headset on, we can also make that arrangement.

What is the wish of the committee? Would we invite the ambassador to come back at another meeting when he has the appropriate headset on?

Mr. Cannings is saying yes.

Mr. Tony Baldinelli (Niagara Falls, CPC): Sure. We have one more meeting, do we not?

The Chair: Yes, we do.

Mr. Tony Baldinelli: We can attempt to do that.

The Chair: Ambassador, please stay on the line if you'd like to hear the comments and discussion this afternoon. It means you would be extra prepared when you come back to the next committee meeting.

Great. Thank you very much.

Welcome to all. We will begin with your opening remarks.

Mr. Forsyth, it's nice to see you back at our committee. You have five minutes for your opening statement, please.

Mr. Doug Forsyth (Director General, Market Access, Department of Foreign Affairs, Trade and Development): Thank you, Madam Chair. It's nice to be back and to see all the committee members as well.

I'm pleased to be here today to address this committee and welcome your study on the proposed Canada-Ecuador free trade agreement negotiations.

[Translation]

Your study is timely, as government trade experts responsible for the various areas of free trade agreements are currently engaged in policy development work to propose chapters for planned negotiations.

Our team is also completing work on high-level negotiating goals, which should be presented to Parliament by the end of the month, so that you can provide your comments before the negotiations begin.

Let me now give some context on the possible launch of these negotiations.

[English]

At \$116 billion in U.S. dollars, Ecuador's GDP represents roughly 3% of South America's gross domestic product. It's the only country on the Pacific coast of South America that Canada does not presently have a free trade agreement with, given that one or more such agreements are in force with Chile, Peru, Colombia and Panama.

Ecuador's current government under President Daniel Noboa Azin is among the most favourable to trade liberalization in the region. It also supports inclusive trade provisions in areas such as trade and gender, trade and indigenous peoples, and labour and the environment. It is notable that Ecuador is like-minded with Canada on issues such as human rights, the war in Ukraine and the centrality of the international rules-based order. It sees FTA's contribution to expanded economic prosperity as a means to advance its domestic social and security policies.

As you may be aware, Canada and Ecuador's trade officials undertook exploratory discussions through much of 2023 prior to taking a mutual decision to proceed towards the launch of negotiations. The exploratory discussions revealed a broad alignment in terms of approach and a strong willingness on both sides to show flexibility and advance negotiations quickly. In addition, both sides intend to carry out the negotiations in a largely virtual format, with minimal need for physical travel so as to approach the negotiations in a efficient and time-efficient manner.

Canada's objective is to negotiate a high standard, ambitious trade agreement with Ecuador. We will seek an agreement that provides Canadian firms with preferential access to the Ecuadorean market, as well as increased transparency and certainty for Canadian service providers and investors.

We will seek an agreement that reflects Canada's latest approaches, including in areas such as digital trade, inclusive trade, responsible business conduct, environment and labour. We will seek an agreement that ensures that the benefits are widely shared, including with traditionally under-represented groups such as women, indigenous peoples and small and medium-sized enterprises.

• (1540)

[Translation]

We know there is support for this agreement already. During the consultation process, we received positive feedback from stakeholders, including the agricultural and mining sectors.

We also heard from a number of provinces and territories, all of which supported the initiative as a way to create greater economic opportunities for Canadians and forge closer trade relationships with Ecuador.

In addition, we have heard concerns from stakeholders about certain provisions, such as investment. We are still thinking about how best to respond to those comments through our ongoing policy development work on our various chapter models for the free-trade agreement and through initiatives outside of the agreement.

[English]

It is in that same spirit that we welcome and consider your recommendations once you have completed your study.

In terms of economic impact, I will begin by noting that bilateral merchandise trade between Canada and Ecuador has been growing by 11% a year on average since 2010, reaching \$1.3 billion in 2022. Nearly 40% of Canada's exports to Ecuador and nearly 90% of Canada's current imports from Ecuador are already duty-free. Preliminary analysis by the chief economist's office here at Global Affairs Canada has estimated that an FTA between Canada and Ecuador would generate modest but positive economic benefits for both countries. Canadian export gains are predicted in a wide variety of areas such as wheat, pulses and manufactured goods as well as in services trade.

Overall, preliminary estimates suggest that under an ambitious trade agreement, Canada's GDP could increase by about \$83 million U.S. by 2030, while Ecuador's GDP could increase by approximately \$49.3 million U.S. over the same time frame.

A particular area of interest as we head into negotiations relates to investment. As of 2022, Canada had the largest stock of foreign direct investment in Ecuador of any country at \$2.6 billion, led by investments in the mining sector. Enforcement of investment chapter obligations through investor-state dispute settlement, ISDS, is a key interest for Canadian industry stakeholders.

In 2017, under a previous government, Ecuador gave notice of its intentions to terminate its 1997 foreign investment protection agreement, FIPA, with Canada. Termination became effective in 2018, although existing investments continue to be protected until 2033. However, we note that a recent ruling by Ecuador's constitutional court has found the inclusion of an ISDS mechanism in Ecuador's FTA with Costa Rica unconstitutional. Deliberations in Ecuador are ongoing regarding whether there are options that would allow it to move forward under certain conditions and this process will remain ongoing early in the months of our FTA negotiations.

Officials will explore options in this regard with Ecuador once negotiations begin, and we intend to base our position on Canada's latest investment agreement model, which includes clarifying that the parties maintain their right to regulate and preserve required policy flexibility in areas such as the environment, health, safety, indigenous rights, gender equality and cultural diversity.

[*Translation*]

In conclusion, Global Affairs Canada and the other departments working on our trade policy believe that, overall, a free trade agreement between Canada and Ecuador would be economically beneficial and would provide a means to support a government in the region that shares the same ideas and values.

[*English*]

I welcome comments and questions from the committee today, and look forward to reviewing the results of your work once your study has been completed.

• (1545)

The Chair: Thank you very much.

Mr. Baldinelli, you have six minutes, please.

Mr. Tony Baldinelli: Thank you, Madam Chair.

Thank you, gentlemen, for being here.

We had a previous hearing just the other day, and one of the witnesses from Cereals Canada mentioned that they sense the new Canada-Ecuador free trade agreement will be focused on trying to reinforce the existing market share Canada has in Ecuador, rather than focusing on growth.

I was wondering if you could comment on that.

Mr. Doug Forsyth: I think the opportunities that exist under the FTA negotiations with Ecuador through our economic model show that there are opportunities within the agricultural space, for sure. We have noted that wheat is a key export interest of ours and a key area where I think we'll be able to benefit, and I would add pulses to that, as well. I think that there is an excellent opportunity to grow our exports in that marketplace.

In addition, Ecuador has free trade agreements with a couple of our competitors, including the European Union and China, and for any of the tariff advantages that they have in that marketplace I think we will be able to negotiate something similar so that we will be on equal footing with our competitors.

Mr. Tony Baldinelli: In December 2023, the minister tabled a notice of intent to negotiate. Following that, there were consultations that flowed from that seeking input from stakeholder communities, provinces and so on.

Could you tell us or can you table with us how many provinces and territories, non-governmental organizations and individuals took part?

Mr. Doug Forsyth: As you note, we did send out a broad-based consultation request through the Canada Gazette for input on the FTA. I think most provinces responded with their interest, either written or verbally. We have a consultation mechanism through what we call the Canada C-Trade group, where we regularly assess

FTAs and where a number of provinces also indicated their interest. Key exporting associations, mostly in agriculture but in mining as well, also indicated their interest. We did receive a number of letters and emails from NGOs as well.

Mr. Tony Baldinelli: Are those documents public? Can they be shared with the committee for its own review as we're undertaking this study?

Mr. Doug Forsyth: The inputs of others, you mean?

Mr. Tony Baldinelli: Yes, through your consultation.

Mr. Doug Forsyth: They're not public, no. I think we do publish a summary from time to time.

Mr. Tony Baldinelli: Can we get a copy of that summary then?

Mr. Doug Forsyth: We haven't put it together as of yet. I don't know if we will have it done in time for you to complete your study.

Mr. Tony Baldinelli: Can you provide the committee with any documents related to your internal analysis on the expected benefits to Canadian trade for exporters with Ecuador under any future free trade agreement?

Mr. Doug Forsyth: I think we have a summary document that we could provide on that.

Mr. Tony Baldinelli: Thank you.

There are multiple other trade discussions taking place such as Canada and the Pacific Alliance, which Ecuador is also a candidate to join.

Can you comment on the Pacific Alliance negotiations as it's been some time since we've heard about this. GAC states that eight rounds of negotiations have taken place. Is that accurate and what is the status?

Mr. Doug Forsyth: That is my understanding. Eight rounds have taken place. There has not been one for, I would say, two years, probably, at least. It's not my file, so I'm not totally up to speed on it. However, I would say that there are a couple of outstanding issues that are beyond the control of Canada that are preventing the negotiations from moving along.

Mr. Tony Baldinelli: Starting the pre-negotiations with Ecuador, how does that impact our other trade negotiations? Can you list the complete free trade discussions, negotiations, that are currently happening that are also taking the time of GAC? What happens? Are there pauses on other trade negotiations that you're working on so that you can concentrate on one particular negotiation?

Mr. Doug Forsyth: We have an excellent team of negotiators at Global Affairs Canada, if I do say so myself, and we are actively engaged on a number of files, as you note. Chief amongst them are active negotiations with ASEAN, the Asian economic association group, and with Indonesia. I have appeared here as the chief negotiator for Canada-U.K. Those negotiations are paused for the moment, at the request of the U.K. Those are the major ones.

• (1550)

The Chair: Thank you, Mr. Baldinelli.

Mr. Arya, you have six minutes, please.

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

Mr. Forsyth, welcome back to the committee.

In the previous meeting, one of our colleagues remarked, “The trade between Canada and Ecuador is so modest, so why do we need it?” That was the thought, but we need trade agreements with big markets, small markets, all markets. I think we have 15 agreements covering 51 countries. The more we have, the better. Every small thing helps.

Again, in my view, the process of negotiation many times brings benefits. Maybe the Canada-U.K. trade negotiations are being paused, and have been paused with Canada-India. Very specifically, two days back I learned that one of the demands from Canada to India was for tax exemptions for pension fund investments. I'm told that, of the \$75 billion Canada has invested in India, the bulk of it is from our pension plans. I was told that the last budget in India—I believe this month—had given exemptions to pension funds from the income tax provisions, and the only pension funds investing in India are from Canada, so that is the added benefit. In my view, it is important that whatever market we have—Ecuador, or any small or big market—we should continue to go on.

I have a couple of questions. I'll combine them, and then you can address them.

One is that, in the last meeting again, some people came, saying, “We shouldn't have ISDS.” My view on ISDS provisions is that we should look out for the interests of Canada, our economy, corporations and businesses. Can you elaborate on the importance of ISDS? It can vary from market to market. It may not be relevant to every single market we negotiate with, but why is that important in general?

The other one is that you mentioned the expected benefits will be moderate. Even though the benefits are moderate, how important is it in the bigger picture of Canada, having free trade agreements with different countries in different parts of the world?

Mr. Doug Forsyth: I'll answer your broader question and then turn to my colleague on ISDS.

From a Canadian government perspective, to the point made with respect to broadening and deepening our trading relationship with as many countries as possible, that's part of the government's trade diversification strategy. Whether that's looking to negotiate with larger countries like Indonesia, groups in Indonesia or paused negotiations like India and the U.K., I think it's all part and parcel of that program. Of course, most of our trade is with the United States, and it is certainly in Canada's best interest to broaden that as much as

possible. Especially for the smaller countries in the region, it also helps integrate them with other countries and in other supply chains, and I think, again, it provides Canadian companies and exporters with new markets, but also with sources of supply, so I totally agree with the statement.

Maybe I'll—

Mr. Chandra Arya: I just want to make sure that you agree that if we don't negotiate, thinking that the market is small, our competitors will come in and Canada may lose its advantage. For example, in Ecuador we have potential to export wheat, and if we are not there, if other countries that have advantages in wheat production and export have free trade agreements, we'll lose our advantage.

• (1555)

Mr. Doug Forsyth: You're 100% correct. I think that's exactly it. We're not only trying to open up markets for our exporters, but, at the same time, we're competing against other countries that are also doing the same for their exporters, so you're exactly right.

Mr. Chandra Arya: Go ahead, Mr. East.

Mr. Reuben East (Deputy Director, Investment Trade Policy, Department of Foreign Affairs, Trade and Development): In terms of why we like to include the investor-state dispute settlement in our model, I'll cite a few reasons. This is not an exhaustive list but a few of them.

The first is that an investment chapter with investor-state dispute settlement provisions has proven to be an investment attraction vehicle because it provides a combination of things. It provides a stable, predictable environment for Canadian investors when they invest abroad. We've heard from stakeholders that it's quite important to carry on doing that.

Another reason is that, if we're to have a set of obligations in an investment chapter, which is the way we approach things, we feel that it's also important to have a means to enforce those obligations, and investor-state dispute settlement is a means to do that. It's quite important to have the two. Again, our stakeholders have said quite clearly to us that, if we're going to have a set of obligations, it's important to have a means to enforce those obligations.

A third reason is that, for the set of obligations you would find in an investment chapter, the only means to enforce them is through the treaty-based mechanism. I'll take an example in an existing agreement, the CETA, our agreement with the European Union. In the future, if a Canadian investor were to attempt to invoke the obligations under that treaty before a court in one of the European Union countries, it couldn't do that, because the treaty itself states that that's the mechanism to use, and those domestic courts don't have the legal competence to hear those claims. But for that mechanism, there would be no means to enforce those obligations.

The Chair: Thank you very much.

We now have Monsieur Savard-Tremblay for six minutes.

[*Translation*]

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

I would like to welcome the witnesses.

You spoke briefly about Canadian sectors that would benefit if markets in Ecuador were opened up. You mentioned wheat and pulses, among others.

What sectors would export their products here if an agreement were signed? In other words, what is Ecuador seeking in the negotiations?

[*English*]

Mr. Doug Forsyth: In any free trade agreement negotiations, each side has interests. In this case, we both have agriculture interests and, as the member noted, our key agriculture interests are on wheat, lentils and oats.

From Ecuador's interest, they are a large producer of cut flowers, many different kinds of cut flowers like roses, carnations, etc. Our MFN tariff on that is, depending on the type of flower, about 10%. We do have FTAs with some other cut flower producers in South America, for example, Colombia, although Colombian flowers come in duty free, they're grown in the country, and flowers from Ecuador are currently subject to a tariff, so that's their key interest.

• (1600)

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: In a number of sectors, obviously, Ecuador has goods that we don't produce here. There are others, however, that we do produce, and that will no doubt cause competition between our sectors and theirs.

Has there been any consultation with producers here, so that they know what products are coming?

[*English*]

Mr. Doug Forsyth: During the consultation?

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Now I'm not getting the French interpretation.

[*English*]

The Chair: We continue to have problems.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Ms. Fortier will provide an interpretation service.

[*English*]

The Chair: Okay, keep going please.

Mr. Doug Forsyth: During the consultations we heard from most export interests. We didn't hear from any Canadian companies that had an interest in importing.

[*Translation*]

If I understood correctly, your question has to do with the links between...

Mr. Simon-Pierre Savard-Tremblay: You mentioned agriculture, for example. We have an agricultural sector here as well. Obviously, our countries might now produce the same products, given the different conditions, but some products might be the same. So there will be competition for local products.

Were the sectors that might possibly be affected by this specifically consulted?

[*English*]

Mr. Doug Forsyth: In fact I've had broad consultation, everyone with an export interest and a import interest, of course, was consulted. We did not hear any concerns about the competition from any producers or exporters in Ecuador.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Could you tell us what has been done? What was the nature of the consultation? How many days did it last? Who was contacted? What was the process?

[*English*]

Mr. Doug Forsyth: Our consultation process is one that we usually use, as was mentioned earlier. The minister made the announcement of a notice of intent in Parliament, and then we launched the consultation process, I think it was on for 30 days through the Canada Gazette process.

As I mentioned previously, we received a number of emails and letters from interested parties. We continue to be open to hearing from other parties. If they were missed during the consultative process, they can get in touch with Global Affairs through our general email address.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: How many viewpoints did you receive in the course of your consultation? How many positions and expressions of interest have you received?

[*English*]

Mr. Doug Forsyth: I don't have the exact number in front of me.

Mr. Dean Foster (Director, Trade Policy and Negotiations, Department of Foreign Affairs, Trade and Development): We received around 30 submissions in total. Some would be aggregated industry associations that would have many members, some would be individuals and some would be provinces and territories that consulted their own stakeholders within their own jurisdictional areas. It's a bit difficult to say exactly how many stakeholders were reached, but more or less 30 submissions, which is what we would normally expect for a negotiation of this scale.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: We know that Ecuador is a country in real crisis, a bloody and brutal security crisis.

Does Canada, which prides itself on being a defender of human rights, have a human rights strategy for these negotiations?

[English]

Mr. Doug Forsyth: It's unfortunate that the ambassador isn't able to answer this question, but maybe he can elaborate next time when he is online. I would say from an economic point of view, and from a negotiating point of view, we're cognizant of what is happening in Ecuador. We're in close communication, with our embassy to see how things are moving, and we have close contact with our counterparts in the Government of Ecuador as well. So, all of these pieces we take into account as we're looking to move forward to ensure that there is an economic benefit for Canada. As we commence the negotiations and continue on with those negotiations, those are pieces of the puzzle, absolutely.

• (1605)

The Chair: You have 20 seconds left.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I will continue in the next round.

[English]

The Chair: Okay.

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

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you.

Thank you for being here. It's good to see you once again.

After the completion of the Canada-U.S.-Mexico agreement in 2018, Minister Freeland, who was then international trade minister among other things, said she was very proud of the fact that we didn't include ISDS in CUSMA. She said, "ISDS elevates the rights of corporations over those of sovereign governments. In removing it, we have strengthened our government's right to regulate in the public interest, to protect public health and the environment".

We've had a number of cases in Canada that have been very expensive to Canadians, and we've had a number of cases in foreign countries in the guise of protecting Canadian investments. As was mentioned, Ecuador, in the face of one of those, actually pulled out of its agreements, because it didn't like what it was seeing in terms of the effect that foreign governments could have on environmental and human rights legislation and work in Ecuador. Now we have a different government.

I'm just wondering why Canada has seemingly changed its mind on ISDS. The world seems to be going away from it, but we seem to be doubling down on it, especially in cases where we have the Canadian mining industry and some players in that. Why are we still so keen on it in this day, when there seems to be a movement away from it elsewhere?

Mr. Reuben East: I'll come back a little bit to some of the reasons I stated earlier in terms of why we use the investor-state dispute settlement. I'll bring it back to Ecuador, first and foremost. As you mentioned, and as was mentioned at the outset, we did have a foreign investment protection agreement. That was terminated in 2018. The current status is that if an investment was made I think more or less before May 2018, those investments were protected up until 2033. There's a clause in that foreign investment protection agreement that's quite common. That's how that works.

In other words, let's say a Canadian investor makes an investment pursuant to a future free trade agreement with Ecuador that includes an investment chapter, including ISDS. Until that happens, they would not have that type of protection, and neither would they have the ability to use ISDS. So there's an important element to that—

Mr. Richard Cannings: I'm sorry. Can I just jump in?

Mr. Reuben East: Of course.

Mr. Richard Cannings: We hear that the new ISDS, or ISDS 2.0, has protections in it saying that this doesn't prevent either of the parties from legislating protections for human rights or the environment.

We have a situation in Ecuador with the Loma Larga mega-mining project, owned by Dundee Precious Metals, which is almost 8,000 hectares of paramo. We've had two binding referendums of Ecuadorean citizens. More than 80% are in favour of stopping these mining projects, because they're affecting the water supply for Cuenca, with 600,000 people, and yet the Ecuadorean government and the company insist on advancing the project in violation of the right to political participation.

I guess I'm skeptical; let's say a new Ecuadorean government came in and said, "Sorry, Dundee, you can't go ahead. We've had these referenda, and we are pulling the rights to mine here." Would that protect the Ecuadorean people or would those go ahead? It seems that other situations have arisen where this doesn't really protect those governments from legislating about human rights or the environment.

• (1610)

Mr. Reuben East: I guess I have a few points.

One is that in the situation we're in, we've heard from Ecuador that they're interested in discussing an investment chapter with us. In our discussions, we've sent a model to them that includes investor-state dispute settlement. They're very aware of that. At the outset, you will have heard that Canada, if I'm not mistaken, is Ecuador's number one investor, so there's mutual interest there in terms of an investment chapter with investment protection.

However, we have a very different model from what existed in the 1997 FIPA. We created a new model—a foreign investment protection agreement—that was made publicly available, I think, in 2021. It's a very different model. It builds on more than 30 years of our experience in both receiving claims, for example under the NAFTA, and also further investment agreements and investment chapters with partners like the European Union.

It's a chapter that has the right balance of, on one hand, the right to regulate and to protect things like human rights, the environment, etc., and the ability to protect those things, while at the same time providing for investors.

The Chair: Thank you very much.

Mr. Martel, go ahead, please, for five minutes.

[Translation]

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

[English]

The Chair: I might stretch it a little bit.

[Translation]

Mr. Richard Martel: Good morning.

Thank you for being with us this afternoon.

I don't know who can answer this, but in your opinion, what are the advantages of starting trade negotiations with Ecuador, when Canada is already negotiating with the United Kingdom, Indonesia and India?

How will this agreement be different from the others?

Mr. Doug Forsyth: I hope I understood your question correctly.

[English]

From an overall trade negotiation perspective, I think we definitely have a good base of knowledge from which we work. Our negotiators get experience through the various negotiations, whether that's the U.K., India, Indonesia or ASEAN. That helps us build our positions as we move forward.

What we'd like to do during the negotiations is, if we get a negotiated outcome in one agreement that is favourable to Canada—it doesn't matter what the issue area is—then we like to build on that experience and use it to the greatest extent possible with the next negotiating partner.

In this one, some of the areas we have negotiated, not so much the U.K., but maybe some of the smaller partners, will benefit our negotiating experience and we look to make some of those similar types of arrangements in the Canada-Ecuador FTA negotiations.

• (1615)

[Translation]

Mr. Richard Martel: Thank you.

You mentioned that this agreement would be economically beneficial.

Can you tell me what the economic benefits of a free trade agreement with Ecuador would be?

Mr. Doug Forsyth: Thank you for your question.

[English]

As I had mentioned during my opening statement, I think that there will be some economic benefits in the FTA. They're small; there's no question. Ecuador-Canada trade right now is not huge, but at the same time, our chief economist's office estimates that there will be positive economic benefits in the amount of a GDP increase of about \$83 million for Canada by 2030 and Ecuador's could increase by almost \$50 million over the same time period.

It's not huge. When you think about how much trade is happening this year, it's \$1.3 billion in bilateral trade, but it's growing. The objective here is really about trade diversification and finding new partners.

I think Ecuador does provide that for Canadian producers and exporters.

[Translation]

Mr. Richard Martel: In your opinion, can we expect problems due to current political tensions in Ecuador?

[English]

Mr. Doug Forsyth: I think it would be helpful to hear from our ambassador on that particular point, but what we have noted during the preliminary discussions with Ecuador is a government and partner that is very willing to engage in the negotiations that we would look at, whether they're on the goods side, services, investments, the environment or financial services—all of the areas we would traditionally put in an FTA. That is what we're seeing from Ecuador, and that's from both levels of government.

They recently had an election. Even with the new government in place, there is an openness on the economic front to move forward with the agenda. I think their economic agenda matches well with Canada's on that front.

At this point, I would turn to the ambassador, but because he's not available, I will save that for the next time.

[Translation]

Mr. Richard Martel: Thank you.

[English]

The Chair: Mr. Sheehan.

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

You mentioned that Ecuador is one of the only countries we don't have a free trade agreement with on the Pacific south coast. I would imagine there's also Panama, Peru and Chile. Are there any others?

Mr. Doug Forsyth: Colombia and Mexico.

Mr. Terry Sheehan: What are the advantages then? You said the unilateral trade deal between Canada and Ecuador would bring modest increases, but what about the multiplier effect of a company from Canada, or whatever, being able to look at that whole area?

Maybe you can make some comments about that.

Mr. Doug Forsyth: That's an excellent point. I would especially look at our western provinces, as well, in that regard, just based on location, transportation costs, etc. I would also add Chile in there, which is a bit further south.

There's the recognition that South America is a large market that's been untapped, frankly, from a broader Canadian perspective. There are a number of countries that we haven't necessarily focused on that provide tremendous advantages to Canadian companies and exporters. There are a lot of untapped opportunities, I would say, to your point.

This is another foot into the marketplace. Again, it's a small foot for the time being, but it can lead somewhere else. I think that's important, as well, as we look to negotiate the FTA. It's not just about today and where we are in terms of our trade. What about tomorrow? What about next year? What about in five to 10 years? That's also important.

• (1620)

Mr. Terry Sheehan: You mentioned the new president. In the past, they were considered protectionists. It's what you read. However, you mentioned the opportunities of creating a progressive agenda, not only monetarily, but through gender, indigenous people and the environment.

How does that work, and where do you see the opportunities?

Mr. Doug Forsyth: Traditionally, when you talk about free trade agreements, it's a lot about trading goods and trading services. Over the last number of decades, we have expanded that trade environment to include trade and gender, trade and SMEs, and trade and indigenous peoples. These are the "trade and" issues that we often talk about.

I think this provides an opportunity for Canada writ large to promote and export the way we do things and the way we deal with all of those issues outside of the traditional trade agreement areas. It is important to recognize that and to look to try to export that.

As I said, Ecuador is a country that has indicated an openness to these other areas. It is a participant in a number of environment issues beyond trade, whether at the UN or elsewhere, but it's important to bring some of those areas into trade agreements to the greatest extent possible. When you have a willing partner, I think that makes it much easier and much more beneficial for the two parties.

Mr. Terry Sheehan: Thank you very much.

There seem to be a lot of opportunities for trade with Ecuador. I had asked the earlier panel about some of the things you were talking about—some of the recent agreements they had signed around gender and being more open with trade. Different elements are written right into the agreement, thereby defining how we can do this. Do you know what I mean? It's in black and white, right?

How do you enforce things like those as it goes on?

Mr. Doug Forsyth: It very much depends on the chapter and on what is being negotiated. I think many of those chapters are based on co-operation and are not subject to dispute settlement. It's very much the case that both countries are like-minded on certain issues. It provides you with the opportunity—the framework, if you will—to have those discussions and to set those up. It's about making sure that both countries have the right people in place and the right people around the table after the agreement is negotiated to be able to have further engagement on whichever topic is at issue. I think that's helpful.

Again, a lot of those areas are not necessarily subject to dispute settlement. To your point about whether there's a way to hold their feet to the fire, I think the way to do that is through engagement. I think that's what we have found over the years.

The Chair: Thank you very much.

Monsieur Savard-Tremblay, go ahead for two and a half minutes, please.

[*Translation*]

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

I want to go back to the issue of investor-state dispute settlements.

Could you provide the committee with the total number of cases brought against Canada, as well as the number of cases that Canada won?

[*English*]

Mr. Reuben East: In terms of the number of cases brought against Canada, there are 35 cases in total. Almost all of those are under NAFTA. One is under the foreign investment protection we have with Egypt. Canada won 13 of those cases. Five of those cases we did not win. Five of those cases were settled. Six of them are ongoing, and seven are either inactive, terminated or withdrawn.

Now, I've double-counted one particular case. That's the Bilcon case. There was a finding, but it is ongoing. There's a part on damages that needs to be settled.

• (1625)

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Of those, how many were settled out of court, meaning that Canada had to change its political stance, bring changes to its legislation or withdraw an existing measure, for example?

[*English*]

Mr. Reuben East: I'll come back to the numbers first and then do the second part of the question.

As I said, five cases were settled. Seven of them were inactive, terminated or withdrawn. When they're withdrawn—and I can tell you, because in a couple of those cases I was trade counsel directly—those were cases in a consultation setting, for example. Two of them I can think of were withdrawn by the investor, who was hoping, at that point, to get some type of settlement. We said, “No, we'll be defending that vigorously.” They decided to withdraw that case to avoid costs against them, for example.

I think part of your question had to do with measures and with measures being withdrawn. Is that correct?

In my understanding, in no case was a measure withdrawn. Under investor-state, there's only one thing that a tribunal can do if there is a case in which they have found a breach, and that is to award damages. They cannot order a country under a treaty with Canada to withdraw a measure.

The Chair: Thank you very much.

Mr. Cannings, go ahead for two and a half minutes, please.

Mr. Richard Cannings: Thank you.

At the start, Mr. Forsyth, you mentioned there will be chapters or language on indigenous peoples, human rights, the environment, and yet there will also be an investor chapter with ISDS mechanisms.

Here we have a case in Ecuador, it seems to me, where some of the main conflicts around human rights and the environment, indigenous peoples in Ecuador, happen, unfortunately, because of Canadian investors. The ISDS is being used to protect them from efforts from an Ecuadorean government to legislate to protect its own peoples and its own environment.

I'm just wondering why we're doing this. How are we helping the Ecuadorean people by combining those two things?

There's this right to regulate language, but in Colombia we have an agreement and that language proved useless. When the Colombian government tried to regulate around the Canadian mining firm, Eco Oro, it used that ISDS provision and the Colombian government lost when they felt that this mining company was damaging the environment.

I'm really struggling here with how this helps Canada or how it helps Ecuador. How can we regulate UNDRIP in this situation, when we have a clear case of an Ecuadorean government and a

Canadian company that is flouting the whole free, prior and informed consent aspect of UNDRIP?

I am lost. I can't see why we're even thinking of undertaking these negotiations if that's our baseline.

Mr. Reuben East: I think in our current model, and the model that we've proposed to work with Ecuador on, it's careful to balance, as I mentioned earlier, the rights of investors through obligations protections and a mechanism to do that, but with the right to regulate the protection in areas such as the environment, labour, human rights, etc.

We think this model that we have now—much, much different from a 1997 model—strikes that balance.

I'll give you a few examples. We've talked a few times about right to regulate provisions. Those were not in our old model. They are currently, as of CETA going forward, in all of our FTAs across the board, not just on investment.

I talked about balance. We've strengthened substantive provisions, for example, in the investment chapter like expropriation. For example, the mere effect on an investor's investment does not amount to an expropriation. This is something that we've clarified in our provisions that wasn't there in the past.

Third, both parties in a treaty can take reservations to protect their public policy space in areas that they feel need protection. We do that regularly and so do our partners.

• (1630)

The Chair: Thank you very much.

That was a very lengthy question that would probably take the entire panel. You had an extra minute there but you do get two and a half minutes if we get to another round, so maybe they can finish the answer then.

Mr. Maguire, please. You have five minutes.

Mr. Larry Maguire (Brandon—Souris, CPC): Thank you, Madam Chair.

Thank you very much for your presentation today.

I just wanted to start off with a couple of simple questions that I had about the export products in wheat. You mentioned wheat and pulse crops, particularly lentils being a priority.

Do we have any idea of the volumes that we're trading in that area, in either of those products right now?

Mr. Doug Forsyth: I can give you a dollar value of our imports.

In fact, wheat is our top duty bill, export, into Ecuador's market and we sent an average, over the time period from 2019 to 2022, of about \$261 million worth of exports.

Mr. Larry Maguire: Is that on average or total?

Mr. Doug Forsyth: That's the average from 2019 to 2022 per year, in U.S. dollars.

Mr. Larry Maguire: In the mineral side, is potash involved in that as well?

Mr. Doug Forsyth: I don't see potash as a top ten export. Nevertheless, I'm not sure what their MFN duty rate is on potash.

I could check for you.

Mr. Larry Maguire: I noted that Saskatchewan and Alberta are major export areas in the agricultural side, with the most potential there.

You caught my eye on the oil developments there as well.

We're exporting \$178 million worth of crude oil to them. It was one of our major exports of the 679 that you had in the trade.

We send refined oil back. Is that correct?

Mr. Doug Forsyth: I'm not entirely certain about the oil trade in terms of what goes and what comes back, but I'll look into it.

Mr. Larry Maguire: How do the Ecuadorean oil environmental standards for petroleum products in Ecuador compare to those here in Canada?

Mr. Doug Forsyth: Honestly, I don't know enough about it. I'd have to look into it. That might be a question we could pose to the ambassador when he comes back. We could close the loop with him in terms of providing a more fulsome answer in terms of what the regulations are in Ecuador on that.

Mr. Larry Maguire: I ask that because it's a similar question to what my colleague from the NDP just asked in relation to labour intensity and that sort of thing, and the agreement of the GTAGA—the global trade and gender arrangement with the Inclusive Trade Action Group—and how we're involved with that.

If we're making sure that there are rules in place for one, are they also in place for the environmental side?

Can someone answer that for me?

• (1635)

Mr. Dean Foster: Sure, I'll take that one.

We fully intend to pursue robust provisions in labour and environment and to back those by dispute settlement, as per our usual approach in free trade agreement negotiations.

Mr. Larry Maguire: I wonder if there are industries in Canada that you are aware of that benefit from this free trade agreement due to the current lack of markets here. Are there opportunities there for new products that we are processing here?

Mr. Forsyth, you mentioned that this was an agreement that we can really expand on if there are opportunities there. I just wondered if you could elaborate on that.

Mr. Dean Foster: I can keep going with that.

In addition to the products mentioned already—agricultural products like wheat and lentils that are largely out of western provinces going out of the Port of Vancouver—we have manufacturing goods interests in Quebec and Ontario especially, with a booming air cargo business out of Toronto Pearson. That's largely the basis of interest from Quebec and Ontario, for example.

Mr. Larry Maguire: Is there any opportunity in Ecuador for the types of power developments that we have in Canada? We've been in South America for years in power development opportunities. I wonder how that affects Ecuador.

Mr. Dean Foster: I would say that really any services, investment or trade in goods opportunities would be opened up by this agreement. As was mentioned, this is the last puzzle piece in the Pacific coast of South America that we don't have FTA coverage with. They do not have an FTA with the United States. That gives a competitive advantage scenario.

Really, when you look at long-term commercial development... We have a study that was recently done on our Canada-Chile FTA. After 25 years, we found a 400% growth of trade. I would think about the Ecuador FTA as a sort of piece of that broader puzzle. For our exporters and services providers who are experienced in the Andean region, this is another opportunity in that broader portfolio story.

The Chair: Thank you.

Ms. Fortier, go ahead, please, for five minutes.

[*Translation*]

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

Thank you to the witnesses for being with us today for this important discussion.

Our government is committed to reconciliation, as we know, and that includes economic reconciliation. We talk a lot about how trade agreements can benefit Canadian businesses.

You touched on it a little bit, but I wonder if you could speak specifically to the efforts and actions that the department has taken and will have to take in negotiations with the Ecuadorian government to promote and facilitate access to the Ecuadorian market for Canadian indigenous businesses, and access to the Canadian market for Ecuadorian indigenous businesses.

[English]

Mr. Doug Forsyth: I think, absolutely, that is a key priority for the government and for us in our FTA negotiations. What we have seen, starting from a broad base, is that indigenous-based companies certainly have opportunities similar to the opportunities that other Canadian companies have. However, at the same time, because they're generally smaller, they generally don't look to export. We try to give them a boost, if you will, to do what we can.

We do that not only within the FTA but also outside of the FTA through our trade commissioner service at Global Affairs Canada. We work very closely with our colleagues to ensure that those opportunities are there for aboriginal businesses.

I would also add, though, that what we have done within an FTA is build on, with each recent FTA, trade and indigenous chapters—to build on language in each chapter to make sure that we are covering more and more bases. We did that with the Canada-Ukraine FTA. We were working on it under the Canada-U.K. FTA, just continuing to build on the chapter pieces, indigenous FTA pieces, in the trade agreement. It's certainly something that we continue to focus on and to do what we can on, both within the FTA and outside of it.

• (1640)

[Translation]

Hon. Mona Fortier: I don't have much time. I'll move on to the next topic.

Global Affairs Canada mentions that Ecuador joined the Global Trade and Gender Arrangement and joined the Inclusive Trade Action Group in May 2023. Like other countries, Canada is also a member. The first group serves to promote gender-responsive trade policies, advance gender equality and empower women entrepreneurs. The second aims to help make international trade policies more inclusive.

I would like to know what the implications are of Canada's and Ecuador's participation in the Global Trade and Gender Arrangement and the Inclusive Trade Action Group, in terms of having gender provisions in a potential trade agreement between the two countries.

[English]

Mr. Dean Foster: We would see those as complementary initiatives. For example, all of the other members of the GTAG and the ITAG are partners with whom we already have free trade agreements. We're able to have more plurilateral discussions and to build further synergies with those partners. Then, in the FTA, we focus on our chapters on trade and gender, trade and indigenous peoples, and build co-operation activities bilaterally, one on one, during and after the entry into force of the agreement.

[Translation]

Hon. Mona Fortier: Are there any specific measures to encourage businesses that include women who haven't had access to export markets before? We're working hard to create that opportunity for prosperity.

Do you have any concrete examples of how this could be done in the context of the trade agreement?

[English]

Mr. Dean Foster: Certainly. The intent of the chapter is to promote women-owned business trade—for example, women-led business trade missions. All those types of promotional activities are within the scope of what we have in mind. These are areas that our Ecuadorean colleagues are very excited to explore with us and are committed to pursuing through the trade agreement.

The Chair: Mr. Baldinelli, you have five minutes, please.

Mr. Tony Baldinelli: Thank you, Madam Chair.

I just want to quickly follow up.

Based on the excellent briefing materials that were provided by our staff.... I mean, they broke out some interesting statistics based on StatsCan data from 2022. Canadian exports to Ecuador were \$603 million. Wheat was almost \$300 million of that. Refined oil, secondly, was \$164 million. Those two items were about 77% of our trade exports.

Ecuador exports to Canada about \$679 million. Crude oil is number one at \$178 million. Precious minerals and ores are at \$150 million. Again, those two make up about 48% of the total exports to Canada. Those two items are quite important to Ecuador, I would imagine, in any trade agreement that it reaches with Canada.

Have they positioned any policies or taken any positions to Canada with regard to protecting crude oil exports to Canada?

Mr. Doug Forsyth: There are a couple of pieces on that. Thank you for that information.

We're just at preliminary discussions with Ecuador. We haven't delved into where our interests lie with specific products as we study their economy and what their dutiable exports are—that's from our assessment of where their interests might be—but they haven't expressed those interests to us directly.

Just to clarify, though, the MFN tariff rate on some of the products you mentioned coming into Canada may be zero. It may be similar for our exports to Ecuador.

Mr. Tony Baldinelli: Does it not concern the government, as an oil-producing nation, that Ecuadorean oil is being imported into Canada, instead of having us be allowed to service our own market?

Mr. Doug Forsyth: I guess it depends on the kind of oil that's coming in and what it's used for. Again, if it's coming in at no duty.... The MFN duty rate on that is zero. It could come from anywhere, whether it's Ecuador, the United States or....

• (1645)

Mr. Tony Baldinelli: How do the Ecuadorean oil environmental standards compare with the most ethically produced oil and natural gas in the world?

Mr. Doug Forsyth: That's an excellent question, and I think it's one that our ambassador would be best placed to answer when he's online.

Mr. Tony Baldinelli: Okay. Thank you.

There were riots in the streets in Ecuador previously, when the government moved to reduce gasoline subsidies and increase prices. Could you confirm that Canada is not going to introduce or insist on a carbon tax in this free trade agreement?

Mr. Doug Forsyth: As part of our discussions with Ecuador, we are looking at a comprehensive environment chapter. Whether Ecuador is interested in discussions about that, I'm not aware. However, given the fact that we are in preliminary discussions with Ecuador about launching an FTA, I'm not sure anything is off the table, frankly.

Mr. Tony Baldinelli: The trade commissioner service mentioned that Ecuador's seeking to attract investment in project areas such as transportation, electricity, water, construction, telecommunications, education and so on. Right now, our largest investments are primarily in the natural resource sector.

Is it possible to define for us the nature of other investments and how significant they are in Ecuador?

Mr. Doug Forsyth: Certainly, mining is number one, as you know. Others, I'm not....

Mr. Dean Foster: I'm not aware of anything reaching this scale of our mining investment, which is—

Mr. Tony Baldinelli: There are those opportunities, like my colleague mentioned, like electricity generation and so on.

Mr. Dean Foster: Yes.

The Chair: We'll go to Mr. Arya for five minutes, please.

Mr. Chandra Arya: Thank you, Madam Chair.

There are some well-intentioned NGOs in Canada that advocate on behalf of the people of Ecuador—not all people, because obviously the government and the majority of the people of Ecuador welcome foreign trade agreements. Just to give a parallel example, a couple of hundred people in Quebec, led by Greenpeace, protested against the Northvolt \$7-billion investment in Quebec, employing 3,000 people to manufacture batteries. Based on that, if the people in Sweden advocated to their government that the people of Canada are protesting, so let's not talk trade or investment in Canada....

We have to understand that the global south is changing. I know you mentioned human rights, gender equality and other social issues. I hope we know that Canada, as a developed country, can't be seen to be lecturing or preaching. I think we have to use our words carefully. We have to be more prudent and pragmatic. However, the

well-intentioned arguments against Canadian business, against Canadian interests and against the free trade agreement that we intend to have with Ecuador are, in my view, a bit problematic.

When Canadian investments or any investments go to a country like Ecuador.... It is a middle-income country, it is not a poor country like many countries in Asia and Africa. Still, when investment goes there, with Canada being the largest foreign investor there, it creates economic development opportunities. It create jobs for Ecuadorean people. It creates infrastructure—roads, power generation plants, hospitals, schools. Those are the kinds of positive multiplier effects of the investment that goes in there. That should also be considered.

Talking of considerations, you did mention that the chief economist measured the benefits that this agreement can bring into Canada, which apparently are a bit modest. Did that economist calculate the lost economic opportunity costs from not having a free trade agreement wherein our competitors, to take the example of supplying lentils or wheat, have a free trade agreement, causing a potential loss of Canadian trade with Ecuador?

• (1650)

Mr. Doug Forsyth: I think it's an important element of an economic model to consider the opportunity costs. I'm just not sure if ours does that. I'm not saying it does or it doesn't; I don't know.

I would have to check with our chief economist's office to answer your question more fully. I'm happy to do that.

Mr. Chandra Arya: I'm sure we have very experienced trade negotiators who have successfully conducted very beneficial trade agreements for Canada with countries across the world. My only suggestion is let's be pragmatic when we have a free trade agreement. The environmental chapter is important, because that is one of our objectives too, but as we know, we are just one of the two partners at the table. There's only one of us, so let's also give due consideration to the interests of Canada, Canadian economic interests and Canadian trade interests. At the end of the day, our prosperity that we enjoy today is only due to international trade, which contributes about 67% of our GDP. Let's not forget the big picture when we have agreements and negotiations with small markets or big markets, etc.

With my limited time, I want to ask a question that was touched on by my colleague. Will the free trade agreement with Ecuador create a base for Canadian companies to explore further into the region where we don't have free trade agreements? Can Ecuador act as a base to open doors to channel our exports and trade to other countries in the region?

Mr. Doug Forsyth: I think it absolutely can. It's one of the areas that certainly we see through our experience and when we see what happens with an FTA after x number of years being in place. You establish your linkages with companies, whether it's enhanced supply chains or whether it's finished products. Then it depends on the country and how they're set up.

It strikes me that in this case, Ecuador is well placed within the context of South America to do just as you outlined, but we'll have to see, frankly. That also depends on their economy, how they're set up, what their companies are doing and the transportation network, etc. It strikes me that it's certainly quite possible.

The Chair: Thank you very much.

Monsieur Savard-Tremblay, you have two and half minutes, please.

[*Translation*]

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

There have been scandals surrounding the behaviour of mining companies, which often end up involving militarized fighters clashing with indigenous populations. We spoke about that a little earlier.

How can we ensure that there are measures—

[*English*]

The Chair: We have a translation problem again.

Can you try it again, Monsieur Savard-Tremblay?

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Do we have access to the interpretation?

[*English*]

The Chair: I don't know. I'm sorry. Could you try it?

[*Translation*]

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

We know that there have been scandals—

[*English*]

The Chair: Now it is working. Thank you very much.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Third time's the charm.

We know that mining companies have behaved atrociously in Ecuador, as in a number of countries in Latin American and elsewhere around the world. Many are arming their security personnel, which leads to clashes between the security personnel of these mining companies and the local, often indigenous, communities. We talked about this earlier.

How can we make sure that there will be effective due diligence measures in place to monitor the behaviour of Canadian mining companies?

We know—and the Ecuadorian ambassador said as much—that this agreement will develop the mining industry. However, with mining projects, there can be local push-back. The mining companies like to go in heavy-handed, so to speak.

What guarantee is there that Canadian companies will respect human rights under this agreement?

[*English*]

Mr. Dean Foster: To begin, that's an excellent question. From our perspective, we think the free trade agreement, with robust provisions on labour and the environment, etc., will be a net benefit.

We're also always looking to understand what complementary initiatives we can undertake, including with respect to our broader responsible business conduct regime in Canada and also initiatives in the bilateral relationship that would be supportive of the trade agreement. In that regard, we welcome feedback from this committee on the kinds of things that we should be looking at more holistically in the relationship to support the free trade agreement.

• (1655)

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Can we expect something more stringent?

You talked about chapters. In recent agreements, there were basically chapters that referred to principles, but there were almost no effective mechanisms for implementing them.

Can we expect something better this time?

[*English*]

Mr. Dean Foster: Right now, we are doing the policy work on the various chapters that we are considering for proposal, including a built-up, dedicated responsible business conduct chapter. We would welcome feedback from you and the committee on the kinds of things that would be of interest in that regard.

I'll also say that we're looking at, again, complementary initiatives to support our broader objectives in the relationship.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: We'll hold you to that.

[*English*]

The Chair: Thank you very much.

Mr. Cannings, for two and a half minutes, please.

Mr. Richard Cannings: Thank you.

I'm going to follow up with what I guess is a similar kind of question.

We've heard that Canada is Ecuador's biggest trading partner. Most of that is in mining. We have I think admirable chapters on the rights of indigenous peoples, on the environment, etc., and apparently there are dispute mechanisms that would go along with those chapters, and Canada could complain if Ecuador was not abiding by them.

I'm just wondering about this, because we have a situation here where it seems that most of the human rights violations and most of the environmental problems the Ecuadoreans are concerned about are being caused by Canadian mining companies that are being protected by an ISDS provision. Who makes those complaints and how are they adjudicated? It seems that we are working at cross-purposes here.

Also, just so I can get this in before my time is up, would one of these things that might go along with it be a stronger ombudsperson for responsible enterprise in Canada who has the powers to get documents and get witnesses to testify? She said to this committee she needed to make the changes that are necessary.

Mr. Dean Foster: On that, I will just note that the question pertains to a much broader global responsible business conduct regime in Canada. At present, Canada has measures and frameworks in place to encourage responsible business conduct by Canadian companies active abroad.

The government has two non-judicial dispute settlement mechanisms: our national contact point for responsible business conduct and the Canadian ombudsperson for responsible enterprise.

Also notable is Canada's Corruption of Foreign Public Officials Act, which continues to help ensure that Canadian businesses are engaging responsibly in their engagement with foreign public officials.

As regards the particular FTA, we're working on a chapter and would welcome feedback on the kinds of things that would go in that chapter, but I'll also say that we have a number of other initiatives under way outside of the FTA that are of note.

Just next week, a project will begin where a Canadian international development company will be providing advice and assistance to the Ecuadorean government on the development of a free, prior and informed consent law. I think that's a very net-positive opportunity for Canada to make a positive contribution to these issues in Ecuador and one that I think complements the free trade agreement.

The Chair: Thank you very much.

Mr. Martel, you have five minutes.

[*Translation*]

Mr. Richard Martel: Thank you, Madam Chair.

My question is for Mr. Bouchard.

Mr. Bouchard, in 2022, wheat and refined oil together accounted for 76% of Canada's exports to Ecuador. That oil came from Alberta and Saskatchewan.

Would this potential agreement likely create more Canadian jobs in these sectors?

• (1700)

Mr. Pierre Bouchard (Director, Bilateral and Regional Labour Affairs, Department of Employment and Social Development): Thank you for your question, but I would like to clarify that my field is workers' rights, not the labour market.

That aspect is not covered in the chapter.

Mr. Doug Forsyth: Thank you for your question.

[*English*]

If I understood correctly, you'd like to understand how many jobs were created based on the number of exports.

[*Translation*]

Did I understand your question correctly?

Mr. Richard Martel: As of 2022, wheat and refined oil accounted for 76.9% of Canada's exports. That oil came mostly from Alberta and Saskatchewan.

Is this potential agreement likely to create more Canadian jobs in those two sectors?

[*English*]

Mr. Doug Forsyth: Thank you for the clarification. I appreciate that.

Our economic model, to the best of my knowledge, does not necessarily equate jobs created with numbers of new exports.

Opportunities to access new markets certainly create more production and more exports. Our agriculture system on the prairies is certainly based around exports. If we have new markets for our wheat, lentils or oats, certainly there will be more jobs on the farm, in processing and in transportation.

Again, I'm not aware of the economic modelling around the number of jobs, but just intuitively, I think we have seen that from a policy perspective.

[*Translation*]

Mr. Richard Martel: Three quarters of Canada's total exports to Ecuador come from Alberta and Saskatchewan.

Do you think the other provinces could export more, or have they already reached their maximum potential?

[*English*]

Mr. Doug Forsyth: I don't know about topping, but certainly, I think we have an opportunity to increase our exports. Again, just to go over what I said, where we stand to benefit the most is where we pay the most duty, and that's certainly on goods like wheat and lentils.

As my colleague mentioned earlier, it's not the only place that we will benefit. As you noted, Alberta and Saskatchewan—and Manitoba with respect to oats—do produce a lot of those products.

However, some of the industrial products that will benefit from FTAs include machinery parts, helicopters, plastics, iron and steel. Those are produced in various provinces, and I'm not sure exactly which ones would benefit the most, but certainly, beyond Alberta, Saskatchewan and Manitoba is where we see a lot of industrial production.

[Translation]

Mr. Richard Martel: Could liquefied natural gas, or LNG, potentially be developed later?

Mr. Doug Forsyth: That's a good question. I'm not aware of all the measures in place for the export of LNG. You have to be able to process it to transport it. There are no pipelines between Canada and Ecuador. So it would have to be transported by ships.

[English]

I'm not aware of a plant in place that would be able to transform that liquid natural gas into a transportable subject. They may be working on it, but I'm not aware of it.

The Chair: Thank you very much.

Mr. Sheehan, go ahead for five minutes, please.

Mr. Terry Sheehan: Thank you, Chair.

The trade commissioner service has identified some opportunities that match with Canadian capabilities and local demand, and you've touched on quite a few of them, the extractive industry and agriculture as well.

They have identified some others, and I'm interested in this, because Sault Ste. Marie is the self-declared alternative energy capital of North America. We don't say alternative energy; we say light clean tech or green technology. They have identified clean technology as an opportunity. What kind of opportunities in clean technology would they be talking about?

• (1705)

Mr. Dean Foster: I think what I would say is that Ecuador currently maintains an average tariff rate of 17% on non-agricultural goods. They have broad tariff coverage inside their profile. When you think about a long-term trade relationship, this FTA will provide for competitive opportunities in any sector.

We don't have a particular clean tech stakeholder group that has stepped forward, but I would say that, over a long time horizon, you can imagine this as being a facilitative agreement in any services or goods trade commercial sector.

Mr. Terry Sheehan: It just seems to me that a lot of countries are interested in our technology around small nuclear reactors and things of that nature, where they can be deployed in areas that are hard to get at, if you will. Whether it's up north in Canada or Japan, there's a real interest in that.

Will there be opportunities for that particular industry to participate in the analysis of the opportunities?

Mr. Dean Foster: Reactors haven't come up as a particular interest, but I would come back to my previous comments and indicate that, where demand arises in the commercial relationship, this free trade agreement would support and facilitate expanding trade on a competitive basis.

Mr. Terry Sheehan: The trade commissioner service also talks about infrastructure opportunities. Could you describe what those look like? What are the opportunities, and what are the benefits to Canada and, for that matter, the country we're trading with, Ecuador?

Mr. Dean Foster: Sure. To put it in terms of the architecture of the agreement, the trade in goods provisions and the elimination of customs duties on all non-agricultural products are what we're going to be looking for, so that would facilitate the trade in goods.

The services and temporary entry for businesspersons provisions that we will seek would provide for the liberalization and market access commitments on non-discrimination in those areas and facilitate the ability for highly skilled professionals to move more easily between the two. There's a bit of a value chain aspect to putting together the various provisions of the agreement, but broad sectoral benefits are what we would anticipate within the scale of the relationship.

Mr. Doug Forsyth: If I could just add to that as well, speaking about infrastructure, government procurement is the other piece of that. I think that's another important chapter for us, broad-based but certainly within this FTA, to make sure that there are meaningful market access commitments and reciprocal opportunities on both sides here.

Mr. Terry Sheehan: As well, we're talking about opportunities to improve environmental co-operation. I was thinking of the agreement that Canada signed with the Ecuadorean government recently, and this is in particular to eradicate the dark vessels that are around the Galapagos Islands. Can you make comments on that and on what kind of co-operation that helps to foster in your negotiations?

Mr. Dean Foster: I would describe that agreement as one of the many potential supporting agreements or mechanisms that we have outside of the free trade agreement negotiation itself. That would be mutually supportive with the environment chapter that we would plan to negotiate and the co-operation activities that we would undertake under that environment chapter. As in the case of any trading partner with which we have a free trade agreement, we usually have many other bilateral agreements of various natures. The dark vessel agreement would be one of those mutually supportive types of treaties alongside a free trade agreement if we were to conclude negotiations and implement it.

Mr. Terry Sheehan: I think that is extremely important, because Ecuador has a new president, who seems to be progressive. I'm very hopeful that we can continue to work together to improve this planet, because overfishing, especially in the Galapagos Islands and other very sensitive marine areas, can really set off a domino effect of terrible things. I just wanted to point that out, because there are some good indicators of some advancement. I pointed to the agreements that were signed in May 2023 around gender. There was another one around trade in general, an agreement to try to improve everyone's lives. Could you make a comment about that one? It is the Inclusive Trade Action Group.

• (1710)

Mr. Dean Foster: Indeed, that is another example of mutually supporting agreements. In that case it is a plurilateral type of initiative, co-operative in nature but not in any way in conflict with a bilateral free trade agreement. Rather it is complementary to it. With regard to the dark vessel agreement, we will pass on to our environmental negotiators your interest in the matter of ocean environmental issues, which they are watching right now.

The Chair: Thank you very much.

To committee members, we have completed three rounds. We have a few minutes. Does anyone have a pressing question for our departmental officials that won't take too long?

Mr. Cannings, go ahead.

Mr. Richard Cannings: I would just like to ask someone to expand on this issue of ISDS being unconstitutional in Ecuador and where that stands.

Mr. Reuben East: We've had discussions about what the court has said and so on and so forth, but I'm really not in a position to comment on the constitution of Ecuador. I'm certainly not an expert on that. If Ecuador has considerations to share in that regard, we'll look to discuss those at a negotiating table for sure.

The Chair: Mr. Savard-Tremblay, go ahead.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Two days ago, we heard from Amnesty International representatives. They asked us not to approve an agreement that would have been reached without the participation of indigenous peoples, including indigenous women and their organizations, which are quite active.

Is there any measure or any process to guarantee consultation and transparency with Ecuador's indigenous populations? In other words, are we setting conditions for Ecuador as well?

[English]

Mr. Doug Forsyth: I can comment only on what we have in Canada. We do have an indigenous working group that we consult with throughout our FTA process, and we will continue to do that.

[Translation]

I understood the question about Ecuador.

Mr. Simon-Pierre Savard-Tremblay: Sometimes, during negotiations, especially if there are concerns about human rights, we can set conditions and subject the negotiations and signature to assur-

ances that everything is being done properly and transparently on the other side.

[English]

Mr. Dean Foster: In that regard, we will be engaging with our Ecuadorean colleagues to compare notes on our respective domestic approaches. I would just add that we also have supporting programming right now to make a positive impact on the development of free, prior and informed consent laws of Ecuador. We have a team going down next week, and I'm very heartened by such a supportive initiative.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I'm very happy to hear that.

[English]

The Chair: Mr. Arya, you have a minute.

Mr. Chandra Arya: I have a quick question on the investment side. In my previous life, when I was still a student, in my economics class I learned that trade follows investment; I don't know if that is still true. We don't have a current foreign investment protection agreement as of now, and the protection that is available to Canadian investments will expire in 2033, if I'm not wrong. If we don't have a free trade agreement with a dedicated investment chapter and provisions like ISDS, etc., the current investments and any potential investments for Canadian companies going in there...the new investments will have to go in without any sort of protection, so that will create hesitation amongst Canadian companies to expand into Ecuador.

Can you highlight the need for this free trade agreement, in addition to exporting our goods like wheat, etc., and why it is required to have a door open for safe investment by Canadian businesses?

• (1715)

Mr. Reuben East: First of all—again, to clarify what the current status is—you're absolutely right that going forward, because the foreign investment protection agreement we had with Ecuador has been terminated, only investments that were made in and around 2018 are protected until 2033. Anything after that would not be protected by that agreement, and because we don't yet have an agreement, we haven't started negotiations with Ecuador on a free trade agreement with an investment chapter with investor-state, there can be no protection for that, so—

The Chair: Thank you very much.

As you can see, the bells have started. We have a vote call.

Thank you very much to all our witnesses. That was very valuable information. We appreciate your patience. We are adjourned.

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