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**Members  
Standing Committee on Foreign Affairs and International Trade  
Senate  
Ottawa, Canada**

**Dear Members,**

The Government of Canada extends its gratitude to the Committee for its work, recognizing that the Committee's study was conducted over many months and involved interaction with a range of stakeholders through public consultations and written submissions. The Government of Canada also expresses its appreciation to the stakeholders who appeared as witnesses over the course of the Committee's study.

Accordingly and pursuant to Rule 12-24.(3) of the Senate, I am pleased to respond on behalf of the Government of Canada to the recommendations made in the Report of the Standing Committee on Foreign Affairs and International Trade entitled: *Free Trade Agreements: A Tool for Economic Prosperity*, adopted by the Senate on June 20, 2017.

The different perspectives heard on free trade are a testament to the importance of the Government's and the Committee's commitment to holding an open and transparent dialogue with Canadians on Canada's potential participation in free trade agreements (FTAs) in the future.

This comprehensive report demonstrates the Committee's commitment to assessing the potential impacts of FTAs for Canada and the way in which Canada negotiates and implements FTAs. The recommendations contained in the report will serve to guide Government approaches moving forward on Canada's trade and investment agenda and its engagement with Canadians. It will also guide the Government's assessment of economic, environmental, labour, gender, and other progressive trade elements in Canada's future trade agreements. I wish to thank you and your colleagues for your contribution to this process.

With respect to the Committee's specific recommendations:

The enclosed response describes, inter alia, the extensive consultations with Canadians undertaken since the release of the Committee's report, particularly on NAFTA (with over 700 stakeholders), and China Exploratory Discussions (with over 600 stakeholders) - which reflects, per the Committee's advice, an unprecedented degree of active, direct engagement.

The response highlights the considerable efforts recently undertaken by the Government in the areas of internal trade, innovation, infrastructure, and skills development. Their intersection with trade policy, as the Committee rightly point out, is essential to economic growth.

The Government agrees with the Committee about the importance of focusing on trade agreement implementation, and has taken significant steps with respect to implementing CETA, which are described herein. I have noted the specific recommendations to make public an implementation strategy, with the support of a federal task force, followed by independent assessments (which include the economic, labour, environmental and social impacts) - and will continue to explore different options to this effect.

The enclosed response also details the Government's Progressive Trade Agenda, which is rooted in the belief that the benefits of trade must be shared by all. Increasing trade opportunities for women, Indigenous communities, youth, and SMEs - and ensuring that our trade agreements reflect ambitious labour and environmental standards - is central to this agenda.

Global Affairs Canada's Office of the Chief Economist is also exploring the further development of the Government's data and analytics on how Canadian businesses integrate into global value chains, which, as the Committee's report underscores, is increasingly critical to Canadian trade.

Finally, I am grateful, and have the deepest respect, for the role of parliamentarians in providing input and advice at every stage of the trade negotiation process. I am personally committed to enhancing this process in the most effective way feasible, and would propose to begin by coming to Committee to discuss the report and the Government's response with you in detail.

Please find enclosed a copy of the Government's response to the recommendations of the Report.

Yours sincerely,



The Honourable François-Philippe Champagne, P.C., M.P.  
Minister of International Trade

Enclosure

**GOVERNMENT RESPONSE TO THE SEVENTH REPORT OF THE SENATE STANDING  
COMMITTEE ON FOREIGN AFFAIRS AND INTERNATIONAL TRADE: FREE TRADE  
AGREEMENTS: A TOOL FOR ECONOMIC PROSPERITY**

**INTRODUCTION**

The Government of Canada is pleased to respond to the Seventh Report of the Senate Standing Committee on Foreign Affairs and International Trade (AEFA or “the Committee”), entitled *Free Trade Agreements: A Tool for Economic Prosperity*.

The Government of Canada appreciates the work of the Committee and welcomes the analysis, views and recommendations, based on consultations that the Committee undertook with a wide range of stakeholders. The goal of the Committee was to assess the importance of free trade agreements (FTAs) to the Canadian economy and ways to improve the negotiation and implementation process of FTAs. The Government has carefully reviewed the Committee’s report and recommendations and welcomes the opportunity to provide a response along the following themes:

- Consultation with Canadians;
- Reporting on FTA Negotiations;
- Implementation and Promotion of FTAs; and
- Evaluation of the Impacts and Outcomes of FTAs.

The Government would like to thank the Committee for its report and for its continued interest in trade and investment issues and in ensuring that Canadians can continue to benefit from international trade.

**FREE TRADE AND THE CANADIAN ECONOMY**

Trade and foreign direct investment are major engines of growth in developed and developing countries alike. Trade and investment have long been important contributors to growing Canada’s economy and the high standard of living enjoyed by Canadians. According to the Organization for Economic Co-operation and Development (OECD), the value of our trade with the world is equal in size to 64 percent of Canada’s national income, making Canada second among the G7 (behind Germany) most industrialized economies, and fourth in the G20 (behind South Korea, Germany and Mexico) in terms of the importance of trade relative to the economy. Statistics Canada data shows that the jobs of one-in-six Canadians are linked either directly or indirectly to Canadian exports. These trade-related jobs are of higher wages than others. Last year, Canadian exporters paid wages that were, on average, 14 percent higher than those paid by non-exporters. Trade also expands choices for Canadian consumers, which raises the purchasing power of all Canadians including the poorest, who spend a much greater proportion of their incomes on traded goods and services.

Foreign Direct Investment creates jobs in Canada, helps to expand trade and boost productivity by providing access to new technologies, business and manufacturing processes, and is an important factor in linking Canadian firms to global value chains. Foreign-owned firms operating in Canada employ 1.9 million Canadians, representing one-in-eight of all Canadian jobs and a third (30%) of all Canadian manufacturing jobs. Foreign-controlled multinational enterprises in Canada are responsible for 46% of all Canadian merchandise exports, 38% of business expenditures in research and development and account for 29% of total corporate revenues. Foreign investment also brings the world's most productive firms to Canada that pay higher wages on average (32% higher, in the case of the manufacturing sector).

As a trading nation, Canada's economic prosperity is directly linked to international trade. This Government strongly supports free trade as a way to open new markets to Canadian goods and services, grow Canadian businesses, and create good-paying middle class jobs. Our country depends on global trade and rules that work for Canadians.

#### **PROGRESSIVE TRADE AGENDA**

The Government of Canada has been engaged in discussions with Canadian citizens and stakeholder groups across the country regarding its approach to trade policy. This reflects, on the one hand, a desire to build on past and recent successes in this area (such as the recently provisionally applied Canada-EU Comprehensive Economic and Trade Agreement (CETA) and the Amending Agreements to the modernized Canada-Chile FTA) and, on the other, a recognition that there is scope to do things even better in the future.

Canada has also been closely following public and political debates on trade and globalization among our major trading partners, around the world, and in international economic forums, and has been engaging with these partners on trade policy issues against this background, bilaterally and multilaterally. Opposition to trade liberalization is driven by concerns over the potential erosion of democratic values in favour of corporations, concerns over the lowering of food and environmental standards and perceived job losses from trade agreements.

These public and political debates have also given rise to a range of concerns with trade agreements, such as a perceived lack of transparency in the negotiating process; the perception of special rights and privileges being accorded to corporations; negative and divergent impacts of trade agreements on certain segments of the population, in particular on the middle class workers in traditional industries; and perceived threats to the environment, health, safety, consumer standards, and governments' right to regulate. As these concerns are being increasingly expressed in public debate, or in protests, there are growing challenges with respect to moving forward with trade negotiations and agreements.

Informed by these developments, as well as input received from Canadians in the course of the Government's consultations on trade, the Government of Canada is developing and advancing a Progressive Trade Agenda, which is intended to be a core consideration for Canadian trade policy. By responding positively to these issues to make Canada's trade agreements more progressive, the Government of Canada is working to sustain broader public support for international trade agreements. This agenda is reflective and supportive of the Government's domestic and international policy priorities to support economic growth that benefits everyone and maintain support for trade in an open society, while recognizing the importance of contributing to broader economic, social and environmental policy priorities, particularly with respect to the creation of jobs for the middle class and those working hard to join it.

### **CONSULTATIONS WITH CANADIANS**

This theme addresses Recommendations 1 and 6 of the Committee's report.

**Recommendation 1:** *The Committee recommends that the Government of Canada engage more actively and more directly in activities aimed at increasing consultations with – and direct engagement of – Canadians on the importance of international trade and the relevance of trade agreements to Canada's economic prosperity.*

**Recommendation 6:** *The Committee recommends that the Government of Canada establish a formal consultation process when defining a negotiating mandate in relation to a particular free trade agreement. Consultations should continue throughout the negotiation process, provide timely updates and be open to all relevant stakeholders, including the public. As well, consultations should lead to the identification of measures to be included in a "free trade agreement implementation strategy."*

The Government remains strongly committed to consulting with Canadians when considering any potential trade and investment agreement. Importantly, consultations help identify and inform Canada's interests with regards to potential and ongoing negotiations, in addition to maintaining engagement from stakeholders throughout an FTA negotiation. Canada's established consultation process seeks to provide timely updates on Global Affairs Canada's (GAC) website, the issuance of a Canada Gazette notice inviting written comments from Canadians, creating dialogue op-eds, using various social media platforms and a range of face-to-face interactions like round tables and keynote addresses by Ministers and Government officials with a broad range of stakeholders. All stakeholders, including members of the public, are free to provide additional views outside of formal consultations at any time. Other Government departments and agencies also have a key role in consulting with their respective sectors through established consultative networks and informally as needed on trade-related matters, including FTA negotiations. For example, through the Agriculture Trade Negotiations Consultations Group, officials from Agriculture and Agri-Food Canada regularly update and consult with stakeholders across all agricultural sectors. All information gathered during consultations is taken into account when considering

whether to launch potential negotiation, and implementation strategies of FTAs, in order to ensure that FTAs serve the broad interest of Canadians during negotiations, and in the development and roll out of implementation.

Consistent with the Government's Progressive Trade Agenda the consultations with Canadians on FTAs involves a broad, proactive approach that includes:

- businesses, including SMEs, to identify barriers to trade;
- women, youth, academics, labour unions, and civil society organizations to work to ensure that the benefits of trade are more broadly shared; and
- Indigenous peoples, i.e. national Indigenous organizations, Modern Treaty Signatories as well as Indigenous business, to ensure the rights of Indigenous groups are respected.

In addition, federal officials work in partnership with their provincial and territorial counterparts to ensure their perspectives, priorities and concerns are appropriately reflected in Canada's negotiating positions. The Federal-Provincial-Territorial (FPT) Committee on Trade (C-Trade) meets quarterly to provide an opportunity for FPT trade policy officials to exchange views on shared economic and trade interests, and to discuss trade policy negotiations and initiatives. Additional issue-based meetings are organized as required, including by Chief Negotiators, to discuss recent developments on specific FTA negotiations and to consult with provinces and territories. GAC also organizes conference calls and e-consultations on a regular basis with C-Trade members, and shares information through the dedicated C-Trade website throughout the year. Other Government departments also consult provincial and territorial officials, including Agriculture and Agri-Food Canada through the Federal/Provincial Agricultural Trade Policy Committee on trade negotiations and other agricultural trade issues.

## **Recent trade policy-related consultations**

### *A. North American Free Trade Agreement*

Comprehensive consultations have been undertaken in the context of the renegotiation of North American Free Trade Agreement (NAFTA). Starting in February 2017, the Government of Canada proactively developed a consultations plan and undertook to initiate a broad consultation process with Canadian stakeholders to seek their views on a potential renegotiation of the agreement. Since February 2017, the Government of Canada has consulted with over 700 stakeholders across all areas to hear their views and we will continue to do so throughout the negotiations.

Additional consultations with Canadians were launched on June 3, Canada issued a formal notice in the Canada Gazette, asking for written submissions from interested Canadians. At the end of the Canada Gazette period (July 18), a total of 303 submissions were received, from industry, associations and individuals, as well as 21,020 submissions

from email campaigns. In parallel, on June 3, GAC launched a consultations website through which interested stakeholders can submit their views before and during the negotiations. Over 2000 submissions had been received thus far from businesses, industry associations, municipalities, academia, think tanks, civil society organizations, women entrepreneurs, youth, and Indigenous groups. As the renegotiation process moves forward, Canadians are invited to provide input and opinions on the NAFTA renegotiation at any time during the negotiation process.

The provinces and territories are an integral part of the consultation strategy. GAC and other Government departments have been in regular contact with all the provinces and territories to provide regular updates pre-, post- and during negotiating rounds, where provinces and territories have been present. As in all of Canada's trade negotiations, engaging constructively with all interested stakeholders has been a key part of the Government's overall approach to transparency. The views received through the NAFTA consultations will continue to inform Canada's negotiating positions.

#### *B. Canada-China Exploratory Discussions*

In parallel with the ongoing Canada-China exploratory discussions, the Government recently completed a 90-day public consultations period seeking the views of Canadians on a possible FTA with China. Consultations were comprehensive, involving some 200 interactions with over 600 stakeholders across Canada, including the participation of all provinces and territories, covering a broad range of sectors and interests.

Consultations were held with businesses of all different sizes, from large corporations to SMEs, covering major sectors of the Canadian economy. Additionally, numerous non-business stakeholders were consulted including academia, labour unions, and think tanks to discuss issues such as human rights, the environment, and labour. Indigenous groups were also engaged during the consultations. In total, the Government conducted over 70 plenary roundtables and workshops, and over 130 meetings with individual stakeholders. The Government also received over 130 written submissions from businesses, civil society organizations, and the general public through the Canada Gazette process and dedicated consultation webpage. To engage Canadians more actively, the Government will publish a summary report of the consultations and the views received.

#### *C. Canada-EU Comprehensive Economic and Trade Agreement*

The Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) negotiations were the most transparent and inclusive in Canada's history. CETA required a new approach to stakeholder consultations, deeper engagement with provinces and territories, business and civil society, and deeper engagement with the EU and its Member States. The Government of Canada conducted extensive consultations

on CETA at the outset of negotiations, throughout the negotiation process and after the agreement's text was finalized to understand how best to implement certain areas of CETA. Consultations with stakeholders continue leading up to provisional application of the Agreement.

Stakeholders from all regions across the country and from all key economic sectors were consulted regularly on all aspects of the negotiation, including broad direction, negotiating positions and specific issues. Consultations on CETA were held across Canada in-person and via video and teleconference, with a wide-cross section of interested Canadians, including regional governments and municipalities, large businesses, SMEs, industry associations, sector groups, labour unions, academics and think tanks, civil society and NGOs, Indigenous peoples, students and youth, and other interested Canadians. Canada's provinces and territories were actively engaged throughout the negotiating process, ensuring that CETA will serve the interests of all provinces and territories, as well as the broader interests of Canadians. Soon after the negotiations were concluded the consolidated text was made public so that all stakeholders could review its contents.

#### *D. The Trans-Pacific Partnership*

Since November 2015, the Government has undertaken public consultations on the TPP. The Government has conducted 265 interactions with over 500 stakeholders, including ten town halls (each with approximately 1,000 people) and received over 41,000 letters and emails. There was broad participation among businesses and business associations, unions, civil society organizations, think tanks, academics, and Indigenous groups.

#### **REPORTING ON FTA NEGOTIATIONS**

This theme addresses Recommendation 7 of the Committee's report.

***Recommendation 7:** In order to enable parliamentarians to serve as effective legislators in relation to international trade agreements, the Committee recommends that the Government of Canada report throughout the negotiation process to the Standing Senate Committee on Foreign Affairs and International Trade, and the House of Commons Standing Committee on International Trade. Reports to these parliamentary committees should occur on a quarterly basis, and should provide information on negotiating mandates and progress made during negotiations. When required, sensitive information should be disclosed to these committees with strict adherence to in camera rules.*

The Government recognizes the important role that parliamentarians have in the process by which Canada's FTAs are developed and implemented. While the Government is responsible for setting Canada's international trade agenda, establishing negotiating mandates, carrying out negotiations and concluding treaties, Canada's parliamentarians are consulted and their advice or consent is considered through all



aspects of the life of trade agreements, including the preliminary analysis, negotiation, implementation and evaluation processes.

Parliamentary committees play an important role in undertaking background studies on bilateral and regional trade policy priorities by hearing from academics, business interests, civil society and others. Committees regularly travel to or invite witnesses to assist with these studies. During the negotiating process, parliamentary committees have the ability to monitor developments and inquire into particular issues. Ministers and officials are regularly available to brief on and respond to questions regarding Canada's objectives for, and progress, in negotiations and any sensitive information supplied 'in camera' is treated as confidential. Committees are also able to hear from all other relevant stakeholders during the course of a negotiation. This comprehensive briefing and inquiry function carried out by parliamentary committees ensures that responsibilities of parliamentarians as legislators can be fulfilled.

For example, in the 42nd Parliament, Ministers and senior officials from GAC have made a number of appearances at parliamentary committees to discuss trade agreements. Minister Freeland, in her previous role as Minister of International Trade, and Minister Champagne, in his current role as Minister of International Trade, have made four appearances, three and one respectively. GAC officials, including Chief Negotiators such as Kirsten Hillman and Steve Verheul, have made a total 20 appearances over this time period. This is just a small example of the efforts undertaken by the Government of Canada to provide updates to parliamentarians on Canada's trade priorities and does not take into account the work done by other departments such as Agriculture and Agri-food Canada and the Department of Fisheries and Oceans, among others, who actively take part in negotiations, to brief parliamentarians as well.

Before the ratification of an agreement, Parliament is responsible for the legislative implementation of treaties. In accordance with the Policy on Tabling of Treaties in Parliament, treaties are tabled in Parliament for a waiting period of at least 21 days before steps are taken to bring the treaty into force. During this twenty-one sitting day period, Members of Parliament could initiate a debate. Members of Parliament may also request a vote on a motion regarding the treaty in the House of Commons. Any implementing legislation required is introduced in Parliament and the Government will seek to ratify the agreement only when such legislation is adopted by Parliament.

These mechanisms allow for a robust review of Canadian FTAs by Parliament. Continued use of the review process by parliamentary committees and the Policy on Tabling of Treaties in Parliament will allow Parliament to maintain its active role in reviewing FTAs. The processes in place serve the purpose of informing parliamentarians as needed and allowing them to serve as effective legislators. Current mechanisms provide flexibility, allowing negotiators and senior GAC officials to provide updates as required, reflective of the varied pace of negotiations.

## **IMPLEMENTATION AND PROMOTION OF FTAs**

This theme addresses Recommendations 2, 3, and 4 of the Committee's report.

**Recommendation 2:** *As free trade agreements do not guarantee success for Canadian businesses in the global marketplace, the Committee recommends that the Government of Canada ensure that coordinated policies in relation to international and internal trade, innovation, infrastructure, education and other relevant sectors provide the economic foundation required by Canadian businesses and workers to maximize the potential benefits of free trade agreements.*

**Recommendation 3:** *The Committee recommends that, when a free trade agreement is signed, and prior to its ratification, the Government of Canada make public a "free trade agreement implementation strategy" in relation to that agreement. The strategy should identify federal measures in two areas: those designed to help Canadian businesses benefit from that agreement, including in relation to trade promotion; and those intended to mitigate the agreement's potentially adverse impacts, including transition programs for negatively affected Canadian workers, sectors and regions.*

**Recommendation 4:** *The Committee recommends that, among the federal measures to be included in a "free trade agreement implementation strategy," the Government of Canada create a task force comprising representatives from key federal departments and agencies. The task force, which should begin operations immediately after the free trade agreement is signed, but before it enters into force, should coordinate the federal measures designed to help Canadian businesses benefit from that agreement, including in relation to trade promotion efforts. The task force should consult with relevant stakeholders, including business associations and provincial and territorial governments, and should inform these stakeholders about the implementation of these federal measures.*

### **Canada has a coordinated, multi-pronged strategy**

Canada has a whole-of-government approach through a coordinated framework of policies and programs to help Canadians take advantage of opportunities and maximize the potential benefits of FTAs. These programs form the basis for the Government's strategy to implement and promote FTAs and reflect how Government departments work together, like a task force, to develop, implement and monitor other inter-related components. The Government of Canada provides a broad range of existing horizontal "stabilizer" programs for which those affected by trade may be eligible, for example, employment insurance, skills training and employment supports. For example, Canada's agricultural policy framework is designed to promote the expansion of domestic and international markets and enhance the sector's ability to seize and diversify these markets.

## **Budget 2017**

Budget 2017 included many measures that add further strength and resiliency to Canada's economic foundation and help to ensure that Canadian workers and companies are able to take advantage of economic opportunities and can face future economic changes including in the trade environment. These include measures in the areas of:

### *Skills*

To ensure that all Canadians can participate and thrive in an interconnected, ever-changing world economy, Budget 2017 makes investments to enhance the digital skills of all Canadians; to help adult learners to retrain and upgrade their skills; to help young Canadians transition into the workforce; and to help women, older workers, Indigenous peoples and underrepresented groups more fully participate in education and employment opportunities.

### *Infrastructure*

Through its Investing in Canada plan, the Government is making a historic investment of more than \$180 billion. This includes investing \$10.1 billion over 11 years in trade and transportation projects. This investment will build stronger, more efficient transportation corridors to international markets and help Canadian businesses compete, grow and create more good paying jobs for Canada's middle class.

### *Innovation*

To sharpen Canada's competitive edge and bring our innovations to market, Budget 2017 announced that support will be provided to a small number of business-led innovation "superclusters" that have the greatest potential to accelerate economic growth; establish a new Strategic Innovation Fund to attract and support new high-quality business investments; and initiated a review of the Government's business innovation programs to ensure that they are simple and effective and best meet the needs of Canada's innovators.

### *Investment Attraction*

As announced in the 2016 Fall Economic statement, the Government is dedicating \$218 million over five years to the new Invest in Canada Hub (to be established by the end of 2017), which will attract leading global firms to Canada to bring good paying jobs, capital and new technologies. More trade commissioners will be placed in strategic markets abroad to support this investment attraction.

## *Internal Trade*

While not a Budget 2017 measure, the new intergovernmental Canadian Free Trade Agreement (CFTA), which took effect July 1, 2017, aims to enhance the flow of goods and services, investment, and labour mobility as well as reduce and eliminate technical barriers to trade within Canada. The CFTA will also create good paying jobs and help Canadian businesses to grow and innovate at home so they are better equipped to compete internationally.

### **Proactive strategy to take advantage of FTAs**

#### *Communicating the benefits of free trade to Canadians*

The Government is committed, as outlined in the Minister of International Trade's mandate letter, to engaging in a constructive dialogue with Canadians on the subject of FTAs. The Government is actively working to engage with the public, and to communicate activities underway to boost Canada's economic prosperity which includes promoting the benefits of trade, including existing and potential future FTAs.

A full suite of communications products and approaches, including traditional and digital, is currently being – and will continue to be – used. Communications are targeted at the public at large, and more specifically to women entrepreneurs, Indigenous peoples and businesses in the North, young entrepreneurs, and small and medium-sized businesses, as well as emerging and high-growth sectors (e.g. creative industries, clean technologies, and international education).

#### *Services to Canadian Businesses*

GAC is increasingly engaged with sectoral business associations, with a focus on those sectors offering the best opportunities to Canadian exporters. The Government is supporting capable Canadian exporters in these sectors with tailored services. Other federal departments and agencies (Export Development Canada, regional development agencies), as well as provincial, territorial and municipal governments, also provide exporter support, both online and in-person.

Through GAC, the Government of Canada is making special efforts to encourage Canadian businesses to take advantage of opportunities flowing from FTAs. The Government of Canada is developing specific FTA promotion programs for current and future trade agreements. Such programs would include information seminars which are often organized in cooperation with the provinces and territories or business and industry associations. Information events are held in the FTA market in question aimed at potential importers of Canadian products and services and investors. Trade missions taking Canadian companies to overseas markets are also undertaken. These efforts are

underway for CETA, Canada-Korea FTA and Canada-Ukraine FTA and will be undertaken for any future trade agreements that Canada enters into.

There are other online resources, through the Canadian Trade Commissioner Service (TCS), aimed at informing Canadian business people of opportunities generated by the FTAs as well as the support available to take advantage of them. Information on market opportunities (through CanadExport, a bi-weekly online magazine), exporters guides (the "Step-by-Step Guide to Exporting"), sectoral reports, and market overviews are available on FTA specific websites.

GAC also provides targeted support to Canadian women entrepreneurs through a variety of initiatives. For instance, since its inception in 1997, the Business Women in International Trade (BWIT) program of the Trade Commissioner Service has been providing products and services to help women entrepreneurs globalize. The program's activities are designed to help integrate women into the global marketplace and participate in global value chains. Targeted services include: a dedicated website, an annual and monthly newsletter, a *LinkedIn* group, a specialized directory for women-owned businesses, and women-focused trade missions.

There is evidence that tariff preferences found under FTAs are not always fully utilized. In response, the Canada Tariff Finder<sup>1</sup>, developed in cooperation with Business Development Canada and Export Development Canada, provides a search engine to identify Harmonized System tariff codes and the associated customs tariff.

### *Progressive Trade and Investment Strategy*

GAC is developing a new Progressive Trade and Investment Strategy in 2017-18 aimed at making Canada more competitive in today's global economic environment. This fulfills a commitment in the Prime Minister's mandate letter to the Minister of International Trade to develop a new Strategy to support Canadian businesses seeking to export to international markets and help Canadian jurisdictions attract foreign direct investment. Through this initiative, GAC will deliver commercial services and advice to Canadian businesses and supports their pursuit of international business opportunities. Canada's Trade Commissioner Service is at the forefront of this initiative. It organizes sector-specific, targeted trade missions to priority markets, helps Canadian businesses access global value chains, and supports the facilitation, expansion or retention of foreign direct investment, international innovation, and science and technology partnerships.

Canada will be strongly promoted internationally as a premier choice for investment, including through outreach events targeted at key business decision-makers in priority markets. GAC will work with Innovation, Science and Economic Development Canada, as well as with provincial and municipal investment attraction offices to establish an Invest

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<sup>1</sup> [www.tariffinder.ca](http://www.tariffinder.ca)

in Canada Hub.

*The promotional strategy for CETA - A model for future agreements.*

GAC, with the support of other export oriented departments such as Agriculture and Agri-Food Canada and the Department of Fisheries and Oceans, have been actively working to promote the benefits of CETA to a wide ranging group of stakeholders across Canada. The promotional efforts take a special focus on Indigenous businesses, small and medium sized enterprises (SMEs), youth and women. Efforts using both traditional and digital means, have and will continue to showcase opportunities under CETA that will support job creation and expansion of the middle class. GAC has identified partners at the national, provincial, and local levels to coordinate the dissemination of CETA.

GAC has created a comprehensive CETA promotion website that presents information to Canadians in an easy to follow format. This information provides an overview of CETA's benefits for Canadian exporters, and highlights benefits at the provincial level and by industry sectors. A complementary trade policy page provides Canadians with in depth information permitting a better understanding of the text of the Agreement and its provisions. The Tariff Finder website allows potential exporters, including small and medium sized enterprises, to compare the tariff benefits that CETA provides. Member of Parliament (MP) CETA kits were also prepared and distributed to MPs to promote CETA's benefits to their constituents.

The Trade Commissioner Service has developed an implementation strategy to promote the agreement with activities and initiatives to be undertaken by its global network in support of expanding Canadian commercial opportunities in the EU. This strategy will engage all segments of the business community from innovators to new and expanding exporters. It will also target specific opportunities to enhance investment into Canada. The strategy will also seek to identify opportunities for Canadian business, particularly SMEs, to penetrate EU global value chains and further expand their market reach.

Ministers, the CETA Special Envoy, the Special Envoy to the EU and senior Government officials have led strategic outreach to enhance awareness and knowledge of the agreement across the country and will be ongoing over the coming months. For example, in August 2017 Minister Champagne traveled to Quebec and Nova Scotia and met with industry associations, producers, manufacturers and exporters in the agriculture, agri-food, seafood and manufacturing sectors to discuss the benefits and opportunities that CETA provides them. In August, the Trade Commissioner Service in a webinar, organised by EDC, reached out to over seven hundred registrants across the country to promote the opportunities of CETA.

**EVALUATION OF FTAs**

This theme addresses Recommendations 5, 8, and 9 of the Committee's report.

The Office of the Chief Economist had to develop the necessary expertise in-house to conduct this analysis. Reports on potential FTAs are prepared by the Office of the Chief Economist that clearly and plainly describe the methodology used in the analysis, as well as the expected economic outcomes of prospective FTAs. The Office of the Chief Economist also undertakes ex-post analysis of Canada's most significant FTAs and has recently completed an Economic Impact of CETA on the Canadian Economy which is available to the public on the Chief Economist's website.

Gender equality and women's empowerment is another of the Government's top priorities. As part of the Government's implementation of the Action Plan on Gender-based Analysis (2016-2020), the Government of Canada is integrating Gender-based Analysis+ (GBA+) as part of the assessment of the impacts of potential trade and investment opportunities.

As well, the Office of the Chief Economist works in close collaboration with Statistics Canada and the OECD on Global Value Chains, most notably on developments in Trade in Value Added statistics, as well as in other areas of trade statistics (e.g. Trade by Exporter Characteristics, and Foreign Affiliates) that assist in the analysis of the economic impacts of FTAs and international trade in general.

The Government has the internal evaluation mechanisms available to effectively and regularly review and evaluate its processes and results. Continued development of evaluation processes at GAC will allow for better understanding of the effects of FTAs. The Office of the Chief Economist works closely with negotiators before, during and after negotiations and closely monitors potential and final outcomes of trade negotiations. This allows for a more in-depth study to be done and easier exchange of confidential information between negotiators and economic analysts. The Government of Canada will continue to conduct these through GAC and publish the reports as they are produced. The publication of the reports ensures transparency and allows the public to scrutinize the internal analysis.

The Government also conducts environmental assessments of Canada's trade agreements. In accordance with the Cabinet Directive on the Environmental Assessment of Policy, Plan and Programs, GAC developed a Framework for Conducting Environmental Assessment of Trade Negotiations. This Framework establishes the process and analytical requirements to conduct assessments and systematically identify and evaluate the potential environmental impacts of each trade and investment initiative. This process includes a call for public submissions through the *Canada Gazette* process, as well as an independent review from a Committee comprising key non-governmental environmental experts who provide additional guidance and information to the Government on each assessment.

**Recommendation 5:** *The Committee recommends that the Government of Canada commission one or more independent evaluations of the effectiveness of the federal measures intended to mitigate the potentially adverse impacts of free trade agreements on Canadian workers, sectors and businesses. These evaluations should be used to enhance the effectiveness of such measures, and inform the development of future “free trade agreement implementation strategies.”*

**Recommendation 8:** *The Committee recommends that the Government of Canada expedite research initiatives led by Statistics Canada that are aimed at providing a more accurate and complete analysis of the participation of Canadian businesses in global value chains.*

**Recommendation 9:** *The Committee recommends that, prior to the ratification of a free trade agreement, the Government of Canada publicly report the expected economic, labour, environmental, social and other outcomes in relation to that agreement. Moreover, five years after the ratification of such an agreement, the Government should commission one or more independent evaluations to analyze the agreement’s outcomes, and should table a report outlining these outcomes in both the Senate and the House of Commons. These reports should thoroughly describe the methodology used in the analysis, and clearly identify the agreement’s benefits and costs for Canada.*

The Government of Canada is continually reviewing the functioning of our agreements and taking advantage of opportunities to update agreements where appropriate. Most recently, Canada and Chile signed Amending Agreements to modernize the Canada-Chile FTA (CCFTA) on June 5, 2017. The modernized CCFTA is a concrete demonstration of the Government of Canada’s firm commitment to a Progressive Trade Agenda and will be the first time Canada has included a dedicated chapter on trade and gender in an FTA. The progressive amendments to the investment chapter will help strengthen the regime governing the significant and diversified Canada-Chile investment relationship. The modernization to the CCFTA also adds new sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT) and makes technical amendments to the existing government procurement (GP) chapter.

The Government of Canada is committed to the evaluation of the economic, social, environmental, and gender impacts and outcomes of trade and investment agreements on Canadians. The Office of the Chief Economist in GAC frequently undertakes an assessment on the economic impacts of potential or concluded trade agreements on all sectors of the Canadian economy. The in-house analyses are supplemented by independent studies done by academics, think tanks, and other governments. All of this analysis informs the development of future negotiations. In addition, analysis of the economic impact of potential trade initiatives is also frequently conducted at earlier stages, in the context of exploratory discussions or joint feasibility studies. For example, Canada is conducting a joint feasibility study with China that will be made public once completed.