



Canadian  
Chamber of  
Commerce  
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du Canada

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Le porte-parole des entreprises canadiennes<sup>MD</sup>

May 9 2019

Right Honourable Justin Trudeau, P.C., M.P.  
Prime Minister of Canada  
House of Commons  
Ottawa, ON K1A 0A6

Dear Prime Minister:

As Canada's largest business association, with members of all sizes, in all sectors and regions of the country, the Canadian Chamber of Commerce regularly hears from members about their experiences with China. Not surprisingly, we have been hearing a great deal lately about the issues facing a number of our companies and sectors doing business in China, and I want to thank you for your government's expressions of support.

Businesses across the country recognize the simultaneous opportunities and challenges that exist when doing business in China and with Chinese partners.

The current state of affairs requires us to be both realistic and firm. China is fundamentally unlike any of our other trading partners, given the role of the government and the intertwining of political and commercial affairs.

Both Canada and China have a strong interest in resolving the current impasse and building a stronger relationship. Canadians recognize that China is here to stay and that it will continue to grow in its political and economic importance. For China, which needs both the products and services that the international community can supply, and international acceptance as a partner in global affairs, it will be important to establish that it respects the rule of law and global norms.

Our country's response to the current crisis should be direct but measured, avoiding damaging Canada's interests to the greatest extent possible or unnecessarily inflaming the relationship.

We have some levers within our control to respond to the current situation, but many of our possible paths to resolution pass through other countries and organisations. As a first step, we need an immediate response in Geneva at the World Trade Organization. While we welcome the government's decision to raise the issue at the WTO General Council, we hope that Canada will go a step further by requesting formal consultations under the dispute settlement mechanism.

Another path passes through Washington. As much as we may find the current U.S. administration's trade policies disagreeable, our situation depends to a degree on the success of the U.S.-China trade talks. While Canada does not have a seat at the table in the discussions between the U.S. and China, we must closely track the progress of discussions in

the spirit of Article 32.10 of the Canada-United States-Mexico Agreement, given the wide-ranging implications for Canada. It is vital for the government to continue to insist that the Americans not conclude an agreement that neglects Canadian interests, as it was Canada's favourable response to a U.S. request that triggered the current impasse.

The government must also redouble its efforts in international institutions, including the Global Forum on Steel Excess Capacity, the G20, the World Trade Organization and other specialized groups to work with our allies to press on systemic market access issues where success, if we attempt to operate on our own, is unlikely.

Likeminded allies like the European Union, Japan, and Australia are our closest partners in advancing these shared objectives. I know firsthand from speaking to my counterparts in those countries that their business communities want to work closely with Canada on these issues.

Here at home, we should use the legally permissible tools at our disposal to ensure Canadian business interests are protected. For example, we must take a balanced approach to trade remedy measures and not hesitate to leverage what is allowable under our trade commitments in the area of procurement contracts. It is vital for our businesses to be able to compete on a reciprocal and level playing field to reduce disparities in market access.

In terms of our bilateral actions, the current impasse is fundamentally political. Scientific exchanges or the appointment of an Ambassador are helpful, but only a small portion of the total equation. We need political engagement at the highest level, and I urge you to seek a bilateral meeting with President Xi Jinping at the G20 Summit.

The government's continued efforts in market diversification are extremely important for those companies that are able to shift their goods or services towards new customers. However, we must understand that losing access to the Chinese market will have adverse consequences for numerous Canadian businesses that lack the flexibility to diversify as readily. Companies in these sectors will have to continue to operate within China's unique political and economic constraints.

Given the gravity of the current situation, the Canadian Chamber of Commerce is engaging in an ongoing dialogue with our members about our country's future relationship with China. We will keep the government abreast of the outcomes of those discussions and we are ready to assist the government at any time in its efforts to achieve a just and workable resolution to the current impasse.

Sincerely,

Honourable Perrin Beatty, P.C., O.C.  
President and Chief Executive Officer  
Canadian Chamber of Commerce