



Sent via email to Consultations@international.gc.ca

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Canada-U.K. Trade Consultations
Trade Policy and Negotiations Division (TCA)
Global Affairs Canada

Thank you for the opportunity to participate in Global Affairs Canada's consultations on a free trade agreement with the United Kingdom and its possible accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). As one of Canada's most important trading partners outside the United States, the UK is critical to Canada achieving its trade diversification objectives.

With a longstanding set of shared values and commitment to rules-based trading systems, Canada's relationship to the UK is unique. Furthermore, because this consultation is focused on leveraging existing trade agreement architecture, the Chamber encourages Global Affairs Canada to move as expeditiously as possible in these discussions.

In the case of our bilateral discussions with the UK, we will be able to use the current Trade Continuity Agreement as the starting point for negotiations, whereas with CPTPP the UK would be joining an operational regional trade agreement. The Chamber fully supports the government moving ahead on both fronts.

This submission outlines key issues that have been identified by our members. The nature of CPTPP being an existing trade agreement means there is less room for adaptation, but we provide these thematic issues for the government's considerations in both forums where we will be negotiating with the UK.

Services

- *Digital trade:* Since the CETA's negotiation, global discussions on digital trade rules have taken on a much greater focus in bilateral and plurilateral contexts. We have also negotiated digital trade chapters in the CPTPP and CUSMA. In our future trade discussions with the UK, Canada should continue to pursue these issues. An area of particular importance for Canadian businesses is the ability to move data across borders. Including these provisions in our agreements with the UK is critical to maintaining high global standards and supporting companies operating in multiple jurisdictions.
- *Professional qualifications:* The CETA's provisions on the mutual recognition of professional qualifications have not yet reached their full potential for professional associations. Canada and the UK should review these provisions to find ways to enable greater uptake from professional associations in both countries. This will enhance the value of

temporary entry provisions. This needs to be accompanied by sustained efforts to promote these provisions to the business community and professional bodies.

- *Labour mobility and entry requirements:* Although composing a comparatively small portion of our exports, services present a substantial opportunity for growth through Mode 3 (foreign investment) and Mode 4 (temporary entry). In future discussions with the UK, Canada should look to measures to ease the ability for companies to move skilled talent into the UK to service their foreign investment operations. This includes easier temporary entry under the contractual service supplier route to minimize burdens related to sponsorship requirements.

Goods and related issues

- *Regulatory cooperation and SPS issues:* As tariff rates fall, the future gains on merchandise trade will be driven by regulatory cooperation and enhanced alignment of international standards. As Global Affairs Canada will be well aware, the persistence of non-tariff barriers for the agriculture and agri-food sector for exports to the EU has inhibited Canada's ability to maximize usage of CETA. The UK's departure from the EU creates new opportunities for a more ambitious approach on food safety protocols that will support trade. We would also encourage the bilateral agreement to include strong transparency and reporting mechanisms for stakeholders to understand the progress of regulatory dialogues and the status of issues under discussion. This transparency will ensure stakeholders are able to support dialogues and promote timely evidence-based solutions.
- *Export restrictions:* The COVID-19 pandemic has shown the potential risk of export restrictions in the movement of critical products. Canada and the UK should explore in their future discussions how we can further circumscribe the use of export restrictions in a bilateral context while protecting national security and public health. Where export measures are enacted, they should be applied in a predictable and time-limited manner. This will both provide certainty for companies and set a useful benchmark as other governments consider these tools after the pandemic is over.
- *Critical minerals:* The global supply of rare earth and other minerals that enable the advanced manufacturing of hi-tech products – including defense, medical and clean power applications - remains disproportionately concentrated increasing the risk of supply shock vulnerabilities to both the British and Canadian economies. Future discussions between Canada and the UK should seek to facilitate greater private domestic production, supply chain integration, and movement of these critical minerals between trusted allies.
- *Trade facilitation:* The global pandemic has emphasized the value of the efficient movement of goods globally, and placed supply chain integrity under the spotlight. CETA's provisions on customs and trade facilitation matters in the evolving global trading environment and lay the groundwork for cooperation. However, Canada and the UK should include a dialogue for customs authorities in both countries to engage as new issues emerge.
- *Agriculture exports:* Canada should pursue an approach to eliminate TRQs for our key agriculture interests in the meat and grains sector. In the event that TRQs are still used for trade in our agriculture export interests, they should ensure there is balanced trade between our countries.

- *Supply management products*: The Government of Canada should continue to ensure it maintains its commitment to not provide further market access to the UK for supply managed commodities to ensure predictability for producers.

Procurement

- *Cyber and defence*: Alongside digital trade and regulatory cooperation, there is the overarching importance of cybersecurity for government and businesses. The Canadian and British governments should develop mechanisms to bolster cybersecurity cooperation. This would both support national security objectives and reinforce dialogues occurring through the Five-Eyes, in addition to growing the ability of companies to undertake joint ventures and access procurement contracts.
- *Health sector procurement*: Both countries face similar challenges with aging populations and rising healthcare budgets. A practical way to enhance the commercial relationship would be to use the structure of a trade agreement to deliver coherence on value-based procurement policies, specifically with regard to the life sciences sector. Additionally, the governments should use the UK's experience regarding the approval process of innovative products through the Health Technology Assessment to inform Canada's approach moving forward. These would help deliver taxpayer value for money and improve patient outcomes.

Environment

- *Sustainability*: Given growing commitments to net zero by 2050, we should seek ways to use our trade frameworks to grow cooperation in sustainability policies and increase environmental goods and services exports. Canadian exporters would benefit from greater recognition of strides made to bolster the ESG credentials of our energy products. Future discussions with the UK should focus on how mutually recognized standards can achieve this objective.

The Canadian Chamber looks forward to working with Global Affairs Canada on this important initiative. We would be happy to provide further details on the above proposals and look forward to remaining in close contact throughout the negotiations bilaterally and in CPTPP.