



13 February 2024

Addressees:

Mr. Joël Lightbound, M.P. Chair  
Standing Committee on Industry and Technology  
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cc: Vice Chairs Rick Perkins, Jean-Denis Garon, MP Brian Masse, Miriam Burke (Clerk)

cc: The Honourable François-Philippe Champagne, P.C., M.P., Jaxson Khan

**Re: Recommendation for further AIDA consultations with industry to refine the legislation and ensure its interoperability**

I am reaching out to you today to voice some significant concerns and offer recommendations on behalf of the Canadian Chamber's membership, with respect to the Part 3 (AIDA) of Bill C-27. We strongly recommend that the Standing Committee on Industry and Technology takes the time to consider the amendments that we had shared in our letter to the Minister on November 23rd and extends further opportunities for Canadian industry to comment on the draft legislation, including new substantive amendments proposed by Minister Champagne on November 28.

The Canadian Chamber of Commerce is the country's largest business association with an active network of nearly 400 chambers of commerce and boards of trade representing around 200,000 businesses of all sizes, in all sectors and regions of our country. Through my leadership, these members have been organized into active policy-focused groups, including the Canadian Chamber's Digital Economy Committee, Privacy and Digital Trade Council, Cyber. Right. Now. Council and Future of AI Council.

Since the tabling of Bill C-27, the Chamber of Commerce of Canada has been actively engaging with the federal government to share thoughts and feedback on the legislation. We appreciate the engagement and the efforts that the government has taken to develop regulatory frameworks that balance the innovative potential of a rapidly evolving technology with the risks and challenges it could present to Canadians.

Our aim is to ensure that Canada lands a clear, interoperable and opportunity-driven legislative model to drive productivity growth while mitigating risks. Parts 1 and 2 of Bill C-27 have been extensively consulted on and are ready to proceed through the rest of the legislative process. The following letter focuses on various elements in Part 3 (AIDA) that we believe warrants considerably greater analysis than the current parliamentary process is likely to allow.

The Canadian Chamber has always advocated for a principles and risk-based approach to AI regulation. However, we are concerned that the current version of AIDA is moving away from a



principles and risk-based model and is instead adopting a piecemeal approach that will present countless unintended consequences.

To that end:

- In September 2023, the Canadian Chamber sent the INDU Committee a submission in which we recommended that Parliament consider separating AIDA from the rest of Bill C-27 to allow for more comprehensive consultation between government and stakeholders on AIDA.
- In November 2023, the Canadian Chamber sent a letter to the INDU Committee and Minister Champagne's Office reiterating the importance of consistent dialogue between the Government of Canada and the private sector at a critical period in this legislative process. In this letter, we also shared our initial thoughts on the amendments, with a particular emphasis on aligning AIDA with international norms and avoiding rushing ahead with any legislation or regulation which could put Canada out of step with major trading partners.

We appreciate the government's openness to hearing our concerns as part of this process. Unfortunately, many of the core recommendations we have presented to date are still relevant and could improve the current draft of AIDA, including amendments tabled by the Minister in November. This includes our suggested changes to the definition of high impact systems, the articles on the use of AI for provision of services, biometric information, and content moderation as well as criminal enforcement provisions. We strongly recommend that the Standing Committee on Industry and Technology adopts the amendments that we had shared in our letter to the Minister on November 23rd as the impacts on our economy and Canadians will be substantial.

Since AIDA's initial proposal, there are a number of global and inter-governmental initiatives underway (e.g., the G7 Hiroshima AI Process, the UN High-Level Advisory Body on Artificial Intelligence) aimed at developing internationally aligned, inclusive and comprehensive AI policy frameworks. What's more, many of our closest allies (US, UK, Japan, Australia) have taken a radically different, agile regulatory approach – one that is decentralized and sectoral, where AI regulations and risk mitigation mechanisms are managed by the departments/Ministries/regulators closest to the use-cases.

Meanwhile, the EU's approach (which AIDA attempts to emulate) has come under fire as being inflexible and problematic for innovation and business growth, notably from France, Germany and Italy.

While the Canadian Chamber appreciates that various jurisdictions, including Canada, may have diverging views on the specific regulatory approaches, it is imperative for Canada to timely put in place a national AI regulatory approach once a settled international AI governance framework is established, one that is based on recognized, interoperable, and global set of principles and shared values. Having a Canadian AI regulatory framework that is harmonized with its partners and international standards will ensure that rapidly emerging AI technologies



will be deployed responsibly and in a way that engenders trust and equality. Such an approach will also inspire cross-border collaboration, foster innovation and a robust marketplace of ideas and business models. Interoperability of AI regulations with Canada's largest trading partners will accelerate AI adoption and will power productivity for Canadian companies.

Our members have also raised concerns that given the volume of the proposed amendments, it will take time to carefully assess them, since it is clear they will fundamentally alter the shape and implications of this legislation. The Canadian Chamber and its interested members have found it difficult to address the content of the bill, even more so with the November 28th, 2023 publication of significant amendments. We imagine that your experience of having to receive testimony and feedback on issues of vastly different scopes and frames must undoubtedly be challenging for the Committee and its members.

Only a few witnesses to date have been able to comment on the Minister's new proposals. And previous witnesses can only appear again if the Committee invites them to return to share their expertise on what is effectively a fundamentally new piece of legislation. Given that INDU hearings on C-27 following the Minister's Amendments pertaining to AIDA are limited to only five hearings in total, with February 7 being the only hearing that businesses were able to testify, we are seriously concerned about the lack of Canadian companies having had the opportunity to testify, particularly SMEs, the backbone of the Canadian economy.

Several of our members expressed a great interest in appearing before the Committee but will not be able to share their perspectives due to the short timeframe. Unless AIDA is subject to further study, Committee members will be faced with the challenge of analyzing, obtaining expert feedback, and scrutinizing the voluminous proposals, their impact, and their unintended consequences without valuable witness testimony on the proposed amendments.

This letter, submitted on behalf of the members of the Canadian Chamber of Commerce, is a request for your Committee to have further consultations and hearings on AIDA to ensure INDU hears from companies of all sizes and sectors of the economy, in particular Canadian companies and SMEs. It is in Canada's best interest to give its many experts the time to reflect and comment on this important bill, for the safe and responsible use of AI will bring many benefits to our society and in collaboration with our international partners.

Without a plethora of witnesses testifying on the Minister's substantial revisions to the bill, we believe that AIDA stands to pass without proper consultation, informed discussion, or fair expectations for feedback — underscoring why we recommend the Committee to allow for a robust public consultation it desperately needs and which businesses across Canada deserve.

Our suggested approach would also avert Canada being an outlier in the global approach to AI, with potentially significant economic and trade implications. We believe that it is far more important that we get this legislation right, rather than rush through portions of a bill that are so fundamentally flawed.

We thank you in advance for considering our recommendation and gladly make ourselves available at your convenience to meet to discuss this matter further.



Kind regards,

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