



Business Council  
of Canada



# Remarks to the House of Commons Standing Committee on Trade

Brian Kingston | June 18, 2019

Mr. Chair, committee members, thank you for the invitation to take part in your consultations on Bill C-100.

The Business Council of Canada represents the chief executives and entrepreneurs of 150 leading Canadian companies, in all sectors and regions of the country. Our member companies employ 1.7 million Canadians, account for more than half the value of the Toronto Stock Exchange, contribute the largest share of federal corporate taxes, and are responsible for most of Canada's exports, corporate philanthropy, and private-sector investments in research and development.

It almost goes without saying - trade with the United States is critical to our prosperity. The Canadian economy depends on international trade and the U.S. is by far our largest trade and investment partner. Trade of goods and services represents 64 per cent of Canada's gross domestic product (GDP), with the U.S. the destination for over 75 per cent of our goods exports.

The Business Council strongly supports CUSMA and calls for the swift passage of Bill C-100 for the following reasons:

- 1) **Protect market access** - When the negotiations were first launched, we had one overarching recommendation for government – do no harm. To avoid damaging employment, trade and investment, Canadian, American and Mexican businesses need to retain their preferential access to markets and commercial opportunities in each respective country. By this measure, CUSMA is an overwhelming success. The resulting agreement is based upon reciprocal access and treatment and no Canadian company will face new tariffs (or other market access barriers) in North America.
- 2) **Remove uncertainty** – The ratification of CUSMA eliminates significant trade uncertainty from the Canadian economy. According to the Bank of Canada, trade uncertainty is assumed to reduce the level of business investment by about 2.5 per cent by the end of 2021. Given that the US remains the key market for Canadian firms planning to invest abroad (65 per cent of those surveyed by EDC recently), reducing uncertainty in the relationship will be a boost for the Canadian economy.
- 3) **Modernize NAFTA** - CUSMA will improve the trade relationship by modernizing long-outdated elements of the North American Free Trade Agreement. The agreement is based on the text of the TPP, Canada's most modern trade agreement. For example, it contains a chapter on digital trade that prohibits customs duties and other discriminatory measures from being applied to digital products distributed electronically while ensuring that data can be transferred across borders.
- 4) **Enhance North American competitiveness** – CUSMA includes important new provisions that will help Canada, the United States and Mexico develop a more productive and mutually beneficial trilateral relationship. For example, chapters on competitiveness and good regulatory practices establish committees in each area to promote economic growth and strengthen regulatory cooperation. We call on the



government to take advantage of these new mechanisms by developing a robust committee work plan.

Before I conclude I would like to comment on timing. Last week, business leaders from the United States, Canada and Mexico met in Washington to discuss CUSMA and the need to further strengthen North American economic relations.

The message was clear, the window for ratification is quickly closing. Business leaders across North America support the swift ratification of the agreement to keep North America tariff free, make the economy even more vibrant and competitive, drive investment and support the creation of high-value jobs.

Mexico's Senate is expected to approve the trade agreement this week. If Canada passes Bill C-100 it will send a strong signal to Congress that this agreement has support and should be ratified.

Thank you for the opportunity to address your Committee. I look forward to answering questions.

