

# REPORT Highlights

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## Free Trade Agreements: A Tool for Economic Prosperity

Free trade agreements are crucial to Canada's economic well-being. Trade is part of this country's DNA — more than half of Canada's industrial production is exported. Similarly, 90% of Canadian farmers are dependent on exports because they grow more food than the domestic market consumes.

Free trade is also a catalyst for productivity and innovation. Studies link these agreements to increased specialization of production processes and to economies of scale; international competition inspires increased efficiency in domestic production.

The Senate Committee on Foreign Affairs and International Trade began studying free trade agreements in January 2016. The Committee's report makes nine recommendations aimed at strengthening the economy through trade and bringing increased transparency to the country's pursuit of international agreements.

Canada's foreign trade is governed by its membership in the World Trade Organization and by 11 free trade agreements it has negotiated. The most significant of these agreements is the North American Free Trade Agreement, which has been in place since 1994 and that succeeded the previous Canada-United States Free Trade Agreement, which took effect in 1989.

In 2016, Canada concluded two new free trade agreements, the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Trans-Pacific Partnership (TPP), though neither has yet been implemented. The TPP's future, however, is in doubt as a result of United States President Donald Trump's announcement — three days after taking office — that the U.S. would withdraw from the deal.

The committee acknowledges that free trade agreements are not ends in and of themselves. Canada must make sure agreements it signs are to the net benefit of Canadians.

With the benefit of months of expert testimony, the committee has drafted this report to guide the federal government in its pursuits of international free trade agreements.

## KEY RECOMMENDATIONS

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Free trade agreements are sometimes met with skepticism by a wary public. While the committee recognizes some degree of confidentiality is essential in conducting trade negotiations, keeping the public informed of the risks and rewards of a potential deal is important to generating broad public consent.

Greater transparency is also a means of ensuring the government is accountable for its actions. Through its articulation of the rationale for a given trade deal, Canadians will be in a position to accurately assess whether that deal has met its objectives.

The committee believes the government should identify measures designed to help Canadians benefit from a proposed trade agreement and that are intended to mitigate any potentially adverse impacts before the agreement is ratified.

These measures would be released in a document, which the committee calls a “free trade implementation strategy.” The committee believes that by engaging more broadly with Canadians about the relevance of trade agreements to Canada’s economic prosperity, there would be increased understanding and public confidence.

**The committee recommends that the federal government make public a free trade agreement implementation strategy in relation to every signed trade agreement, before it is ratified.**

Even before an agreement is signed, senators believe Canadians should be able to express their views; the federal government should take them into account in defining a negotiating mandate and Canadians should be encouraged to provide input throughout the consultation process.

This process would also lead to the identification of measures to be included in the free trade agreement implementation strategy document.

**The committee recommends that the federal government establish a formal consultation process when defining a negotiating mandate that would be open to all Canadians and stakeholders.**

The federal government is accountable to Parliament, as well as to Canadians.

In order to enable parliamentarians to serve as effective legislators in relation to international trade agreements, senators believe the federal government should provide regular updates to Parliament about negotiating mandates and any progress made toward deals.

**The committee recommends the government make quarterly reports to the Senate Committee on Foreign Affairs and International Trade, and to the House of Commons Committee on International Trade.**

## NEXT STEPS

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The committee will continue to advocate for greater transparency from the government so that the potential gains and drawbacks of any agreements can receive proper attention and be the subject of informed debate in public and in Parliament.

In this way, the committee can help foster policies that will allow Canadians to benefit from these agreements in an increasingly fragmented and uncertain world.



#AEFA

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<http://sen.parl.gc.ca/InternationalTrade>