



TRADE POLICY REVIEW

REPORT BY

CANADA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Canada is attached.

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1 TRADE AND ECONOMIC ENVIRONMENT 2019-2024

1.1. Since Canada's last trade policy review in 2019, the trade and economic environment worsened gravely in 2020 due to the COVID-19 pandemic, which, along with the enactment of containment measures around the world, caused a significant reduction in global economic activity. As the global economy began to show signs of recovery from the pandemic, inflation emerged as a major challenge that was exacerbated by surging global commodity prices following the Russian Federation's illegal invasion of Ukraine. In this context, central banks around the world raised interest rates sharply, causing growth to slow.

1.2. In addition to higher interest rates, rising geopolitical risks and supply chain vulnerabilities are weighing on the outlook for trade. In this complex environment, Canada continues to explore opportunities to expand trade and investment and support supply chain resilience by strengthening and diversifying Canada's trading relationships towards a stronger, more secure and inclusive economy. Canada has long recognized that to achieve those objectives, reinforcing and upholding the rules-based multilateral trading system and providing a secure, transparent, and equitable environment for global trade will be essential, including by enabling long-term growth for Members at all levels of development.

1.3. Canada has continued to advance an active, inclusive, and sustainable approach to trade to deliver and contribute more meaningfully to broader economic, social and environmental policy objectives, and to ensuring that these benefits and opportunities are more widely shared, including with under-represented groups such as women, Indigenous Peoples and small and medium-sized enterprises (SMEs), which are integral part of Canada's economy.

1.1 Canada in the Global Trading System

1.4. Trade plays a critical role in the Canadian economy. Canada represents just 0.5% of the world's population but accounts for 2.3% (almost five times more) of global trade. Canada's economy is open, diversified, and sophisticated, with aggregate two-way commercial flows (imports plus exports) accounting for approximately 67% of GDP.¹

1.5. Foreign direct investment (FDI) continues to be an important channel of productivity, growth and innovation for Canada. Following significant rebounds in 2021, both Canadian direct investment abroad (CDIA) and foreign direct investment (FDI) flows declined in 2022. Nevertheless, CDIA and FDI flows remained above their average of the pre-pandemic decade (2010–2019).

1.6. The value of Canadian goods exports dropped 12.3% in 2020 but grew 21.9% in 2021 to breach pre-pandemic levels. The strong performance continued in 2022 with 22.4% growth. 2023 was a more subdued year with the value of goods exports declining 1.4%. A similar trend occurred with the value of goods imports, dropping 8.3% in 2020 before growing 12.6% in 2021, 19.7% in 2022 and 1.4% in 2023. Overall, Canadian supply chains held up well during the pandemic, while there were some supply disruptions, for the most part Canadians were able to access the goods and services they needed. A significant amount of disruption during the pandemic was due to a shift in consumer demand from services to consumer durables, which lead to shortages of high demand goods and transportation bottlenecks such as those seen at west coast ports. Services trade did not fare as well dropping by 15.1% in 2020 and only growing by 10.2% in 2021. It took until 2022 (20.6% growth) for services trade to reach its pre-pandemic level. The longer recovery time was mainly due to the impact of containment measures on travel and transport services. Commercial services, many of which can be delivered digitally, did not experience negative growth even during the peak of the pandemic. In 2023, services trade continued with a strong growth of 13.4%.

1.7. The changes in the value goods export have been driven mostly by prices in recent years, as volume grew only 1.6% in 2021, 2.9% in 2022 and 4.8% in 2023 after declining by 7.7% in 2020. Prices started to rise after the initial stage of the pandemic due to supply chain issues, and commodity prices were further elevated by the Russian Federation's invasion of Ukraine. The value

¹ Statistics Canada: Gross domestic product, expenditure-based, Table 36-10-0222-01: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610022201>.

of goods imports has been more evenly distributed between volume and price, with volume growing 8.6% in 2021 and 6.0% in 2022 before declining slightly in 2023 (-0.9%).

2 TRADE POLICY DEVELOPMENTS 2019-2024

2.1 Multilateral Trade Policy

2.1.1 Canada and the WTO

2.1. Canada's long-held position is that a global trade policy environment that is open, stable, inclusive and rules-based helps economies at all levels of development to build and maintain prosperity. For this reason, safeguarding and strengthening an open, rules-based trading system with the WTO at its core continues to be Canada's foremost trade policy objective. Canada remains convinced of the continued relevance of the WTO and is committed to continuing to work with other members, particularly developing and least-developed country members, to strengthen and modernize the institution and its rules. Canada also remains convinced that supportive policies should promote inclusivity by ensuring that the benefits of trade reach all members of society and that international trade rules can and should support our shared environmental goals, including tackling climate change.

2.1.2 WTO Reform

2.2. Canada believes the WTO must remain relevant and responsive to continue supporting economic growth through trade and that to do so it must continually change. Canada welcomed the commitment to work towards reform of the WTO agreed at the Twelfth WTO Ministerial Conference in June 2022. Canada is pleased to have played an active role in the subsequent progress on reform, notably through the General Council-led "reform by doing" process which has seen a series of practical, delegate-led improvements to the WTO's deliberative, monitoring, and transparency functions that make it easier for all members to participate in the work of the WTO.

2.3. More broadly, Canada commits to continued leadership on the important issue of reform, both as an individual member and as the convenor of the Ottawa Group on WTO Reform. This group is comprised of fourteen² WTO members that represent diverse geographic regions and economy sizes who jointly seek to strengthen the rules-based trading system. By facilitating discussions in the Ottawa Group and collaboration with the broader WTO membership, Canada will continue to advance creative and pragmatic ideas to strengthen the Organization.

2.1.3 Dispute Settlement

2.4. Canada views the ability to resolve trade disputes through binding dispute settlement as a core function of the WTO. During the review period, Canada was involved as a complainant in four WTO challenges³, and as a respondent in three WTO challenges.⁴ Canada was also involved as a third party in 54 disputes.

2.5. As a strong supporter of the rules-based multilateral trading system, Canada remains concerned by the impasse over the appointment of Appellate Body members. In this regard, Canada is committed to working with other Members towards a fully-functioning dispute settlement system accessible to all Members, in line with the direction from Ministers at the 12th and 13th WTO Ministerial Conference. While Canada is actively engaged in the Geneva-based dispute settlement reform discussions to achieve this goal, Canada, and the Ottawa Group, were instrumental in the establishment of the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) in May 2020 as an alternative system for resolving WTO disputes. As a leader in spearheading the MPIA's establishment in 2019, Canada views the temporary mechanism as the best option to preserve Members' rights to two-stage dispute settlement for so long as the Appellate Body is unable to function.

² Australia, Brazil, Canada, Chile, European Union, Japan, Kenya, Republic of Korea, Mexico, New Zealand, Norway, Singapore, Switzerland, and the United Kingdom.

³ *United States – Softwood Lumber VII* (DS533), *United States – Differential Pricing Methodology* (DS534), *United States – Steel and Aluminium Products* (DS550), and *China – Canola Seed* (DS589).

⁴ *Canada – Commercial Aircraft (Brazil)* (DS522), *Canada – Additional Duties (US)* (DS557), and *Canada – Wine (Australia)* (DS537).

2.1.4 Ongoing WTO Negotiations and Initiatives

2.6. In addition to contribution to the well-functioning of the WTO regular councils, committees and bodies, Canada has been actively and constructively engaged in plurilateral and multilateral initiatives at the WTO during the review period, to help ensure trade rules address emerging global issues and to demonstrate that the WTO remains relevant to all Members and their stakeholders, including MSMEs and women entrepreneurs.

(a) WTO Joint Statement Initiatives (JSIs):

- i. Services Domestic Regulation: On 2 December 2021, Canada endorsed the Declaration announcing the conclusion of negotiations for the Joint Statement Initiative on Services Domestic Regulation (JSI DR). The negotiated JSI DR disciplines reinforce good regulatory practices and support services exporters by improving transparency and predictability. As per the commitment made by all JSI DR participants, Canada is in the process of inscribing the disciplines as "additional commitments" in its existing WTO General Agreement on Trade in Services Schedule of Specific Commitments. Canada demonstrated leadership in the endorsement of the JSI DR, which includes the first binding provision on non-discrimination between men and women within the WTO framework.
- ii. E-Commerce: Under this initiative, Canada seeks an ambitious, inclusive, and commercially meaningful outcome that would help establish a global baseline of trade rules to support the further growth of digital trade worldwide by creating more predictability, removing barriers and facilitating trade while building further consumers' and businesses' trust.
- iii. Investment Facilitation for Development: Canada is pleased with the recently concluded negotiations under the *Joint Statement Initiative on Investment Facilitation for Development*. Investment is an essential driver of capital formation, particularly for developing and LDC members. Canada considers that the agreement on investment facilitation for development could provide a roadmap for creating a transparent, efficient and predictable environment for cross-border investment.

(b) Trade and Gender and Micro, Small, and Medium-Sized Enterprise (MSMEs): Canada actively supported the creation of the Informal Working Group (IWG) on Trade and Gender, established in September 2020 upon the endorsement of Phase 2 of the Buenos Aires Declaration on Trade and Women's Economic Empowerment. In February 2021, Members of the Working Group adopted a work plan, which outlines activities built around four key pillars: aid for trade, best practices, gender lens, and data and research. Canada is leading the pillar of work on research and data and has undertaken efforts to guide the IWG's work, especially with regards to Gender-Based Analysis Plus. Canada also supports the work of the WTO Informal Working Group on MSMEs to help increase their participation in trade.

(c) WTO Fisheries Subsidies Negotiations: On 2 May 2023, Canada deposited its instrument of acceptance for the Agreement on Fisheries Subsidies reached at the 12th WTO Ministerial Conference. In April 2023, Canada also provided a contribution of 1.4 million Canadian Dollars to the WTO Fisheries Funding Mechanism to aid developing and LDC members implement the Agreement. Canada is actively engaged in the ongoing negotiations on the outstanding disciplines on fisheries subsidies and supports reaching a comprehensive outcome in the near term.

(d) WTO Agriculture Negotiations: Canada believes in the necessity to continue the reform of agriculture trade and adapt WTO rules to current realities in global agriculture trade. In this respect, Canada is seeking new and robust disciplines to address key issues in domestic support, including issues related to the product-specific concentration of trade and production-distorting support. To advance evidence and fact-based discussions and pinpoint the main issues in reducing distortions in agriculture markets, Canada has been leading and actively working with the Cairns Group in the submission of analytical papers and presentations on how the global agriculture trade landscape has significantly evolved since the re-launch of agriculture negotiations at the 2001 Doha Ministerial Conference. In September 2021, Canada updated its analytical tool on domestic support (JOB/AG/219),

which supports Members in undertaking their domestic support analysis. In March 2023, Canada circulated a technical paper that provided an overview of WTO domestic support entitlements and trends for the 10th most important agricultural traders (by value) between 2014 and 2020. In June 2023, Canada, as a Cairns Group member, co-sponsored an analytical paper (JOB/AG/245) on product-specific concentrations of support. In October 2023, Canada co-sponsored a Cairns Group analysis (JOB/AG/253) that illustrated the changing landscape regarding the use of Green Box (Annex 2) support between 2000 and 2019.

- (e) **Trade and environment negotiations and initiatives:** In 2020, Canada was one of 50 Members who agreed to intensify work on the environment through the Trade and Environmental Sustainability Structured Discussions (TESSD). Canada jointly coordinates this initiative with Costa Rica and engages in the discussions taking place through TESSD's working groups, including on trade related climate measures, environmental goods and services and the circular economy. Given the important role that trade in services can play in contributing to solutions to global environmental challenges including climate change, Canada has been actively engaged to advance work with other WTO members, including on environmental services. This work is taking place at both the WTO Council for Trade in Services-Special Sessions (CTS-SS) and at TESSD, as well as under the APEC Group on Services (GOS) in the development of an APEC reference list of environmental and environmentally-related services in 2021.

Under the CTS-SS, Canada with interested members have participated in initial exploratory market access discussions led by three guiding papers – (1) JOB/SERV/293, which solicited Members' views and interest on potential liberalization in the environmental services sector (CPC 94); (2) JOB/SERV/299. Rev3, to explore broadening discussions to other sectors beyond CPC 94; and (3) JOB/SERV/308, which provided a summary of interests expressed on environmental services to date. Canada also participates in the WTO's Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP).

2.2 Bilateral and Regional Free Trade Agreements (FTAs)

2.7. Canada has a broad and growing network of bilateral and regional trade agreements which create opportunities for Canadian businesses and consumers to benefit from international trade.⁵ Bilateral and regional FTAs are anchored in the rules-based system created by the WTO and represent a key complementary tool for Canada in pursuit of trade diversification. Building on the WTO's stable global framework, Canada aims to negotiate high quality, ambitious and comprehensive FTAs through improved market access and rules, benefiting companies of all sizes in a diverse range of markets.

2.2.1 New Trade Agreements/Entry into Force

Canada-U.K Trade Continuity Agreement (Canada-U.K. TCA)

2.8. Following the United Kingdom's (U.K.) decision to leave the European Union, Canada and the U.K. concluded the Canada-U.K. Trade Continuity Agreement (Canada-U.K. TCA) that entered into force on 1 April 2021. In addition to providing stability and continuity for individuals, businesses and other stakeholders in both countries, the Canada-U.K. TCA substantively replicates the principal benefits of the Canada-European Union Comprehensive Economic and Trade Agreement (CETA). In particular, the Canada-U.K. TCA maintains high standards for consumers, workers and the environment, and protects Canada's supply managed agricultural system. The Canada-U.K. TCA also incorporates most provisions of the CETA concerning the liberalization of trade and tariff lines. This includes the elimination of tariffs on 99% of Canadian products exported to the U.K. and the

⁵ As of November 2023, Canada had 15 FTAs in force with 51 countries and more than 1.5 billion consumers: the United States and Mexico (NAFTA, 1994; CUSMA, 2020); Israel (1997); Chile (1997); Costa Rica (2002); the European Free Trade Association (2009); Peru (2009); Colombia (2011); Jordan (2012); Panama (2013); Honduras (2014); Republic of Korea (2015); Ukraine (2017); the European Union (provisionally applied since 2017); the United Kingdom (2021) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (2018).

replication of most CETA tariff quotas, with commitments adjusted to the size and levels of bilateral trade between Canada and the U.K.

2.9. Under the agreement, Canada and the United Kingdom committed to begin negotiations on a comprehensive bilateral FTA within a year of its entry into force. Canada and the U.K. formally launched negotiations on 24 March 2022, toward a new, comprehensive Canada-U.K. Free Trade Agreement. While designed as a bridge between CETA and a comprehensive bilateral FTA, the Canada-U.K. TCA does not expire.

Canada-United States-Mexico Agreement (CUSMA)

2.10. The *Canada-United States-Mexico Agreement* (CUSMA or Agreement) entered into force on 1 July 2020. CUSMA maintains the North American Free Trade Agreement (NAFTA) benefits and ensures that the vast majority of North American trade continues to be duty-free. Other important elements for Canada that were carried forward include the cultural exception, temporary entry for business persons provisions, state-to-state dispute settlement, and the binational panel dispute settlement mechanism for anti-dumping and countervailing duty matters.

2.11. The Agreement includes improved disciplines for trade in goods and agriculture, including with respect to technical barriers to trade, and sanitary and phytosanitary measures, as well as a new chapter on good regulatory practices that encourages and facilitates regulatory compatibility and cooperation. Another new chapter, on customs administration and trade facilitation, standardizes and modernizes customs procedures to facilitate the free flow of goods, including through the use of electronic processes. CUSMA incorporates chapters on labour and environment, both subject to dispute settlement, to ensure that parties do not lower their levels of protection to attract trade or investment. The Agreement also includes outcomes on gender and Indigenous Peoples' rights, and a new chapter on small and medium-sized enterprises. Accordingly, CUSMA is consistent with Canada's inclusive approach to trade.

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

2.12. Shortly before the last review in 2019, Canada had ratified and implemented one of its largest regional trade agreements, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). In the time since, all original signatories have ratified the CPTPP. On 1 June 2021, CPTPP Parties established an Accession Working Group to negotiate the terms and conditions of the United Kingdom's accession to the CPTPP. On 16 July 2023, the United Kingdom became the Agreement's 12th member and the first and only economy to conclude negotiations to accede to the CPTPP. This is currently undergoing domestic ratification and implementation procedures for each of the respective Parties. China, Chinese Taipei, Ecuador, Costa Rica, Uruguay, and Ukraine have also submitted accession consideration requests.

2.2.2 Modernized Free Trade Agreements

2.13. Canada has updated and modernized some of its FTAs to address evolving priorities in a changing global economy and to align them with its more recent FTA model. During the review period, Canada successfully modernized two of its existing FTAs.

Canada-Ukraine Free Trade Agreement (CUFTA)

2.14. In July 2019, Canada and Ukraine announced their intention to modernize the CUFTA that had entered into force in August 2017. Modernization negotiations were launched on 27 January 2022, and the final modernized CUFTA was signed by Prime Minister Trudeau and President Zelenskyy on 22 September 2023. The agreement was modernized by adding new chapters and provisions on cross border trade in services, investment, temporary entry for business persons, financial services, digital trade, inclusive trade, labour and environment, among others. The agreement will underpin the Canada-Ukraine commercial relationship for years to come and provide the framework to facilitate increased Canadian support to Ukraine's long-term economic recovery and trade interests. As of March 2024, the modernized agreement was undergoing domestic approval procedures in both Parties, with an intention to complete these expeditiously.

Canada Israel Free Trade Agreement (CIFTA)

2.15. The CIFTA entered into force on 1 January 1997, and covered trade in goods. The agreement was modernized on 1 September 2019, to update four chapters (rules of origin, dispute settlement, goods market access and administration of the agreement) and add nine new chapters (trade facilitation, e-commerce, intellectual property, technical barriers to trade, sanitary and phytosanitary measures, labour, environment, trade and gender, and small and medium enterprises).

2.2.3 Ongoing Negotiations or Exploratory discussions

Canada-Indonesia Comprehensive Economic Partnership Agreement (CEPA)

2.16. Canada and Indonesia launched negotiations toward a comprehensive economic partnership agreement (CEPA) in June 2021. A Canada-Indonesia CEPA would contribute to Canada's objective of diversifying trade with fast-growing economies in Southeast Asia.

Canada-The Association of Southeast Asian Nations (ASEAN)

2.17. Canada and ASEAN launched negotiations toward a comprehensive free trade agreement in November 2021. With a combined GDP of USD 3.3 trillion and population of more than 660 million in 2021, ASEAN is one of the fastest growing regions in the world. A free trade agreement will facilitate a deeper trade and investment relationship, consistent with the objectives of Canada's new Strategic Partnership with ASEAN. Canada's negotiations with Indonesia and ASEAN are complementary and are proceeding on separate but parallel tracks.

2.18. The successful negotiation and implementation a Canada-ASEAN free trade agreement and a Comprehensive Economic Partnership Agreement with Indonesia are key objectives for Canada's Indo-Pacific Strategy. Launched in 2022, the Strategy outlines how Canada will support a more secure, prosperous, inclusive, and sustainable Indo-Pacific region while also protecting Canada's national and economic security at home and abroad. Its long-term approach is focused on Canada's commitment to supporting democracy, the rule of law, economic growth and resilience, peace and security, human rights, sustainable development, gender equality, and concrete action to protect the environment.

Canada-Ecuador Free Trade Agreement Exploratory Discussions

2.19. Canada and Ecuador launched exploratory discussions towards a potential FTA on 24 November 2022. Exploratory discussions took place over the following year covering all substantive issue areas that could be considered in a potential FTA. Canada held public consultations on a potential FTA with Ecuador in January and February of 2023.

Canada-India Comprehensive Economic Partnership Agreement

2.20. After several years of inactivity, Canada and India formally relaunched negotiations towards a Canada-India Comprehensive Economic Partnership Agreement in March 2022. Nine rounds of negotiations have been held, most recently in July 2023.

2.3 Other Bilateral Initiatives

2.3.1 Foreign Investment Protection and Promotion Agreements (FIPAs)

2.21. In addition to including investment chapters in its FTAs, Canada negotiates stand-alone investment treaties, referred to as FIPAs, which are aimed at protecting and promoting foreign investment between Parties through legally binding rights and obligations. Canada updated its model FIPA in 2021. The update was informed by input from provinces and territories, Indigenous partners and key stakeholders received during public consultations that began in 2018.

2.22. Canada's new model FIPA represents the first comprehensive revision since 2003 and benefits from innovations in recent free trade agreements. It maintains robust protections for two-way investments and features clarifications to reduce the risk of a tribunal incorrectly interpreting its provisions. Canada's approach to FIPAs provides transparency and predictability, and offers

protection for investors of both parties to the agreement by incorporating several key features, including: obligations for national treatment and most-favoured nation treatment applied at both the pre- and post-establishment phase; minimum standard of treatment in accordance with international law; protection against expropriation without compensation; free transfers of investment-related funds; disciplines on performance requirements; and, investor-state and state-state dispute settlement mechanisms. The new FIPA model features multiple technical changes to modernize the investor-State dispute settlement (ISDS) mechanism and make it more inclusive.

2.23. The model reflects the Government of Canada's inclusive approach to trade and includes several new provisions to help women and other groups benefit more from the agreements, including by ensuring that investment protections do not impede policies promoting gender equality and aiming to better reflect Indigenous Peoples' rights and participation.

2.3.2 Air Transport Agreements

2.24. Canada is party to Air Transport Agreements covering 125 countries. During the review period, Canada concluded expanded agreements with numerous partners, including Chile, Colombia, Ecuador, El Salvador, Fiji, India, Norway, Panama, Qatar, Tunisia, Türkiye, the United Arab Emirates, the United Kingdom, Indonesia, the State of Kuwait, and Trinidad and Tobago. First-time agreements were also concluded with French Polynesia, Grenada and Laos.

2.25. Air Transport Agreements play a critical role in facilitating and enabling international trade and investment, supply chain connectivity and people-to-people links, allowing for direct air links for students, tourists, and business people. They are a key enabler to the various FTAs that Canada has negotiated with partners throughout the world.

2.3.3 Digital Trade Chapters and Digital Economic Partnership Agreement (DEPA)

2.26. In addition to seeking digital trade chapters in its FTAs, Canada held public consultations in mid-2022 on the development of a model Canadian digital trade agreement. Canada has also formally requested to join the Digital Economic Partnership Agreement (DEPA), founded by Chile, New Zealand, and Singapore, and its accession process is ongoing.

2.4 Canada in Other Multinational Fora

2.27. Building on its active engagement at the WTO, Canada actively promotes enhancing the rules-based trading system through various multinational fora.

2.4.1 The Group of Seven (G7)

2.28. Under its 2021 Presidency, the United Kingdom created a G7 Trade and Investment Track to address the challenges facing the multilateral trading system, develop good global governance and build a global trading system that contributes to mutual prosperity. The trade track has continued under the Presidencies of Germany (2022), Japan (2023) and Italy (2024).

2.29. During the review period, Canada has advanced its key domestic and international priorities at the G7 Trade and Investment Track, including WTO Reform, supporting inclusive trade, addressing economic coercion, supply chain resilience, and level playing field issues. Canada supports the G7's continuing work to promote and strengthen an open, transparent and inclusive multilateral rules-based international trading system that contributes to sustainable and shared growth. Canada also recognized the importance of the G7 to continue working with other economies, and support outreach efforts. Canada continues to play its part in the adoption of ambitious trade policy outcomes including the G7 Trade Ministers' Statement on Forced Labor and G7 Digital Trade Principles.

2.4.2 The Group of Twenty (G20)

2.30. The G20 trade and investment track is another important platform for Canada to help address trade policy issues on a global stage, including with emerging market and developing countries. Solutions brought forward by the G20 countries lay the groundwork towards meaningful outcomes for sustainable growth and prosperity. While increasing geopolitical tensions in recent years have

made it more difficult to reach consensus on issues, Canada continues to believe in the role of the G20 as a platform to engage in important dialogue to strengthen collaboration with key partners. Canada welcomes the addition of the African Union to the list of its members which will contribute to enhancing the representativeness of the membership.

2.31. Canada demonstrates leadership on a range of trade and investment policy issues in the G20, including on WTO reform, negotiations on e-commerce, fisheries, as well as industrial and agricultural subsidies. Canada is committed to G20 outcomes that support a sustainable and inclusive approach to global economic growth, especially concerning vulnerable groups such as women-owned Micro-small and Medium-Sized Enterprises (MSMEs) and has shared best practices on how to better engage MSMEs in international trade. Canada also strongly advocates for action on market-distorting trade practices to ensure a level playing field for all, as well as protecting the resiliency of global supply chains.

2.4.3 The Organization for Economic Co-operation and Development (OECD)

2.32. Canada supports the OECD evidence-based analytical work to inform policy making towards more sustainable economic growth. Canada continues to actively engage in the *OECD Trade, Investment and Steel Committees, Working Party on Export Credits and Credit Guarantees*, and encourages collaboration with other international organizations, such as the WTO, to leverage expertise of various fora.

2.33. As chair of the 2022 OECD Trade Committee, Canada collaborated with like-minded partners on inclusive trade, and on efforts to discipline market-distorting trade practices, including harmful subsidies and unfair commercial behaviours by state-owned enterprises. Canada also supported and contributed to work on trade liberalization, trade in services, digital trade, trade in value added, responsible business conduct (RBC), and championed work on Indigenous Peoples, gender equality and women's economic empowerment.

2.34. For example, Canada instigated two OECD Chief Economist conferences, one to address the impact of sanctions on the Russian Federation on food security and trade, and the other to study supply chain vulnerabilities and discuss how to build resiliency in international supply chains. Canada also contributed to the design and completion of the OECD's Services Trade Restrictiveness Index, including its country and sector expansion. Canada also supports the development of OECD Trade Facilitation Indicators to help improve border procedures.

2.4.4 Asia-Pacific Economic Cooperation (APEC)

2.35. Canada continues to support the APEC in its goal of moving toward free and open trade and investment in the Asia-Pacific region. During the review period, Canada has notably supported the 2020 Putrajaya Vision by encouraging the establishment and maintenance of a transparent intellectual property enforcement framework in the Asia-Pacific region and cooperating with APEC members on a variety of trade initiatives.

2.36. In 2018, the Inclusive Trade Action Group (ITAG) was established on the margins of the Asia-Pacific Economic Cooperation (APEC) Leaders Summit. ITAG is comprised of Canada, Australia, Chile, Costa Rica, Ecuador, Mexico and New Zealand and is working together to help make international trade policies more inclusive, to ensure that the benefits of trade and investment are more broadly shared including with women, Indigenous Peoples and SMEs. ITAG is also working to build awareness and enhance global support for inclusive trade and its benefits. Under [the ITAG Declaration on Inclusive and Sustainable Trade](#), ITAG priorities include women, SMEs, Indigenous Peoples, responsible business conduct, and environment and climate change. In August 2023, Canada published its [ITAG Three Year Review](#) on the inclusive trade and sustainability benefits of the CPTPP.

2.37. A key initiative of ITAG was to establish a cooperation-based trade and gender instrument, the Global Trade and Gender Arrangement (GTAGA) which was signed on August 2020. The GTAGA commits Participants to advance an inclusive approach to trade and address the barriers that women face when participating in trade. It recognizes the importance of mutually supportive trade and gender policies, and their role in advancing gender equality and women's economic empowerment.

The signatories are Canada, Argentina, Australia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, New Zealand, and Peru.

2.38. The Indigenous Peoples Economic and Trade Cooperation Arrangement (IPETCA) is a non-binding, economic-focused, results-oriented, and cooperation-based arrangement negotiated in 2021 on the margins of APEC and endorsed by Canada, Australia, New Zealand, and Chinese Taipei. The Arrangement acknowledges the importance of Indigenous economic empowerment through inclusive approaches to trade and working together to identify and remove the barriers that Indigenous businesses face when participating in international trade.

2.4.5 Americas Partnership for Economic Prosperity (APEP)

2.39. Canada and 11 likeminded countries officially launched the Americas Partnership for Economic Prosperity in January 2023. initiative aims to establish a framework for economic integration and cooperation across the Americas, and seeks to secure supply chains, create clean energy jobs, and ensure sustainable and inclusive growth.

2.40. On 3 November 2023, Prime Minister Trudeau attended the first Americas Partnership Leaders' Summit in Washington D.C, alongside leaders from all other member countries (Barbados, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Panama, Peru, the United States, and Uruguay). Leaders released the East Room Declaration of the Leaders of the APEP, establishing three tracks of work (foreign affairs, trade and finance) under which relevant Ministers and officials would advance cross-cutting priorities related to strengthening regional competitiveness and integration, fostering shared prosperity and good governance, building sustainable infrastructure, protecting the climate and environment, and promoting healthy communities. The Declaration also recognized three priority sectors related to supply chains: clean energy, medical supplies and semiconductors.

2.5 Trade and Development

2.41. Canada recognizes the important role of trade in stimulating economic growth and promoting sustainable development. Canada continues to actively engage in discussions on trade and development, which offer an opportunity to increase economic prosperity for countries of all levels of development. Canada supports trade and development in a variety of ways, including through "Aid for Trade" and capacity building initiatives, supporting developing countries in taking on new commitments, as well as recognizing the needs of least developed countries (LDCs).

- a) Aid for Trade: Canada's programming responds to the trade-related barriers constraining developing and least-developed countries' ability to engage and integrate into the international trading system. Canada's "Aid for Trade" programs include those at the multilateral level (e.g., support for multilateral NGOs, such as the International Trade Centre); at the regional level (e.g., Pan-Africa Regional Development Program and the Canadian Trade and Investment Facility for Development); at the bilateral country level through individualized programming activities; and, civil society and through innovative public-private partnerships (such as the Global Alliance for Trade Facilitation). Since 2019, Canada has increased aid for trade funding, reaching CAD 3.35 billion to Aid for Trade projects through bilateral, multilateral, and partnership channels.
- b) Fisheries Subsidies Funding Mechanism: In April 2023, Canada announced a contribution of CAD 1.4 million to the WTO Fisheries Subsidies Funding Mechanism to support the implementation of the MC12 agreement by developing and least developed Members and help to ensure the sustainability of global fish stocks. Canada's contribution will also help provide assistance to identify and reform harmful fisheries subsidies (including subsidies to illegal, unreported and unregulated fishing), and to the strengthen fisheries management practices.
- c) Recognizing the Needs of Least Developed Countries: Canada continues to support the WTO's efforts to explicitly recognize the needs, interests and concerns of LDCs. Canada remains a strong supporter of the 2002 WTO General Council decision to facilitate LDC accessions to the WTO. Canada contributed funding in support of LDCs' Participation in WTO Ministerial Conferences for the 11th and 12th Ministerial Conferences.

3 OTHER KEY GOVERNMENT INITIATIVES

3.1 Canadian Free Trade Agreement (CFTA) between Canada the Provinces and Territories of Canada

3.1. The *Canadian Free Trade Agreement* (CFTA) entered into force on July 2017 with the objective to reduce, to the extent possible and eliminate barriers to the free movement of persons, goods, services, and investments within Canada and to establish an open, efficient, and stable domestic market. Parties to the CFTA include all federal, provincial, and territorial (FPT) governments. The federal government continues to work with provinces and territories to improve opportunities for trade within Canada and abroad.

3.2. Established under the CFTA, the Regulatory Reconciliation and Cooperation Table (RCT) is a committee of senior level officials between the federal, provincial and territorial governments to resolve barriers to trade resulting from differing regulations. To date, 17 regulatory reconciliation items and two regulatory cooperation items have been completed from the 35-item Work Plan, including for Electronic Logging Devices and Truck Driver Certification Entry-Level Training for the Trucking industry and the harmonization of Occupational Health and Safety requirements for various products, such as Fall Protection Equipment.

3.3. Under the CFTA, several forward-looking processes and working groups were formed to help strengthen Canada's economic union into the future. This includes working groups created with the purpose of negotiating the inclusion of rules applicable to the Financial Services and Cannabis sectors into the CFTA. The conclusion of negotiations for the Cannabis sector were concluded by FPT Ministers in December 2022, and the sector was subsequently incorporated under the CFTA on 16 January 2024. Negotiations continue to progress for Financial Services.

3.4. The CFTA includes a stand-alone annex (Annex 309) on electricity transmission and sets out specific obligations and rules to enable open, transparent, and non-discriminatory access to electricity transmission services within provincial and territorial boundaries, including a stand-alone dispute resolution roster. Sections 2 through 4 of Annex 309 came into force on 23 September 2020.

3.2 Intellectual Property (IP)

3.5. Reflective of Canada's commitment to maintaining a sound and efficient intellectual property (IP) regime that is conducive to innovation, investment, and economic growth, Canada has continued to update all its key IP statutes since 2019. Notably, Canada has amended the *Copyright Act* to extend the general term of copyright protection, from 50 to 70 years after the life of the author. Canada has also amended the *Copyright Act* and the *Trademarks Act* to provide *ex officio* authority for border officials in respect of suspected pirated copyright and counterfeit trademark goods, respectively, which are moving in-transit. Canada has introduced new criminal penalties applicable to certain prohibited conduct involving "rights management information". Canada has also amended the *Criminal Code* in respect of trade secret offenses, including clarifying the scope of these offenses.

3.6. Canada recently proposed amendments to the *Patent Act* that require the grant of an additional term for a patent if there are unreasonable delays in the granting of the patent. The proposed amendments and associated regulations will come into force by 1 January 2025. In 2022, Canada also amended its Patent Rules to streamline the patent examination process to better ensure efficient and timely processing of patent applications.

3.7. Canada has also continued its ratification of important multilateral IP treaties. In 2019, the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, the Singapore Treaty on the Law of Trademarks, and the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks as well as the amended *Trademarks Act* came into force in Canada. Also in 2019, Canada officially ratified the *Patent Law Treaty* (PLT), as administered by the World Intellectual Property Organization. Canada's Parliamentary process is also underway towards Canada's accession to the *Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite*.

3.8. In 2016, Canada endorsed the United Nations Declaration on the Rights of Indigenous Peoples (UN Declaration) without reservation, which affirms Indigenous Peoples' right to "maintain, control,

protect and develop" their traditional knowledge and traditional cultural expressions along with the right to maintain intellectual property over these. In 2021 the UN Declaration Act (UNDA) came into force, and after two years of consultation with Indigenous Peoples, the Government released a UNDA Action Plan in June 2023. In particular, under UNDA Action Plan Measure 101, Canada has committed to undertake a legislative review of existing IP frameworks in cooperation with Indigenous Peoples to ensure that Canada's IP legislative and regulatory frameworks are consistent with the UN Declaration.

3.3 Supply Management

3.9. Under Canada's system of supply management, producers manage their production based on product demand forecasts. The system helps to strike a balance between supply and demand, providing efficient producers with the opportunity to receive fair returns on their labour and investments, and promoting stable farm incomes. Canada's system of supply management applies to five areas of agriculture: 1) dairy; 2) chicken; 3) turkey; 4) eggs and egg products; and 5) broiler hatching eggs and chicks.

3.10. By effectively managing production and farm gate prices, shortages and costly surpluses are avoided, while providing consumers with a steady supply of products. To meet market demand, provincial marketing boards control the supply of farm gate products (e.g., milk) using production quotas. Quota holders (producers) obtain a price for their production that is set at the provincial level through marketing boards.

3.11. Import controls, via tariff-rate quotas, ensure predictable import levels and thus assist in maintaining the efficacy of production controls and pricing mechanisms for supply-managed products.

3.4 Sanitary and Phytosanitary Initiatives

3.12. Over the review period, Canada has adopted outcome-based regulations and new compliance tools that focussed on plant and animal health and food safety while exploring new technology to position Canada to predict, detect, prevent and respond to potential and real time problems in food safety and plant and animal health.⁶ These include:

- (a) New Guidance for the Novel Food Regulations focused on plant breeding⁷: This new guidance takes account of the health and safety objectives of the regulations, making use of the regulator's experience as this field of science has evolved since the regulations were published. This new guidance interprets the Novel Food Regulations in a manner that takes account of the current scientific knowledge and the underlying scheme and the purpose of these rules in a way that reflects a greater understanding of plant breeding technologies, and the benefits of aligning with our international regulatory partners.
- (b) Introduction of the Canadian African Swine Fever Compartment Program⁸: Canada released National Standards and a National Framework to guide industry in the next steps towards implementing the [Canadian African Swine Fever \(ASF\) Compartment Program](#). It comprises three key components: National Standards, National Framework, and the Compartment Operator Program. Compartments will be developed and managed by industry with approval and oversight by the Government.
- (c) Canada achieved negligible risk status for bovine spongiform encephalopathy (BSE)⁹: In May 2021, Canada obtained its World Organisation for Animal Health (OIE) negligible risk status for BSE. Canada's application to the OIE highlighted Canada's strong BSE control

⁶ <https://inspection.canada.ca/about-cfia/cfia-2025/framework/eng/1634243898653/1634243899028#a1>.

⁷ <https://www.canada.ca/en/health-canada/services/food-nutrition/legislation-guidelines/guidance-documents/guidelines-safety-assessment-novel-foods-derived-plants-microorganisms/guidelines-safety-assessment-novel-foods-2006.html#a5>.

⁸ <https://inspection.canada.ca/animal-health/terrestrial-animals/diseases/reportable/african-swine-fever/producers/national-standards/eng/1697822805041/1697822901053>.

⁹ <https://www.canada.ca/en/food-inspection-agency/news/2021/05/backgroundercanada-achieving-negligible-risk-status-for-bse0.html>.

measures, including surveillance sampling and testing, specified risk material controls, livestock identification and the feed ban.

- (d) Keeping food sold in Canada safe and accurately represented to consumers¹⁰: as part of this initiative, the Government is enhancing its work to address food misrepresentation through strategies to prevent, detect and deter food fraud in Canada. This includes inspection and enforcement activities and the adoption of new scientific methods, such as the application of chemical markers to detect food adulteration.
- (e) Potato wart response activities and promoting compliance¹¹: Following the detection of potato wart in October 2021, Canada immediately initiated an investigation and implemented strict regulatory measures to prevent potential spread of potato wart both domestically and internationally. As part of its long-term plan to address the issue of potato wart, Canada launched its "Ditch the Dirt" application to promote biosecurity and modernize operations at the certain ferry terminals in Canada.
- (f) Addressing high pathogenic avian influenza (HPAI)¹²: Over the past number of years, Canada has put in place a series of measures to limit the animal health risks and associated economic repercussions of outbreaks posed by HPAI, which include movement restriction as well as disease containment and surveillance components. In response to the most recent outbreak, Canada formed a task force in June 2023 to study the challenges and opportunities for the development and implementation of an HPAI vaccination program.

3.5 Responsible Business Conduct (RBC)

3.13. In April 2022, Global Affairs Canada launched its RBC Strategy entitled "Responsible Business Conduct Abroad: Canada's Strategy for the Future". This 5-year Strategy (2022-2027) sets priorities to support Canadian companies abroad to identify and mitigate risks, adopt world leading responsible business practices and contribute to a strong and inclusive economy.

3.14. The Strategy applies to all Canadian companies active abroad, regardless of size, sector, or scope. The Action Plan reinforces Canada's balanced approach to RBC, which includes preventative measures, legislation in select areas, and access to non-judicial dispute resolution mechanisms, namely Canada's National Contact Point (NCP) for RBC and, the Canadian Ombudsperson for Responsible Enterprise (CORE). The Strategy also commits Canada to continue to integrate RBC provisions into its FTAs and FIPAs, which Canada has been doing since 2009. Canada has recently developed a new FTA Trade and RBC chapter for negotiations with willing trade partners. The new chapter is cooperation-based and complements other RBC provisions across Canada's FTAs.

3.15. On 1 July 2020, pursuant to Article 23.6 of the Labour Chapter of the Canada-United States-Mexico Agreement, Canada's Customs Tariff was amended to prohibit the importation of goods mined, manufactured, or produced wholly or in part by forced labour, including forced child labour. On 11 May 2023, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* passed into law and imposes, as of January 2024, supply chain transparency requirements on certain entities to report on the measures taken to prevent and reduce the risk that forced labour or child labour is used in their supply chains. The Act also expands, as of 1 January 2024, Canada's import ban on products made with forced labour to include products made with child labour. Additionally, Canada's federal budget for 2023 reiterated Canada's commitment to introduce legislation in 2024 to eradicate forced labour from Canadian supply chains and to strengthen the forced labour import ban.

3.6 Canada's Trade Remedy Regime

3.16. Canada has introduced a range of recent measures to strengthen and improve access to its trade remedy system. In particular, Canada's 2022 federal budget announced a variety of changes

¹⁰ <https://inspection.canada.ca/food-labels/food-fraud/cfia-s-role/eng/1548444760712/1548444784124>.

¹¹ <https://inspection.canada.ca/plant-health/invasive-species/plant-diseases/potato-wart-or-potato-canker/pw-domestic-long-term-management-plan/eng/1645046929049/1645046929783>.

¹² <https://inspection.canada.ca/animal-health/terrestrial-animals/diseases/reportable/avian-influenza/prevention-preparedness-and-response/eng/1375982718329/1375982719875>.

that were introduced through subsequent legislative, regulatory, and administrative amendments. Key measures include:

- a) Addressing circumvention more effectively by providing the Canada Border Services Agency (CBSA) with additional discretion to find circumvention where a change in trade patterns is caused by the imposition of duties, even if it is not the principal cause.
- b) Allowing the system to respond more effectively to massive importations of unfairly traded imports during the investigation period prior to the imposition of duties, including by providing that a massive importation inquiry must now be conducted by the Canadian International Trade Tribunal in all anti-dumping and countervailing duty investigations.
- c) Increasing consideration of workers' interests by providing trade unions with the ability to file anti-dumping, countervailing duty, and global safeguard complaints, and by clarifying that the assessment of "injury to the domestic industry" includes impacts on workers.
- d) Reducing administrative burden for all interested parties by requiring that expiry reviews of all anti-dumping and countervailing duty orders or findings be initiated within five years of them being made, without the need for a separate proceeding to determine if such a review is warranted.
- e) Funding for the CBSA to create a dedicated trade remedy counselling unit that will assist companies navigating trade remedy proceedings, with a focus on small and medium-sized enterprises.

3.17. These changes build on earlier changes from 2019 that provided the CBSA with additional flexibility to address particular market situations, transactions between associated parties, and targeted dumping, and that streamlined CBSA processes to update normal values, to ensure they are effective and reflect current market conditions.

3.7 Measures related to the Russian Federation's illegal invasion of Ukraine

Changes to tariff treatment

3.18. In response to the invasion of Ukraine, on 2 March 2022, Canada withdrew eligibility for Most-Favoured-Nation ("MFN") tariff treatment for virtually all goods originating in the Russian Federation and Belarus, resulting in the application of the General Tariff of 35% to these imports. This trade measure, in force indefinitely, is accompanied by Canada's import prohibition on Russian petroleum products implemented on 10 March 2022. To address the exceptional circumstances of the illegal war and its impact on the Ukrainian economy, on 9 June 2022, Canada also implemented a temporary waiver of tariffs and trade remedy duties on imports originating in Ukraine, which currently extends to 9 June 2024.

3.19. In February 2023, Canada implemented regulatory amendments to add the Russian Federation and Belarus as "prescribed" countries for the use of non-market economy methodologies in anti-dumping proceedings. These amendments are based on evidence of increasing government intervention and price distortions in the Russian and Belarussian economies, especially since the Russian Federation's invasion of Ukraine in early 2022. With these amendments, the CBSA is now able to employ non-market economy methodologies in proceedings involving these countries without the need to demonstrate that the governments have a monopoly or substantial monopoly of their export trade.

New Export Controls & Economic Measures in response to the Russian Federation's War in Ukraine

3.20. Following the Russian Federation's illegal occupation and attempted annexation of Crimea in March 2014, the Government of Canada, in tandem with partners and allies, enacted sanctions through the Special Economic Measures (the Russian Federation) Regulations under the Special Economic Measures Act (SEMA). The Government has enacted similar Regulations related to Ukraine, Belarus and the Republic of Moldova. Since 2014, Canada has imposed sanctions on more than 2,700 individuals and entities complicit in the violation of Ukraine's sovereignty and territorial integrity.

3.21. Following the Russian Federation's illegal full-scale invasion of Ukraine on 24 February 2022, Canada put in place a series of economic measures, including sanctions and export controls restrictions. This was done in close coordination with allies and international partners. Canada has imposed a full trade embargo on the Russian-occupied territory of Ukraine and more targeted import and export bans on the Russian Federation and Belarus. Import prohibitions include specific luxury goods, gold, oil and gas, aluminium and steel products and firearms. Export prohibitions include specific luxury goods, services to 15 Russian industries (e.g., oil, gas, chemical and manufacturing), advanced technologies in the defence and manufacturing sectors (e.g., quantum computing) and products in key economic sectors such as oil and gas, navigation, transportation, marine and aviation. Other economic measures implemented under Canada's sanctions regulations limit the Russian Federation's ability to access the global financial system and access Canada's capital and financial markets, including crypto; prohibit all entrance/docking of Russian marine vehicles; impose an Oil Price Cap on maritime-transported Russian oil and petroleum products; and ban the Russian Federation Today and the Russian Federation Today France from broadcasting in Canada.

3.22. Other economic measures implemented under other (non-sanction) authorities include closing airspace to Russian aircraft; stopping the issuance of new permits for the export and brokering of controlled goods and technology to the Russian Federation and cancellation of all valid permits. Only permit applications related to medical supply and humanitarian end-uses may be considered for exception and only on a case-by-case basis. Since 9 November 2020, Canada has also suspended the issuance of all new permits for the export and brokering of controlled goods and technology to Belarus.

3.8 Review of General Preferential Tariff (GPT)/Least Developed Country Tariff (LDCT)

3.23. In its federal budget for 2023, Canada announced the renewal of its unilateral preferential tariff programs for developing countries as well as technical simplifications to the rules of origin and direct shipment requirements related to the programs. Canada also announced the creation of the General Preferential Tariff Plus (GPT+) program that will incentivize countries to adhere to international standards on human rights, labour conditions, gender equality and climate change. Canada subsequently passed legislation renewing until 2034 the General Preferential Tariff (GPT), which extends preferential or duty-free treatment to developing countries for 84.4% of goods, and the Least Developed Country Tariff (LDCT), which extends duty-free treatment to LDCs for 98.6% of goods. The legislation also created the legal foundation for the GPT+ program. Canada will continue work to develop the GPT+ program for implementation in the coming years.

3.24. In October 2023, Canada passed regulations that will come into force on 1 January 2025, to:

- a) graduate and reinstate countries into the GPT, in accordance with the same graduation criteria used in the 2015 GPT review;
- b) graduate countries from the LDCT that have already graduated off the United Nations List of LDCs;
- c) expand the product coverage of the Commonwealth Caribbean Countries Tariff, which extends duty-free treatment to imports from 18 Caribbean countries, to include textiles and apparel products; and
- d) simplify the rules of origin and direct shipment requirements.

3.25. Together these changes update and renew Canada's unilateral preferential tariff programs to support economic growth in developing countries.

3.9 Investment Canada Act (ICA)

3.26. "The National Security Review of Investments Modernization Act" was introduced to the Canadian Parliament on 7 December 2022. As of November 2023, the Bill is before Canada's Senate. This new bill represents the most significant update of the ICA since 2009 and focuses on national security issues by ensuring that Canada can continue to address changing threats that can arise from foreign investment. The proposed amendments to the Investment Canada Act include:

- a) New filing requirement prior to the implementation of investments in prescribed business sectors relevant to national security;
- b) Authority for the Minister to extend national security review of investments;
- c) Stronger penalties for non-compliance;
- d) Authority for the Minister to impose conditions during a national security review;
- e) Authority for the Minister to accept undertakings to mitigate national security risk;
- f) Improved information sharing with international counterparts; and,
- g) New rules for the protection of information during the course of judicial review.

3.10 Amendments to the Competition Act

3.27. The Competition Act is a Canadian federal law intended to promote and protect marketplace competition by addressing and preventing anti-competitive business practices like cartels and bid-rigging, abuse of dominance, anti-competitive mergers, and deceptive marketing practices. It is enforced by the Competition Bureau, an independent law enforcement agency. The courts and the Competition Tribunal, a specialized federal adjudicative body, determine whether a contravention has taken place and whether to impose an applicable sanction or remedy.

3.28. In June 2022, significant amendments to the Competition Act entered into force. These amendments: increase maximum fines and penalties for contraventions; prohibit wage-fixing and no-poach agreements between employers; clarify that incomplete price disclosure (called drip pricing) is a deceptive marketing practice prohibited under the law; and allow private parties to apply to the Competition Tribunal regarding an alleged abuse of dominance (previously, only the Competition Bureau could do so). The amendments also expand the list of factors to be considered when assessing the competitive impact of a merger, competitor collaboration, or alleged abuse of dominance. Building on these amendments, a public consultation was launched in November 2022 on broader potential changes to the Competition Act, and a What We Heard Report was published in September 2023.

3.29. Following the consultations, a next set of amendments to the Competition Act were adopted in December 2023. These include: (i) a framework for the Competition Bureau to conduct market studies with the potential for compulsory information-gathering powers; (ii) expanding the scope of anti-competitive business collaborations to include those between businesses that are not competitors or potential competitors in certain circumstances; (iii) repealing the "efficiencies defence", which permitted otherwise anti-competitive mergers and collaborations to withstand challenge where they generated sufficient economic efficiencies to offset harm to competition; and (iv) permitting court-ordered injunctions against abuses of dominance on the basis of anti-competitive intent or effects alone (instead of both), as well as raising maximum monetary penalties that may be in effect when both are proven. The amendments came into effect on 15 December 2023 with the exception of the changes impacting anti-competitive business collaborations (section 90.1). The changes to this section will come into effect next year on 15 December 2024. This will allow businesses time to ensure they are in compliance with the law.

3.30. As of January 2024, the Government's most comprehensive response to the consultation, a set of further, wide-ranging amendments proposed to all areas of the Competition Act, is currently navigating the legislative process. Broadly, these amendments would modernize the merger notification and enforcement process, significantly increase the scope of review and consequences for anti-competitive collaborations, broaden and incentivize private enforcement, and address Government priorities within the framework such as labour and the environment.

3.11 COVID-19-related Tariff Measures

3.31. In 2020, Canada implemented two unscheduled temporary changes to its tariff regime in response to the COVID-19 pandemic. Both measures have since ended. The extended relief provided under the Certain Goods Remission Order (COVID-19) and Goods for Emergency Use Remission Order expired on 7 April 2022, and 7 May 2022, respectively.

3.32. Under the Certain Goods Remission Order (COVID-19), imports of certain medical supplies, including personal protective equipment, were eligible for tariff relief. These included diagnostic test kits, face and eye protection, gloves, protective garments, disinfectants/sterilization products, medical devices, thermometers, wipes, and medical consumables. Relief was available to all importers such as businesses, distributors, and individual Canadians. More than CAD 496 million of customs duties was remitted under this Remission Order.

3.33. Under the Goods for Emergency Use Remission Order, goods required on an emergency basis and imported by, or on behalf of, certain health care entities (for example, hospitals) and first responders were eligible for relief from tariffs and sales taxes. Relief was extended to goods required on an emergency basis and imported by, or on behalf of, public and private care residences, such as seniors' residences, retirement homes, nursing homes, and shelters.

3.12 Policy Statement on Ensuring Reciprocal Treatment for Canadian Businesses Abroad

3.34. Released alongside the 2023 Fall Economic Statement, the *Policy Statement on Ensuring Reciprocal Treatment for Canadian Businesses Abroad*¹³ provides an overview of Canada's approach for continuing to ensure the fair treatment of Canadian workers and businesses in the face of global economic and trade challenges, including the growing trend by other countries of implementing protectionist and non-market policies and practices. Going forward, Canada will consider reciprocity as a key design element for new policies. In doing so, consideration will also be given to upholding the rules-based international order, including pursuing viable recourse options through multilateral institutions and continuing to support initiatives to modernize and strengthen WTO rules.

4 TRADE PROMOTION

4.1. In recent years, Canada has continued to diversify its trade relationships through the negotiation and implementation of multilateral and bilateral trade agreements. These have been complemented by trade promotion strategies and initiatives to ensure that liberalized trade translates into increased flows of investment, goods, and services, and that businesses of all sizes can benefit from FTAs. These efforts are anchored by Canada's *Export Diversification Strategy*, as well as specific initiatives aimed at addressing the particular trade development challenges faced by SMEs, women, Indigenous Peoples, and other underrepresented groups. Introduced in 2018 with a goal of increasing overseas exports by 50% in 2025, this Strategy helps Canadian exporters become more resilient during times of uncertainty in international trade and facilitates future growth opportunities. Canada's Trade Commissioner Service (TCS) plays a central role in delivering Canada's export development and trade promotion initiatives.

4.1 Canada's Indo-Pacific Strategy

4.2. Launched on 27 November 2022, Canada's Indo-Pacific Strategy (IPS) presents a comprehensive and integrated set of strategic priorities for the coming decade, spanning defence and security, trade and economic cooperation, people-to-people ties, international assistance, as well as action on the environment and climate change. It includes dedicated new investments and paid-in capital totalling nearly CAD 2.3 billion and comprises of 24 initiatives across 17 government departments and agencies, as well as FinDev Canada and the Asia Pacific Foundation of Canada.

4.3. The Strategy advances five interconnected strategic objectives: Promoting peace, resilience and security; Expanding trade, investment and supply chain resilience; Investing in and connecting people; Building a sustainable and green future; and Canada as an active, engaged and reliable partner in the Indo-Pacific.

4.2 Women and SMEs participation in trade

4.4. As part of Canada's GTAGA transparency commitment¹⁴ to encourage women's full and equal participation in national and international economies through voluntary reporting during the

¹³ [Policy Statement on Ensuring Reciprocal Treatment for Canadian Businesses Abroad](#).

¹⁴ [GTAGA Art. 7, Transparency](#).

WTO trade policy review mechanism, Canada provides the following information to further demonstrate that its domestic and trade policies are aligned and coherent.

Women Entrepreneurship Strategy (WES)

4.5. In 2018, the Women Entrepreneurship Strategy (WES) was launched to support women entrepreneurs by increasing women-owned businesses' access to financing, expertise, and networks to start-up, scale-up and access new markets. The WES addresses women entrepreneurs' challenges and advances women's economic empowerment. It is a nearly CAD 7 billion multi-year initiative with multiple federal departments, crown corporations and agencies dedicated to supporting women entrepreneurs.¹⁵ In 2022–23, WES initiatives delivered almost 9,000 affordable loans to women entrepreneurs to help start or grow their businesses; the WES Ecosystem Fund supported 26,462 women entrepreneurs, including 4,093 women entrepreneurs supported in starting a new business and 5,247 women entrepreneurs supported in growing an existing business; and more than 31,840 women attended learning and networking events through the Women Entrepreneurship Knowledge Hub.

Business Women in Trade

4.6. The Business Women in Trade (BWIT) program by the Trade Commissioner Service supports Canadian women entrepreneurs through various initiatives, providing targeted products and services for international growth. Since its inception in 1997, BWIT has helped spur economic growth, job creation, and broad-based prosperity. The program promotes activities designed to help women entrepreneurs integrate into the global marketplace and participate in global value chains.

4.7. Through [inclusive trade export programs and services](#), Canada is committed to providing businesses owned by [Indigenous](#), [Black](#), [youth](#) and [2SLGBTQI+ entrepreneurs](#), with the needed resources and tools to successfully access global markets.

CanExport SMEs Program

4.8. The [CanExport SMEs Program](#), delivered by the Trade Commissioner Service, provides funding to cover expenses, such as travel costs, to help Canadian SMEs expand their businesses into untapped international markets.

4.3 Other Export Promotion Programmes and Strategies

4.3.1 The Clean Growth Hub

4.9. The Clean Growth Hub is a whole-of-government focal point that brings together 18 federal departments and agencies to support clean technology companies and projects. The Clean Growth Hub helps clean technology users and adopters identify the federal programmes and services most relevant to their needs, including support for exporters.

4.3.2 Trade Accelerator Program

4.10. The Trade Accelerator program (TAP) is an international-trade workshop that helps Canadian small and medium-sized enterprises (SMEs) develop their exporting capabilities by providing them with access to Canada's top exporting advisors, resources, networks, and training. Funded by the Government of Canada since 2019, TAP is an important component of Canada's Export Diversification Strategy. Between April 2019 and March 2023, the program graduated 1,339 SMEs who reported adding 1,179 jobs and experiencing an average increase in export revenues of 23%. Nearly two-thirds of participating SMEs were owned or led by an equity-deserving group.

4.3.3 Creative Export Strategy

4.11. Launched in 2018 and recently renewed in 2023, the Strategy aims to maximize the export potential of Canadian creative industries and help them to stand out in the global market by providing

¹⁵ Global Affairs Canada (2023). *Women Entrepreneurship Strategy: Progress Report 2022*. Viewed at: [Women Entrepreneurship Strategy: Progress Report 2022 \(canada.ca\)](#)

funding for export projects; opportunities to participate in trade missions and industry events abroad; export-related guidance and information; and support in markets abroad to find and develop business opportunities.

5 INCLUSIVE TRADE

5.1 Consultations and Transparency

5.1. In November 2020, the Government of Canada updated the Policy on Tabling of Treaties in Parliament, to enhance parliamentary involvement in the process by tabling all treaties between Canada and other states or entities in the House of Commons before ratification. The policy applies to free trade agreements, and notably includes requirements to table in the House of Commons, prior to commencing negotiations towards a new free trade agreement:

- A Notice of Intent to enter into negotiations at least 90 calendar days prior to the commencement of such negotiations; and
- The objectives for negotiations at least 30 calendar days prior to the commencement of such negotiations.¹⁶

5.2. These requirements are in addition to public consultations the Government of Canada undertakes prior to launching free trade negotiations, and as part of the impact assessment process.

5.3. In September 2022, the Government of Canada also implemented a new system to allow and improve the ease of use for stakeholders to submit their comments on proposed regulations directly on the Canada Gazette, Part I website. In addition, all stakeholder comments that conform to the terms of use will be published on the Canada Gazette, Part I website, allowing stakeholders to see their comments and those of others. This has resulted in an improvement in the transparency of the regulatory process.

5.4. In 2017, Global Affairs Canada (GAC) established a trade-focused Indigenous Working Group (IWG) to raise awareness and receive feedback from Indigenous Peoples on Canada's inclusive approach to trade and Indigenous Peoples' related issues. This includes collaborating to develop the Trade and Indigenous Peoples Chapter and the Indigenous General Exception that Canada is seeking to advance in its FTAs. More than 100 meetings have taken place to date with the IWG. Subgroups of the IWG, called Indigenous Peoples Advisory Councils (IPACs), have also been established to discuss targeted trade negotiations. Members of the IWG include National Indigenous Organizations, business associations, academics, and legal and policy experts.

5.5. In 2020, the Gender and Trade Advisory Group (GTAG) was established with the aim of providing a forum for government officials to hear from trade and gender experts, academics, and leading organizations on women in business with regards to challenges, concerns, and successes. As of October 2023, the GTAG has met 10 times. The GTAG includes a subgroup of external experts and academics, the GBA Plus Subcommittee, which reviews and provides expertise and key advice to government officials on Canada's confidential GBA Plus assessments of FTAs, Trade and Gender chapter provisions, and other trade policy issues.

5.2 Advancing an Inclusive Approach to Trade in Trade Agreements

5.2.1 Trade and Environment

5.6. Canada is committed to ensuring mutual supportiveness between trade and environmental protection objectives and policies, including promoting high levels of environmental protection and ensuring that trade partners do not lower environmental standards to promote trade or attract investment. Canada's current approach in its FTAs consists of seeking a dedicated Environment Chapter with core commitments for Parties to maintain robust environmental governance. Canada also seeks to address key global environmental challenges in its FTAs through substantive commitments in a wide range of areas, including *inter alia*, climate change, plastic pollution and waste, sustainable fisheries management, sustainable forest management, and conservation of biodiversity and illegal wildlife trade. It is Canada's view that the Environment Chapter should have

¹⁶ <https://www.treaty-accord.gc.ca/procedures.aspx?lang=eng>.

an appropriate framework in place to support the effective implementation of the environmental obligations. The Environment Chapters in the CPTPP and CUSMA include a binding and enforceable dispute resolution process to address compliance issues. This includes recourse to the broader CUFTA, CPTPP and CUSMA dispute settlement mechanisms if a resolution cannot be achieved through consultation and cooperation.

5.7. Domestically, Canada also examines the linkages between trade and environmental protection, by undertaking mandatory Environmental Assessments to evaluate the environmental impact of its trade negotiations and agreements. Conducting Environmental Assessments ensures mutually supportive trade and environmental outcomes, in accordance with the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*.¹⁷ Environmental Assessments are consulted fully throughout the negotiation and implementation phases with a working group consisting of leading Canadian academic and non-governmental experts.

5.2.2 Trade and Labour

5.8. Canada addresses the labour dimensions of economic integration, and the promotion of respect for fundamental labour principles and rights, through the negotiation and implementation of comprehensive and enforceable labour provisions as part of its FTAs. Canada is pursuing an ambitious approach that reflects Canada's high labour standards and the need to ensure a level-playing field for Canadian workers and businesses. These provisions seek to improve working conditions and living standards in the signatory countries and to protect and enhance basic workers' rights. To date, Canada is signatory to Labour Agreements with Chile, Colombia, Costa Rica, Honduras, Jordan, Panama, and Peru. In addition, the free trade agreements with Israel, Korea, and Ukraine, the Canada-U.K. TCA, as well as CETA, CPTPP, and CUSMA include a labour chapter. In order to implement a CUSMA labour chapter provision, Canada's Labour Funding Program provides financial support for cooperative labour activities and technical assistance to partner countries to foster compliance with the commitments set out in labour agreements, including those related to internationally recognized labour rights and principles.

5.2.3 Trade and Gender

5.2.3.1 Gender Based Analysis Plus

5.9. Since 2018, conducting comprehensive *ex ante* and *ex poste* Gender Based Analysis Plus (GBA Plus) of FTAs is Canada's standard approach. In line with Canada's priorities, GBA Plus helps Canada deliver on its inclusive approach to trade by integrating gender perspectives into trade policy formulation, as well as FTA negotiations and implementation.

5.10. GBA Plus is a quantitative and qualitative analytical tool that uses gender disaggregated data, modelling, research and analysis to help inform negotiators and policymakers of the best ways to address gender and diversity considerations. This can help in the identification of potential effects and opportunities created through the application of an FTA. The goal is to ensure that we do not perpetuate or exacerbate inequalities, mitigate potentially negative impacts, and to ensure that all Canadians benefit more from trade.

5.11. In alignment with its standard approach, Canada has published summaries¹⁸ of the initial GBA Plus of the following FTAs: Canada-Mercosur (2019), Canada-United Kingdom (2022), Canada-Indonesia (2022) and Canada-Ukraine (2023). Canada also published a GBA Plus summary of the final CUSMA (2020) and CPTPP (2023). Canada seeks stakeholder feedback on all published GBA Plus assessments of FTAs and aims to integrate views during negotiations. Where substantive feedback is provided by stakeholders, Canada publishes a [What We Heard](#)¹⁹ report, which was done

¹⁷ Source: Privy Council Office and Canadian Environmental Assessment Agency – Cabinet Directive for the Environmental Assessment of Policy, Plan, and Program Proposals: <https://www.ceaa-acee.gc.ca/default.asp?lang=en&n=B3186435-1>.

¹⁸ Source: Government of Canada – Gender-based Analysis Plus (GBA Plus) of trade policy and free trade agreements : [Gender-Based Analysis Plus \(GBA Plus\) of trade policy and free trade agreements \(international.gc.ca\)](#).

¹⁹ Source: Government of Canada – What we heard? Consultations on Summary of Initial GBA+ for Canada-Mercosur FTA : [What we heard? Consultations on Summary of Initial GBA+ for Canada-Mercosur FTA \(international.gc.ca\)](#).

in 2020 following consultations on the summary of the first GBA Plus which was conducted on the Canada-Mercosur FTA negotiations.

5.2.3.2 Trade and Gender Related Provisions

5.12. Gender equality, women's economic empowerment and the avoidance of discrimination based on gender are key elements that Canada is pursuing during trade negotiations, notably via language regarding the elimination of employment discrimination in labour provisions.

5.13. Since 2017, Canada has sought to advance women in trade throughout its FTAs, notably through the inclusion of dedicated Trade and Gender chapters and mainstreaming gender responsive provisions, including in areas such as labour, cross-border trade in services, investment, and government procurement. Trade and Gender chapters acknowledge that trade is not gender neutral and that more can be done to advance women's economic empowerment and participation in international trade and investment. The chapter provisions provide a framework for Canada and its partners to work together on important issues like women's entrepreneurship and the development of gender-focused indicators and analysis. It aims to promote gender equality and non-discrimination, remove barriers to trade for women in all their diversity, and facilitate their access to the benefits and opportunities of the FTAs upon their entry into force.

5.14. In April 2023, Canada and Ukraine concluded the negotiation of a standalone Trade and Gender chapter under the modernized 2023 CUFTA. This chapter represents a new generation trade and gender chapter by including new provisions on women's economic rights and on non-derogation which commit Parties to enforce and not weaken their domestic laws and protections afforded to women to attract trade and investment. The chapter may also be subject to dispute settlement if the Parties agree. The CUFTA Trade and Gender Chapter joins Canada's other in force Trade and Gender Chapters: CCFTA (2017), CIFTA (2018), and the recommendation under CETA (2018).

5.2.4 Trade and SMEs

5.15. Canada remains committed to building a resilient and sustainable economy by promoting federal programs and initiatives to provide small businesses with the needed support to grow their businesses, explore new opportunities to sell their world-class Canadian products and services in the international marketplace, and ultimately create good jobs for all Canadians.

5.16. In recognition of the important role played by small and medium-sized enterprises (SMEs) in Canada's economy and in trade, Canada seeks to advance the inclusion of SMEs in trade through standalone chapters and by mainstreaming SME-related provisions in new, ongoing, and future trade and investment agreements to address the specific needs and challenges that SMEs may face. Canada has several SME chapters into force²⁰, in CUSMA, CPTPP, CIFTA, and a recommendation under CETA. Canada's approach to SMEs is accessible on the website.

5.2.5 Trade and Indigenous Peoples

5.17. The Government of Canada is committed to a renewed relationship with Indigenous Peoples in Canada, based on recognition of rights, respect, cooperation, and partnership. Stemming from this partnership, Canada seeks to increase the opportunities of Indigenous Peoples and Indigenous businesses to further benefit from international trade and investment, while ensuring that their rights are protected.

5.18. A key feature of Canada's trade and Indigenous Peoples policy is seeking, as a standard practice, a Trade and Indigenous Peoples chapter in its FTA negotiations with a willing trade partner. Under the modernized Canada-Ukraine Free Trade Agreement, Canada achieved a significant milestone in concluding its first Trade and Indigenous Peoples chapter in a finalized trade agreement. When in force, this chapter will contribute to advancing reconciliation with Indigenous Peoples, a key priority for the government of Canada. It also acknowledges the importance of enhancing the ability of Indigenous Peoples and Indigenous businesses to benefit from opportunities created by international trade and commits Parties to identify and remove barriers to participation.

²⁰ https://www.international.gc.ca/trade-commerce/sme-pme/sme_chapters-chapitre_consacre_pme.aspx?lang=eng.

The chapter also commits the Parties to not weaken or reduce protections for Indigenous Peoples to attract trade and investment. The chapter allows for the participation of Indigenous Peoples on the Committee established under the chapter.

5.19. In Canada's FTAs, reservations and exceptions related to Indigenous Peoples and Indigenous businesses appear in the relevant chapters. In addition, the CUSMA provides a general exception related to the rights of Indigenous Peoples. The Indigenous General Exception (IGE) clearly confirms that nothing in the agreement will prevent Canada from meeting its obligations to Indigenous Peoples as defined in the Constitution or self-government agreements. Canada plans to seek an IGE in all FTAs going forward and has recently achieved this in the modernized Canada-Ukraine FTA.

6 CONCLUSION

6.1. International trade, and the rules-based international trading system, are essential to Canada's economy. In the face of global uncertainty, the Government of Canada has prioritized pursuit of trade diversification and free trade in order to drive continued global economic growth, rather than turning inward and retreating to protectionism. This approach is reflected in Canada's role in the WTO, including on the reform agenda, by collaborating with other Members, as well as its successes in pursuing ambitious and comprehensive free trade agreements with new trading partners.

6.2. Canada is committed to making its international trade and investment policy more inclusive, ensuring that the benefits are more widely shared. In this regard, it is working with Canadian businesses, including SMEs, to ensure that they can take advantages of the bridges built through new trade and investment agreements. Canada is also committed to pursuing provisions in its trade agreements in areas including labour rights, the environment, SMEs, gender equality, and to increase opportunity for Indigenous Peoples.

6.3. At the heart of Canada's trade policy is a desire to maximize the benefits of liberalized trade and reinforce the multilateral system that supports it, in pursuit of inclusive and sustainable economic growth for all trading nations.
