

Canada – United Kingdom
Interparliamentary Association



Association Interparlementaire
Canada – Royaume-Uni

**Report of the Canadian Parliamentary Delegation respecting
its participation in a bilateral visit to London, England, United
Kingdom and Brussels, Belgium**

Canada-United Kingdom Inter-Parliamentary Association

**London, England, United Kingdom and Brussels, Belgium
January 21-25, 2019**

Report

INTRODUCTION

From 21 to 25 January 2019, the Canada-United Kingdom Inter-Parliamentary Association (RUUK) sent a delegation of eight parliamentarians to attend bilateral meetings in London, England, United Kingdom (U.K), and Belgium, Brussels. The delegates were Hon. John McKay, MP and head of the delegation; Hon. Patricia Bovey, Senator; Hon. Leo Housakos, Senator; Mr. John Barlow, MP; Mr. Matt Jeneroux, MP; Mr. Michael Levitt, and Mr. James Maloney, MP. The delegation was accompanied by Association Secretary, Ms. Miriam Burke and Association Advisor, Ms. Laura Barnett.

VISIT TO LONDON, ENGLAND, UNITED KINGDOM

From 21 to 23 January, the delegation participated in bilateral meetings in London. The delegation began the three days of meetings with a briefing from the Canadian High Commissioner to the U.K., Her Excellency Janice Charette, and various officials at Canada House. In addition, delegates met with several parliamentarians, including the Speaker of the House of Commons, the Right Honourable John Bercow, and the U.K. Trade-Envoy to Canada, Mr. Andrew Percy, various representatives from policy think tanks and Universities UK, and Sir David Wootton, City of London Alderman.

A. Briefing at Canada House

1. Senior Trade Commissioner

The delegation began its mission with a briefing at Canada House, Canada's High Commission to the U.K. Mr. Taylor Hladik, Senior Trade Commissioner, set the stage for the delegation, providing an overview of the work of the Trade Commissioner Service and outlining Canada's trade relationship with the U.K., including the implications of Brexit. Mr. Hladik noted that the U.K. is the world's sixth largest economy and the third largest in the European Union (EU). Twenty-five percent of Canada's bilateral trade is with the U.K. – a testament to the countries' close historic relationship – and trade between the countries increased in 2018 due to the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and fall in value of the pound. Brexit will present challenges for Canada if it leaves the EU, although Canada is also seeking to leverage opportunities. Canada is one of the countries that the U.K. will likely seek to strengthen ties with as it moves forward with its Global Britain foreign policy, and the two countries are currently trying to set out a framework for their future trade relationship once the U.K. is no longer a party to CETA (although CETA will continue to apply while the U.K. remains in the EU and during any transition period). The U.K. has little experience in conducting trade negotiations independently, given its current membership in the EU, however, so some practical and logistical challenges are anticipated. Mr. Hladik emphasized that London and the U.K. will likely remain a base for many companies, despite Brexit, although some companies are moving staff elsewhere and others are establishing offices in the EU for regulatory purposes. He highlighted the

fact that staff at the High Commission are analyzing U.K. and EU technical papers on what to expect in various thematic areas post-Brexit in order to prepare Canadian companies. He also noted that the number of EU migrants to the U.K. has dropped in the past couple of years, which has led to labour shortages in some industries, such as nursing. EU citizens already living in the U.K. will be given an opportunity to apply for residence after Brexit.

2. High Commissioner of Canada to the United Kingdom

Her Excellency Janice Charette provided the delegation with an overview of recent events related to Brexit, as well as the current state of politics and the U.K. economy. She emphasized that this is a particularly stressful time for the country and for parliamentarians, highlighting that politicians are no longer split upon partisan lines, but with respect to their views on Brexit and the way forward. Some still strongly believe that the U.K. should remain in the EU, while others are pushing for a certain vision of Brexit, and still others simply want to get on with Brexit and leave the debate behind. Beyond Brexit itself, the British Labour Party is also somewhat divided about its leadership. Added to this lack of consensus is the fact that Northern Ireland has been without a government for two years because the Democratic Unionist Party and Sinn Féin are unable to reach a power sharing agreement. More broadly, divisions in Northern Ireland remain palpable despite the 1998 Good Friday Agreement and there is some concern that this tension is not well understood in the rest of the U.K. Scotland has also been using the Brexit discussion to advance its arguments for secession. Because of all this uncertainty, business investment in the U.K. has tapered off and there is anxiety about talent shortages in certain industries.

With respect to recent developments, the High Commissioner highlighted the terms of the proposed Brexit Withdrawal Agreement and political declaration that were put forward in November 2018, emphasizing the importance of the backstop provision with respect to Northern Ireland. This negotiated deal was rejected by the House of Commons by a wide, 230-vote margin on 15 January, although the Prime Minister herself survived a challenge to her leadership. It appears that the Prime Minister has retained support for her leadership, if not for the deal itself. Moving forward, Prime Minister May is speaking to other party leaders in the hopes of finding a compromise (although the leader of the Labour Party had so far refused to meet with her), but the odds of arriving at Brexit day on 29 March with no deal are now much higher, unless an extension is agreed to by the 27 remaining EU member states (EU27). The Prime Minister also has the option of revoking the Article 50 Brexit decision, or calling for a second referendum, but both decisions would be unpopular. If no deal is reached, then World Trade Organization (WTO) tariffs would apply and customs volumes would increase dramatically.

In terms of Canada-U.K. relations, the High Commissioner emphasized that her team is working on converting numerous Canada-EU agreements (for example, civil aviation and passenger name record) into bilateral agreements with the U.K. They are also in trade dialogues (official negotiations cannot take place until after the U.K. leaves the EU), focusing on issues such as labour mobility and dairy in an attempt to convert CETA into a bilateral trade deal. Few other countries have progressed this far with the U.K. in terms of securing a future trade deal. The High Commissioner also noted that the U.K.'s Global

Britain strategy represents a good opportunity for Canada to strengthen its relationship with the U.K. in a wide variety of areas, including security and defence.

Discussion with the delegation also touched on the evolution of parliament powers and party discipline that has become apparent during the Brexit debate.

B. Meeting with Universities UK

The delegation met with a number of representatives from Universities UK: Professor Julia Buckingham, Vice Chancellor of Brunel University; Ms. Vivienne Stern, Director of Universities UK International; and Ms. Lucy Shackleton, Head of International Engagement at Universities UK International. The discussion focused on the role of universities and higher education in the U.K. Professor Buckingham noted that the U.K. has an excellent record for research and has a history of close collaboration with international partners. The Research Excellence Framework is measuring the impact of higher education in the U.K., and the government has indicated that it aims to increase investment in research and development to 2.4% of the country's GDP. She emphasized that the number of young people attending university has gone up in the U.K. and that universities are trying to lead students towards successful careers.

Maintaining a high proportion of international students is also important to Universities UK, as is maintaining strong international relationships with the EU, Canada and other countries. Canadian researchers frequently collaborate with their U.K. counterparts and all participants emphasized the importance of student mobility and faculty exchanges. EU funding through Horizon 2020 has also been important and Professor Buckingham hoped that the U.K. would find a way to continue such funding beyond 2020, allowing research to thrive. Professor Buckingham and Ms. Stern emphasized that Brexit does present different opportunities, however U.K. universities will need to diversify where they receive international students from, as they have traditionally come from EU member states. This led to a conversation about why Canadian and British students choose to study abroad in smaller numbers than students from other countries. Ms. Stern highlighted that part of the answer is the fact that many students study abroad both in order to learn English and to obtain a better education than they can at home – neither of which is a driving factor for Canadian and British students. To change this dynamic it is important to publicize the benefits of education experiences abroad.

Participants also discussed the implications of the rise of China as a research superpower.

C. Roundtable with Economic Experts

The delegation met with a group of experts to speak about the U.K. economy. Ms. Annie Gascoyne is Head of Economic Policy at CBI, a voice for businesses in the U.K.; Mr. Alan Lockey is Head of Research at the think tank DEMOS; Mr. Richard Rumbelow is Europe Policy Advisor at EEF, a lobby group for the manufacturing sector; and Professor Tony Travers is from the London School of Economics and Political Science. There was a great deal of convergence in the points made by all presenters, who highlighted that productivity is a real challenge in the U.K. today – there is a significant gap between cutting edge firms and those that are much less productive. In order to address this gap, presenters

emphasized the need for a stable tax and regulatory regime, the need to address regional inequality through an industrial strategy emphasizing skills and infrastructure as well as enhanced connective infrastructure, and increased emphasis on non-academic, technical skills and apprenticeships in the education system. Presenters noted that wages have also not increased in 15 years, and Mr. Lockey noted that inequality has become an issue of political concern even if the actual equality gap has not necessarily grown.

On the issue of Brexit, it was highlighted that the Brexit debate is a real challenge to the political and economic system, and that the country must focus on supporting its industries, particularly small and medium-sized enterprises (SMEs), and taking advantage of opportunities to explore new markets through trade. Mr. Rumbelow commented that in recent years the manufacturing and engineering sector in the U.K. has benefited from skilled workers from the EU. However, those numbers have now dropped due to uncertainty surrounding Brexit and the low value of the pound. The U.K. is thus losing a worker base that it cannot replicate domestically. This led to a discussion about the need for immigration and careful integration. Professor Travers noted that while migration from the EU has decreased, migration from non-EU countries has increased in recent years, particularly from countries like China.

D. Meeting with the Trade Envoy for Canada

The delegation met with Mr. Andrew Percy, MP and Trade Envoy for Canada, who provided an analysis of the evolution of public opinion and political positions with respect to Brexit. He noted that one year ago, a softer Brexit might have been acceptable, but now those who want to leave are frustrated and will only accept a harder Brexit. In the lead up to the vote on Prime Minister's Plan B (happening later that day), he guessed that there might soon be some movement on the backstop arrangement from the EU and that the hard Brexiteers might soften their stance enough to reach a compromise. He noted that most parliamentarians still oppose Brexit but that in many ways they represent an elite that is out of touch with the larger population that wishes to leave the EU. In terms of other options moving forward, he noted that there is no majority for any option, whether it be the currently negotiated Withdrawal Agreement, a softened Withdrawal Agreement, no deal, revocation of Article 50, or an election (particularly given the current divisions in the Labour Party). There is also a great deal of anger surrounding the possibility of a second referendum. On the issue of party discipline, Mr. Percy noted that discipline has been on the decline at Westminster for some time, but that with Brexit, none of the old norms apply. In this context, the confidence vote in the Prime Minister was a positive moment for party unity.

With respect to Canada-U.K. relations, Mr. Percy commented that Brexit is unlikely to change things and can focus on deepening bilateral ties. A trade deal will be forthcoming and it will hopefully go beyond what was done with CETA, with greater cooperation with respect to labour mobility. Deeper ties can also be envisaged with respect to parliamentary initiatives, higher education, and security.

E. Tour of the BBC Broadcasting House

The delegation was given a tour of the BBC Broadcasting House by Producer Jay Marques.

F. Chatham House Lecture

The delegation concluded its first day in London at a lecture entitled *100 Years After the Paris Peace Conference* at Chatham House by Professor Margaret MacMillan and Sir Lawrence Freedman, moderated by Dr. Leslie Vinjamuri. Professor MacMillan began by providing an overview of international relations realities and concepts that to some extent still exist 100 years after the First World War (eg. great power nationalism, globalization, resistance to change) and others that have changed (eg. more non-state actors, new forms of international political organizations, the role of soft power), while providing some warning moving forward (how does the world currently perceive the acceptability of war?). Sir Freedman continued in this vein, emphasizing the importance of understanding history and how it shapes norms moving forward. He emphasized that World War I did not bring an end to the notion that issues can be solved on the battlefield, questioning the existence of a norm against war in international relations today.

G. Commonwealth Parliamentary Association Event

On Tuesday, the delegation attended an event at Westminster hosted by the U.K. Commonwealth Parliamentary Association entitled *Shaping and Scrutinising Future UK Trade Policy: Stakeholder engagement and lessons from around the world*. Mr. Chris Leslie, MP, began by presenting a recent report of the International Trade Committee, *UK trade policy transparency and scrutiny*. Highlighting the fact that the U.K. is new to trade negotiations and the scrutiny of trade agreements in Parliament because of its long-time membership in the EU, this report provides suggestions for parliamentary involvement moving forward. The International Trade Committee recognizes that it is the government's prerogative to conduct trade negotiations but emphasizes that Parliament needs to ultimately be part of the process and that all consultation needs to be transparent. Mr. Greg Hands, MP and former Minister of State for International Trade, followed, re-iterating the importance of parliamentary involvement in the ratification of trade treaties and the need for regular updates from government throughout the negotiation process. He also highlighted the need to respect the confidentiality during such negotiations and expressed concern that the Committee gave too much voice to anti-trade lobby groups in its report, emphasizing the need to hear a balanced set of views when undertaking committee studies and other consultations. The head of the delegation, Mr. McKay, rose to say a few words about Canada's experiences negotiating trade agreements, highlighting the importance of consultations and the involvement of the provinces in the Canadian context.

H. Meeting with the Speaker of the House of Commons

The delegation met with the Right Honourable John Bercow, Speaker of the House of Commons, a central figure in the Brexit debates in Westminster. Speaker Bercow emphasized the extent to which the Brexit debate is consuming the country and dividing Parliament. The Prime Minister is focused on accepting the referendum results and finding a path to extricate the U.K. from the EU. As Speaker, he sees his job as facilitating

decision-making in the House of Commons within this context. With respect to the evolution of parliamentary procedure and party discipline, he noted that there is a real trend in the U.K. for parliamentarians to no longer blindly follow instructions from their party whip.

I. Roundtable with Migration Experts

At Canada House, the delegation met with a group of migration experts: Professor David Coleman from the University of Oxford; Mr. Rob McNeil, Researcher and Deputy Director at the Migration Observatory, COMPAS; Mr. Marley Morris, Senior Research Fellow at the Institute for Progressive Policy Research; Ms. Julia Purcell, Programme Director at Wilton Park; Ms. Jill Rutter, Director of Strategy from the think tank British Future; Mr. Peter Starkings, from the think tank Global Future; and Ms. Maddy Thimont-Jack, Researcher at the think tank Institute for Government. The discussion highlighted an issue that fueled the debate leading up to the Brexit vote with respect to the degree to which the U.K. should be open to immigration. Mr. Starkings began by mentioning the work of the government's Migration Advisory Council on EU immigration. This body indicated that immigration was generally positive – it was good for productivity and flat on wages. In response, the government issued a White Paper calling for an end to low-skilled migration, and an increased focus on highly-skilled migrants. Since then, the number of migrants from the EU has slowed, in line with government policy. Ms. Thimont-Jack followed up on this discussion of the White Paper, commenting that the government currently lacks a real immigration strategy (Mr. Morris also noted that different departments seemed to take different approaches to migration), does not effectively use data, and that there is often a gap between policy and operations. She commented that more parliamentary scrutiny was needed – too much policy change was occurring through regulations rather than through legislation. Ms. Rutter followed up, highlighting how her organization is attempting to shift popular opinion on migration. She noted that arguments based on the economic advantages of migration are rarely successful – as such, British Future is focused on different policy information to change perceptions, emphasizing the contributions of migrants to British society and welfare, and promoting integration to bridge social divides.

Professor Coleman took a different stance from other presenters, emphasizing his position as a critic of large-scale migration. The U.K. is a small country that cannot handle population growth driven by migration. He noted that migration has increased demand on housing and has distorted the economy by leading to low productivity. This led to a discussion about xenophobic undercurrents in discussions surrounding immigration, including the observations with respect to the difference in perceptions of migration in the U.K. and in Canada. While the U.K. often looks at immigration in the short-term sense and is often depicted in the media as a problem, Canada generally focuses on migration as a long-term phenomenon and it is not framed in the same negative light. At the root of this difference in perception may be that Canada is historically a country of immigration, in contrast to the U.K. Nevertheless, migration is a touchstone issue in Canadian elections as well.

The discussion closed with a conversation about freedom of movement in the EU, monitoring capabilities, and the viability of the Dublin Regulations that require asylum

seekers to file a claim in their first port of call. There was also a discussion of trafficking in persons, noting the complexity for compliance given the use of supply chains.

J. Meeting with City of London Alderman and Link Alderman for Canada

The delegation closed its second day in a meeting with Sir David Wootton, City of London Alderman and Link Alderman for Canada; Ms. Lisa Dimon, Senior Account Manager for Global Experts and Investment at the City of London; and Mr. Charles French. Sir Wootton highlighted the City of London's focus on trade and talent, and its efforts to promote links with emerging and developed markets, particularly in the Commonwealth. In the Canadian context, this has meant a great interest in the digital/tech sector and pension funds, as well as support for Canadian firms in London. It was mentioned that the City of London also has an interest in the shift towards green finance, investing in green products. With respect to the impact of Brexit on London and companies in the U.K., Sir Wootton commented that banks are still generally applying to operate in London and there is still a great deal of investment in London and the U.K. Nevertheless, Mr. French noted that there has been a dampening of investment outside London in the past couple of years. Companies are preparing for a worst-case Brexit scenario and some have left London – but most have stayed. Questions from the delegation also focussed on issues such as artificial intelligence, the Canadian energy sector, and the expansion of Heathrow airport.

K. Meeting with the Parliamentary Under Secretary of State at the Department for Exiting the European Union

The delegation began its meetings on Wednesday at 9 Downing St with Mr. Chris Heaton-Harris, MP and Parliamentary Under Secretary of State at the Department for Exiting the European Union. Mr. Heaton-Harris noted that his main focus at the moment is helping the U.K. prepare for exiting the EU with no deal by working on issues such as border control and the roll-over of trade deals. The U.K. and EU economies are deeply entwined and the European Commission has announced a series of measures to ensure smooth functioning post-exit day. His Department also has to prepare for a worst-case scenario even if it looks like the stand-off may be resolved. He noted that in the U.K., international agreements must be tabled in Parliament for 21 sitting days before the government can move towards ratification. This means that trade deals must be negotiated as soon as possible after exit day in order to go rapidly into effect.

Emphasizing the current divisions in party politics surrounding Brexit, he noted that it is rare for Parliament to be so distanced from the people it represents. At the moment, he is not sure that there is enough support in Parliament for any of the Brexit options that are being discussed. No negotiated deal is likely to be acceptable, and an extension of the two-year Article 50 window is likely to frustrate the population.

Referring to his previous career as a Member of the European Parliament (MEP), Mr. Heaton-Harris also discussed the coming European elections. He noted that in recent years many U.K. MEPs have left the right-leaning European People's Party (EPP) group to join the European Conservative and Reformist (ECR) group. As such, when the U.K. leaves the EU, the ECR will be drastically depleted. Populist parties are also gaining

traction in Europe, and it is not certain that the EPP and Progressive Alliance of Socialists and Democrats group will be able to maintain their large support in Parliament.

L. Meeting with the Chair of the House of Commons Foreign Affairs Committee

At Westminster, the delegation met with the Chair of the House of Commons Foreign Affairs Committee, Mr. Tom Tugendhat, MP. Discussing current geopolitical challenges for Canada and the U.K., Mr. Tugendhat noted that the rise of China as a new global superpower affects the international community in a myriad of ways. While China's importance as one of the world's largest economies is undeniable, its impact on Canada and the U.K. is complex. The delegation also discussed the role of soft power and universities within this context.

Mr. Tugendhat also highlighted the challenges of working with countries that do not have the same human rights values. For example, it is not easy to import oil from like-minded countries like Canada because of geographical complications. As such, the U.K. has to tread carefully in its dealings with other countries, while simultaneously aggressively promoting human rights values. Importing green energy is really the only option for the U.K. to acquire energy from a like-minded source. He noted that the current debate over Nordstream 2 is an interesting illustration of how energy can be used or perceived as a threat.

Mr. Tugendhat also emphasized the importance of having a real international media. He noted that the BBC has become one of the only real international media voices outside the United States (U.S.). CBC and Australia's ABC have withdrawn and target primarily domestic audiences. This leaves American media to dominate the landscape, and they often focus on domestic issues.

M. Prime Minister's Questions

The delegation observed Prime Minister's Questions from the House of Commons gallery.

N. Lunch with the British-Canada All Party Parliamentary Group

The delegation concluded its mission to London at a working lunch with the British-Canada All Party Parliamentary Group chaired by Mr. Andrew Rosindell, MP. A cross-section of parliamentarians from the House of Commons and House of Lords were in attendance. Discussion focused on Canada's trade relationship with the U.K. post-Brexit, with British parliamentarians asking about the status of trade negotiations between the two countries. It was confirmed that trade negotiations cannot begin until after 29 March, although discussions between the countries are on-going, both with respect to trade and other treaties that are necessary to ensuring a seamless transition. There was also a discussion of operational lessons that the U.K. can learn from Canada's border with the U.S. Parliamentarians also discussed the evolving role of Parliament during the Brexit debate, as well as the viability of holding a second referendum.

Discussion turned to international relations and the important role for the U.K. of building closer ties with other nations as it moves towards Brexit. Parliamentarians placed great emphasis on the importance of building closer relationships with Commonwealth nations

such as Canada, and mentioned the idea of creating a Canada-New Zealand-Australia Parliamentary Association, as well as highlighting the importance of the Commonwealth of Learning in Vancouver. Discussion also touched on the renovations that are taking place both at Westminster and at the Parliament buildings in Ottawa, as well as on Canada's relationship with the U.S.

VISIT TO BRUSSELS, BELGIUM

On 24 and 25 January, the delegation participated in bilateral meetings in Brussels. Among the delegation's first meetings was a briefing with the Canada's Ambassador to the EU, His Excellency Dan Costello, accompanied by Canada's Special Envoy to the EU, the Honourable Stéphane Dion. In addition, delegates met with a representative from the European Policy Centre, representatives from the European Commission's Taskforce on Article 50 Negotiations, and various Members of the European Parliament, including the Coordinator of the European Parliament's Brexit Steering Group. These meetings were followed by a briefing by Canada's Chargé d'affaires at NATO, and meetings with various Permanent Representatives to NATO and NATO officials.

A. Meeting with Representative from the European Policy Centre

The delegation began its first day in Brussels in a meeting with Ms. Larissa Brunner, Junior Policy Analyst at the European Policy Centre think tank. Taking the delegation beyond its meetings in London, Ms. Brunner provided an overview of the European perspective on Brexit. Ms. Brunner highlighted that after Prime Minister May's defeat in the 15 January vote, the future of Brexit is highly uncertain, although EU member state ambassadors to the EU appear to be resigned to no deal given the slim likelihood of agreement on any other proposal. Except for the occasional unscripted comment, the EU27 is united in its approach: the Withdrawal Agreement cannot be negotiated, although it may be possible to tweak the political declaration. The other options right now are: another referendum in the U.K. (although this is unlikely because Westminster is so divided); an extension of the two-year Article 50 window to postpone Brexit day (although this would likely just delay the same outcome); revocation of Article 50 (although this is unlikely because the Conservatives in the U.K. have promised to deliver Brexit and it could be disastrous for the party); or a different type of agreement, such as a Norway + (although this would still require the negotiation of an agreement of some sort, which will take time). If the U.K. does crash out of the EU on 29 March, WTO rules will begin to apply at the Ireland-Northern Ireland border.

On the issue of labour mobility, Ms. Brunner noted that Brexit is unlikely to spark a mass exodus from the U.K., but there will be a steady drop in net migration. The question is not just whether EU residents can stay in the U.K. post-Brexit but whether they will want to stay. She said that there has already been a shift in the migration debate in the U.K. because migration numbers are down and labour shortages in certain sectors, such as nursing and agriculture, are starting to be noticed.

The conversation turned to the future of the EU post-Brexit, with the loss of the U.K. as a major financial contributor. Ms. Brunner noted that while the U.K. has had a tendency to perceive the EU in primarily economic terms, member states such as Germany and

France have a much more emotional connection to the EU linked to the importance of multilateralism and managing political power post-World War II. She said it was likely that the EU would survive Brexit and might even become stronger because of the need for member states to more actively cooperate in a variety of issue areas, although it might have to sacrifice some important spending programs, such as the Common Agricultural Policy. Certainly more power is likely to shift to Germany and France. Beyond Brexit, challenges to the rule of law in Poland and Hungary, as well as the polarization from politics away from traditional left and right politics and towards divisions based on open and closed societies, are seen as the greatest issues facing the EU at the moment.

B. Briefing from Canada's Ambassador to the European Union and Canada's Special Envoy to the European Union

The delegation received a briefing from Canada's Ambassador to the EU, His Excellency Dan Costello, who was later joined by Canada's Special Envoy to the EU, the Honourable Stéphane Dion. Ambassador Costello first outlined the role of Canada's Embassy to the EU, highlighting the importance networking with representatives from EU member states given that Canada is not a part of the EU itself and so is not present at EU meetings. This week the embassy had been active at conferences on CETA and climate change, as well as on Canada's experiences with the sponsorship and settlement of refugees.

With respect to Brexit, Ambassador Costello discussed the various options facing the EU and the U.K., and the various perceptions at play during the negotiations. He noted that even if an Article 50 extension was granted, it would be unlikely to be a long extension, given the looming European Parliament elections. Explaining EU member states' united front on Brexit, he highlighted the fact that EU prosperity is tightly linked to the single market and that divergence from those single market rules could create an incentive for others to follow suit. The ambassador also discussed the implications of Brexit for Canada, highlighting the fact that Canada needs to invest in both its relationship with the EU and with the U.K. to ensure an outward-looking and united transatlantic alliance. This will include strong partnerships with respect to innovation and research. On security, he noted that despite closer cooperation on defence, the EU is not likely to establish an "EU army." What the EU does well is soft security, working on post-conflict stabilization.

This was followed by a conversation about CETA and the likely negative effect of Brexit on the trade deal. Right now, the U.K. is Canada's main trading partner in the EU, but much of that is flow-through trade, with the U.K. serving as a window to the EU market. The ambassador emphasized that so far, there is evidence that CETA has been a success. Canada has filled its cheese quotas, if not its beef quotas, and there has been a 9.1% jump in two-way trade since CETA was implemented. More of this trade has been coming from the EU to Canada than vice-versa, but those numbers do not show the whole story. The embassy and the Canadian government are working hard to promote trade in priority EU member state markets and raise awareness of the trade deal's benefits so that its impact can be felt by SMEs, not just global firms.

Discussion turned to the European Parliament elections and transformations occurring within the traditional party structures. French President Emmanuel Macron's *En Marche* movement has not yet aligned with an EU party grouping, the ECR group will be

decimated with the departure of U.K. MEPs, and controversial Hungarian Prime Minister Viktor Orbán's membership in the EPP may split that political group. Ambassador Dion joined the conversation on the future of the EU, commenting that the EU may be stronger than it appears – the challenges surrounding Brexit may have simply convinced states questioning their membership to stay in the EU. He highlighted the fact that polls currently show that positive impressions of the EU are on the rise – in fact, the EU is often more popular than national governments themselves.

C. Meeting with Charles Tannock, Member of the European Parliament

The delegation held a series of meetings at the European Parliament, beginning with Dr. Charles Tannock, an MEP and rapporteur for the Canada-EU Strategic Partnership Agreement. The discussion focused on Brexit and the various options that are on the table given the defeat of Prime Minister May's proposal on 15 January, including the amendments proposed in the House of Commons. Dr. Tannock emphasized that the situation is incredibly fluid and complex – the EU and the U.K. are living through a historic moment. Unfortunately, the number of red lines drawn in the Brexit negotiations have made it incredibly difficult to reach a compromise. On the issue of the Ireland-Northern Ireland border, he commented that no matter what, if there is no deal, then there will be a hard border after 29 March that is governed by WTO rules.

D. Meeting with the Coordinator and Chair of the European Parliament's Brexit Steering Group

The delegation met with Mr. Guy Verhofstadt, MEP and Coordinator and Chair of the European Parliament's Brexit Steering Group. Mr. Verhofstadt explained the role of the Brexit Steering Group, noting that he has weekly meetings with Michel Barnier, Chief Negotiator for the European Commission's Article 50 Taskforce, and that he then reports back to the plenary of the European Parliament. This approach has created a coherent and united position on the negotiations within the EU. Mr. Verhofstadt noted that Prime Minister May's red lines have had a significant influence on the final version of the Withdrawal Agreement and political declaration and yet it is still not clear what proposal will be acceptable to Westminster. If no deal is reached by 29 March, WTO rules will apply. Nevertheless, the EU is conscious that implementing a hard border has significant political implications in addition to economic ones, and will do everything that it can to mitigate that impact, including a proposal to have technical controls done away from the border to avoid having an actual physical border between Ireland and Northern Ireland. Discussing the possibility of an extension of the Article 50 provisions past 29 March, Mr. Verhofstadt indicated that it might be possible to get EU27 approval for such a proposal, but that it must be in view of a meaningful vote on an agreement happening soon at Westminster. Ultimately, Mr. Verhofstadt was optimistic that a deal could be reached given the enormous will on both sides to do so. Although the Withdrawal Agreement cannot be re-opened, there is always the possibility of making changes to the political declaration, including even an agreement on future trade relations that would eliminate the need for the backstop. The EU's red lines in these negotiations are ensuring that there is regulatory alignment and a level playing field moving forward.

In response to questions from the delegation, Mr. Verhofstadt indicated that the EU and member states are preparing for a no deal scenario, putting in place contingency plans and preparedness measures for approval before 29 March to mitigate disruption. He also outlined the impact that Brexit will have on the European Parliament, which is preparing for elections in May without U.K. MEPs, reducing the number of seats from 751 to 705 and redistributing a further 27 seats among other member states.

E. Meeting with the European Parliament's Delegation for Relations with Canada

The delegation's final meeting at the European Parliament was with MEPs from the Delegation for Relations with Canada: Mr. Bernd Kölmel, Chair, and Mr. Paul Brannen, Vice-Chair. Mr. Kölmel opened with positive comments about Canada-EU relations, including the success of CETA to date, on-going opportunities for dialogue with the EU27, and his Delegation's regular meetings with the Canada-Europe Parliamentary Association. Discussing the impact of Brexit on the future of the EU, Mr. Brannen noted that with the U.K.'s departure, the EU is more likely to move towards further economic integration, although Mr. Kölmel also noted that tensions within the eurozone remain. Mr. Brannen highlighted the fact that Germany has traditionally been more willing to pay contributions to the EU than some other member states because of its heightened awareness of the EU as a peace project. Nevertheless, Germany has to be careful because of the rise of euroskepticism in the country with the increasingly popular far right. Ultimately, the EU must tread carefully in this environment of rising populist parties – EU integration has to happen at the pace of the slowest participants. Mr. Kölmel followed up by commenting that without the U.K., the EU will inevitably be weaker and it will be harder for member states to reach consensus on issues such as foreign policy direction. Mr. Brannen highlighted the fact that France and Germany appear to be trying to fill the void left by the U.K., but that given that Chancellor Merkel will be leaving her post in the near future and President Macron's relatively domestic unpopularity, this is a good opportunity for other EU member states to take on more of a leadership role.

With respect to the U.K. itself, Mr. Brannen emphasized the current lack of unity in the country and speculated that Scotland will continue on its road to independence, while the Island of Ireland may unite in the next couple of generations. In response to a question about holding a second Brexit referendum, he noted that the British population was not yet likely ready for such a question and speculated as to what wording could be used on the ballot paper. In response to a question about research and development, Mr. Brannen noted that although British universities are not currently taking the lead in terms of applying for funding for research partnerships, in the medium to long-term new methods of working together in the collective interest will be established.

Finally, in response to questions about Magnitsky laws, allowing governments to sanction human rights offenders, Mr. Adam Isaacs, Head of the European Parliament's Transatlantic Relations and G8 Unit, noted the European Parliament's enthusiasm for such a law.

F. Meeting with the European Commission's Taskforce on Article 50 Negotiations

The delegation began the last day of its mission in a meeting on Brexit with representatives from the European Commission's Taskforce on Article 50 Negotiations: Mr. Antonio Fernandez-Martos, Head of the International Agreements and Customs Unit, and Mr. Nicolas Von Lingen, Policy Officer. Mr. Fernandez-Martos began by describing the structure of the Taskforce's operations, and Mr. Von Lingen described collaboration with Canada in order to ensure continuity of relations post-Brexit on issues such as CETA, and to discuss best practices with respect to border management. Mr. Fernandez-Martos outlined the various scenarios possible and their ramifications for Canada. If the U.K. crashes out of the EU on 29 March with no deal, all of Canada's agreements with the EU will continue as before, simply without the involvement of the U.K. If the Withdrawal Agreement is ultimately agreed to, there would be a transition period during which the status quo would be maintained for two years or possibly longer: the U.K. would remain an EU member state during this time but would not be involved in decision-making. Once the transition period is over then Canada's agreements with the EU will continue as before, simply without the involvement of the U.K. A discussion ensued as to the practical implications of Brexit on Canadian goods being shipped to the EU through the U.K. Ultimately, both Mr. Fernandez-Martos and Mr. Von Lingen emphasized that goods shipped through the U.K. would go through two customs checks (upon entering the U.K. and then upon entering the EU), but an important question will be whether the Canadian goods are transformed into new goods in the U.K. If they are not transformed and remain Canadian goods, then CETA rules will continue to apply.

At the moment, while waiting for the U.K. to come back with a proposed solution but with no deal currently in sight, the EU is preparing for a no deal scenario by putting together a large number of contingency measures and preparedness notices on customs, aviation, etc. Disruption when the U.K. leaves the EU is inevitable, but these measures will help to mitigate the fallout. This was followed by a specific conversation about the impact of Brexit on innovation and research. Mr. Fernandez-Martos noted that it is unclear how things will develop in this domain post-Brexit, but that the EU is currently looking at contingency plans for grants and research projects and that the U.K. could continue to participate in Horizon 2020 as a third country.

G. Meetings at NATO Headquarters

1. Briefing from Canada's Chargée d'affaires and Deputy Military Representative to NATO

The delegation closed its mission in a series of meetings at NATO Headquarters, beginning with a briefing from Ms. Vera Alexander, Canada's Chargée d'affaires to NATO, and Col. Greg Ivey, Deputy Military Representative to NATO. Ms. Alexander discussed the role of Canada's Permanent Representative to NATO, and the positive coordination engendered by our joint political and military presence at Headquarters. She discussed the post-2014 geopolitical context in which NATO currently operates, including relations with Russia since the invasion of Crimea, NATO's current focus on deterrence and defence, and enhanced partnerships with a wide variety of countries. NATO is currently working with the EU in various areas linked to security and defence in order to ensure effective synergies and avoid overlap in their initiatives. Ms. Alexander spoke about

current global dynamics at play that are informing decision-making at NATO. Col. Ivey followed up on some of these points, noting that NATO is monitoring developments in countries such as Russia and China, and looking to cooperate more with the EU given the different capabilities that both NATO and the EU can provide to enhance European defence and security capabilities.

2. Meetings and lunch with Permanent Representatives to NATO

The delegation held a series of meetings and a working lunch with Permanent Representatives and Deputy Permanent Representatives to NATO from Estonia, France, Germany, Latvia, Poland, Norway, Romania, Spain, and the U.K. During these discussions, participants focused on a number of key themes, including the changed geopolitical context since Russia's invasion of Crimea, highlighting Russia's apparent disregard for international law and agreements, as well as the impact of the country's current domestic economic and political struggles. Many emphasized the need for political and technical resilience and the importance of the united front presented by NATO member states, particularly in the face of new and complex security threats, including terrorism, cyber attacks and other forms of hybrid warfare such as disinformation campaigns. In this context, participants highlighted the enhanced defence and deterrence capabilities in Europe, thanked Canada for its presence in countries such as Latvia and Romania, and emphasized the need for close collaboration between NATO and the EU, as well as the need for burden sharing and meeting NATO funding commitments. A number commented on the need to ensure cooperation in order to preserve the nuclear arms control regime. Many also emphasized the importance of dialogue with countries such as Russia, and the need to closely engage with China, which has been expressing a keen interest in being further involved in matters related to the Arctic. Finally, some participants noted possibilities for expanding NATO membership to include countries such as Macedonia, Georgia and Ukraine.

3. Meeting with NATO Officials from the Emerging Security Challenges Division

The delegation met with Mr. Christian Liflander, Head of the Cyber Defence Section, and Ms. Juliette Bird, Head of the Counter-Terrorism Section, both from the Emerging Security Challenges Division. Mr. Liflander outlined how NATO's approach to dealing with cyber threats has evolved, particularly since the cyber attack on Estonia's infrastructure in 2007. Cyber threats represent a different type of security challenge, involving both state and non-state actors. Ultimately, NATO is ready to invoke Article 5 in response to cyber-attacks, depending on the circumstances. Mr. Liflander engaged in a discussion with the delegation about the definition of a cyber attack, the vulnerabilities that are constantly introduced with the proliferation of smart technologies, and the need to be constantly vigilant and prepared to respond to potential attacks.

Ms. Bird discussed NATO's work on the counter-terrorism file and how it has evolved over the last 30 years. Ultimately, most counter-terrorism work is undertaken at the national level and NATO does not want to overlap with those efforts, but NATO does have a role where the military and civilian domains meet, focusing on threat awareness, capability and resilience, and supporting and engaging with non-NATO partners. Counter-terrorism is not one of NATO's core functions, but it does have relevant strengths to share on this

file, particularly with respect to capacity-building and sharing lessons learned from both the civilian and military spheres. The delegation also engaged in a discussion of NATO's role with respect to intelligence sharing.

Respectfully submitted,

Hon. John McKay, P.C., M.P.

Chair,

Canada-United Kingdom Inter-Parliamentary Association

Travel Costs

ASSOCIATION	Canada-UK Inter-Parliamentary Association
ACTIVITY	Bilateral Visit to London, England, United Kingdom and Brussels, Belgium
DESTINATION	London, England, United Kingdom and Brussels, Belgium
DATES	January 21 – 25, 2019
DELEGATION	
SENATE	Hon. Patricia Bovey, Senator Hon. Leo Housakos, Senator
HOUSE OF COMMONS	Hon. John McKay, P.C., M.P. John Barlow, M.P. Matt Jeneroux, M.P. Michael Levitt, M.P. James Maloney, M.P. Brian Masse, M.P.
STAFF	Miriam Burke, Executive Secretary Laura Barnett, Analyst
TRANSPORTATION	\$15,746.85
ACCOMMODATION	\$24,566.92
HOSPITALITY	\$1,500.00
PER DIEMS	\$8,945.25
OFFICIAL GIFTS	\$254.59
MISCELLANEOUS/REGISTRATION FEES	\$0.00
TOTAL	\$51,013.61