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—
Chair

The Honourable Mark Eyking

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• (1600)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):
Good afternoon, everyone.

Welcome, Minister, and also your officials, to our committee.

We are a very active committee. Over the last couple of years, we've studied six different trade agreements. We've travelled around the world, but we've also travelled across the country and met with Canadians to talk to them about the importance of trade and how it affects their lives.

As you know, following up on the negotiations with United States and Mexico, our committee decided to study the impacts of the tariffs on Canadians and Canadian companies. I think your timing is very good in coming here today. We've had a good sense from our witnesses over the last two or three meetings on what's happening and the impacts they've had, the challenges, and what they're going through.

This is not your first committee, so welcome again, and you have the floor, sir.

Hon. Bill Morneau (Minister of Finance): Thank you.

Good afternoon. I'd like to thank all of you for giving me the opportunity to be with you today and for the opportunity to speak about the impacts of tariffs on Canadian businesses, companies and workers across the country.

[Translation]

First, I want to thank the committee for taking the time to study this important file.

I'm pleased to participate in this discussion, as we assess the impact of the United States' tariffs on aluminum and steel products. It gives me the chance to keep you informed of further developments in the file.

[English]

I know that members of this committee take this issue seriously, as does the government. We appreciate the committee's efforts to listen to witnesses and receive submissions by Canadians impacted by U.S. tariffs on Canadian steel and aluminum.

As you know, for nearly three years, the government has been making investments to grow the economy, strengthen the middle class and obviously help people who want to do better in our

country. Our efforts are working. We're starting to see significant results. Our economy is thriving.

[Translation]

As a result of the hard work of Canadians, over half a million full-time jobs have been created in the past three years, our unemployment rate is close to its lowest level in 40 years, wages haven't increased this quickly in almost a decade, and we have one of the best performing economies in the G7. By investing in people and communities, this government has restored the confidence of millions of Canadian families.

[English]

As you know, the government has reached a new United States-Mexico-Canada agreement. It took more than a year of tough negotiations to reach this agreement. We held out for a good deal, and we got a good deal. It's one that's good for Canada, good for Canadian businesses and, most importantly, good for Canadian families.

It will sustain more than \$2 billion a day in cross-border trade, and provide tariff-free access for more than 70% of Canadian exports. It preserves our preferential access to the U.S. market. It keeps in place an important dispute resolution chapter that protects workers and companies against trade actions.

Our new trade agreement gives the business community the certainty and the confidence it needs to continue to invest in Canada. It can make those investment decisions knowing that this critically important trade relationship is safe and secure. This deal makes Canada the only country to have deals with all of its G7 partner countries.

We've created stability with our largest trading partner, and helped ensure that Canada's current pace of economic growth will be able to continue. The United States-Mexico-Canada agreement is good for Canadian workers, and we know it's good for Canadian workers, it's good for the middle class.

Combined with the Canada-EU trade agreement and the comprehensive and progressive agreement for trans-Pacific partnership, it will provide even more opportunities for Canadians. Together, these three trade deals will give Canada access to over 1.3 billion customers around the world. As the agreements come into effect, the government will work with Canadian businesses, to ensure they have the right tools to invest, grow and create good, well-paying jobs.

We remain, however, committed to addressing outstanding trade issues, such as the unjustified tariffs imposed by the United States last June on Canada's steel and aluminum industry.

• (1605)

[Translation]

We responded to these tariffs by applying reciprocal countermeasures on products from the United States, for a total of \$16.6 billion, dollar for dollar. These countermeasures will remain in place until the United States eliminates the tariffs on Canadian steel and aluminum products.

[English]

I'm optimistic that our ongoing discussions on that front will reach a positive outcome. In the meantime, we'll also follow the course that we set on June 29, when the government announced it would make available up to \$2 billion to defend and protect the interests of Canadian workers and businesses in the steel, aluminum and manufacturing industries. This comprehensive set of measures included earmarking up to \$1.7 billion to help businesses deal with financial and risk management in the face of these tariffs.

Since that support was made available, dozens of Canadian companies have made use of the financial support provided by the Business Development Bank of Canada and Export Development Canada, in the amount of \$131 million and \$44 million respectively to date.

We're doing everything possible to stand up for Canadian workers and protect the competitiveness of the affected businesses. That's why, just last Thursday, we also announced new steps to provide targeted relief from surtaxes collected on certain products imported from the United States, and why we announced additional measures to prevent import surges from injuring our domestic industry.

I'd like to provide the committee with some details on these new measures.

As the government works toward the complete repeal of the U.S. tariffs, we recognize that these tariffs and our own countermeasures may be having an impact on Canadian businesses and on workers.

Last week, we made two important announcements. First, we announced targeted relief from surtaxes collected on steel, aluminum and certain other products imported from the U.S. since July 1, 2018. Companies that have applied for and have been granted relief can now import these goods without paying surtaxes.

Second, the government will also create a committee in which relevant stakeholders can bring forward issues around domestic supply challenges that are triggered by counter-tariffs. Last week, the government also announced provisional safeguard measures on seven steel products. These safeguards respond to a surge in imports of foreign steel that are causing or threatening harm to Canadian steel producers and workers. The safeguards are consistent with Canada's international trade obligations, and they respond to comments heard during recent consultations.

[Translation]

We've found that, as a result of the unfair tariffs imposed by the United States earlier this year, many countries are looking for

markets to sell their steel products. One of those markets is Canada, and our imports of steel products from these countries have recently reached an unusually high level.

In response to this phenomenon, imports of steel products that exceed the historical average will be subject to a 25% surtax as of October 25.

These provisional safeguards will give Canadian steel producers and workers relief from the harm caused by excessive imports of foreign steel products.

• (1610)

[English]

As part of this action, the government has asked the Canadian International Trade Tribunal, CITT, to conduct an inquiry into whether final safeguards are warranted. We continue working with stakeholders to monitor steel imports and supply conditions in Canada. We stand ready to take further action to protect our producers and manufacturers and to stabilize the market.

In closing, the government has created stability with our largest trading partners by reaching an agreement with the United States and Mexico. The result will be more stability and a greater level of confidence for the business community to make investments in Canada, as well as in the other North American countries. We're equally committed to diversifying our trade beyond North America and around the world.

[Translation]

We'll pursue this agenda by continuing to address the remaining trade issues, including the elimination of the unjustified tariffs on Canadian steel and aluminum.

Once again, I want to thank the committee members for their important work. I'm grateful for the opportunity to provide this update on our latest trade actions and on the United States-Mexico-Canada Agreement concluded recently.

I would now be pleased to answer your questions.

Thank you.

[English]

The Chair: Thank you for keeping it brief. It gives us more time to have dialogue with the MPs.

I welcome the MP from Milton. Ms. Raitt, it's good to see you here. You can never have enough Cape Bretoners in the room.

Hon. Lisa Raitt (Milton, CPC): Thank you. I agree.

The Chair: Folks, we're just going to go right down the list and we'll run the clock as far as we can until five o'clock. We're going to start off with the Conservatives. Mr. Allison, you have the floor.

Hon. Bill Morneau: It goes to five o'clock? I thought it was until 4:15 p.m.

The Chair: No, it goes to six o'clock, sir.

Mr. Dean Allison (Niagara West, CPC): Minister, how much money has been collected in surtaxes to date?

Hon. Bill Morneau: I'm not sure of the exact amount. It's coming in on a day-to-day basis. Each day there's more money coming in from the surtaxes.

Mr. Dean Allison: I know it was reported to be almost \$300 million after two months. Would it make sense that we're probably close to half a billion, or three-quarters of a billion at this point in time?

Hon. Bill Morneau: I don't have the exact number for you, but I think it's fair to say that these surtaxes are generating significant revenues. Yes.

Mr. Dean Allison: Where are those revenues going? Are they going to general funds?

Hon. Bill Morneau: We've made a commitment to use the revenues that come in to support the industry. That is what we are working towards doing. Obviously there are various ways that we're trying to do that. I'd be happy to elaborate on those ways if you would like.

Mr. Dean Allison: What about duty relief? You did talk about some big numbers. How much actual duty relief has been paid out so far? Not with loans from EDC and BDC, which are not bad things, but they are not relevant to the actual relief that companies have to pay at this point in time.

Hon. Bill Morneau: We have made significant progress. We've been seeking people to come forward with remission requests. In that case, they find themselves in the situation where they go through a process. Many of those companies have been reviewed and processed. There are significant activities going on as we speak. Of course it takes some time to go through the process. We expect more companies will come forward.

Mr. Dean Allison: We don't know how much duty relief has actually been paid out at this point in time?

Hon. Bill Morneau: Every day we have a new amount that's going through, of course. I think the best way to explain it, though, is to talk about the process it's going through. We've had 135 companies that have applied for a remission order. Of those, 50 have been approved and that relief can go back right through to July 1. It's retroactive. There are another 135 and 50 have been approved, which means there are others in the process of being approved. There will be more that will come forward.

The timing of the surtaxes and the timing of the money going back will, by definition, be on a different track, but our goal is to ensure that we use the money received to support the industry.

Mr. Dean Allison: Great.

Would it be possible for the department to let the committee know what they have up to date? The last number we saw in the newspaper was around \$11,000. Now I don't believe everything I read in the paper, but obviously \$11,000 is not hundreds of millions of dollars at this point in time. Is it possible to get an update at some point through the department?

Hon. Bill Morneau: There certainly will be opportunities for us to update this committee, as we have more information.

I think there will be always a challenge in the different categories of things we're doing. Some will be direct duty relief. Some will be in the category of providing financing for companies. There will also, almost by definition, if you think about this process... Obviously we're optimistic that we will work the United States to get out of this situation. When the hopeful conclusion of this tariff regime happens there will still be the opportunity for firms to apply for remission order, which means there will still be firms doing that, going back to July. The process will take some time, but we're going to try to make sure that you have the information that you require.

• (1615)

Mr. Dean Allison: How long is this process supposed to take?

Hon. Bill Morneau: Just to be clear, we have to do the work once the remission request comes in. Some requests will require some research and will take longer than others.

Currently, 50 have been approved, and 166 product categories have been approved from that 50, which means that some companies that are using that product category will be able to apply right now for a waiver and won't have to go through the process. So some things will be quite fast, but some things will take longer if there are new categories. I think that's the way to think about it. It can be almost immediate for some companies, if they're in those categories, but for some it might take a little longer.

Mr. Dean Allison: I'll leave with a thought. This is certainly the first time in the history of free trade deals where there are actually more tariffs in place after a deal is finished than before the negotiations started. We have talked to a number of companies and they are greatly concerned. I've talked to over 150 stakeholders on the ground, and I can assure you that money can't get out the door soon enough in order to keep these companies viable over the long term.

Hon. Bill Morneau: I agree with you.

I've had the opportunity to be out talking to Canadian businesses before we came to the USMCA. While there is some relief that we've reached a new agreement with the United States and Mexico, there is still legitimate concern around these tariffs. That's why as a first order of business we're working towards the elimination of what we see as unjust tariffs. In the interim, we absolutely agree that we need to move forward as rapidly as we can to make sure we find ways to properly deal with not only the market stabilization, but also the real issues that are presented to some businesses that are users of steel.

The Chair: Thank you, Minister.

We're going to the Liberals now. Mr. Sheehan, you have the floor.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much, Minister. I truly appreciate your work on this file.

As you know, Algoma steel in Sault Ste. Marie alone accounts for 40% of our GDP locally, so it's critical. Then you throw Tenaris in there as well, and the SMEs that are working in the steel industry, and it's of absolute critical importance.

I was in Hamilton when they announced the \$16.6 billion in retaliatory measures, as well as the \$2 billion in aid for the steel workers and steel industry. At that time they were looking at safeguarding three product lines. Last week you announced seven, and I was pleased, because Algoma steel produces the heavy steel plate, but they also produce the rolled steel.

How did you come up with those seven? What process was involved?

Hon. Bill Morneau: Maybe I can step back and consider goals. Our goal, obviously, is to stabilize the market. We don't want to have a flood of steel from other countries coming in that's been diverted from the U.S. market and stealing the market from Canadian producers, so that is our goal.

In terms of considering how to move forward, I think the reason the early assessment was three categories is that in all likelihood—and I don't know the three categories you're talking about—they are probably the categories in which there was the most immediate and obvious diversion of steel from other countries coming into the country.

We had to do a broader analysis to look at all categories of steel to consider where we saw that potential harm or instability in the market could occur. All seven categories are not in exactly the same state in the current situation; some will have more or fewer issues. But in each case we saw that the threat to the market stability was significant enough that we felt we should put provisional safeguards in place.

The next step for us is to have the CITT review that to make sure we've come to the right conclusions. We didn't want to leave it and hope that nothing would happen. We'd rather take those provisional safeguards now and have a process from which downstream users can come to us if they have an issue. We think that keeps market stability, but it also helps the users, the manufacturers of steel, assure a supply at a reasonable price.

• (1620)

Mr. Terry Sheehan: I just want to thank you. I think the response to the tariffs has been quite quick.

Congratulations on the 2016, 2017 and 2018 budgets in modernizing a lot of our trade.

How did the safeguards and the system that are used further strengthen our response to unfair trade?

You touched on some of the other countries that might look at diverting their steel that was destined for the United States to other markets like Canada. Can you explain a few things to me? I was glad to hear that you're positive, and I'm positive that eventually the tariffs will be removed. Would we keep those safeguards in place in the future when the United States removes tariffs from Canada?

Hon. Bill Morneau: The best way to answer is that we're in a situation we don't want to be in, where we are putting tariffs on our major trading partner. We're doing it only because it has put in place what we see as unjust tariffs on us. That is our response, meaning obviously that again the first order of business needs to be to deal with that issue, the unjust utilization of section 232 on Canadian steel and aluminum, which is intended to be for security purposes.

The response to the tariffs and then the eventual response to safeguards and remission orders, all that activity is from that initial unjustified action. Clearly, our goal is to get rid of the tariffs and safeguards and get rid of any need for any of these remission orders or duties relief programs so we get back to an appropriately free market between Canada and the United States on what is a significant industry on both sides of the border.

The Chair: Thank you, Mr. Sheehan. Your time is up.

We're going to move over to the NDP now.

Ms. Ramsey, you have the floor.

Ms. Tracey Ramsey (Essex, NDP): Thank you, Minister, for being here today. We're facing a critical issue, and there's a sense of urgency from people who are coming to sit at this table and speak to us.

You said in your statements that we're doing everything possible, but I have to be frank that we've heard quite the opposite from the witnesses at this committee. We've heard of the dire consequences of these tariffs and the government's failure to get that support directly to people on the ground. Businesses are talking about laying off people. We heard from a business this morning that has laid off 45 people. They have down weeks, which are weeks when people aren't even working in these places. They're all in a very precarious position where they're talking about losing their businesses to the U.S.—or globally at this point—and not being able to get them back. Things are quite serious.

They describe the programs as a failure; they say they're too slow. It's taking four to six months to get some type of response. When they get a response, the money isn't following the response. They're still waiting on the money even if they've received an okay.

There's too much red tape. We've heard from small businesses here at the committee that they don't have the resources to deal with this. BDC and EDC are there for large businesses, but they're not helping our SMEs at all.

There is no SME focus. Smaller companies aren't even applying because of the burdens. They've just simply given up.

During the summer, the NDP and some of my colleagues called for a national tariff task force, not in a partisan fashion, but to address the seriousness of what we're facing here because the program isn't working for so many, and we're losing jobs today.

You announced last week that a committee was being struck. Could you tell us what that committee is, who will be on it and the time frame it has to help people being impacted today?

• (1625)

The Chair: Minister, if you need to get back to us on a question—

Hon. Bill Morneau: No, I would just like to clarify something that was asked.

We need to hear from businesses to understand how these programs are working for them and ensure that we're doing things in a way that is rapidly addressing the issues and concerns.

This is pretty unprecedented. We aren't in a situation where there's a playbook that shows the exact way to respond to this sort of activity. We certainly hope it goes away quickly.

I think though that it's always important to consider what we are doing so we can figure out how that is working and where we need to make tweaks.

It can't be four to six months of course because it hasn't been in place that long.

Ms. Tracey Ramsey: Well, I'm happy to share the blues with you from the committee, but I really need an answer here so that people can understand how this process will work. This is a specific question about the announcement you made last week.

Can you speak specifically to the committee?

Hon. Bill Morneau: First of all, consider the objective of the committee. As I think you heard me say, we've had 135 requests for remission orders. Fifty have been approved. There will be some people who do not get approved because it doesn't look like they are in a situation where there's a current demand. Of course, that situation is quite dynamic because the market will change.

In setting up a committee, we will be able to look at the people who aren't approved. We don't have all the details about the committee for you as yet, because we're not at the stage where we've put that into place. We're moving quickly in order to deal with remission orders. I think it is actually going quite quickly. The money from the remission orders is immediate. So the money should be—

Ms. Tracey Ramsey: We've heard otherwise here. We've heard that the money isn't flowing, and we've heard about timelines—

Hon. Bill Morneau: Well, we'd very much appreciate you telling us—

Ms. Tracey Ramsey: Yes, I'm happy to share the blues from the committee with you on that testimony.

Hon. Bill Morneau: That's important for us to get, because we'd like to respond to it.

Ms. Tracey Ramsey: Regarding this committee, this is an emergency situation. I am from southwestern Ontario. My riding is Essex. Windsor-Essex is the backbone of our manufacturing sector and we're already losing jobs. In respect of this committee, you don't have any timeline on when it will be struck, and from what I hear you saying to me, the people who have applied are people who are likely to be on that committee.

I'll leave it there and hopefully we can get some more information from the department on the specifics of that committee and the timeline around it.

The other thing that I want to ask you about is this: We've heard dire warnings that the need for relief will only increase the longer that these tariffs exist and that the support package will not sustain businesses. It's a band-aid solution that will hopefully help them in the interim, although we've heard otherwise here.

Not everything has been safeguarded. I can tell you that Atlas Tube from my riding has asked for a hollow structural steel—

The Chair: Ms. Ramsey, your time is up.

Ms. Tracey Ramsey: Okay, thank you.

The Chair: We're going to have to move on to the Liberals. Karen Ludwig, you have the floor.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Thank you, and thank you, Minister, for joining us today. I'm pleased to put my question forward and share with you what I've heard from some of the businesses in my riding of New Brunswick Southwest.

Over the course of the summer, I had the opportunity to speak with a number of Atlantic Canadian fabricators and hear some of the impacts of the tariffs that they discussed with me. These include the limited supply in Canada for certain shapes of steel, the longer time frame for sourcing alternate supplies, the profitability of currently quoted work and work in progress, as well as the need for relief on the cost impacts of imported U.S. steel destined back to the U.S. once it has been fabricated.

I'm going to start, Minister, with two questions. The first is, would you please explain how remission orders will relieve certain market participants from the pressure they are currently experiencing? My second question is, how has the government been consulting with small and medium-sized businesses to explain the tariffs and connect them with the necessary supports?

Hon. Bill Morneau: There were two questions. First of all, how do remission orders work to relieve people from a situation where they're finding that their supply is not there?

It's a straightforward process, in the sense that they put an application in to explain the category of product for which they don't have an adequate source, or to explain that the source has been priced out of reasonableness from their perspective. In these cases, we'll be taking a look at whether a remission order in that situation would be appropriate. That's what would happen for those companies. Assuming they get the remission order, they will be relieved of the tariffs, if the steel is from the U.S. That should help them. Of course, there are 166 product categories that have already been approved, and they won't need to go through that process. They can just claim with CBSA to say that's a product category that they're part of, and they'll be removed from those tariffs.

In terms of the consultation process, maybe I'll let Patrick speak to that for us.

• (1630)

Mr. Patrick Halley (Director General, International Trade Policy, Department of Finance): With respect to the consultation on remission, when we get the request, we have a consultation mechanism where we go back to some of the producers to assess, for example, the supply situation to make sure that our assessment takes that into consideration.

With respect to that process, it's already well in train, as the minister mentioned. There will be a committee established to formalize this consultation mechanism on a go-forward basis, but so far it has worked relatively well. Of the 50 requests that were part of last week's announcement, three-quarters were actually from SMEs.

Ms. Karen Ludwig: A second part to that question then is this. From my years from teaching international trade, one of the common denominators I found with small businesses is they're busy making payroll, and it's very hard to find out what they don't know. Is the government working with the regional development corporations, the Canadian manufacturers and exporters, and other organizations like that? We have EDC and BDC, really the ground level for really small businesses. Is the government also working with those organizations to connect directly with businesses to let them know how to access the resources?

Hon. Bill Morneau: I'm happy to take that. There has been extensive outreach done by BDC and EDC. With the numbers so far, BDC has had authorized loans totalling \$131 million for 189 clients. You can do the math to see that those are generally small loans. EDC tends to be slightly larger, but they're still not large organizations in the sense that their support is so far \$44 million for 24 clients.

We had, obviously, consultation on remission orders and safeguards on websites of the companies, again, as Patrick mentioned, that have so far been granted remission orders. Thirty-five of them are small businesses.

I think that to the extent this committee hears from small businesses, from anyone who's experiencing challenges in getting this information, we're quite anxious to hear that information because we want to facilitate that. Tracey Ramsey was mentioning the same issue. We would be really happy to hear specific examples because we want to iteratively improve this process. Of course, we hope it's not going to go on for very long, but we want to improve it so that we get people into the process as quickly as possible.

The Chair: Thank you.

That wraps up our first round. We should be able to get through part of our second round here. We're going to start off the round with the Liberals.

Mr. Fonseca, you have the floor.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Minister.

Minister, one thing that we've heard loud and clear, and this is for all parliamentarians and all Canadians, is that what unites us is that we see section 232 as unfair and unjust. We speak as one voice when we talk about that.

We heard today from Boart Longyear, a company from my area, Mississauga. They make equipment for the mining industry. They've put in for their remittances, and they have said that they have 94% on the remittance that they have put forward, and they will be getting back. There was 6% that they're still out and it may not fall into one of those steel product categories. Will you be looking still at the categories and expanding that list? Is that something that you continue to do?

Hon. Bill Morneau: Yes. This is a dynamic issue. The longer these tariffs stay on, the more the potential for change is. One of the reasons that we're talking about this at this committee is to make sure that we are looking at that on a dynamic basis. Of course, also it can be retroactive back to July 1.

To the extent we find harm, to the extent we find places where the market isn't stable, we can still react and deal with that in the future. We are committing to do so to the extent that the proof is there that people have been harmed.

Mr. Peter Fonseca: That's what we've been hearing, that the landscape continues to change on them, day to day, week to week, month to month. As this is going along through your ministry and your team, do you continue to consult with stakeholders? Is this being done on a daily basis?

•(1635)

Hon. Bill Morneau: Yes.

Mr. Peter Fonseca: And that is so important because, as they told us, these things are changing on them. The suite of services of support that have been put in place, so the remission orders, the loans from BDC and EDC.... We heard about the extended work-sharing agreements, also the strategic innovation fund. Many of those are working. For those that have put in requests, how can they continue to touch base with the ministry? Often they may feel that they want to know where the process is at. We heard that 50 have been approved, I believe.

What was the number? How many had submitted?

Hon. Bill Morneau: One hundred and thirty-five.

Mr. Peter Fonseca: One hundred and thirty-five. For those who are still working through the process, and as they are being reviewed, how do they stay in touch with the ministry and know where their file is at?

Mr. Patrick Halley: It is very much an ongoing process. It's an ongoing dialogue with the companies that request that. Also, as I mentioned, during the consultation with some of the producers with respect to their supply situation, it's an ongoing dialogue with them as well. For most of their requests, we're very much in touch and there's a lot of back and forth with the companies, so they know where it's at in the process. Of course, at some point there's a cabinet process to approve the order in council that went forward last week where no information can be provided, but in terms of the assessment this is very much a back-and-forth exercise.

Mr. Peter Fonseca: Thank you.

Another thing that came up was around looking at a quota system. We've heard from some who would maybe be in favour and look at the advantages of that. However, some saw it as a disadvantage and that it wouldn't work.

Can you speak to if there weren't the tariffs, if we had a quota system, and that came into place?

Hon. Bill Morneau: What I think we've talked about is that we are in dialogue with our U.S. counterparts. I had the chance to meet last week with the Secretary of the Treasury, Steven Mnuchin, to talk about this issue. I know that my colleague Chrystia Freeland is in communications with the United States Trade Representative. The goal is to move away from the current situation.

We're not going to negotiate in public, in terms of the approach we're trying to take.

Our objectives would be the best way to start. We want to make sure that the market is stable. We want to make sure that we don't have harm to either our steel industry or to the users of steel. It's getting that balance, which is the objective. Clearly we want to move away from the current situation.

As for the mechanism to do that, we're not at a stage where we're able to be talking about it, because it's not close to being done.

Mr. Peter Fonseca: Thank you.

The Chair: That pretty well wraps up your time.

We're going to move over to the Conservatives.

Mr. Carrie, you have the floor.

Mr. Colin Carrie (Oshawa, CPC): Thank you, Minister.

This is a dire situation. Businesses in front of us need some straight answers, so I am wondering if you could answer this question with a yes or a no.

Have you received assurances that the tariffs on Canadian aluminum and steel would be lifted?

Hon. Bill Morneau: Again, we are working together with our American counterparts. I'm cautiously optimistic that progress is being made, but we need to continue in that discussion in order to get us to a conclusion that meets our objectives.

Mr. Colin Carrie: Respectfully, Minister, today you're talking about processes, and the businesses in front of us are talking about keeping their doors open. They're talking about maybe leaving Canada. They're very patriotic companies that want to stay here, but because of the situation they may have to leave. They may not share your optimism.

You're saying there are no assurances that these will even be lifted. Is that what you're telling us?

Hon. Bill Morneau: Maybe I can step back.

We were not the ones to put in place this section 232. We are responding to what we think is an unjust action by the U.S. government. We're responding in a way that allows us, at one point, at one stage, to obviously do the negotiations and behind the scene make sure we are trying to deal with the issues around keeping the market stable and the issues of downstream users.

I'll acknowledge that this is a situation that we don't want to be in. We don't want businesses to be in this situation. That's the reason we've taken extraordinary action around safeguards, remissions and offers, and put in place a duties relief program, so that people who are clearly fabricating steel coming from the United States and sending it back....

There are multiple things going on that are, in our estimation, what we should be doing in the face of what we think is an unjust action.

● (1640)

Mr. Colin Carrie: I think we can agree with that, but respectfully, Minister, we have kind of negotiated away all our leverage. We've signed an agreement.

The companies in front of us need to make business decisions. You mentioned the program you have in front of these companies. We've heard today—and I'll echo what my colleagues have said—that this is an emergency situation.

These businesses are making decisions now. They can't last another four months. The program you have in front of them, frankly, is broken; it's not working.

What I'm relaying to you, because obviously you're not getting the message, is that it is an emergency situation for our manufacturing sector. If they lose these jobs, they're not coming back. They will not come back.

The program you have is not effective. It is not working.

Can you give us details of what you're going to put forward over the next few months so that we don't lose these businesses? Can you give us those details?

Hon. Bill Morneau: We actually see that the measures we've put in place are having a significant impact. I think it's fair—

Mr. Colin Carrie: From who, Minister? Who are you hearing from that this is actually working?

Hon. Bill Morneau: Again, there are 189 clients who have authorized loans from the BDC. There are 24 clients who have authorized—

Mr. Colin Carrie: They said loans don't work, Minister. They're saying the loans are not working. They can get loans. They can go to the bank. They're in a financial situation. They can get the loans, but they need relief and they need immediate relief, sir. This is an urgent situation. We're sitting with CEOs of companies who are telling us how urgent this is, and they need relief now. I was wondering if you could detail what you're going to be doing to give them the relief now, so we don't lose those businesses.

Hon. Bill Morneau: I'm pleased to continue detailing what we're doing. By putting in place loan programs that are demonstrably working for a significant number of companies that have taken them up; by putting in place duties relief programs that a significant number of companies are using—

Mr. Colin Carrie: Can you—

The Chair: Mr. Carrie, just give him some breathing room to finish his answer.

Mr. Colin Carrie: I only have five minutes though, Chair. I don't want to waste my five minutes.

Hon. Bill Morneau: I think the rule is that I can speak as long as the person who asks the question. Is that—

The Chair: I'll just remind MPs, and the minister, to keep your questions short and let the minister finish his answer. I think you'll get more information.

Go ahead, Minister.

Hon. Bill Morneau: There are clearly demonstrated companies that are making use of this, because the remission orders are moving forward on a significant number of companies. I think what you're identifying—and I think it's important for us to listen to us—is that we need to keep our ear to the ground to make sure that we, to the extent there are issues, improve this process, which as I mentioned is really unprecedented. We are keenly interested in getting the information from this committee on what you've heard specifically. We are seeing many companies make use of the remissions process and make use of the loans. We're aware of many companies that are using the duties relief program, and there will be more that will come in. There is every expectation that those will continue to come in even after this tariff action is, we hope, resolved.

The Chair: Thank you, Minister.

We're going to move over to the Liberals now.

Mr. Peterson you have the floor.

Mr. Colin Carrie: I'm totally out of time.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Minister, for being here, and thanks to the officials from your department as well for being here today.

As you indicated and as you properly noted, this is a dynamic situation and I don't think there's a one-size-fits-all solution. It's clear that the suite of relief measures is working for some who have applied, but I think we all agree that we want it to work for everybody who is eligible. I think we're all in agreement that's the goal of this committee. The ultimate goal obviously is to get rid of these unjustified tariffs. Short of that, we need to have a relief program that ensures that everyone eligible for the relief gets it in a timely manner. I think we can all agree with that, and whatever steps you can take to make sure that happens would be most appreciated.

I want to talk about a little case study from my riding. We have a lot of manufacturing in my riding, but not so much steel and aluminum. I have a rather large building product supply company that relies on aluminum for things like eavestroughs, siding and those types of products. The problem is that they can't buy any of their inputs from Canada. They buy all their inputs from the States, which are obviously taxed and tariffed as they come north, and then they sell a lot back to the States. So they're getting a double whammy, so to speak. We're helping them navigate through some officials from your office, and I think we've been successful in getting them hooked into the program that applies to them. I think they will be able to apply for some of the stuff that was announced Thursday.

It took a lot of work on the part of my staff. Is there any way we can equip local MPs with maybe...? It's just getting the message out there that there's the program there and then helping our constituents navigate through the program, hopefully successfully. At the end of the day, we're in different parties on this committee and all that, but every MP around this table, for sure—and I know every MP in the House—wants to help their constituents in any situation. In this particular situation it is urgent, as we said.

Is there something we can do? Maybe you can elaborate on some of the communication tools that are out there. Is there anything on

the finance website that we can direct our constituents to that maybe wasn't there even a week or two or a month ago?

• (1645)

Hon. Bill Morneau: To start, in the situation of the company that you're talking about, to the extent that they are purchasing product from the United States, importing it into Canada, fabricating or changing it here, and sending it back to the United States, in many situations they should be eligible for duties relief. I think that's an important feature that enables companies in that situation. It may be that since there's very little aluminum production in the United States, it may actually be more complicated than that. It may be going from Canada to the United States and from the United States to Canada and back again, which is not that unusual. Maybe I can ask Michèle or Patrick to talk about the information sources that could be helpful.

Mr. Patrick Halley: There is information on the website, which we can certainly share with the committee to make sure that it's properly disseminated. As I mentioned before, we're in touch with the companies that made requests for remission and are trying to work with them on that.

Also, I must say that for the tariffs into the United States we've been helping companies to get in touch with our embassy in Washington to make sure that they are also aware of the process in the U.S. where they can get an exemption from the U.S. section 232 tariffs through the Department of Commerce. We've been trying also to address that. Of course, we don't have complete control over that, but we're at least trying to help them in that direction.

Mr. Kyle Peterson: Thank you.

I think I have a minute left. Mr. Dhaliwal would like to use that minute, Mr. Chair.

The Chair: You have one minute, Mr. Dhaliwal.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Minister, for coming today.

SMEs play a key role in getting opportunities for Canadians. The SMEs came forward previously and said that they cannot follow the process, that they don't have resources to access the programs you have. Is there a way that you can help those SMEs to come forward and access the programs?

Hon. Bill Morneau: It's an important question. We have worked to make sure that the information on how they can come forward is available. There's a demonstration that a significant number of them are coming forward because we actually are seeing the results in terms of the loans, the duties relief and the remission orders.

While we need to potentially improve it, based on what I'm hearing from all the members here, I think there is evidence that at least for some it's working as intended. To the extent that this committee has ideas for how more information can go out, we would be very keen on hearing that. Getting information to members of Parliament is certainly something that we would be pleased to do.

I think that businesses that are in the business of purchasing steel would likely be able to come to the website and see the process. If there's a concern that it's too complicated, we would like to hear that, in order to try to improve it. But we are making progress through these firms that have applied for remission requests and expect to make further progress.

The Chair: Thank you, Minister.

As Ms. Ramsey stated, she wanted more on the committee that you were talking about, so maybe in the future.... We're going to be doing the study for a while and you'll be able to bring officials or somebody here to give us a brief on the makeup of that committee as it goes forward.

We still have time for a few more questioners.

Mr. Hoback for the Conservatives, you have five minutes. Go ahead.

•(1650)

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Minister, for being here. It's interesting that you're here today of all days, because we just voted to put the TPP through to the Senate. We finally got it through the House of Commons three years from when it first hit the House of Commons.

Let's go back three years and look at that stage and that scenario. You had President Obama and our Prime Minister being best buds, and our Prime Minister wouldn't sign on. President Obama was basically begging him. If he had, we wouldn't be talking about this today. In fact, the TPP was the new NAFTA. It was the new agreement that was to replace the existing NAFTA, but that's behind us.

There's not much we can do about that now. It is what it is, but now we're hearing about some realities in the business community that have to be addressed. There has to be an assumption made that you may or may not get this tariff resolved. If you do not get it resolved, the programs you have in place right now are not functioning in a manner that is bankable and workable. We're hearing that very clearly. You can go to any of our meetings. You'll see the blues. That's stated by business after business.

What are you going to do and how are you going to budget the allocation of funds, the tariffs collected, and make sure that all the tariffs collected will actually be put to the small and medium-sized enterprises that require this fast? Also, how do they make that program in such a fashion that it's bankable, so that when they start to put out their price lists next week, they know exactly what they're paying for their steel and exactly what they're going to get back from the government? Right now, they don't know, so what they're telling us is that if they get a better offer in the U.S., that's where they're going to go.

Look at our direct investment into Canada. It comes back to our whole competitiveness factor and this factor with the U.S. Nothing is happening to change that. In fact, it's disappointing. When we did the U.S.-Mexico-Canada agreement, a lot of businesses in their talks with us were so excited. They said, okay, finally the steel and aluminum will be done and we'll move forward. Then they found out that you did an agreement without doing the tariffs on steel and aluminum, and they said, "Well, what good is it?" In fact, today in committee I asked them if they are any better off today than they were before we started the negotiations and the agreement. They said, "No, we're actually worse off."

What do you have for a game plan? How much money are you going to budget to help these companies stay afloat? What are you going to do in taxation changes so that they can be competitive in the international marketplace in this scenario?

Hon. Bill Morneau: Well, there are many questions there. I'll answer as many of them as I can in the allotted time.

First, if there are companies coming to this committee that are saying they can't get through the system, we want to get information on them.

Mr. Randy Hoback: I genuinely believe you, but it's not happening. Those companies have been telling us all summer that it isn't working, that it won't work for them. It's three months later, four months later, and there has been no indication that this government is saying, "You know what? Maybe we should change it." Nothing. How do they stay bankable?

You're a businessman. How do you go back to your employees and say, "You know what? I can't bid on this project, because I can't price the steel for it. So I'm sorry, we're going to go to work share"? That's what they're doing.

Hon. Bill Morneau: We would like to hear the instances that are coming forward. It is clearly the case that there are companies, both steel companies and users of steel and aluminum, that are impacted by these tariffs, and there are also companies that are very clearly able to make use of the programs that we've put in place. There are companies that have applied for and received remission orders—

Mr. Randy Hoback: I'll stop there. Here's a classic example, Minister—

The Chair: Let him finish.

Mr. Randy Hoback: Let me finish my question, because I want to make sure he's aware of this.

You have 20 employees. You're working from eight in the morning until eight at night, and then you're going back and you're doing a 90-page submission. I was talking to a company; that's what they're doing. When does he have the time to do that paperwork? So what are they doing? They're not doing it, or else they're creating a new industry to do the paperwork for them. You have to figure out a better way. Tell me you have a better way that's bankable, because that's what they need today. That's what they're demanding. We hear it over and over again in committee.

Obviously, you've been hearing it. You can't tell me you haven't been.

The Chair: Mr. Hoback, give the minister time to answer your question.

Hon. Bill Morneau: Again, we would be very pleased to hear from the firms that you're talking about. We are working through those firms that have put forward orders for remission. It's important that we ensure the market remains stable, and we think the safeguards will have an important impact on that. It's also important that we consider the remission requests with an eye towards ensuring they're valid.

We put in place the tariffs on the United States on a dollar-for-dollar basis because we wanted to demonstrate very clearly that the tariffs they put in place were inappropriate. I share your outrage. This is not a situation that we want to be in. But if we go ahead with putting in remission orders without doing our homework, we'll be reducing the impact of those tariffs. We will do that if it's appropriate and if people are really being impacted. That is absolutely our goal. We do not want Canadian firms to be impacted. By the same token, we also want to have the ability to negotiate a conclusion with the United States, and we believe those reciprocal tariffs are instrumental in our ability to do that.

We acknowledge we have to do many things at the same time here. To the extent that these programs can be improved, we are keen to hear your advice, but we're not going to back down from the tariffs and we're going to keep working with companies to deal with the impacts.

• (1655)

The Chair: Thank you.

We have time for one more MP.

Ms. Ramsey, you have three minutes. Go ahead.

Ms. Tracey Ramsey: Thank you.

Global dumping is at peak levels due to the inaction of this government. I think that's why we're facing these tariffs. We didn't act quickly enough. We've shown that our country is being used as a conduit for the illegal dumping of steel that's passing through. Canada has now become a bull's eye, which is also threatening many of the industries. The list you put out on the safeguards is not comprehensive. We need more safeguards in place. We need to ensure the sector is protected in its entirety, not piece by piece, bit by bit.

To be frank, Minister, denying the facts won't save jobs. You need to please pay attention to the work this committee is doing on this issue and to the businesses coming forward that are already laying people off. Canadians are losing their jobs today because of the lack of action.

Now, we can't control what's going on in the U.S. No one wants what's happening in the U.S., but it's our current reality. What do we do now? What we're doing isn't working. We have to do something else. We have to do better. We have to look at the idea of some type of task force, something that's nimble, that has resources and can move quickly to help the SMEs that are being completely written out this plan.

This is what we're looking to hear from you today. We have heard what your plan is. We know what you're doing. We need more. Businesses need more. Canadians need their jobs protected.

What are you willing to do now going forward?

Hon. Bill Morneau: You know, I appreciate your counsel, and we will be keen on hearing ideas that come from this committee. In terms of what we've put in place thus far, the response we've had from the industry, the manufacturers, is that they've appreciated the approach we've taken to safeguards. We've heard much positive. To the extent that as the market is dynamic, things change—

Ms. Tracey Ramsey: Every job is positive, Minister. With all due respect, telling us how amazing your program is isn't saving those jobs, because some of them are not working. I hear what you're saying, but we need a plan going forward that's going to work to protect these jobs here in Canada.

We haven't even touched on the secondary list that's been sideswiped, in an attempt to put pressure on the U.S., that isn't working either. Our boating, our manufacturers—there are a lot of different folks in that group.

I urge you to bring everyone together to save our manufacturing sector, and to do it immediately with funds attached, like my colleague has said. There are good examples of things that we can be doing that we've heard here. We could lower the threshold on the strategic investment fund. There are a lot of things that you can be doing, but we need to hear from you that there is a will to save manufacturing in Canada, and save those jobs in an urgent fashion.

The Chair: That pretty well wraps it up.

Ms. Ramsey, you had a question that you wanted to have followed up by the minister or officials, and Mr. Allison, you have one quick question for the minister or his staff.

Mr. Dean Allison: I'd like to ask the ministry to provide numbers for our next meeting. How much has been collected in duties so far, or surtaxes, and how much has been paid out under the various programs? We would appreciate the numbers from the EDC and BDC, for that's not actually a tariff relief. We're looking for those numbers as of the 15th, the middle of the month, for the first three and a half months. If we could have that for our next meeting, it would be very helpful.

The Chair: Whenever they can get them. Thank you, and that wraps it up with the MPs.

Minister, thank you for coming. We're going to be doing this for quite a few more meetings. It would be good if some of your officials could attend, and listen to some of the companies. It would be helpful for you too to have knowledge about that.

Hon. Bill Morneau: We are absolutely pleased to have people here to listen. I'm being quite sincere with the group. You're hearing things from businesses that we may not have heard, so we want to get that information from you. We want these programs to successfully deal with what we hope is a short-term problem. While we see that there are some results coming, we are also very open to considering how we can improve those processes to ensure that continues to happen.

The Chair: Thank you.

We had two meetings today, so we had our sleeves rolled up, and we got a lot done. Everybody had good patience.

The meeting is adjourned.

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