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Chair: The Honourable Judy A. Sgro



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• (1535)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): Welcome to meeting number four of the House of Commons Standing Committee on International Trade.

Today's meeting is televised and is taking place in a hybrid format pursuant to the House order of November 24, 2021. The Board of Internal Economy requires that committees adhere to the following health protocols, which are in effect until February 28, 2022.

Anyone with symptoms should participate by Zoom and not attend the meeting in person. Masks must be worn in committee rooms, except when members are at their place during parliamentary proceedings. However, it is strongly recommended that members wear a mask even when they're at their place during parliamentary proceedings. All those inside the committee room should follow best practices of maintaining a physical distance of at least two metres from others and maintaining proper hand hygiene by using the hand sanitizer provided in the committee room and regularly washing your hands well with soap.

As the chair, I will enforce these measures if necessary, and I thank all of you for your co-operation.

I need to outline a few other rules to follow.

Interpretation services are available for this meeting. You may speak in the official language of your choice. At the bottom of your screen, you have the choice of floor, English or French. If interpretation is lost, please inform me immediately and we will ensure interpretation is properly restored before resuming the proceedings.

The “raise hand” feature is on the main toolbar should you wish to speak. When speaking, please speak slowly and clearly. When you are not speaking, your microphone should be on mute. I will remind you that all comments should be addressed through the chair. The committee clerk and I will maintain a speaking list for all members.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, January 31, 2022, the committee is resuming its study on the Canada-United States relationship and its impacts on the electric vehicle, softwood lumber and other sectors.

We're very happy today to see that we have with us the Honourable Mary Ng, Minister of International Trade, Export Promotion, Small Business and Economic Development, and the officials who are also present with the minister.

From the Department of Foreign Affairs, Trade and Development, we have David Morrison, deputy minister, international trade; Michael Grant, assistant deputy minister, Americas; Arun Alexander, associate assistant deputy minister, trade policy and negotiations; Doug Forsyth, director general, market access; and Michael Cannon, director, softwood lumber division.

From the Department of Finance, we have Michèle Govier, director general, international trade policy division, and from the Department of Industry, we have Mary Gregory, associate assistant deputy minister, industry sector.

Thanks very much to all of you for coming.

Minister Ng and the deputy minister will be with us for an hour.

Minister Ng, the floor is yours.

[Translation]

Hon. Mary Ng (Minister of International Trade, Export Promotion, Small Business and Economic Development): Thank you, Madam Chair.

[English]

Good afternoon to you, to the vice-chairs and, of course, to all the members of the committee.

I'm thrilled that I'm here with my officials. It's a pleasure to be here and to assist the committee in its important work.

Let me start by saying that the Canada-U.S. relationship is one of the closest in the world, and at the end of last year, Canada-U.S. trade hit an all-time high. This is a testament to the strength of our relationship, of our shared values and of CUSMA.

We also share mutual goals of climate action, innovation and North American competitiveness. We're the best partners to help one another reach these shared goals, and this was clear in my visits to Washington, D.C., in December, and in November with the Prime Minister to meet with congressional leaders and stakeholders.

[Translation]

By working together to strengthen our deeply integrated supply chains, we'll generate growth and create jobs, while fighting climate change.

[English]

Few supply chains are more integrated across our shared border than our automotive sector supply chains. For over a hundred years, Canada and the United States have been building autos together, and for over 50 years together we have intentionally pursued policies to integrate these supply chains.

[Translation]

You have heard me say this before. A vehicle and its parts can cross the border between Canada and the United States several times before being completed.

[English]

Now, as our governments are both committed to fighting climate change, we know that the future of our automotive sector and its workers is an electric and a sustainable future. Canada has already committed to reaching 100% zero emissions passenger vehicle sales by 2035.

[Translation]

Advocating for that future is a priority for me and for the government.

[English]

In a recently proposed Build Back Better bill, the United States proposed tax credits to incentivize the purchase of electric vehicles, EVs. Unfortunately, in the last draft of this proposal, these tax credits would only be for those produced in the United States. These tax credits would threaten the future of Canada's automotive sector and ignore our deeply integrated supply chains.

Canada and the U.S. are each other's number one market for auto exports, and these tax credits would harm businesses and hundreds of thousands of jobs and workers on both sides of the border. Not only are these tax credits inconsistent with CUSMA and the WTO, they would be a barrier to reaching our shared goals to accelerate climate ambition, as outlined in the road map for a renewed Canada-U.S. partnership.

[Translation]

We've worked at all levels to resolve this issue. Our ongoing commitment to this issue is clearly part of Canada's position.

[English]

The Prime Minister has conveyed this message directly to the President, the vice-president, congressional leadership and cabinet secretaries. We're working closely with industry on a team Canada approach, working with U.S. congressional leaders to ensure an outcome that will allow the future of our shared industries to thrive. On December 10, the Deputy Prime Minister and I sent a letter urging the United States to ensure that any EV tax credits do not discriminate against Canada, be it through CUSMA dispute resolution or other trade levers. In the letter, we sent a clear message that, if we aren't able to reach a resolution, Canada will defend its national interests as we always have.

That we have an avenue to pursue resolution through CUSMA is a sign of the strength of our relationship. For example, we announced just a few weeks ago that Canada will be challenging the

United States' unjustified duties on Canadian softwood lumber under CUSMA. We have trade levers and a process to follow because our countries negotiated a strong and fair trade agreement that supports workers, industry and communities across North America through CUSMA.

• (1540)

[Translation]

In any relationship as significant as the one between Canada and the United States, there will always be challenges.

[English]

We have many. We have worked together and resolved many of these in the past, and our government will continue to defend our businesses and our workers across Canada until we reach an outcome that is acceptable to them. We're working with our partners in the United States, with businesses, with unions and with policy-makers across our shared border to reach a solution that supports businesses and workers in both of our countries.

[Translation]

This is my goal and a priority for this government.

[English]

I look forward to answering your questions.

[Translation]

Thank you.

[English]

The Chair: Thank you very much, Minister.

We appreciate that and the fact that you stayed within your five minutes, a little bit less than five minutes, which gives the committee a little bit of extra time, which is a great thing.

We'll start off with Mr. Hoback, please, for six minutes.

Mr. Randy Hoback (Prince Albert, CPC): That's great, Chair. It's nice to know we have the minister for the full two hours, so I'm excited to hear—

The Chair: No, the minister is here for one hour.

Mr. Randy Hoback: I heard two hours, but Minister—

Hon. Mary Ng: Nice try, Randy.

Mr. Randy Hoback: Yes, exactly. Thank you for being here.

I have a couple of quick questions I want to get off my chest here, because people have been asking me. One is related to the dairy working group in the U.S. After CUSMA was signed, there was a working group that was established that was kind of disbanded over COVID.

Do you have a timetable when that group would come back together and start getting back to the work that they were doing?

Hon. Mary Ng: Yes. Following CUSMA, there were new working groups that were created. I understand that, with respect to this particular working group you are asking about, there were some discussions that took place and that the dairy farmers of Canada as well as the processors, the Canadian Dairy Commission and the Minister of Agriculture and Agri-Food decided to postpone some of these conversations. In the beginning of February, Minister Bibeau met with dairy representatives on a path forward—

Mr. Randy Hoback: I'm going to have to—

Hon. Mary Ng: —and they are working toward completing their work, or doing more work in the spring and summer of this year.

Mr. Randy Hoback: I don't mean to be rude. I want to be respectful, but I do need your answers to be shorter, because I have many questions.

They are just looking for a guideline on when that is going to be.

I'll go on to the next one. You've been talking to India about doing a trade deal. It's very important for Saskatchewan that we get a negotiated trade deal with India.

Do you have a timetable of that? Again, quickly, just give us a quick time frame.

Hon. Mary Ng: I met with my Indian trade minister counterpart in December. We are very interested in pursuing trade relations between the two countries. This is very much a part of the mandate given to me by the Prime Minister to expand trade into the Indo-Pacific region.

Mr. Randy Hoback: Thank you, Minister. I look forward to seeing timetables, and your goals and objectives on that.

When it comes to the U.S. border, and border issues...We have it highlighted with all the truckers who are sitting here, and some of their complaints. We've seen the change of face on the original decision on unvaccinated truckers crossing the border or not. This past weekend, Dr. Tam has been in the media, talking about how we need to re-evaluate how we handle the border.

Does that fall into the trade portfolio under you, Minister? Are you willing to take Dr. Tam's advice, and actually start looking at ways to reopen the border, so that both vaccinated and unvaccinated truckers will have access across the border?

We're starting to see provinces removing mandates. My province of Saskatchewan has been very aggressive on that, to get things back to normal. Where does that fall in your government, and what is your timetable for doing such a removal of these barriers to allow the free flow of goods, like we had pre-COVID 19?

Hon. Mary Ng: The issue we're talking about is indeed COVID-19. Following science, and the advice of medical professionals like Dr. Tam has been what our government has been doing from day one. We will not stop doing that. I'm working with my colleagues across cabinet, whether it be the transport minister around supply chains, or the health minister and public safety minister. We really are working on a whole-of-government approach here.

The Canada-U.S. supply chain, and moving goods back and forth in the country, has worked and has been successful. Goods are getting here. Critical supplies have been getting here. This is work that

we will continue to do. Fighting and finishing COVID-19 with vaccinations is what we all need to be doing, so that we can get to, as you said, that level of normalcy again.

Mr. Randy Hoback: Again, minister, we'll have to speed up our answers, please, if you don't mind.

If Dr. Tam were to say tomorrow, "You know what, the mandates aren't working. There's a better way to go about doing this." Would you immediately talk to your counterpart in the U.S. and say that it's time to reopen that border?

Is that where we're going, and if that's the case, as we see provinces starting to lift the restrictions, how long will it take for the federal government to lay out a game plan, and what are the benchmarks that need to happen for you to say that these restrictions are going to be lifted?

Hon. Mary Ng: What is incredibly important to the government is to make sure that we fight COVID-19. At the same time, you've seen us, throughout the pandemic, provide support to businesses and workers. That work will continue. My job as international trade minister is, of course, to make sure that we continue to keep doing the work to ensure that supply chains are fluid and working. Throughout this pandemic, we have done a very excellent job at making sure that supplies are moving across the border.

To the truckers in Canada I would say, "Thank you very much for your work." Over 90% are vaccinated today.

• (1545)

Mr. Randy Hoback: I'm going to pivot here, Minister, quickly.

We've seen some threats coming out of the U.S.. There is a lot of discussion coming out on country-of-origin labelling. You were in meetings, that I also attended, with labour unions that were really upset with our lack of effectiveness on lobbying on Keystone, on getting that changed.

What is the game plan to head off those kinds of attacks on Canadian industries, and to make sure that we don't see something that happened to Keystone happen again? I find it really frustrating when I sit in the room with three labour leaders from the U.S. saying, "Where were you?" I get really frustrated when I'm talking to senators who are saying that you didn't show up at their doorstep to even talk about making sure Keystone was still in place.

Can you explain to me why we weren't there?

Hon. Mary Ng: I'm glad that the honourable member has asked me a question about the level of work and activity between Canada and the United States, which is a really important relationship, given that the U.S. is our biggest trading partner.

Since President Biden has taken office, some 480 meetings have taken place at the most senior levels, at the cabinet level, between the President and the Prime Minister, but also between myself—

Mr. Randy Hoback: These are two different things, though.

Hon. Mary Ng: —and cabinet colleagues.

No. It's really important to keep working at this relationship, because of the importance of this relationship. If there are 365 days in a year, and we've done roughly 480 meetings between our officials and that administration, it would mean almost a meeting a day. This relationship is really important. We are absolutely there. We will continue to be there. This is work that we take very seriously, and will continue to work on.

The Chair: Thank you very much.

We'll go to Mr. Arya for six minutes, please.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Madam Chair.

Thank you, Minister, for being here. I'm glad to know that you're in touch with the Indian trade minister on the various things that need to be done for Canada and India trade and investments. Canadians are investing quite a bit in India and we need proper investment protection agreements and trade agreements.

Coming back to the main question here with respect to the U.S. relations, especially on the EV tax credit, let's take a step back. The EV tax credit is a small part of a bigger picture. We know the Canadian dollar transportation industry is moving from internal combustion engines to electric vehicles and this is a big change that is happening. China has taken the lead, some parts of Europe have also taken the lead, and the U.S. is catching up but we are just stepping in.

We have some strengths. In Canada and the U.S. we have a Canada-U.S. joint action plan on critical minerals collaboration. To increase the potential that is available within Canada, I know the last budget set up a battery minerals centre of excellence and we are also establishing a research centre to develop the technologies related to this.

I have long called for a task force to develop and implement a comprehensive strategy for the developments of mines, mineral processing technologies, battery manufacturing and ultimately electrical vehicle manufacturing.

You and your colleagues in cabinet and other levels of the government have taken a team Canada approach in dealing with the U.S. That is good but we also need a team Canada approach to develop our strengths within Canada from the development of mines, to the processing of minerals, to the manufacturing of batteries. I want to know what is it that you know that is happening on this front at the cabinet level and any interactions you may have with various provinces and territories.

● (1550)

Hon. Mary Ng: We know that the future is a sustainable and green future. Our government is very committed to making investments and creating an economy that will be this green future that will tackle climate change but that will also create excellent, good-paying jobs in Canada.

You're absolutely right, critical minerals are a very important part of this. They are part of the global demand but certainly here, between Canada and the United States, there is tremendous opportunity to create greater advances and we've committed to doing this. There is work under way between Canada and U.S. specifically around critical minerals. Canada has 13 of the 35 minerals that the U.S. has identified as critical. Canada is one of the only countries in the western hemisphere that has all of the critical minerals that are required to manufacture EV batteries, from graphite to nickel, aluminum, lithium, cobalt and so on. That's really important.

This is work that, of course, I participate in as the trade minister but I do that with colleagues across the team. The industry minister is doing some terrific work here with the United States, with developing an ecosystem here across Canada that will enable those very companies and technologies to scale up and create great jobs and in doing so also tackle climate change.

My colleagues, the environment minister and the natural resources minister, are working on this as well. Again, they're working with their U.S. counterparts but also across our government team in an effort to work with sectors like the mining sector and the resources sector so that we can make this transition. We need to invest in and support the development of these critical industries and technologies in such a way that will promote a green future that is founded on Canadian innovation, expertise, entrepreneurship and excellence. We are very much working on a whole-of-government approach and certainly with partners like the United States.

I would also say that in the area of critical minerals we are also working with other allies and partners, like the European Union.

The Chair: Thank you very much, Minister.

Next is Monsieur Savard-Tremblay for six minutes.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Thank you, Madam Chair.

I'd like to acknowledge my colleagues.

Thank you, Minister Ng, for joining us today.

You and the Deputy Prime Minister sent a letter to the Americans. I believe it was last December. In that letter, you threatened the American government with retaliation if it went ahead with this plan. We know that the plan hasn't been voted on and that it has been put on hold for the time being.

Have you received a response? We haven't heard anything about a response. Is this still the most up-to-date information?

● (1555)

Hon. Mary Ng: Thank you for the question, Mr. Savard-Tremblay.

[English]

I'm going to answer in English so that I can give you the fullness of an answer. I hope one day to be able to do it fulsomely in French.

Yes, the Deputy Prime Minister and I communicated and sent a letter to the American Senate. Of course at the time we did that there was some indication that the bill was imminently going to make its way through the U.S. Senate. Our advocacy has been consistent and strong from the Canadian side, not only from government, but from industry and labour leaders as well. Right now, that legislation is still in the American legislative system.

As I said in the opening, we will continue to do the work to advocate on this issue. We hope that this will not come to be. We're going to keep working on a solution with the Americans. Know that if there is not a resolution that is acceptable to Canada, then we will stand up for our national interests and defend them.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Yes, I understood that, Minister Ng. However, I wanted to know whether the Americans had responded, in writing or in any other way, to the letter.

[English]

Hon. Mary Ng: The response has been from many senators, whom, by the way, I continue to engage with.... Some of the senators or congresspeople whom we have met with didn't even know that this provision of this tax credit was even in their very big piece of legislation in the Build Back Better, so we had to do some educating there. For others who did know, they had to look at it and study it. We made the point that the legislation and these credits are not in compliance with our important trade agreement. That was a response from some. From others, we have found an alignment and agreement with Canada.

This work will continue. Those are some of the responses that we have received from the senators whom I and others have been speaking with.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: In your letter, you referred to the possibility of suspending certain parts, aspects or sectors of CUSMA as part of the retaliation. Of course, I imagine that this will remain on hold until the legislation is passed. We're talking about the sale of the vehicles, but we also know that several public contracts are set aside for American companies under the Build Back Better plan.

Have you conducted studies to determine whether these public contracts, which are prioritized for American companies, could violate our trade agreement with the United States and Mexico?

If so, could we also access these studies, which I presume are very legal in nature?

[English]

Hon. Mary Ng: I've been very clear to this committee in the past that we are concerned about the provisions the Americans have put forward that will essentially discriminate against Canadian inputs into American supply chains. We've always said that we expect a

reciprocal procurement arrangement between our two countries. In the last budget you saw that we put forward that expectation with all of our trading partners, including the Americans. We're going to continue to advocate for our businesses, but we will absolutely insist on—

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Minister Ng, I'm sure that you're concerned about this. However, that wasn't my question. My question was as follows. Have you looked at the contradiction between the bill and its various aspects and the free trade agreement that unites our three countries, the CUSMA?

• (1600)

[English]

Hon. Mary Ng: I would say that we expect reciprocal procurement with our trading partners, and the United States is no different. We are going to ensure that we keep doing this work to ensure that there is balanced trade between both countries.

The Chair: I'm sorry. The time is up.

We're on to Mr. Masse, please.

Mr. Brian Masse (Windsor West, NDP): Thank you, Madam Chair.

Thank you, Minister, for being here.

Quickly, is Line 5 with the United States still in the courts? Is that the latest?

Hon. Mary Ng: Yes, it is.

Mr. Brian Masse: Thank you.

Are you familiar with the Nuclear Waste Management Organization's plan to bury 50,000 tonnes of nuclear waste in South Bruce, [Technical difficulty—Editor] the Great Lakes? Are you familiar with that file, Minister?

Hon. Mary Ng: I apologize. I am not. I'm happy to take it away and have a look at it, now that you've raised it with me. I'd be happy to get back to you on that.

Mr. Brian Masse: That's fair enough.

Former governor Granholm, at the Department of Energy, is concerned about Line 5 and this issue. Governor Whitmer...

With the Build Back Better law and with regard to EVs, there are 19 congressional representatives, including Representatives Kildee and Dingell, who are opposed to this. They've written to your government about it many times. I've done a lot of work on it. I ask you to look into that—and I'll look for a general comment—because these are some of the major people who are very concerned about Line 5 and this nuclear waste.

Wouldn't it make sense to at least look into how this is affecting the relationships? I can tell you that they haven't had responses, in many cases, to their concerns about these projects.

It's hard to negotiate with people if our reflections are not dealt with and, at the same time, we're not dealing with their reflections.

Hon. Mary Ng: Thank you very much for raising this with me.

I would say, overall, that it is really important to work on issues that are important on both sides of the border. I'm really thrilled that we have you on this committee, given your work and your relationship with those on the other side of your border, and given the proximity and the relationships you have. I thank you for that.

On this, I'm happy to go back, look at it and then perhaps get back to you at a later time, if that's okay.

Mr. Brian Masse: Absolutely. You can't keep up on every file, but this one is sticking. There was a previous project that also stuck in their craw, so to speak, so I appreciate that answer and look forward to that.

I've been pushing for reciprocity for electric vehicle incentives. They went ahead with this. The government had a positive response to that.

I want to shift to another issue that might be related to our trade with EV vehicles. I tabled Bill C-231, which is about the right to repair on the automotive aftermarket. The U.S. is looking at this. If we were to have regulations with regard to aftermarket access to EV vehicles to make sure they're repaired, and the U.S. is doing the same, is that something the government would look into as having that type of reciprocity? It's similar to what we do with bumpers and a whole series of things for product safety and consumer rights.

My original bill in the House of Commons passed as a voluntary agreement, which is in place today, but it didn't have the digital component to it. In the past, Canadians couldn't get the same access to American markets. Will your government at least look into this to ensure that Canadians have the same type of access to fix their electric vehicles that Americans have?

Hon. Mary Ng: That's a really important point, and I am always happy to look at any kind of solution that allows us to have Canadian access. This one sounds to me like it also is compatible with not only job creation and so forth, but tackling climate change. It's along that same value chain, if I hear you correctly.

In the sense that it is consistent with what we are always trying to pursue with the United States, which is a relationship that creates greater opportunities on both sides for workers and for businesses—and, in this case, climate change—I think it's always worthwhile to have a look.

• (1605)

Mr. Brian Masse: Okay, I'll switch topics a little bit to the border, the trucks and the supply chain issue.

I represent a constituency where we have 10,000 trucks per day. Even during the pandemic there were 5,000 vehicles a day and about 4,000 per day during the worst of times. The border was never really closed. It's kind of misleading to suggest that it has been when the reality is that it's been very busy.

With regard to the policy that was announced today for the government meeting with maybe even the United States on trucker issues, can you enlighten us on some of that?

I've been pushing for a safe border task force. It's not an idea I came up with; it's from the business communities. Nothing has been done on it for two years. What can you tell us about the announcement today about a potential meeting between the Ameri-

cans and Canadians about the border, trucking and the vaccine policy?

Hon. Mary Ng: You're absolutely right in terms of the volumes. Whether it is through the pandemic or today, as my colleague, the Minister of Transport would have shared with me, those volumes continue to be.... You represent a riding that actually sees them coming across the border.

We've always committed to working together with the Americans and with our colleagues on this very important issue because it's just so important to trade, to our businesses and to the workers they support.

On this announcement in particular, might I get back to you on it? I would like to have a conversation with my colleague, the transport minister, who is taking the lead on this issue.

The Chair: Thank you very much.

We'll go on to Mr. Martel for five minutes.

[*Translation*]

Mr. Richard Martel (Chicoutimi—Le Fjord, CPC): Thank you for joining us today, Minister Ng.

The Canada-United States-Mexico Agreement, or CUSMA, came into effect on July 1, 2020. Since then, we've had many trade disputes with the United States regarding softwood lumber, Line 5 and dairy products. We now have a dispute over the electrification of transportation.

Are you disappointed with how you negotiated the CUSMA?

Hon. Mary Ng: Mr. Martel, thank you for your question.

[*English*]

Let me start with a fact and maybe the fact will answer the question of how well CUSMA is working.

Just this month we've had the largest trade surplus between Canada and the United States that we have seen in the last 15 years. That means trade is up and volumes are up. That means the trading relationship is absolutely working.

As I said in my opening remarks, some of the mechanisms we negotiated in CUSMA were really important to Canada. Preserving a dispute settlement mechanism in CUSMA was very important for Canada. We negotiated that so that we would have a mechanism to properly resolve issues when they came through on trade.

In a relationship as large as the one that we have with the United States and Canada, yes, there are issues, but the numbers speak well to how well trade is flowing between the two countries. For the issues we have, we are going to always pay particular attention to ensuring that we are resolving issues, as we have been doing.

In fact, on the anniversary of CUSMA, I was in the United States and in Mexico meeting with my trade counterparts precisely to take stock of CUSMA, the committees and the work that is happening. It is working. I'm very pleased to continue to do that work on behalf of Canadians.

[Translation]

Mr. Richard Martel: Thank you, Minister Ng.

You're currently having many issues with the Americans. You told my colleague, Mr. Hoback, that you have had over 400 meetings with President Biden.

Yet, we have the impression that nothing has changed and that nothing is getting better. When the Trump administration was in power, it seemed that the negotiations were much more difficult and that, as a result, they weren't moving forward. We can now see that the situation is the same with the current administration.

• (1610)

[English]

Hon. Mary Ng: When I talk about the number of meetings, whether it is at the cabinet level with senior administration in the United States, or with the embassy with the ambassador or through the consul general, or through the various representatives by the Government of Canada, it really represents the strength of the relationship between Canada and the United States. There's the ability to work together to solve issues and to find solutions, but there's also the strength of those numbers.

That really speaks to the commitment between Canada and the U.S. to work on this committed road map for Canada and the U.S. on things like fighting climate change, on supply chains, on creating opportunities for small and medium-sized businesses, on making sure we are growing and growing back inclusively, with small businesses, racialized and immigrant-owned businesses and women entrepreneurs getting access to this very important market that is the United States.

So the many meetings—that signifies a very robust working relationship between Canada and the U.S. When you think about it, we all meet on a regular basis. Why? Because we're doing work together. That is what we are doing with the United States.

[Translation]

Mr. Richard Martel: A week ago, the United States cut its softwood lumber tariffs by about half, not because Canada responded, but because the American construction industry made the request.

Why wasn't a softwood lumber agreement negotiated when we negotiated the Canada-United States-Mexico Agreement, or the CUSMA?

[English]

The Chair: Please make it a brief answer, Minister.

Hon. Mary Ng: I've met with the softwood lumber industry to work on exactly what we want all together, which is a settlement that is a good agreement—not any agreement; a good agreement.

With respect to this issue on the advocacy, we went down and met with the Americans, we met with the American home builders association, who also agree that these tariffs were too high and they

actually hurt their affordable housing plans down in the U.S. But there's more work to do.

The Chair: Thank you very much.

Mr. Miao, you have five minutes, please.

Mr. Wilson Miao (Richmond Centre, Lib.): Thank you, Madam Chair.

Thank you, Minister, for being here today, and thank you to everyone else as well.

I have a question regarding softwood lumber related to B.C. As you know, in British Columbia the forestry sector represents 100,000 workers and contributes \$13 billion to the provincial economy. Last year the Canadian ambassador to the U.S. raised it at a forest industry conference that high lumber prices could affect the U.S. President's ability to fulfill his pandemic recovery goal, which [*Technical difficulty—Editor*] include affordable, environmentally friendly housing.

As the Americans are currently under a lumber supply shortage and record-high prices, what have you heard from the industry and U.S. lawmakers when raising the softwood lumber dispute with them?

Hon. Mary Ng: Thank you very much for that important question from my honourable colleague. This will give me an opportunity to maybe just pick up a little bit on his question but also the question prior.

Working with the Canadian softwood lumber industry is extremely important. They are significant employers here in Canada, particularly in B.C., given the importance of the forestry sector to B.C. As I said a little earlier, I was joined on my recent trip to Washington, D.C., by members from all sides of the House. We met with the National Association of Home Builders, and they echoed our concerns around the high tariffs contributing to the high cost for them to build their homes.

This is an issue that we will continue to work on, defending Canada's softwood lumber industry. I just had a meeting a few weeks ago, at the beginning of this year, with the industry to continue to work with them so that we are able to remain in a strong position with industry as we continue to work with the Americans.

Let me just also talk for a minute about what we have also been doing. Right from the beginning, our government has been committed to helping our exports diversify. The United States, of course, is our largest trading partner, and it's very important. We also say often—I certainly do, as the trade minister—that we're proud that we are the only G7 country that has a free trade agreement with every other G7 country. We have access to markets, to 60% of the world's economy, whether it is in Europe through CETA, or whether it's in the Asia-Pacific through the CPTPP, or here of course in North America through CUSMA. We are pursuing more opportunities to grow into new markets in the Asia-Pacific, like launching agreements with Indonesia or with the ASEAN countries.

Why is this important? It's important because diversification and creating greater market opportunities for our businesses, particularly in the forestry sector and for softwood lumber, are really important. I'll share a couple of numbers with you. Canadian softwood lumber exports have more than doubled in the last decade, going from \$3.8 billion in 2009 to over \$8 billion in 2019. There is an increase there. We are seeing lumber exports to countries in Asia booking strong growth, and this is because of our focus on diversification. We are seeing an increase in growth into markets like Japan, by 20%, to South Korea, by 25%, to the Philippines, an increase by 230%, to markets like China, a \$491-million increase in softwood lumber exports.

This is the value of diversification. It is creating those additional markets for our Canadian exports so that while it is important to trade with our largest trading partner south of the border, it is equally important to support our softwood lumber industry, the workers they employ, through programs that also are helping them be innovative. I think about the softwood lumber action plan that our government put forward in 2017. In the 2019 budget we added \$250 million to extend support to the sector.

Why is it important? It's important because it's helping them innovate. It's helping them create new products. It's helping them to contribute to sustainable solutions through their products which they're exporting.

If I had a lot more time, I'd be able to give you a list of companies that have benefited from exporting.

● (1615)

The Chair: Thank you very much, Minister.

We move on to Monsieur Savard-Tremblay for two and half minutes, please.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Madam Chair.

Minister Ng, we'll be talking about lumber.

Unlike what happened with electric vehicles, the lumber industry hasn't received any letters threatening retaliation. You didn't threaten to list products. In short, the response wasn't the same in both cases.

As we know, the United States recently lowered its tariffs. In our opinion, these tariffs still seem illegitimate. We also know that

prices have increased in the United States and that certain groups are taking action.

Couldn't we have the tariffs lifted completely? If so, how would you use those policy levers, the opportunities to lift the tariffs completely?

Hon. Mary Ng: Thank you for the question.

[English]

I want to say to you, to the industry across Canada and most certainly in Quebec.... Again, I apologize that I'm not able to deliver this answer completely in French, but I want to give you a better answer, so I'm doing it in English.

I want the industry and the workers, in Quebec in particular, to know how hard it is that we are working to defend this sector, the jobs that they create and the contributions that they make to the economy.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: How are you doing this?

[English]

Hon. Mary Ng: We have initiated under CUSMA an appeal for the AR2, the administrative review tariffs. We've always said that the tariffs are unjustified. They're absolutely unjustified, and we need to defend that. Whether it is through CUSMA or through the WTO, we're going to keep defending the industry in that way.

At the same time, I continue to meet with the industry, with our partners there, so that we are in the best position possible from the industry standpoint to work and to defend the industry against the United States.

● (1620)

The Chair: Thank you very much, Minister.

We move on to Mr. Masse for two and a half minutes, please.

Mr. Brian Masse: Thank you.

We'll move to dairy with the dairy quota tariffs decision just recently. The way that I read it was that we lost on my side. I know you suggested, as well as the other minister, that we won.

Perhaps you can enlighten us on that decision. Also, too, I'm hearing from the industry that they're looking for direction right now and hearing nothing about what to do next, so I'll turn to you to explain that and see where we're at. When will the other partners learn what they have to do next to meet the decision that was made?

Hon. Mary Ng: It is a win for Canada. The supply-managed sector is really important, and it was very fundamental to what we negotiated in CUSMA. This decision preserved Canada's right to maintain our supply-managed sectors, of which dairy is one. That is good for Canada because it respects that which we negotiated.

Where they had won and.... It's one out of the four parts of the decision, and three agree with Canada, and the one part that we are working on right now is on the way in which the TRQs are allocated. We are very much working with the industry as well as with the Americans to find a way to implement the panel report. That's what's going on right now; that work is very much under way.

The preservation of Canada's right to defend our supply-managed sector is what this panel report essentially said.

Mr. Brian Masse: We went into the deal with that intact, so I don't really see that as too much of a win. Will there be a timeline, and if there are injurious effects on the industry to meet that timeline or further problems...what are the timelines for those things? One of the concerns I have is anxiety from the industry trying to meet some of these new dates.

The Chair: Can we have a short answer, Minister, please?

Hon. Mary Ng: Yes.

What I would say is that work is very much going on. As you know, when panel decisions come out, you need to begin working on them. We are and have been working with the industry. Industry is very much part of the work. We've been working with them all the way along but also with the Americans. We want to find our way to a solution that can work and that can work certainly for our industry here.

The Chair: Thank you very much, Minister.

We move on to Mr. Patzer for five minutes, please.

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): Thank you very much, Madame Chair.

Thanks for joining us today, Minister.

I want to open by asking you this. When the provincial government of Saskatchewan and also the Government of Quebec were looking to set up trade offices in the U.K. at Canada House, they were met with all kinds of resistance and ended up having to set up offices elsewhere.

Why was that?

Hon. Mary Ng: The way I look at it is that we work very closely with the provinces along with all stakeholders, industry, small and medium-sized businesses and workers to facilitate greater trade.

I had an FPT with my provincial counterparts not that long ago where we talked about how we work together to help increase trade and work together because we only have one customer, and that's the Canadian exporter.

Mr. Jeremy Patzer: Then why exclude two provinces?

Hon. Mary Ng: That's not the way I look at it. The way I look at it is that what we do—

Mr. Jeremy Patzer: That's how it is.

Hon. Mary Ng: Let me finish here for a moment.

Mr. Jeremy Patzer: Sure. Briefly, please.

Hon. Mary Ng: I am committed to working with all the provinces and territories—

Mr. Jeremy Patzer: Except Saskatchewan and Quebec.

Hon. Mary Ng: —in support of our businesses exporting all around the world.

Mr. Jeremy Patzer: Thank you.

Last year, at a different committee, I asked you about the CUS-MA deal. In particular, there's a part of the deal that allows for the different countries to source up to 75% of lithium regionally tariff free, with the main purpose specifically for developing an EV battery market. At that point in time, between yourself and the department officials, there seemed to be a lack of awareness about this provision.

Has anything been done since then to address this, and do you think we'll be able to meet that window? That window is closing within a little over a year.

• (1625)

Hon. Mary Ng: Our commitment is to develop an industry here that helps our auto sector continue to be as integrated as it is so that our businesses in the auto sector and their workers continue to be prosperous as we fight climate change and build electric vehicles into the future.

Mr. Jeremy Patzer: Thank you.

What's being done by the government to at least attempt to hit this process? At the end of the day, if we're going to have to start paying tariffs on lithium when we have the full-on resources here, everything we need to have the industry here but have zero production at this point in time....

We're over a year into this deal and we knew this was there, but we're doing nothing about it. I just want to know, and I'm concerned, whether Canadians—or the government—are doing everything they can to try to develop this. Are you actively advocating internally for that?

Hon. Mary Ng: We're always actively advocating, not only advocating but putting funding into our budget to ensure that we develop industries, particularly industries around critical minerals, that will enable us to create an economy that is green, and particularly industries around critical minerals and electric vehicles that support that growth into the future.

Mr. Jeremy Patzer: What about red tape reduction to try to help hit these targets?

Hon. Mary Ng: Making things easier for our businesses is something that I feel is very important. I work with small businesses all the time. I work with women entrepreneurs all the time and Black entrepreneurs all the time, making sure that our work is supportive of their ability to take advantage of our programs in a way that's easy for them to not only start up, but to scale up and grow and access international markets. That is something that is a top priority for me every day.

Mr. Jeremy Patzer: Lastly, I have to circle back to the country-of-origin labelling, which was brought up earlier, because that's something that's going to be hanging over our heads. It has been quite the process to defend against that in the past. I would like some reassurances and to know that this is something that is active-ly on your radar and your ministry is going to be doing everything you can to defend against that.

If we take the same approach as we did with BSE and you miss the targets, we end up having to operate under those restrictions, as we did for a long time. What are you doing to make sure that we don't get hit with country-of-origin labelling once again in Canada?

The Chair: Minister, please give a brief answer.

Hon. Mary Ng: We've always defended and I've been clear that we stand against it.

The Chair: Thank you very much.

We'll go on to Mr. Sheehan.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much, Madam Chair.

Thank you very much, Minister, for appearing here today on this very important study that we have undertaken. I moved this, with the support of all the committee, to go hand in glove with your efforts.

After being sworn in, you headed down to Washington and began that work in earnest. We know that Canada and the U.S. have fostered the largest automotive manufacturing cluster in North America, centred around the Great Lakes region, which the Soo is part of. Ontario exports about \$10 billion in auto parts each year to Michigan, Illinois, Indiana and Ohio alone.

There is clearly a need for that reciprocal relationship to continue, especially when we have all these shared, common goals of having more electric vehicles on the road and ensuring that our citizens can actually afford them. We all support incentives towards that goal, but why discriminate against Canada's industry when we have been making autos together for 100 years? A lot of people are asking that.

What is the American response that you have gotten, right from the beginning, on their attack on our deeply integrated supply chains and historical partnerships, especially when we know that this will be a counterproductive approach that will in fact disrupt the production even more and reduce their accessibility for the middle class?

Hon. Mary Ng: Thank you for the terrific work in getting me here to the committee.

But seriously for a second, Canada is really supportive of the global efforts for a more sustainable future. Our budgets have the investments for this. The commitment this government has taken to fight climate change is demonstrable and real. We're committed to 100% of new automobile sales to be zero-emissions vehicles by 2035.

You rightfully pointed out the supply chain—that is the automotive supply chain. There's a lot of integration and there are a lot of interconnected supply chains between Canada and the United

States, but nothing says it more than automobiles. Deliberately, we've put policies in place for the last 50 years to make sure we are encouraging this Canada-U.S. competitiveness, and now a North American competitiveness, in the supply chain around autos.

We all want to create opportunities where we can help this transition to a cleaner and greener future. Indeed, we also have incentives here in Canada to encourage the purchasing of EVs. In fact, those incentives support Canadians who buy U.S.-made EVs and support U.S. manufacturing jobs.

You're absolutely right. This is the point we're making to the Americans. Canadian-assembled vehicles are U.S. cars. They contain approximately 50% of U.S. content. Canada is also the biggest exporter to the U.S. of vehicles. We are requiring 100% of our cars and our passenger trucks in Canada to be zero-emissions vehicles.

Much of what you have just said and much of what I have just said is essentially the advocacy to the Americans. The road map between Canada and the U.S. to tackle climate change, but also to recover from COVID-19 and to support trade between our two countries, will include this very important sector, automotive trade, which, by the way, is remarkably balanced. Fifty per cent of this trade flows from the U.S. to Canada, and the other 50% flows the other way. The other thing I would say is that Canadian intermediate exports also keep U.S. production open.

There are a lot of wins here, and there's a lot of alignment. This is the advocacy we are making to the United States. It has been productive, I would say, across the board, but we've made it clear that what is there at present is not in keeping with CUSMA or the WTO, and it's not actually in their interest economically either.

This work will continue. We'll do it as team Canada. It will be government to government, but it will also be the provinces and territories. It will also be industry. It will also be unions, binational unions. We're all going to do this.

● (1630)

The Chair: Thank you very much, Minister. I don't mean to cut you off. You were generous to give us an extra couple of minutes to try to give everybody an opportunity.

Mr. Hoback.

Mr. Randy Hoback: I think we have a few more members who would like to have an opportunity to question the minister. Would she be willing to stay another 20 minutes so that they would get an opportunity to talk directly to her?

The Chair: The minister had agreed to be here with her officials for the hour. Her officials will be remaining for the second hour. That was the arrangement initially.

Mr. Randy Hoback: Is she willing to stay? I'm just asking the question. If she can't, she can't.

The Chair: Minister, the request is that you stay a bit longer. It's up to you, though.

Mr. Arif Virani (Parkdale—High Park, Lib.): Madam Chair, I don't think that's properly a point of order.

The Chair: I think it's just a question.

Mr. Hoback has asked if you could stay longer. It was clear at the beginning we had one hour with you and the remaining hour with the officials. I don't see anything suggesting that's going to change.

Hon. Mary Ng: My officials will be here. I have a commitment with some important.... All of you are important, but so are these industry folks I committed to getting into a meeting with four minutes ago.

The Chair: Thank you very much, Minister. I appreciated the extra time.

Hon. Mary Ng: Thanks so much.

The Chair: We'll go on to Mr. Lewis for five minutes, please.

Mr. Chris Lewis (Essex, CPC): Thank you very much, Madam Chair, and I thank the minister. I know she just left, but it was very good of her to come to committee.

I don't know who to address these questions to. I'll ask the question and whoever would like to pick it up, I'd appreciate it.

I found the discussion with regard to 400 meetings with our U.S. counterparts intriguing. Through you, Madam Chair, I also found it intriguing that the senators didn't know about the EV tax credit with regard to it being in the Build Back Better legislation.

After 400 meetings, how was this possible?

• (1635)

Mr. Michael Grant (Assistant Deputy Minister, Americas, Department of Foreign Affairs, Trade and Development): Madam Chair, if I may, I'd be happy to respond.

The Chair: Please go ahead.

Mr. Michael Grant: Indeed, on the EV matter, there have literally been hundreds of meetings, and as you can imagine, not just from the Prime Minister and ministers who have travelled to Washington and who were engaged over the phone, but also from our embassy in Washington, D.C., and from our network of consulates general in the U.S. who were engaging both in their territory and also with the members of Congress on the Hill. You can see how it quickly adds up

Now indeed, in a number of instances in raising our concerns over the EV tax credit with a particular member of Congress or a particular office of a member of Congress, there were a number of instances where they weren't familiar with the details of the tax credit. As you can imagine, the Build Back Better legislation was a rather enormous endeavour, and in some instances there would be members who just didn't have it as a priority.

One thing we've done over the last several months is ensure that all are fully aware of the details and also fully aware of the integrat-

ed nature of the automobile industry and the impact that such a measure would have on the U.S. industry and the U.S. economy.

Mr. Chris Lewis: Thank you, Mr. Grant. I appreciate that.

Of those 400 meetings, is somebody able to table with this committee exactly who the minister met with?

Mr. Michael Grant: Not at this moment, but I'm sure that is something we can provide through the chair.

Mr. Chris Lewis: I think it would be really good to know that, so that when all sides of the House are working with our U.S. counterparts we can work collectively on that. I would like to see that, Madam Chair, if we could.

I'm going to switch gears here. Let's talk auto for a moment.

Let's talk about the chip shortage. I was very surprised that the minister didn't address that. I know that there's only so much time for the minister, but let's talk about the chip shortage with regard to auto. One million units were not built in Canada last year due to that. What discussions have happened between the minister's office and her counterparts in the U.S. to ensure that this shortage is not going to be an issue going forward?

Mr. Michael Grant: What I can say generally is that in the minister's meetings with her counterpart and with members of Congress, all aspects of the auto industry and the importance of moving forward have been raised. I would note that coming out of the summit that was held in November, between the Prime Minister and the President, a supply chain working group was established. It has a number of sectors that it looks at. One of them is specifically semiconductors.

In terms of the detail that you're looking for, I'm afraid I don't have an answer to that question. I'll see if any of my colleagues may, but I doubt that they would today.

Mr. Chris Lewis: I only have 30 seconds left, so I'm going to make this very quick. It's with regard to the border and getting Canada and U.S. on the same page.

What I mean by this is that historically speaking.... I guess this is more of a statement than a question. Historically speaking, Canada is always a week behind the U.S. or the U.S. is a week behind Canada; it would be really good to know when we're speaking out of the same side of our mouth. I, along with Mr. Masse—I'm almost done, Madam Chair, thank you—live next to the busiest international border in North America, and it would just be really good if we were all on the same page.

Thank you, Madam Chair.

The Chair: Thank you very much, Mr. Lewis.

We go now to Mr. Virani.

• (1640)

Mr. Arif Virani: Thank you very much, Madam Chair.

Thank you to the officials for being here.

I want to raise a couple of things that dovetail with some of what we heard in the first hour.

To the officials, we heard a little bit from the minister about how critical it was when renegotiating CUSMA to retain the dispute settlement processes. We heard in response to specifically something that Mr. Patzer raised about rules of origin.

We know that Mexico has initiated consultations under chapter 31 of CUSMA, under that dispute settlement process. They requested the establishment of a panel on January 6, and we've decided to join that as a complainant.

Could you talk to us about that decision and what the next steps in that process will be with Canada's participation?

Mr. Arun Alexander (Associate Assistant Deputy Minister, Trade Policy and Negotiations, Department of Foreign Affairs, Trade and Development): Yes, Canada and Mexico have requested a panel. Mexico requested a panel, and Canada joined that panel request. The issue is the interpretation of the rules of origin for core parts for automobiles.

The United States and Canada and Mexico have different interpretations. During the negotiations of the agreement, we shared the same interpretation. The text of the agreement, we think, very much aligns with ours. Basically, the short of it is—and I always find this a bit confusing—that there are two sets of rules of origin: one for core parts, which includes things like transmissions, engines, and batteries; and then one for the general automobile.

Generally, in rules-of-origin law and rules-of-origin processes, once a part is declared originating, meeting the rules of origin, then it's originating for all processes. For Canada and Mexico, we believe that when a core part is ruled as originating, then when we're doing the overall regional value content of an automobile, that part should be considered originating. The United States disagrees, so that's where the dispute lies. We believe we have a very strong case here based on the text of the agreement itself and also the interpretation and communication we had with automotive manufacturers during the negotiations.

Mr. Arif Virani: Thank you very much, Mr. Alexander. That's very helpful.

I think what's important is that we have that settlement mechanism to resort to when we see fit. Despite the fact that we're still in litigation over some parts of the trade, we heard the minister say that actually bilateral trade has never been higher.

Can one of you speak to how high it is numerically? Can you provide us with some observations as to why the trade is so robust at this stage?

Mr. Arun Alexander: I don't have the specific numbers. I apologize for that, Madam Chair.

I understand that for trade last year, there were record numbers between Canada and the United States. The pace is continuing this year. We do over \$2 billion worth of trade across the border every day. That speaks to the strength of the bilateral economic relationship. We do have some irritants, as you said, honourable member, but we do have a mechanism to deal with those and we're using that effectively.

I don't know, Michael, if you have specific numbers on the trade.

Mr. Michael Grant: Unfortunately, the number I have is from 2020. It was \$614 billion in two-way trades in goods and services.

Mr. Arif Virani: If I may, I have one last question just quickly.

We heard a little bit from Mr. Sheehan about the issue of the EV tax credits and about what we're doing here on the Canadian side here and the fact that the credit our government has put in place—a \$5,000 credit—benefits Americans. What we're looking for is reciprocity, with American tax credits benefiting Canadians because of the integrated nature of the auto supply chain.

Can you comment on the fact that when we have tax credits, they're beneficial, and what, when tax credits that were previously in place—and I'm thinking about at the provincial level—are rescinded, that does to Canada's position generally with EV and on climate action, and in terms of our bargaining position with the United States?

Mr. Arun Alexander: Maybe I'll turn to my colleague from ISED, who probably will be able to speak to that better than I can.

Ms. Mary Gregory (Associate Assistant Deputy Minister, Industry Sector, Department of Industry): I think it is important to ensure that we're remaining competitive in terms of these credits and offerings, which is why we are so concerned with the Build Back Better legislation that's currently suspended.

Federally, we have had tax credits. Provinces obviously can take their own actions in those areas as well. We're tracking that information carefully as provinces offer those things, but if the U.S. implements something that is much more generous, it will be difficult for our country to remain competitive and maintain its attractiveness for investment.

The Chair: Thank you very much.

We go to Mr. Savard-Tremblay for two and a half minutes.

• (1645)

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Madam Chair.

The dispute settlement was addressed in a previous question. The minister said earlier—and this is also in the public record—that a complaint would be filed because of the Americans' decision to impose tariffs on softwood lumber. We know that, whenever Canada files a complaint, it succeeds. The courts have never ruled against Canada in this type of case. The issue is the amount of time that it takes. Industries have time to go bankrupt and suffer financial and job losses before the legal proceedings take place. We know that one of the American tactics is to delay the outcome of these types of legal proceedings for as long as possible in trade disputes.

Why wasn't CUSMA seen as an opportunity to better manage dispute processes?

[English]

Mr. Arun Alexander: I could answer that question, Madam Chair.

I think CUSMA has a much more effective dispute settlement mechanism than under NAFTA. We've improved it greatly. Under NAFTA, the United States or another party could frustrate the system by refusing to participate, perhaps by not responding to a request for consultations. This would frustrate the ability to establish a panel.

Those impediments have now been removed under CUSMA, so panels are automatically established. Furthermore, the timelines for the decisions of the panel have been reduced, so they will become faster.

I believe the new CUSMA dispute settlement system is a good improvement on the NAFTA one, and also it's faster than the WTO.

We're hopeful that we will see the resolution of some of these cases and we do have a number of the cases before panels quickly.

The Chair: Thank you.

Mr. Masse, you have two and a half minutes.

Mr. Brian Masse: Thank you, Madam Chair.

I'm going to follow up with regard to the provincial incentives, as well, for EV vehicles versus the States'. Has there been an inventory done of the states offering incentives? I'm familiar with the Canadian ones and some of the American ones, but has there been an overall inventory done? That really makes it highly effective.

Right now I know in Ontario, for example, for Teslas and other vehicles, you can still get an incentive in Quebec. So what's happening is that some people are buying vehicles in Quebec and then taking them to Ontario to sell them after they've actually gotten the rebates, because there isn't the requirement to hold the vehicle for three to four years, which there was in the past.

I'm wondering whether there's been work done on that across the United States, and whether we could get access to some of that. I'm just curious as to that aspect, because it affects our overall position.

Ms. Mary Gregory: I guess I can answer, Madam Chair.

I'll start from my department in innovation. We track what's going on in the provinces and some of the states, as well. Things change rather quickly. As you noted, there have been incentives in place and sometimes they get changed. I don't have an answer of

the top of my head in terms of what the situations are today, but I'm happy to follow up if that's helpful.

Thank you.

Mr. Brian Masse: Could you get that back to the committee sometime? It would be appreciated. I think that's important for our overall look at the issue, because I understand that's been the bane of the auto industry in terms of even investment.

A lot of people talk about the United States' so-called “free market economy”, but I can tell you this much. For as long as I've been elected, between municipal and federal—and that's 25 years—municipal, state-level and federal-level incentives from the United States have been the common denominator in terms of trying to take away our auto jobs. In fact, they've been quite successful, because we've gone from third in the world in manufacturing and assembly to tenth now.

I see the same type of thing coming with EV vehicles, as well, especially as we're getting into battery and other types of components.

If I can follow up with the dairy—

The Chair: You have 10 seconds, Mr. Masse.

Mr. Brian Masse: I can't follow up with the dairy, then.

The Chair: Thank you very much. I'm sorry about that.

Mr. Hoback, you have five minutes.

Mr. Randy Hoback: Thank you, Madam Chair, and Mr. Masse, on dairy I think you were probably going to go on TRQs.

I'm actually going to go in a little bit different direction. I'm just going to want a little more background information in regard to when the officials down in Washington were aware that this EV credit was coming, and then when the minister's office was made aware of it. One of the complaints I had from one of the senators down there was that we showed up too late, and they had no ability to adjust things because we showed up too late.

Where did we miss the ball here? Did we not insert ourselves at the right time when we were seeing that legislation being written, or did we just ignore it until it became too late and they had no ability to actually modify it? Can you give me some insight on when you were made aware of it and when you made the minister aware of it?

● (1650)

Mr. Michael Grant: Thank you very much. I can answer that.

First and foremost, the fact that it was in the legislation did come as a surprise to us in terms of the details favouring U.S. manufacturing. The fact that the Biden administration is in favour of promoting EV vehicles wasn't a surprise, but the way it was drafted certainly was.

Immediately upon learning of that, we began our intensive engagement at the official level as well as at the political level. The fact that we were able to build such awareness is a tribute to that engagement.

Now, of course, the legislation is taking a different turn, but we remain plugged in to the influence-makers and the key decision-makers. We are being vigilant, depending on which way that goes.

Mr. Randy Hoback: I wouldn't pat yourself on the back too much there. The reason I say that is that in my conversations with different senators, they commented to me that we never insert ourselves when the legislation is being written. We're always sitting there when it's going through the Senate or at the last stage.

The question I have is this: Why is it taking so long for us to react when we see something in a piece of legislation?

I use a case in point. Senator Marshall from Kansas brought up the fact that when Keystone was cancelled by Biden, he expected to see us down there talking to him, but there was nothing. We had meetings later that week with three of the big labour groups in Washington. They were all saying to us in that meeting—the minister was present at that meeting—that we weren't anywhere to be found when it came to Keystone pipeline. They were willing to go to the White House for us on that because there are so many labour and union jobs at stake.

Where did that direction come from?

Mr. Michael Grant: On both issues, I can tell you that it was part of our engagement across the board. I can't speak to your specific reference in terms of the comments you heard, but I can say that for a number of years, Keystone had been a key item that was raised both in and outside of Washington.

Again, on the EV tax credit, as soon as it was made clear that it was in the legislation, we began a full-court press.

Mr. Randy Hoback: See, that's the concern. It was in the legislation. We should have been there when they were writing legislation. They didn't really have a target on Canada. They just never thought of us.

By the time we got there to inform them of the negative consequences of that and how it would impact the auto sector across North America, the Democrats had no ability to change it because of the political situation in the U.S. They made the point very clear to this government that we were too late to the game.

I'm trying to figure out where the breakdown was. Was it because the minister's office didn't react quick enough or did the bureaucrats not inform the minister quick enough?

Mr. Michael Grant: My response will be the same. As soon as we realized that this was in this legislation, we began a full-court press.

In fact, depending on which way the legislation goes.... Right now, it's off to the side. There are mechanisms for changing that legislation, so we will remain vigilant and engaged.

Mr. Randy Hoback: I want to add that in that legislation it was unionized workers. With the legislation following, there is talk that Manchin may come on side if it's not unionized workers. All of a

sudden, if that was to change in his state of West Virginia—where they have Toyota and other plants—I was told by some in the auto sector that there would be a huge sucking noise of jobs out of Ontario and Michigan into right-to-work states.

Is that fair to say? Do you analyze that or do you assume that it would be the same thing? What is the threat of that actually coming to fruition?

The Chair: Give a brief answer, please.

Mr. Michael Grant: One of my colleagues might have a comment on the impact. All I can say is that we will remain engaged to prevent this from happening.

Arun, did you want to comment?

Mr. Arun Alexander: I would just add that if you refer to the minister and the deputy prime minister's letter, we're advocating very strongly for equal, fair and CUSMA- and WTO-consistent treatment for all Canadian-assembled vehicles.

• (1655)

The Chair: Thank you very much.

Ms. Dhillon, you have five minutes, please.

Ms. Anju Dhillon (Dorval—Lachine—LaSalle, Lib.): Thank you, Madam Chair.

[*Translation*]

In Quebec, the forestry industry is very significant and provides over 60,000 jobs. The American administration released the results of its third review of the anti-dumping and countervailing duties imposed on Canadian lumber. Resolute Forest Products went from a rate of 29% to a rate of 20%.

Could the minister, or any government official, shed some light on this update?

[*English*]

Mr. Arun Alexander: Madam Chair, it is true, under administrative review three, which I believe applies for the year 2020, the anti-dumping and countervailing duty rates—and these are preliminary results, so they're not applied yet, but they are an indication of what the final results would be—lowered. They decreased on average, and I believe the number is from 18.9% to 11.6% for most companies. As the honourable member said, there are certain companies for whom the rates are higher.

Once the results of administrative reviews are released, Canada does an analysis of the basis of the anti-dumping and countervailing duty rates, and we will determine whether we would challenge it in consultation and coordination with provinces, territories and industry.

We challenged administrative review one and administrative review two, because we believe that any tariffs against Canadian softwood lumber are unwarranted and unjustified.

Thank you very much.

Ms. Anju Dhillon: Thank you so much for that explanation.

I'd like to follow up with something the minister was saying but didn't have the chance to finish explaining to us.

How can the government best support the softwood lumber sector? Which companies have benefited from the export of softwood lumber?

Mr. Arun Alexander: Perhaps I will refer that question to my colleague Michael Cannon, who knows better about the specifics of the industry.

Michael.

Mr. Michael Cannon (Director, Softwood Lumber Division, Department of Foreign Affairs, Trade and Development): Thank you, Arun.

I apologize, Madam Chair. I missed the beginning of the question. Would the honourable member mind repeating the question quickly?

Ms. Anju Dhillon: Yes, not a problem.

I was saying the minister didn't have a chance to finish explaining, so my question was, how can the government best support the softwood lumber sector? She was also talking about companies that have benefited from the export of softwood lumber. Maybe you can talk a little bit about these as well.

Mr. Michael Cannon: First of all, I think as far as the softwood lumber dispute goes, the minister spoke to the three main initiatives that the government is undertaking to help resolve the dispute. We believe the duties are unwarranted and unfair. The minister mentioned our ambitious litigation strategy where we're challenging the U.S. duties at the World Trade Organization under NAFTA and under CUSMA as well. Canada has been successful in our litigation on softwood lumber in the past, so we believe we will be successful again in the future.

The minister also mentioned that we're engaging U.S. interlocutors at every level at every opportunity. For example, the Prime Minister raised the file with his counterpart in November on the margins of the North American Leaders' Summit. The minister raises the file with her U.S. counterparts, U.S. Secretary of Commerce Raimondo, and the United States trade representative, Katherine Tai.

Finally, the other important element to keep in mind is the team Canada approach. We believe that a negotiated settlement is in the best interest of Canada and also in the best interest of the United States. We work very closely with stakeholders in the file in industry, provinces and territories, indigenous partners and other stakeholders as well.

In terms of some of the other things the government is doing, the minister referred to the diversification of our softwood lumber exports. She mentioned the increase in exports to Asian markets in particular. We have some success stories through our trade commissioner service with Global Affairs Canada, where trade commissioners are helping exporters connect to new markets. For example, we have a situation where a company in Merritt, B.C. was successful in landing a new contract to export lumber to Korea working through the trade commissioner service. That's part of the diversification strategy. As well, the minister spoke to some of the—

• (1700)

The Chair: Mr. Cannon, thank you very much. My apologies, but everything is timed around here.

Mr. Michael Cannon: My apologies.

The Chair: Mr. Martel, please, for five minutes.

[*Translation*]

Mr. Richard Martel: Thank you, Madam Chair.

I want to look at the softwood lumber agreement again. The former Conservative prime minister, Stephen Harper, was able to reach an agreement with the Americans. Why is the current government unable to reach an agreement?

[*English*]

Mr. Arun Alexander: Canada has made it clear to the United States at every opportunity, from the Prime Minister to the president, the Deputy Prime Minister, the minister, and all senior officials, that we are open to negotiating an agreement with the United States that is in the best interests of both countries. We make this very clear.

Unfortunately, the United States is not ready to negotiate an agreement that would be beneficial to both Canada and the United States. We will stand up for forestry communities, workers and the industry to achieve an agreement that is fair.

[*Translation*]

Mr. Richard Martel: Why wasn't this discussed during the CUSMA negotiations? What happened?

While the Americans were negotiating with Mexico, Canada was once again seen lagging behind and it entered the fray in this way. Were there really any negotiations regarding softwood lumber in this agreement?

[*English*]

Mr. Arun Alexander: My understanding is that during the CUSMA negotiations softwood lumber was a priority for the government, but it became very clear during the negotiations that the United States was not ready to meet with us to discuss a fair and equitable agreement for the Canadian softwood lumber industry. Because of that, we did not include softwood lumber in the CUSMA. We wanted an agreement that would be fair to industry, workers and communities.

[*Translation*]

Mr. Richard Martel: The Americans are still saying that they aren't ready to negotiate this agreement. Is Canada too soft, is the current government aggressive enough, or are we waiting for the Americans to decide? Can we take a proactive approach to this agreement?

[*English*]

Mr. Arun Alexander: I think that's a very good question, Madam Chair.

We are being proactive. We currently have eight cases before the WTO, the CUSMA panels and NAFTA. As the honourable member knows, this dispute has been going on for over 50 years. In all past disputes we have found that successful litigation before these tribunals is the way to force the United States back to the negotiating table, and so we have a very ambitious litigation strategy against the United States. When we are successful, as we have been in the past, we believe that the United States will return to the negotiating table, in earnest, to negotiate a fair and equitable agreement.

[Translation]

Mr. Richard Martel: The arbitration panel handed the United States a narrow victory when it challenged Canada's tariff rate quotas on certain dairy products. While this currently doesn't change anything in terms of supply management, the American officials clearly considered this a victory that will enable them to further challenge our system.

Can you ensure that the supply management system will be maintained in its entirety by your government and that no further concessions will be made?

[English]

Mr. Arun Alexander: Madam Chair, I believe the minister has said that the government will stand by the supply management industry and will fight for the industry. I believe that has been the view of both the Prime Minister and the minister.

Thank you.

The Chair: You have 47 seconds remaining, Mr. Martel.

[Translation]

Mr. Richard Martel: I don't have any other questions. Thank you.

[English]

The Chair: Thank you very much.

We go on to Mr. Arya for five minutes, please.

• (1705)

Mr. Chandra Arya: Thank you, Madam Chair.

I would like to know if the Government of Canada has quantified the impact these tax credits will make on the imports and exports between Canada and the U.S.

Mr. Arun Alexander: Madam Chair, we have done some preliminary analyses on the impacts of the tax credits on the Canadian automotive sector. I think the preliminary analysis is based on how the legislation stood when it left the House. We may change it in the future, so the analysis is still preliminary. However, the results are that it would have a significant impact on the automotive sector starting now, but more in the future when there is a generational change in the structure of the industry towards greater electrification of vehicles. The investments in those vehicles and the production of those vehicles are very much dependent on the support that—

Mr. Chandra Arya: Okay, I have it.

In addition to the automotive sector, does this tax credit affect other sectors in Canada?

Mr. Arun Alexander: I believe it probably would affect other... I don't know that the analysis went that far, but I assume it could affect other areas in the automotive sector and in other areas in communities where jobs are supported by the automotive sector.

Mr. Chandra Arya: Thank you.

In October last year, the Government of Mexico highlighted a letter that was written by the U.S.-based embassies of Canada, Mexico and 23 other countries to the members of the United States Congress expressing their concern on this tax credit.

I'm not worried or concerned about what happens to the 23 other countries. I want to know if Mexico has expressed a willingness to work with Canada in pursuing this dispute settlement under CUSMA.

Mr. Arun Alexander: Madam Chair, no decision has been made on pursuing dispute settlement with regard to the EV tax credits under CUSMA at this time. The U.S. legislation is in abeyance right now at the Senate. If the legislation proceeds, the Deputy Prime Minister and the minister have made very clear that we would keep open the option of pursuing dispute settlement under CUSMA, and under the CUSMA rules, if Mexico wanted to join such a dispute, they would be allowed to do so.

Thank you.

Mr. Chandra Arya: My question is: Has Mexico in any way indicated so far its willingness to join in that scenario?

Mr. Arun Alexander: We communicate regularly with Mexico about the EV tax credits, but our discussions haven't gone that far because we're not at the point where we would bring dispute settlement.

Mr. Chandra Arya: Has Mexico also obliquely indicated they, too, will be contemplating certain retaliatory trade measures?

Mr. Arun Alexander: I'm not in a position to say what Mexico will do, but I know that the Mexican government has expressed its concerns about the EV tax credits. It is a point of discussion between the minister and her counterpart, Secretary Clouthier, when they meet, and they regularly discuss the EV tax credits and the impact that they would have on the North American automobile industry.

Mr. Chandra Arya: On the Build Back Better legislation that has stalled, can you now update the committee on the current status during the last month and this month?

Mr. Arun Alexander: Madam Chair, my understanding is that the Democrats do not have enough votes in the House because Senator Manchin will not support the Build Back Better bill as it stands. He has concerns, including about the climate change provisions and the EV tax credits, so there is not enough support in the Senate to pass that legislation.

We also understand that discussions are not occurring right now between the Senate leadership and the Democratic Party, but perhaps they may continue in the future. If that does happen, we will be ready to advocate strongly for EV tax credits that allow for Canadian-assembled cars as well.

The Chair: Thank you very much.

We will move on to Mr. Savard-Tremblay for two and a half minutes.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Madam Chair.

I'll repeat a question that I asked the minister earlier and that remained unanswered.

Have you studied the provisions of the Build Back Better plan that may conflict with North American free trade? Have you studied this issue? Have you determined the potential legal sticking points?

• (1710)

[English]

Mr. Arun Alexander: Madam Chair, we are in the process of analyzing the provisions in the current Build Back Better bill. The provisions allow for, I believe, a \$7,500 base tax credit for the purchase of electric vehicles. In addition, there will be a \$4,500 tax credit based on where the vehicle is assembled. If it's assembled in the United States and if there's a battery built in the United States, there's an additional \$500 tax credit. The whole \$12,500 cash credit—and this is the most concerning part—will become available starting in 2027.

We have done an analysis, and the fact that it is based on the location of assembly we believe is a violation of the national treatment requirements in both CUSMA and the WTO, so we feel confident that, if a case was to be brought, Canada would stand a good chance of success.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I imagine that you have also studied the provisions related to potential public contracts. Can we access internal studies on this issue?

[English]

Mr. Arun Alexander: On the legal analysis, we're not in a position to because it would weaken our position with the United States if a case was brought. We can't share legal analysis.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Okay. Thank you.

Have you also studied public contracting to determine whether it conflicts with trade rules?

[English]

Mr. Arun Alexander: We analyzed all aspects of the bill that may affect Canada so we will have looked at that, as well.

The Chair: Thank you very much.

We move on to Mr. Masse for two and a half minutes.

Mr. Brian Masse: Thank you.

I'm going to go back to the tariff rate quotas. Some would argue that we give away our dairy until the cows don't come home.

I don't understand how the United States continuing to recognize that we have supply management could be seen as a victory when we actually lost more market access.

Has there been any analysis done now to what that means to our other trade agreements, including the European trade agreement?

Mr. Arun Alexander: Maybe I'll ask my colleague, Doug Forsyth, to respond to this question.

Mr. Doug Forsyth (Director General, Market Access, Department of Foreign Affairs, Trade and Development): Arun, thank you. I'm happy to respond.

The dispute we have with the United States with respect to TRQ administration applies strictly to the CUSMA agreement, so, no, we have not done any analysis to determine whether or not others would be interested in what the impacts are.

Mr. Brian Masse: Was the agreement done similarly, though, in terms of pattern bargaining—and I don't remember my notes from the European trade agreement—or is it different from what was outlined there?

Mr. Doug Forsyth: The CETA TRQ administration is different from the CUSMA one, for sure, yes.

Mr. Brian Masse: Thank you. I appreciate that because that was one question I had and many people were interested.

With regard to the next stage, though, I know the minister couldn't give us.... Can you enlighten us with maybe more details on this? Maybe it's a little unfair to ask her if she had more details about that right now, but I do know that there is anxiety.

Are there any more details you can provide about what the next step is?

Mr. Doug Forsyth: Certainly the panel has, as you are no doubt aware, pronounced, provided and after that Canada has stated that we will bring ourselves into compliance with the panel report.

We have done some internal thinking on that. The minister also mentioned working in close co-operation with the sector, specifically the processing and the producer sector. Then we will continue those discussions with the United States to bring ourselves into compliance with the panel report. That's where we are.

We have had more than a couple of discussions with the United States about it already. We are awaiting their reaction to one of the proposals that we have floated and those discussions will continue until they reach a conclusion.

The Chair: Thank you very much, Mr. Forsyth.

We move on to Mr. Patzer for five minutes, please.

• (1715)

Mr. Jeremy Patzer: Thank you again, Madam Chair.

My first question will be for whoever wants to answer it. I'm looking for a quick update as far as where we are at with the P.E.I. potato issue.

Mr. Arun Alexander: I can try to provide a quick update on that.

The Canadian Food Inspection Agency and APHIS are in continual discussion on reopening the market for P.E.I. potatoes to the United States. We understand that Minister Bibeau and Minister MacAulay went down to the United States I think it was last week. They had a very positive discussion with Secretary Vilsack and he indicated that the United States will do an expedited risk assessment with respect to Puerto Rico, which is the first market that would reopen, and as well look at moving forward quickly with a risk assessment of the continental U.S. market. The discussions were very positive and we are optimistic that the issue will be resolved.

Mr. Jeremy Patzer: Thank you for that.

Was there any mention of any exact timelines? It's great to see they're trying to expedite it, which is good news, but is there any reference to a timeline, like by the end of March, beginning of March, anything like that?

Mr. Arun Alexander: I believe the timelines were weeks, not months, for Puerto Rico and sometime quickly thereafter for the United States. This is the conduct of the risk assessment, which we expect will be positive for Canada.

Mr. Jeremy Patzer: In regard to CUSMA, is there anything else Canadians need to be aware of when it comes to this deal? We have been able to find things like a reference to the three-year tariff-free window for sourcing 75% of lithium regionally. I asked a question about that earlier. There's always some payoff. There are lots of small things like that hidden in trade deals.

Is there anything else that the committee or Canadians in general should be aware of?

Mr. Arun Alexander: I think CUSMA has been overall very positive for Canada. There have been a number of improvements in CUSMA compared to NAFTA, including bringing the labour chapter and the environment chapter under the agreement, and the improved dispute settlement provisions.

Overall, implementation of CUSMA is going very well. We're standing up committees as we speak and we have been very supportive. Canada and the United States have labour reforms that are being undertaken in Mexico based on the CUSMA negotiation.

Overall, I think the agreement is being implemented very well.

Mr. Jeremy Patzer: I have one more specific question for our grain farmers. Do you or anyone else have anything to add in regard to them?

Mr. Arun Alexander: I'm sorry. I don't have anything, but perhaps Doug does.

Is there anything you would like to say, Doug?

Mr. Doug Forsyth: Do you mean with respect to CUSMA or just in general?

Mr. Jeremy Patzer: CUSMA would be great, but if there's anything generally speaking, that would be fine, too.

Mr. Doug Forsyth: Honestly, I can't think of anything off the top of my head.

Mr. Jeremy Patzer: That's fine. I just thought I would ask, because I know there were a few pieces to CUSMA in regard to that. I thought I would ask a general question.

Ms. Gregory, digging a little bit further into this issue with CUSMA and lithium.... I know that we were first alerted to this issue when I was a member of the industry committee.

Where is industry at with trying to develop a lithium market here in Canada? Do you have anything for us on that?

Ms. Mary Gregory: Some of the work with respect to minerals would be led by my colleagues at the natural resources department.

I would say we're very open to further investments in what we call the "mines to mobility" space. The government has an agenda to ensure that we're encouraging investments that will take those resources and make them part of the future battery supply chain, but I don't have anything specific. I apologize.

We can certainly follow up and check with Natural Resources.

Mr. Jeremy Patzer: Thank you.

The Chair: Mr. Miao, you have five minutes.

Mr. Wilson Miao: Thank you, Madam Chair.

I would like to go back to the topic of softwood lumber. I think Mr. Cannon was partially replying to this with regard to the diversification of the forestry market.

Can you give us a bit more information on this approach?

• (1720)

Mr. Arun Alexander: Madam Chair, perhaps I can begin, and then Mr. Cannon can jump in and add more.

I speak because I was the senior trade commissioner in Japan and was very much involved in diversifying the Canadian forestry sector. We worked very hard on two aspects: increasing the amount of softwood lumber coming into the country, and technology value-added products that could be sold, so we have diversification of the markets as well as diversification of the products.

Specifically, we would promote things like tall high-rises made of wood. There was a great example of a residence at the University of British Columbia. I think it was the tallest wood structure in the world at the time, though perhaps may not be anymore.

We promoted both the diversification of products and of markets, and worked very hard within the Asian trade commissioner service group to do so. The numbers that the minister cited show that it was a very successful effort.

Michael, is there anything you would like to add?

Mr. Michael Cannon: Thank you, Arun. I will share a few points.

Some of the [Technical difficulty—Editor] government flowed from federal budget 2019, where \$251 million in support was provided over three years to encourage innovation and growth in the forestry sector. It included a forest innovation program, an investments in forest industry transformation program, and an expanding market opportunities program, where officials from Global Affairs Canada and Natural Resources Canada worked together on some of those trade diversification opportunities that Arun mentioned. Finally, there is an indigenous forestry initiative.

Many of these programs are [Technical difficulty—Editor] Natural Resources Canada or other departments, so officials from those departments would be more knowledgeable on the specific details.

Mr. Wilson Miao: I'd like to follow up with one more question. If Canada and the United States do pursue a negotiated solution to the current bilateral softwood lumber trade dispute, would any provincial government be involved in these negotiations?

Mr. Arun Alexander: We consult very closely with all of the provinces on the softwood lumber dispute. We're in very close contact, starting with the minister, who met just recently with stakeholders—I think it was on January 13—as he did last summer. We also have a federal-provincial working group that meets regularly. Michael Cannon participates in that very regularly. We are in close contact with the provinces and we would coordinate any sort of negotiation very closely with the provinces, stakeholders and industry.

Mr. Wilson Miao: Thank you very much. Those are all the questions I have.

The Chair: Mr. Lewis.

Mr. Chris Lewis: Thank you, Madam Chair.

I have just a couple of quick questions. I'm going to go back to the border. I know that in the last round I just made a statement; I didn't ask any questions on that.

In the riding of Essex we have a lot of greenhouses. About 90% of the fresh produce is exported to the United States. When we talk about supply chains, it's tough enough to get temporary foreign workers here into Canada, but it's equally tough to get our produce back to the United States and to Mexico.

Have there been any conversations with the Biden administration and with the other bureaucrats from across the creek, so to speak, with regard to opening up our borders fully so that there's no more discussion about who can go back and forth?

I bring that up—and perhaps it will be a two-pronged approach here—specifically in terms of the supply chain not just with regard to truckers but also with regard to our advanced manufacturing. Windsor-Essex is literally a global leader with regard to auto parts but equally with those auto parts come people, and they have to move back and forth across the border as well. Has that discussion happened with our U.S. counterparts on either front?

That question is for anyone, Madam Chair.

Mr. Michael Grant: Madam Chair, I'll attempt a bit of a response and then a colleague could join.

In terms of your specific question about people, I would defer to colleagues from Canada Border Services Agency and perhaps IR-CC on the management of the people flow. What I can say is that

with the United States—and I believe I mentioned this a little bit earlier—we now have a supply chain working group, which was established following the summit between Prime Minister Trudeau and President Biden. That working group is broken down into a number of subsectors. I won't go through them all, but one of them is transportation and logistics. That working group is, right now, through its subgroups, working on each item, and an initial report is to be filed in March.

There's a strong commitment from both governments to work collaboratively—and this working group is a great example of it—in order to improve and increase the resilience of our supply chains across the board. I know that doesn't go to the specific question you asked but I think it's pertinent.

I don't know if another colleague wants to add anything.

• (1725)

Mr. Chris Lewis: Thank you, Mr. Grant, for that response.

I would imagine this committee would love to see that report once it's tabled, so that would be fantastic. We'll look forward to seeing that in March.

The second question is very vague but I'm very curious. Are there any specific challenges with CUSMA that are unresolved? That, again, is for anyone. I am just very curious as to whether there is anything else that this committee is missing that we should perhaps be discussing here.

Mr. Arun Alexander: Madam Chair, I have to say that honestly I can't think of anything at this time that is missing from CUSMA. As I said, the implementation of the agreement is going very well. Committees are standing up and discussions are happening on the various chapters. There's a very strong co-operative relationship between Canada, the United States and Mexico at all the committees and in all aspects of the agreement.

While there are irritants—and that's bound to happen when there's a relationship as large as the one Canada has with the United States—there is a very effective and efficient process for dealing with those, and that is going very well as well.

Thank you.

Mr. Chris Lewis: Thank you, Mr. Alexander.

Madam Chair, those are all the questions I have for now. Thanks so much.

The Chair: Mr. Sheehan, we have two minutes left in the meeting, if you have any outstanding questions.

Mr. Terry Sheehan: I would like to pose a question to the officials.

A few years ago, there was a campaign launched that highlighted and underlined the fact that the duty placed on Canadian softwood was actually a tax on the American middle class, because the demand was high. I would like a comment on whether now, in 2022, the demand is still high. Are Americans still buying it with these duties on it? Back then, I think it added another \$10,000 to the purchase of a new home.

That's through you, Madam Chair, to one of our presenters.

Mr. Arun Alexander: If I may, Madam Chair, perhaps I can answer that question.

I think the honourable member is very correct. The duties on Canadian softwood lumber are a tax on the American middle class, and perhaps even the lower class. The National Association of Home Builders, with whom we stay in very close contact, has highlighted several times that the cost of single-family homes and low-cost housing has increased substantially. I can't remember the exact number, but it's in the tens of thousands of dollars, and perhaps higher than what the honourable member mentioned from several years ago. There is a significant impact.

A number of U.S. senators and congresspeople I believe wrote to the administration highlighting this fact and the harm that the duties are doing to middle- and lower-class purchases in the United States. I think it's a very important issue. It's something that we highlight as part of our advocacy efforts at all times.

Thank you very much.

Mr. Terry Sheehan: Sault Ste. Marie has the MNR; the Ministry of Natural Resources is provincially headquartered in the Soo. There are great efforts undertaken by the province in Sault Ste. Marie to work on this issue. British Columbia has provincial folks on this as well, as does Quebec and out in eastern Canada.

Could you make some comments about what kind of efforts you guys undertake with the different provincial authorities in continuing to fight these unfair duties and tariffs?

Mr. Arun Alexander: We maintain a very close relationship with our provincial counterparts on the softwood lumber issue. We meet regularly with them to discuss strategy, to discuss developments and to discuss ways to move forward. We have a very strong working relationship at the officials level, and I know that the minister takes this issue very seriously and meets with her counterparts. She has done at least two round tables with stakeholders in industry in the last few months, just to gather their input and views on these very important issues.

As the minister said, there's very much a team Canada approach to addressing the softwood lumber issue. We will continue to maintain these good relationships and work together to solve this dispute.

• (1730)

Mr. Terry Sheehan: Thank you very much.

The Chair: Thank you to the department officials for very valuable information.

Before closing, members, I want to remind you that any witnesses for the Canada-Ukraine study should be in by six o'clock tonight. That's just a reminder to make sure this is done, for anyone who might have forgotten.

I'd like to thank you all very much.

The meeting is adjourned.

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