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Chair: The Honourable Judy A. Sgro





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• (1125)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I call the meeting to order. Welcome to meeting number 85 of the Standing Committee on International Trade.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Therefore, members are attending in person in the room and remotely using the Zoom application.

I need to make a few comments for the benefit of witnesses and members.

Please wait until I recognize you by name before speaking. If you are online, please mute yourself when you are not speaking. I ask all participants to be careful when handling the earpieces in order to prevent feedback. If any technical issues arise, please inform me immediately. We may need to suspend to deal with any issues.

I remind you that all comments should be addressed through the chair.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, October 17, 2023, the committee is beginning its study on the 2023 strike at the port of Vancouver.

We have with us today, from the Department of Transport, Robert Dick, assistant deputy minister, supply chain office; Christian Dea, chief economist and director general, transportation and economic analysis; and Sonya Read, director general, marine policy.

Welcome to all of you. I apologize for starting late, but you know how things go when we have votes. Please keep to your points. You have up to five minutes, but if you prefer to use less time, please ensure you make the point you want the committee to hear in the time you have.

Mr. Dick, I invite you to make an opening statement of up to five minutes.

[Translation]

**Mr. Robert Dick (Assistant Deputy Minister, Supply Chain Office, Department of Transport):** Thank you very much.

Good morning. I am pleased to appear before the committee on behalf of Transport Canada.

I would like to begin by acknowledging that I am speaking with you today from the traditional unceded Anishinabe Algonquin territory.

With me from the department are Christian Dea, chief economist and director general of transportation economic analysis, as well as Sonya Read, director general of marine policy.

[English]

On July 1, 2023, following a 72-hour notice, 7,200 International Longshore and Warehouse Union of Canada dock workers along Canada's west coast—from Vancouver to Prince Rupert and on Vancouver Island—went on strike. That strike lasted a total of 13 days.

[Translation]

As Transport Canada's assistant deputy minister for the Pacific region office at the time, I was charged with monitoring the impacts to our supply chains through Canada's Pacific gateway, as well as enabling participants to get better information to manage their supply chains.

[English]

Before detailing these impacts, I will provide some economic context.

The Pacific gateway facilitates Canada's trade with Asia and South America. It handles roughly \$1 billion in trade per day and makes up roughly 40% of Canada's total trade volume outside North America. Port activity in Vancouver and Prince Rupert alone—Canada's first-largest and third-largest ports—supports approximately 119,000 jobs directly and indirectly.

[Translation]

While passenger cruise, bulk grain and coal through certain marine terminals continued to move uninterrupted, the disruption impacted many supply chains.

On the import side, Canadian manufacturers could not get the materials needed to continue production, which had cascading effects on cross-border industries like auto manufacturing. Other businesses experienced delays in receiving seasonal consumer goods.

On the export side, windows to provide potash—needed by global markets to fertilize crops—were narrowed. Forestry companies had to reduce production and some high value refrigerated goods, such as fresh pork, perished before they could reach their markets.

[English]

Overall, it is estimated that the 13-day disruption affected the movement of roughly \$10 billion in goods.

Supply chains involve complex logistics and are not designed to pivot on a dime. Impacts during times of disruption are unavoidable, but transparent, timely communication can be a powerful antidote to uncertainty, especially in circumstances where no one knows how long the disruption will last.

During the disruption, while respecting the integrity of the collective bargaining process that the labour program oversaw, Transport Canada created a focal point for information exchange to help supply chain users and operators alike develop a common operating picture. Leading up to and during the disruption, Transport Canada hosted daily virtual meetings with anywhere from 50 to over 100 participants, including major shippers and retailers, port authorities, railways and off-dock logistics providers. These supply chain participants came together to hear operational updates from different nodes of the supply chain.

• (1130)

[Translation]

The meetings also served as a venue for Labour Canada to provide factual updates on negotiations, dispelling any misconceptions around the process that was strictly between the workers, employers and their representatives. Furthermore, convening calls with the collective allowed industry to see that they were not isolated actors, but rather integral components of a larger, interdependent whole, which was essential to a disciplined and orderly restart.

Transport Canada also remained in close and regular communication with key operators and major shippers on a bilateral basis, recognizing the commercially sensitive nature of some of the information shared.

[English]

These efforts to gather real-time operational information from supply chain participants, combined with Transport Canada's in-house analytical capacity, helped shape a complete and accurate picture for ministers and cabinet. Following the disruption, it took supply chains approximately four to six weeks to recover.

In October, the Minister of Labour initiated a process, under section 106 of the Canada Labour Code, to examine the structural issues underlying that disruption, as well as similar disputes at other ports in Canada in the past. This work remains with the labour program and is ongoing.

In the broader context, the events and shocks to our supply chains over the last few years—a global pandemic, natural disasters and geopolitical forces—have highlighted a need for government leadership to ensure efficient, fluid, resilient and reliable supply chains. Budget 2023 laid the groundwork to establish a national supply chain office that would work with industry, labour, indige-

nous groups and other orders of government to increase the fluidity, efficiency, resilience and reliability of our supply chains.

Madam Chair, I'll conclude my remarks there.

**The Chair:** Thank you very much, Mr. Dick.

We've reduced it to five minutes each to ensure we can get to our next panel.

Mr. Seeback, you have five minutes.

**Mr. Kyle Seeback (Dufferin—Caledon, CPC):** Thank you, Madam Chair.

The World Bank ranks the port of Vancouver the third-worst port in the world, in terms of efficiency and performance. It's 368th out of 370. I've read that report. It does not include labour disruptions.

Does anyone on the panel think that having a 13-day strike, or strikes of a similar duration, improves the ranking of the port of Vancouver and its current position as the third-worst port in the world?

**Ms. Sonya Read (Director General, Marine Policy, Department of Transport):** My understanding of the World Bank rating is that it includes a number of different factors. As you noted, the labour dispute was not part of those. As far as I'm aware, unless the methodology includes labour disputes, it would not necessarily have an impact on the ranking, except for the fact that you would see the downstream impacts of the labour dispute on the efficiency of the flow of cargo through the port.

**Mr. Kyle Seeback:** This ranking is based on efficiency and performance.

Would you agree with me that a 13-day strike would have a negative effect on the efficiency and performance of the port?

**Ms. Sonya Read:** As I said, I can't speak about the methodology of the World Bank report.

I would say that economic evidence demonstrated that the labour disruption disrupted the flow of cargo through the port and that it took a number of weeks, post-labour disruption, to clear out that backlog. There were corresponding impacts on the efficiency of movement of cargo through the port during the disruption and in the catch-up period thereafter.

• (1135)

**Mr. Kyle Seeback:** Do we have an estimate of what the actual economic impact of the strike was?

Mr. Dea, you are, I guess, the economist...economic analysis. I've certainly seen a number somewhere in the range of \$10 billion. Does the government have an actual estimate? The Greater Vancouver Board of Trade said it's about \$10.7 billion.

Do you have an impact, or did the government do an assessment of what that impact was?

**Mr. Christian Dea (Chief Economist and Director General, Transportation and Economic Analysis, Department of Transport):** Thank you for the question. I'll provide a bit more context before providing a few more numbers.

It is important to understand that we are a small trading nation. In that regard, everything affecting the fluidity of the movement of merchandise in terms of export and import affects Canadian businesses and communities. It may also impact the reputational aspect of Canada as a trading nation.

**Mr. Kyle Seeback:** I will get to that, but I have very limited time—five minutes.

Have you done an estimate of the economic impact of the strike at the port of Vancouver? If so, what was that dollar figure?

**Mr. Christian Dea:** Yes, we did.

Again, there are three ways to look at that.

You mentioned some numbers that are more related to the shipments that were affected. That's in an order of magnitude between \$10 billion to \$13 billion, in terms of the value of shipments affected due to the strike.

There will be between \$750 million to \$1 billion in net economic loss associated with the 13-day strike at the port.

**Mr. Kyle Seeback:** For example, I know there's a business in my riding that installs vents in chicken barns for ventilation, etc. They weren't able to get their product on time, which meant their workers had to work overtime.

Does that ever get factored into this—the economic loss for businesses that have to work overtime but may not be able to charge for that overtime? Does this analysis go into that?

**Mr. Christian Dea:** In the estimate, we're doing two things, roughly speaking. We have analytical tools and models that allow us to assess the macroeconomic and sectoral impact, but we're also validating that with industry to make sure the numbers reflect the reality of the industry.

The point you're raising—net economic loss—is factored in. This means that, if some Canadian businesses are losing production or if the cost increases to move either their commodity or their products to their client, it's factored into the analytics we're doing.

**Mr. Kyle Seeback:** Do you have a document—

**The Chair:** Thank you very much.

I'm sorry, Mr. Seeback.

**Mr. Kyle Seeback:** I just want to see a prepared internal document.

Could you provide that document to the committee?

Five minutes isn't enough time to get into it.

**The Chair:** Exactly. Thank you, Mr. Seeback.

We're on to Mr. Sidhu.

**Mr. Maninder Sidhu (Brampton East, Lib.):** Thank you.

Thanks to the witnesses for being here today.

We all know Canada's ports play a significant role in the lives of Canadians, handling more than 90% of Canada's marine traffic. More than 343 million tonnes of cargo were shipped through our ports in 2021 alone. It's Canada's port authorities, or CPAs, that advance the growth and prosperity of the Canadian economy by managing these key marine infrastructures and services.

Earlier this week, I had the pleasure of addressing the Canadian Association of Importers and Exporters. We heard directly from them about the value ports add in terms of getting their products to market around the world and the economic value of creating jobs right here in Canada.

I'd like to hear more from the witnesses here.

Could you share with our committee how Bill C-33 would optimize traffic management by Canada's port authorities, and the benefits that could be realized through this important legislation?

**Ms. Sonya Read:** Bill C-33 proposes a number of legislative amendments, particularly related to vessel traffic management. It would provide greater capacity for ports to actively manage vessel traffic going in and out, and help improve the fluidity of the supply chain in terms of the presence of vessels unloading and loading cargo.

It also provides a framework for ports to collect certain types of data from port users to help support active traffic management. That is also an important input in terms of providing a line of sight into when vessels need to be at port, what cargo they're moving and how long they can be expected to remain in port.

• (1140)

**Mr. Maninder Sidhu:** Thank you for that.

As part of the study, we're also looking at port-related innovation that could help with efficiency and performance.

Based on your expertise, I'm wondering if there are other ports in Canada or across the world that we can look to and learn from in terms of innovation.

**Ms. Sonya Read:** I would say there are a number of ports worldwide that have demonstrated incredible amounts of innovation with respect to things like traffic management and the use of different data and tools to improve the flow of cargo through their ports. Some of their operating contexts are a bit different from those in Canada. This has an impact on the type of innovation that can be applied in a certain circumstance.

We have seen a number of ports leveraging data—my colleague may be able to speak about some of those—particularly in Europe and the United States. They're leveraging data quite effectively to work with terminal operators, other port users, shippers and carriers to support supply chain management.

**Mr. Christian Dea:** When you look at best practices internationally, there are a few around the world where the ports seem to be a bit more advanced in terms of their ways to manage logistics, their digitization activities, their automatization or their ways to plan and coordinate activities in more integrated ways with their users and their clients.

When you look at best practices, Singapore is probably one of the ports being identified but in a different context, as my colleague mentioned. It's a single port and it's also a state element, so the context is very different. There are also other ports in Europe, for instance in Rotterdam.

There are three ports in France that have developed a partnership in order to bring about the notion that they want to have more resiliency in terms of the capacity of the different ports, in Paris, Rouen and Le Havre, to serve and to ensure more resiliency in the ways they serve their clients.

In North America, there are different ports that are moving forward. Generally speaking, most of the ports in North America are still at the same level in terms of the digitalization or the logistic capacity. Globally, we're probably lagging a little bit compared to some big European ports or Asian ports in that regard.

**The Chair:** Thank you very much.

I'm sorry. Your time is up.

We'll move on to Mr. Savard-Tremblay for five minutes, please.

[Translation]

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

My thanks to all the witnesses. We apologize in advance if we have to interrupt this testimony to go and vote. Let's try to be efficient with the time we have, though.

In a 2018 brief to the Government of Canada on the port modernization review, the Association of Canadian Port Authorities made several recommendations to Transport Canada. In particular, it recommended establishing a joint “future vision” group with Canada Port Authorities to define future innovations in logistics, transportation, trade diversification, and identify new trends and needs.

Has such a committee or group already been established?

[English]

**Ms. Sonya Read:** We haven't formalized a committee in that regard. However, the department meets very regularly with the Association of Canadian Port Authorities and the individual CPAs on a number of initiatives being undertaken through Transport Canada.

We are also in the process of establishing a regularized table to talk about the whole range of issues impacting ports within the Transport Canada purview, so we'll be establishing those regular meetings on an ongoing basis. There are different tables, as well, that port authorities participate in, individually or in part through their association, which provide various inputs into the initiatives through Transport Canada.

I know that my colleague Mr. Dick will be looking at how to ensure the inputs of Canadian port authorities are taken into account in terms of the solutions and the priorities that form the work of the supply chain office.

● (1145)

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** You say that the group hasn't been set up, but as part of another structure or working group—I don't know what the process would be—has any research or study been done to determine what the challenges and opportunities for Canadian ports will be over the next 10 years?

[English]

**Ms. Sonya Read:** In the—

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** I remind you that this brief was submitted five years ago. When I talk about the next 10 years, I am talking about 10 years from five years ago.

[English]

**Ms. Sonya Read:** As announced in the course of Bill C-33, we are undertaking work regarding the complementarity of ports, and that work is under way. We will then be looking at things that will include work around the opportunities, challenges, risks and opportunities associated with collaboration.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** In the same brief, the Association of Canadian Port Authorities committed to creating a working group focused on the common development of technologies to increase the efficiency of supply chains. That included Transport Canada.

So I'm asking the same question, even though it wasn't your initiative.

Since there was talk of including you in that group, do you know if that group has been created?

[English]

**The Chair:** Hold on for one second. I'm sorry to interrupt. The bells have started ringing.

Do I have unanimous consent to continue on until 10 minutes prior to the vote?

**Some hon. members:** Agreed.

**The Chair:** Thank you.

We will continue. You have my apologies for the interruption.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** That's fine with me.

[*English*]

**The Chair:** Mr. Cannings, was there an issue? We're still with Mr. Savard-Tremblay.

**Mr. Richard Cannings (South Okanagan—West Kootenay, NDP):** I was just commenting on the vote situation.

**The Chair:** Go ahead, Mr. Savard-Tremblay.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** My question has already been asked.

[*English*]

**Mr. Robert Dick:** My colleagues may say more, but I'd simply say that we are trying to and are engaged regularly with the port authorities at multiple levels. There is a lot of innovation, including digital initiatives, going on at the various Canadian port authorities. They have different capacities, understandably, owing to their size. We are encouraging them to work together.

I met with them, in fact, with my colleagues yesterday. Rather than a working group, we're trying to make it ongoing work that we do with them. They are an integral part of the supply chain system.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** However, the creation of the task force, which was a 2018 commitment, has not been fulfilled, if I understand correctly.

[*English*]

**Mr. Robert Dick:** I apologize. I'm not familiar with that. I'd have to return—

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** The idea was that the Department of Transport would be involved in creating this group.

To your knowledge, Transport Canada isn't a member of a group established by the Association of Canadian Port Authorities. Is that correct?

[*English*]

**Mr. Robert Dick:** I'm not aware of that group.

[*Translation*]

**Mr. Christian Dea:** I'm not aware of that group either.

However, regional initiatives have been put in place. For example, the Port of Montreal, the Port of Trois-Rivières and the Port of Quebec got together and developed a strategic plan to move forward on various aspects, including logistics and innovation.

**Mr. Simon-Pierre Savard-Tremblay:** Has a digital road map been created or established? Could you tell us more or less what projects will be included?

**Mr. Christian Dea:** Are you talking about port projects, strictly speaking?

**Mr. Simon-Pierre Savard-Tremblay:** First of all, is there a digital road map that has been developed in common with the industry that you're aware of? In other words, is there a plan?

**Mr. Robert Dick:** From what I understand, each port has its own way of doing things.

[*English*]

It's really the local ecosystem. They're often referred to as “port community systems”. The Port of Montreal has worked with its stakeholder community that works in the port. Vancouver has done the same. I'm familiar with initiatives in Halifax and Prince Rupert as well. I can't speak to all of them, but those ports have certainly done their own things.

It's with each of their stakeholder communities that operate in that port, as opposed to a national platform.

● (1150)

**The Chair:** Thank you very much.

Mr. Cannings, go ahead for five minutes, please.

**Mr. Richard Cannings:** Thank you for being here today.

I want to start with this. There always seems to be a narrative when there's a labour disruption, as there was in this case. The unions put forward a notice back in 2022 that they wanted to start negotiating. That negotiation started in February and went on into June. They had a strike mandate and then the strike happened.

I want to make the point that, when strikes happen, it's not just the union making that decision. It's management. It's the port, in this case, deciding it would rather go ahead with the strike than give more to the union. It has two sides to it. It's not just a labour disruption. It's not just the choice of labour.

One thing I'd like to know is how the port of Vancouver stacks up to other major ports in Europe, say, or wherever, in terms of labour disruptions. How often do they happen? Is it some characteristic of the Vancouver port, or does it seem to be part of the normal state of affairs in the world?

**Mr. Robert Dick:** I'll turn to my colleague.

One thing I want to observe as well is that the strike was not a Port of Vancouver strike. In fact, it was the west coast, owing to the structure. I'll turn to my colleague on that.

There are slightly different structures in different ports in terms of who the employer is and how negotiations occur. I think a better comparison that I'm more familiar with would be the United States ports. I'm not in a position to speak to a European comparison today.

Sonya.

**Ms. Sonya Read:** In respect of the way labour relations work at the ports, the port authority—like the Vancouver Fraser Port Authority or the Prince Rupert Port Authority—is not actually the negotiating body with the ILWU. They aren't the employer in the situation. It is the B.C. Maritime Employers Association, which represents the private sector businesses that are tenants of the various ports. Those are further removed from that. The port authority acts as the landlord for those tenant agreements, so the relationship is a bit different.

In terms of comparability, as my colleague mentioned, the United States would probably be more comparable. We certainly have seen over the past number of years some labour disruptions in American ports. It's hard to do an exact international comparison because sometimes the context is very difficult.

**Mr. Richard Cannings:** Another issue I'd like to bring up is Bill C-58, which is before the House now. It's the anti-scab legislation that would forbid the use of replacement workers in federally regulated industries like ports.

We hear commentary on both sides about whether this would be good or bad. Obviously the NDP believes that it's an essential thing and that it would actually shorten labour disputes, because if you allow replacement workers, things drag on and get very nasty.

I'm wondering if you can comment on any examples out there. I don't know if other jurisdictions have this kind of legislation, but what do you think the effect would be on a labour dispute in a port with that legislation in place?

**Mr. Robert Dick:** In terms of that comparative analysis, that would be best directed towards colleagues from the labour program. I'm not familiar with that.

Just as a practical matter, if 7,200 longshoremen were on strike, there would be limited management capacity to replace them.

**Mr. Richard Cannings:** Getting back to how often this happens, do you know when the last labour disruption in the Vancouver port was?

• (1155)

**Mr. Robert Dick:** I did know that. I don't remember it offhand.

Businesses begin to make adjustments when they anticipate that there could be uncertainty. They don't necessarily wait for the disruption, so there have been impacts as people seek to mitigate risks when they anticipate there is a vulnerability and an uncertainty as to the outcome. That's true, I would submit, of any bargaining situation.

The last actual strike, I think, was some time ago. I don't recall precisely.

**The Chair:** Thank you very much.

Mr. Jeneroux, you have four minutes, please.

**Mr. Matt Jeneroux (Edmonton Riverbend, CPC):** Thank you, Chair.

Thank you for joining us here today.

I have two quick items I want to follow up on.

My colleague started by asking for an economic impact assessment document. I would like to get on record that you will be able to provide that document to the committee. Heads are nodding, so I'll take that as a yes.

Secondly, there was also discussion around Bill C-33 at the beginning of this committee. I want to follow up on some of the comments made.

Essentially, do the bulk exporters at the port support this active vessel management process being proposed by the Port of Vancouver?

**Ms. Sonya Read:** I would say there is a lot of discussion in respect of active vessel traffic management. Certainly, industry is participating in that engagement. It was part of a public engagement process, and I believe the Vancouver Fraser Port Authority is still engaging with the various entities, including shippers, including the—

**Mr. Matt Jeneroux:** Then it's not necessarily a “yes” that they support it.

**Ms. Sonya Read:** I would say they support certain aspects of it. They may have differences of opinion in terms of how certain aspects of vessel traffic management play out.

**Mr. Matt Jeneroux:** Okay. I'd like to know more about what those certain aspects are, but I have only two minutes left. Perhaps providing a bit more of that in written expanded answers would be helpful.

Moving on to the dollar amounts that were suggested, for shipments, up to about \$13 billion was impacted, and then there was a net economic loss of about \$1 billion, at the high end.

I'll go back to the comment, as Mr. Dick indicated, that businesses often make adjustments when they sense uncertainty. Looking back at the timeline, the collective agreement expired March 31, 2022. I would suggest that creates some uncertainty with businesses. I hope you would agree with that.

Does your economic assessment take into account the comment that Mr. Dick just made?

**Mr. Christian Dea:** The short answer is at least partly. It's not just a pure data model-based assessment we are doing. We are talking, almost on a daily basis, with the sector to get an appreciation of what it is doing in preparation for a potential labour dispute.

We factor that into our analysis when we know they are starting to change—



**Mr. Matt Jeneroux:** Is that \$13 billion number, though...?

**Mr. Christian Dea:** The \$13 billion is clearly capturing this element.

**Mr. Matt Jeneroux:** That's the 13 days that you indicated.

**Mr. Christian Dea:** Yes.

**Mr. Matt Jeneroux:** It wouldn't go back to—

**Mr. Christian Dea:** No.

**Mr. Matt Jeneroux:** You would agree that it had the potential to be a lot more impactful by the date it expired.

**Mr. Christian Dea:** The potential is probably a bit more than that, but you have to be cognizant that it's tough for businesses to change their routes. They are shipped—

**Mr. Matt Jeneroux:** They could essentially change the route as of March 31 and say that they're not even going to bother getting into this because it creates some uncertainty. Do you agree?

**Mr. Christian Dea:** Yes.

**Mr. Matt Jeneroux:** In my last 30 seconds, can you give us a sense of what might be some of the impacts that linger to this day?

Don't answer all at once, but everybody for sure is allowed.

**Mr. Robert Dick:** People would like more predictability, more stability and more certainty.

There is concern from businesses in Canada that this affects their reliability reputation abroad. There is concern from trading partners that are perhaps less familiar with the Canadian labour context.

• (1200)

**Mr. Matt Jeneroux:** You'd agree that there are lingering impacts.

**Mr. Robert Dick:** Sure. There are reputational impacts.

**The Chair:** Thank you very much.

We'll move on to Mr. Miao for four minutes, please.

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

Thank you to the witnesses for being here today.

In your remarks, you mentioned that, on the import side, Canadian manufacturers could not get the materials needed to continue their production, which caused a cascading effect on cross-border industries like the auto sector.

To what degree did this strike have an impact on both the transportation sector and the auto industry in Canada?

**Mr. Christian Dea:** Thanks for the question.

You have to understand that the western ports serve, yes, B.C. and the Canadian economy but also the U.S. economy.

When you look just on the container side, the movement is about 40% for B.C. About 30% of everything that is moved through containers at the port is for the rest of Canada and another 30% goes to the U.S. It's mainly to the Midwest, where the manufacturing sector and the auto sector are. That's an important piece of context. This

strike is not just affecting a region; it's affecting the economy and the North American market in that regard.

In terms of the areas that have been affected, the auto sector has clearly been an affected area. We were monitoring the situation with Canadian and also with U.S. companies to get a sense. Usually they have a bit of an inventory, which allows them to basically continue their full production. They start to really feel the impacts, I would say, after five to seven days. Within a week of disruption, they can manage without too many impacts in terms of the production side.

However, given the length of this one, clearly there has been some realignment of the production in the Canadian and U.S. auto sector.

**Mr. Wilson Miao:** Would you say that the backlog created was fully addressed right after the strike ended?

**Mr. Christian Dea:** For the backlog, when we're working with the industry, the rule they use is that it usually takes between three to five times the number of days lost in the strike. It differs for the different sectors.

When you look at that rule of thumb, it may take up to a month or two, depending on the sector and the region, to fully recover from the 13-day strike.

**Mr. Wilson Miao:** Would you say businesses were deferred to other ports because of what the port of Vancouver was experiencing? Did businesses go to the ports in Seattle or Portland down south?

**Mr. Robert Dick:** If I may, there are a couple of elements to that.

One is, as my colleagues have previously noted, that these supply chains are not necessarily very agile. It does take lead time to adjust.

The other factor was that there was reported to be tremendous solidarity with unions up and down the coast. We've seen this in other global disruptions. Cargo that was overtly diverted from the west coast ports of Canada was threatened with facing a refusal by unions on the west coast or other unionized ports in the United States to move it. That entailed a risk to shippers as well. They couldn't divert with the certain outcome that their cargo would move.

**The Chair:** Thank you very much, Mr. Miao.

It's on to Mr. Savard-Tremblay for a minute and a half.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Has Transport Canada implemented, or is it planning to implement, access to data for all port authorities and other supply chain stakeholders, as recommended by the authorities?

**Mr. Christian Dea:** Yes.

Through initiatives that my colleague Mr. Dick chaired, we have worked with the sector to improve accessibility and information sharing to facilitate operational discussions or decisions, as well as to improve investment planning decision-making and increase the sector's capacity and resilience.

That work has been under way with various port authorities for a number of years now, and we'll probably bring that work to a higher level of maturity over the next few years.

**Mr. Simon-Pierre Savard-Tremblay:** I'm going to thank you right away, because I only have 30 seconds left.

Does Transport Canada have a strategy to integrate new technologies into port infrastructure, such as the Internet of Things, artificial intelligence, and autonomous ships and vehicles, and for automating terminal facilities?

• (1205)

[English]

**The Chair:** Give a brief answer if possible, sir.

**Mr. Robert Dick:** That's absolutely the sort of thing we are working with the port authorities on and encouraging them to do within the port ecosystems.

Very rapidly, the last major disruption at the port of Vancouver was in 1969.

**The Chair:** Thank you.

Mr. Cannings, you have one and a half minutes.

**Mr. Richard Cannings:** Thank you for providing that data. I was going to ask that myself.

I just wanted to make the point that this isn't a continual thing at the port of Vancouver per se. It happens in ports all over the world.

I also wanted to bring up that word. You talked about the "impact" that this had, that between labour disruptions there were impacts. To me, that sounds like a negative thing. I assume that you were talking about the adjustments the employers were making to labour situations, whether it was an increase in pay or better working conditions. Those would have an impact on the employer. They would obviously have beneficial impacts on the workers.

Is that what you were implying?

**Mr. Robert Dick:** In terms of ongoing impacts, I was speaking of the reputation.

I think the issue from the vantage point of Canada's trading and business partners has been on all disruptions to our supply chains, not just labour disruptions. The reality is that we've had blockades, the atmospheric river, wildfires and a series of other shocks to our supply chains that have affected the reliability of that flow of goods.

**The Chair:** Thank you very much, Mr. Dick.

We now have to go for a vote.

I want to thank the witnesses very much for being here. Our other panel of witnesses will come to the table.

I will suspend until following the vote.

• (1205)

(Pause)

• (1235)

**The Chair:** I'm calling the meeting back to order so that we can get the witnesses' testimony in.

Mr. Cannings is here. We were making sure that you were here.

Go ahead, Mr. Savard-Tremblay.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Madam Chair, with an open mike, could you inform us of the procedure for following up on the motion that I tabled and that was adopted at the last meeting, so that the committee is mandated to draft a letter?

What's the procedure? Will we be receiving a proposal for a letter shortly? How does that work?

**The Clerk of the Committee (Ms. Sophia Nickel):** The analysts have already started to draft a letter. As soon as it's ready and translated, it will come back to the committee.

**Mr. Simon-Pierre Savard-Tremblay:** May I make a suggestion? In order to avoid a lengthy debate on the content of the letter, let's stick to the facts set out in the motion.

**Mr. Offah Obale (Committee Researcher):** That's fine, Mr. Savard-Tremblay.

[English]

**The Chair:** Go ahead, Mr. Sidhu.

**Mr. Maninder Sidhu:** Before we get to the witnesses, I want to put out there that I have to leave, and some of our members have to leave, because we have QP prep at one o'clock. We have to get out of here.

**The Chair:** Okay. Thank you very much.

Mr. Guy and Mr. Chan, whoever wants to start, you have the floor for the moment.

**Mr. Robin Guy (Vice-President and Deputy Leader, Government Relations, Canadian Chamber of Commerce):** Thank you very much, Madam Chair.

Good morning, honourable members.

The Canadian Chamber of Commerce is the country's largest business association, with an active network of over 400 chambers of commerce and boards of trade, representing nearly 200,000 businesses of all sizes and in all sectors and regions of our country.

I am joined today by my colleague Pascal Chan, the senior director of transportation, infrastructure and construction.

As a trading nation, our trade infrastructure matters more to Canada than many other countries around the world. In fact, two of every three dollars that Canada makes rely on moving goods. This is significantly higher than the OECD average of just over 50%. When Canadian businesses can't import or export goods reliably, we undermine our ability to grow our economy—

• (1240)

**The Chair:** Mr. Guy, can I ask you to hold for a minute?

Do I have unanimous consent to continue allowing the witnesses to speak?

**Some hon. members:** Agreed.

**The Chair:** Okay. Thank you.

You have my apologies.

**Mr. Robin Guy:** Our west coast is Canada's largest gateway to the world, handling over 800 million dollars' worth of cargo, from agri-food and potash to critical minerals and household necessities, every single day. That accounts for a quarter of Canada's total trade.

This summer we saw over 35 days of uncertainty and disruptions to our west coast gateways, including Vancouver, Vancouver Island and Prince Rupert, which caused major delays for Canadian businesses in virtually every sector across the country.

I'll repeat that 25% of our total trade stopped. That meant that Canadian potash had to cut production and sales during the strike, causing those who rely on Canadians for fertilizer to look elsewhere to ensure that they could continue to grow crops. This meant that businesses looking for replacement parts to fix machinery were delayed, causing production to slow or stop. It meant that fruits and vegetables that we bring to Canada were left to rot in containers as opposed to making it onto shelves for consumers to enjoy. Plain and simple, it meant that goods were going to become more expensive, thus fuelling inflation.

I'll stress to the committee that the damage from a strike does not simply take place in the days when workers are picketing. Businesses need certainty. They need to know that, if they are importing or exporting goods, those goods will get to where they need to go when they need to be there. If not, then suppliers will go elsewhere, and there's no guarantee that they'll come back.

When looking at Canada's record, many of our trading partners are beginning to question if Canada can reliably get goods to market. We saw that shortly after the west coast port strike with the St. Lawrence Seaway and with the uncertainty that is looming at the port of Montreal.

I must state that the Canadian chamber respects the right to collective bargaining. We believe sincerely that the best deals are reached at the table, but when negotiations break down and meaningful bargaining is no longer possible, the Canadian business community expects the government to show leadership and act in the best interests of the country.

The Canadian chamber calls on the government to use the tools that it currently has in its tool box to prevent a strike and then solve it. We applaud the Minister of Labour for directing a senior mediator to recommend terms for settlement to reach a fair deal. Unfortu-

nately, we did not see that action until nearly two weeks into the port strike, when significant damage to the Canadian economy and Canada's reputation had already taken place, and that dragged on for further weeks while the union failed to ratify the agreement.

The review initiated by the Minister of Labour under section 106 of the Canada Labour Code is a key opportunity to do this to equip the government with more tools and to be able to avoid labour disruption while protecting the public interest. We need to make sure that the government has the ability to force the two sides together in the form of a binding resolution. We can't have the government waiting on the sidelines for two weeks before action is taken.

Canada's supply chains are only as strong as their weakest link. Government can't solve all of our supply chain issues, but it must look to enable policies that will enable trade and strengthen our supply chains.

Less than a month ago, the Minister of Labour told Canadians that our credibility as a trading nation depends on the stable operations of our supply chains and that we must do everything we can to preserve that stability. We couldn't agree more. However, the introduction of Bill C-58, which aims to prohibit the use of replacement workers during strikes, suggests that the government wants to move away from preserving stability. It is, in fact, doubling down on Canada being seen as an unreliable trading partner. We need our leaders to engage in an honest dialogue that will provide our government with the tools it needs to address our labour challenges while allowing employers and employees to bargain in the way they should.

For the sake of our economy, I would urge all parties to vote against this legislation.

Thank you for your time. I look forward to your questions.

**The Chair:** Thank you very much.

We go on to Mr. McKenzie, president and chief executive officer of Canpotex Limited.

Welcome, sir, and please accept our apologies for the delay.

**Mr. Gordon McKenzie (President and Chief Executive Officer, Canpotex Limited):** No worries.

Thank you very much. Good morning from Saskatoon. Good afternoon in Ottawa.

Thank you for inviting Canpotex to appear today. As you mentioned, I'm Gord McKenzie, president and CEO of Canpotex, one of the world's largest suppliers of potash, based right here in Saskatoon, Saskatchewan.

Each year, we market and deliver approximately 13 million metric tons of Canadian potash to 40 overseas countries on behalf of our two shareholders: the Mosaic Company and Nutrien.

I'm pleased to be here today to discuss the impacts of the port of Vancouver strike. In short, the strike significantly impacted Canadian potash. Approximately 500,000 metric tons of planned potash shipments from the port of Vancouver were diverted or delayed. I can tell you the shipments will not be made up by the end of 2023.

Very importantly, it's hurt Canada's overall reputation as a reliable and stable trading partner.

As you would know, the port of Vancouver is the most important outlet for potash exports. Approximately 70% of Canpotex potash is handled by our terminal, Neptune Bulk Terminals, in North Vancouver. Today, Neptune is the largest potash handling facility in the world. We have invested heavily in making it the most cost-effective and efficient terminal.

The impacts began well in advance of the strike action. On June 28, railroads stopped launching our trains in Saskatchewan in anticipation of this strike. The backlogs were not cleared until the very end of August, at least. There was little capacity elsewhere in Canada to divert these shipments. We'd already been maximizing our third party terminal at the port of Saint John and through the port of Thunder Bay. We also had to rely more heavily on U.S. ports because of this strike.

One of the most harmful aspects of the strike was the unpredictability, particularly when the ILWU resumed picket lines on July 18. On July 19, Canpotex announced we were withdrawing all new sales offers around the world because of the supply chain uncertainty at the port of Vancouver. This was a step that we'd never taken before at Canpotex in our 51-year history.

Our inability to move potash created congestion in our shareholders' mines. This resulted in Nutrien announcing it was curtailing production at its Rocanville and Cory mines here in Saskatchewan.

You might ask, "Why does this matter? Why is this important?"

As you've heard this morning, reliability is critical. To potash customers overseas and, very importantly, for global food security, potash shipments are time-sensitive. A missed potash shipment can mean that potash doesn't get to a farmer's field, hurting food production.

Reliability is critical to Canada's brand overseas. It has been built over decades by exporters like Canpotex for 51 years.

Reliability is an important part of our brand as Canadians and potash producers, but it's also our competitive advantage. For example, last year, Canpotex shipped record volumes to Bangladesh, backfilling potash traditionally sourced from Russia. In March, the federal government proudly highlighted the agreement for Canpotex potash between the Canadian Commercial Corporation and the Government of Bangladesh. Bangladesh could trust that Canpotex would be a reliable and stable partner. We're proud to have stepped up in light of potash supply concerns stemming from Russia's illegal invasion of Ukraine.

We can't take this brand of reliability for granted. In just the last two years, we've experienced floods, wildfires, poor winter rail performance and numerous labour disruptions, including last month's strike at the St. Lawrence Seaway. All of these disruptions are adding up and risk chipping away at our strong Canadian reputation.

At Canpotex, we are doing what we can to protect our hard-earned reputation. I can say we've invested approximately \$3 billion U.S. over the past two decades into our own supply chain, including building our own railcars, operating our own terminals on both the east and the west coasts, and chartering our own vessels.

The rest of the world is noticing, and I do not want competitors taking advantage of Canada's supply chain uncertainty. To be absolutely clear, our competitors from Russia and Belarus are at their near-traditional levels of potash exports presanctions or pre-Ukraine war.

• (1245)

I have one quick, sobering example for you.

Indonesia is the world's fifth-largest potash consumer, and potash is the largest Canadian export to that country. Earlier this month, the fertilizer press noted and reported on the impact the port of Vancouver strike had on Canadian potash exports to Indonesia, specifically. Indonesian importers took on more potash from Russia. Russia replaced Canada as their leading potash supplier in September as a direct result of this strike. In potash—

• (1250)

**The Chair:** Thank you very much. I'm sorry to interrupt, Mr. McKenzie. Time is very tight today.

Can I go to Ms. Anderson from the Greater Vancouver Board of Trade for five minutes?

[*Translation*]

**Mr. Richard Martel (Chicoutimi—Le Fjord, CPC):** Madam Chair, would it be possible to reduce the time allocated to the next speaker in order to give us time to ask the witnesses some questions?

[*English*]

**The Chair:** She has a full five minutes.

**Mr. Richard Martel:** Okay.

**The Chair:** Please go ahead, Ms. Anderson.

**Ms. Bridgitte Anderson (President and Chief Executive Officer, Greater Vancouver Board of Trade):** Thank you and good morning, Madam Chair, vice-chairs and members of the committee.

As mentioned, I'm Bridgitte Anderson, president and CEO of the Greater Vancouver Board of Trade. I'm presenting today from the traditional territory of the Musqueam, Squamish and Tsleil-Waututh.

On behalf of our members—over 5,000 businesses—thank you for the opportunity to discuss the significant economic impacts of the 13-day strike this summer at Canada's west coast ports.

This strike, the longest in almost four decades, unfolded against the backdrop of years of challenges in the supply chain that were largely outside of our control. The cumulation of these events impacted Canada's image and role as a stable partner in the global supply chain.

In March 2020, the pandemic's effects began a tidal wave of imbalances in container trade, as factories around the world shut down, leading to shortages, scarcity and hoarding. In July 2021, wildfires damaged rail lines and brought train shipments to a grinding halt. In November 2021, an atmospheric river caused billions of dollars of economic damage to two class 1 rail links and highway systems, which were heroically rebuilt.

These events highlight the extreme pressure that fuelled inflation and caused economic stress, some of which we were able to control and some of which we could not. We know we need to build climate resiliency into our supply chain, and our members are investing to do just that. These investments in our resiliency and growth will mean good-paying and, often, union jobs.

Against this backdrop, we were concerned, in the months leading up to July 1, about what the short- and long-term economic harms of a strike at the ports in Vancouver and Prince Rupert could be. We communicated to government and port-reliant industries about the damage that could occur if the strike shut down the ports. Regrettably, those fears came to fruition with a coast-wide strike on Canada Day.

During the strike, we launched a port shutdown calculator, a tool designed to visually depict the magnitude of trade disruption. The numbers were staggering. With 800 million dollars' worth of trade being disrupted each day, our calculator estimated the total economic impact of the strike to be a remarkable \$10.7 billion.

This disruption reverberated across critical sectors nationwide, from manufacturing and retail to agriculture, energy and automotive dealers. Small businesses ran out of building and construction materials—materials needed to build critically needed homes. Local car dealers awaited shipments of vehicles and parts. Exporting industries lost their ability to move their products to market, making it more difficult to secure the global contracts that drive investment and employ Canadians. Pulp mills stood silent. Mining operations were curtailed, and businesses across Canada faced increased costs and prolonged wait times for goods. Moreover, the rerouting of goods destined for Canada to alternative ports not only incurred additional costs and delays for businesses but also needlessly amplified the environmental footprint of our trade.

While the strike unfolded in B.C., the effects were felt nationwide. We think of the port of Vancouver as “Canada's port”, for it moves as many goods as the next five largest ports combined, singlehandedly accounting for approximately 25% of Canada's total traded goods. This means that long-term disputes like the one experienced this summer have far-reaching impacts that affect the entire nation. Billions of dollars of goods bypassed Vancouver for other ports, especially Seattle, Tacoma and other U.S. and Mexican ports, as port swaps and diversions increased.

All of this cost Canada. Businesses were unable to adequately plan their operations and staffing without knowing if the ports would be open from one minute to the next. This was made worse by the back-and-forth with strike action.

Throughout this strike and in its aftermath, we consistently urged the federal government to explore additional tools to facilitate last-minute agreements during labour disruptions that affect the entire economy. The review initiated by the Minister of Labour under section 106 of the Canada Labour Code is a key opportunity to do this.

In conclusion, I thank you once again for the opportunity to share insights into the impact of the strike. We look forward to collaborating with the government to ensure meaningful collective bargaining can take place without causing detrimental, nationwide consequences to our economy and our reputation as a reliable, stable trading partner.

Thank you.

• (1255)

**The Chair:** Thank you very much to our witnesses. We very much appreciate getting your comments on the record.

Mr. Martel.

[*Translation*]

**Mr. Richard Martel:** Madam Chair, given the inconvenience we've had today, could we ask the witnesses to come back? They've prepared and made the effort to come and testify, but we can't even ask them questions.

Is it possible to invite them back to testify?

[*English*]

**The Chair:** We'll ask the clerk to extend that invitation if it works within the schedule that we've planned. If there are any particular questions that the committee wants to ask, possibly you could communicate directly with the witnesses and get that information as well. However, we'll certainly see if there is an opportunity to invite them back.

Go ahead, Mr. Baldinelli.

**Mr. Tony Baldinelli (Niagara Falls, CPC):** At a minimum, has the clerk receive written submissions that can be shared as well?

**A voice:** Yes.

**Mr. Tony Baldinelli:** That's at a minimum. I mean, we have extended these offers to these important stakeholders to make presentations. I would appreciate an opportunity to ask questions, so if we could at least have the ability to see if they can return, that would be greatly appreciated.

**The Chair:** To all of the witnesses present, if you could submit, in writing to the clerk, any additional comments or areas that you want to reiterate, she will distribute those to all of the committee members.

Again, we apologize.

[*Translation*]

**Mr. Richard Martel:** Madam Chair, would you at least allow me to ask them a question?

[*English*]

**The Chair:** I can't. It's gone beyond the 10 seconds.

Do I have permission to adjourn the meeting?

**Some hon. members:** Agreed.

**The Chair:** The meeting is adjourned.

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