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Chair: The Honourable Judy A. Sgro



Standing Committee on International Trade

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• (1530)

[English]

The Vice-Chair (Mr. Kyle Seeback (Dufferin—Caledon, CPC)): I will call this meeting to order.

Welcome to meeting number 105 of the Standing Committee on International Trade. It feels like only meeting number three, not meeting number 105.

Before I begin, I just want to give a brief message on avoiding audio feedback, especially for our witnesses and other members. Please be aware of the following important measures to prevent disruptive and potentially harmful audio feedback.

We're asking all participants to keep their earpieces away from their microphones at all times. You might see that there's a little circle where you can put your earpiece when you're not using it. We've also adjusted the room layout to increase the distance between microphones and reduce the chance of feedback from an ambient earpiece.

This is to protect the health and safety of all participants, including the translators.

I see that we have some people online. I want to say that today's meeting is also taking place in a hybrid format. For members in the room, please raise your hand if you wish to speak. For members on Zoom, if you wish to speak, please use the “raise hand” function. If there are any technical issues, please inform me, and we can suspend if necessary.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, October 17, the committee is resuming its study of Canadian businesses in supply chains for global markets.

We have with us today the Aluminium Association of Canada, Jean Simard, president and CEO, via video conference; the Canadian Federation of Independent Business, Michelle Auger, senior policy analyst, national affairs, and Jasmin Guénette, vice-president, national affairs; the Canadian Trucking Alliance, Stephen Laskowski, president; the Canadian Wood Pallet and Container Association, Scott Geffros, general manager; the Eagle Graphite Corporation, Jamie Deith, founder; and the Railway Association of Canada, Lora Smith, vice-president, public and government affairs.

Welcome, everyone. You will all have five minutes to give us your opening statement. I'll give a bit of latitude, but please try to keep your remarks as close as possible to five minutes. After the opening statements, we'll proceed to our rounds of questions.

Mr. Simard, we will have you go first to make your opening statement.

[Translation]

Mr. Jean Simard (President and Chief Executive Officer, Aluminium Association of Canada): Thank you for inviting us to participate in the work of your committee. I will speak on behalf of the Aluminium Association of Canada.

Our ecosystem benefits from economic development centred on its natural resources and its vast potential for renewable energy production. As a critical material, aluminum is also a strategic metal subject to numerous trade pressure measures between major trading regions. Often exploited to affect the position of a country hyper-exposed to global trade, it is directly and constantly affected by global geopolitics.

Canada's low population density relative to its size positions it as a key supplier of high-value-added processed resources to its strategic allies. The United States, which is more densely populated, has fostered the development of its aluminum manufacturing sector. The development of both sectors would not be possible without a deep synergy between the two economies. This allows Canada to benefit from its abundant energy resources, while the United States can benefit from its manufacturing process and critical mass. As a result, Canada accounts for 84% of North America's primary aluminum production, with 2.7 million tonnes of exports to the United States. This represents \$12 billion in export value, 70% of U.S. imports and 50% of U.S. consumption of primary aluminum.

I will now share with you a few elements of our brief submitted to the Canadian government as part of the supply chain consultation that took place in February. We have submitted this document to the committee. My remarks will focus mainly on the transportation aspect.

Ensuring a consistent regulatory approach across all levels of government is critical, particularly in the area of commercial freight transportation. This collaboration between the various levels of government and Canada's trading partners is all the more important given that Canadian trade routes have suffered in recent years by rail strikes on the east and west coasts and on the St. Lawrence Seaway that disrupt trade flows. These disruptions, combined with pressure on international trade routes during the pandemic, have damaged Canada's reputation as a reliable source within North American value chains.

As I mentioned earlier, in addition to the importance of the Canada-U.S. border, the industry has also faced border issues with Mexico that have affected supply chains and can make North American surface transportation less competitive than options for importing directly into Mexico.

Consistent trade flows are essential to our industry and to the Canadian economy. In this sense, commercial freight routes must be considered an essential service. To address this, the Canadian government should prioritize strengthening the resiliency of the logistics network for moving goods across the Canada-U.S. border as part of its regulatory review.

Managing and protecting future trade routes with high economic potential, including the Arctic sea route, should also be a priority for the government. Complementing this policy approach, it would be wise to adopt customized treatment for importers and exporters based on their trade history. The Aluminium Association of Canada advocates the possibility for Canadian economic players who meet all standards and have an exemplary track record to benefit from accelerated or preferential treatment when importing or exporting goods and services. If, for any reason, the flow of goods on a trade route were to be restricted, Canadian players meeting all these criteria should be given priority access.

In response to the growing challenges facing our freight transportation sector, and given the high value of aluminum shipments, we are also proposing a vital policy change. Building on the successful U.S. model, we are advocating for mandatory commercial load marking for all freight vehicles in Canada, as well as the creation of a centralized national vehicle registration database.

These measures will not only improve the security and efficiency of our supply chains, but they are also part of our ongoing efforts to strengthen the sustainability and resilience of our national freight logistics. We believe this streamlined approach is essential to maintaining Canada's reliability in North American value chains, and we look forward to a collaborative effort to achieve these goals.

• (1535)

Regulatory frameworks could also play a key role in encouraging and supporting experimentation with new environmentally friendly freight transport options. As part of the search for sustainable practices, regulations can be developed to encourage the adoption of zero-emission vehicles for freight transport, thereby encouraging the reduction of carbon emissions in freight logistics. An innovative approach to reducing—

[English]

The Vice-Chair (Mr. Kyle Seeback): Mr. Simard, it's been almost six minutes, so I'm going to have to ask you to—

Mr. Jean Simard: I'm done.

The Vice-Chair (Mr. Kyle Seeback): That's excellent.

[Translation]

Mr. Jean Simard: In closing, as we have seen in the recent past, and are likely to see again, our privileged access to the U.S. market must be protected and never taken for granted.

[English]

The Vice-Chair (Mr. Kyle Seeback): That's great. Thank you very much.

We'll now go to Mr. Guénette and Ms. Auger.

Please make your opening statement for up to five minutes.

Mr. Jasmin Guénette (Vice-President, National Affairs, Canadian Federation of Independent Business): Good afternoon. My name is Jasmin Guénette. I'm vice-president of national affairs with the CFIB. I'm here today with my colleague Michelle Auger, a senior policy analyst.

We would like to thank the committee for inviting us today.

• (1540)

[Translation]

I will make my opening remarks in English, but I'm able to answer questions in French and English.

[English]

As you may know, CFIB is a non-partisan organization representing 97,000 small and medium-sized businesses across every industry and region of Canada.

Today we will share insights on how best to support the growth of small businesses into domestic and global markets.

Small business optimism is currently very low. Every single line of a small business budget is increasing, and demand is low. Reducing the tax and regulatory burden will help small businesses address the current increased cost of doing business, will help address growth and sales limitation, and will support SMEs to thrive and contribute more to our trade and supply chain.

Trade barriers within Canada must be removed. There are too many regulations that currently hinder the efficient movement and sale of goods because federal and provincial requirements are not aligned.

CFIB recommends adopting a policy of mutual recognition to internal trade, which means any regulatory standard in one jurisdiction is recognized in all other jurisdictions without further requirements having to be met.

Our transportation network, like railways and ports, is at the centre of Canada's supply chain system. It needs it to remain fluid at all times. However, disruptions like strikes at ports and on railways can cause significant delays, affecting the entire supply chain, and impacting small businesses' finances and operations.

We recommend that the government make ports and railways essential services so they remain fully operational at all times.

I will now turn to my colleague Michelle Auger.

Ms. Michelle Auger (Senior Policy Analyst, National Affairs, Canadian Federation of Independent Business): In January 2024 we conducted a survey on international trade. We found that in the past three years, 31% of SMEs exported goods, services or both; and 63% of SMEs were not involved in exporting and did not plan to do so at all.

These rates at which SMEs export have not changed since the last time we conducted the survey, in 2017. Today a majority of SMEs are exporting primarily to the U.S., followed by Europe, the U.K. and Mexico.

Businesses in manufacturing, wholesale, natural resources and the agricultural sector have the highest rates of exportation. If we look at our data by size of business, the bigger the business, the higher the likelihood they are involved in exporting. Only 25% of micro-sized businesses are involved in exporting goods, compared to 49% of medium-sized businesses.

For businesses involved in exporting, 66% of SMEs indicated that the cost of shipping is the biggest challenge they face, followed closely by the cost of currency and the cost of duties and taxes. Despite these challenges, 54% of SMEs involved in exporting activities indicated that they plan on increasing their exports over the next three years.

While there are some services and programs available to support and assist small businesses in importing and exporting endeavours, many of them remain underutilized. For example, 76% of SMEs are unaware of and have not used the programs available through CanExport Innovation; 63% of SMEs are unaware of and have not used programs available through the trade commissioner service; almost half of SMEs are unaware of and have not used the programs available through EDC; and one-third of SMEs are unaware of and have not used the programs available through CBSA.

To better support SMEs looking to expand into international markets, the CFIB recommends, among other things, to simplify customs and duty regulations, to enhance communication and information targeted to SMEs, and to lower border-related fees for smaller firms. Doing these things could encourage more SMEs to participate in trade activities.

We thank you for your time today and we look forward to answering any questions you might have.

The Vice-Chair (Mr. Kyle Seebach): Thank you very much.

We will now turn to Mr. Laskowski for an opening statement of up to five minutes.

Mr. Stephen Laskowski (President, Canadian Trucking Alliance): Thank you very much, Mr. Chair and committee members, for having the Canadian Trucking Alliance here today.

Briefly, about the alliance, we have about 5,000 members. The way the alliance works is that the seven major provincial trucking associations form one board and send delegates—very much like the House of Commons—to our board, and we vote and make policy. What I'm about to present to you today is one such policy.

In February, the Canadian Trucking Alliance submitted a proposal to the Government of Canada through a regulatory review of the supply chain task force with regard to issues that can improve both international and domestic trade. I think, though, that we need to understand, too, that a lot of domestic—quote, unquote—moves are generated from international moves and moves out of ports and railheads and from other customers when they come up from the United States.

Here's the laundry list. There's a lot here. I won't be able to give you much background in five minutes, but I'm happy to take questions.

Number one, allow and invest in CBSA to have more sufferance warehouses in Canada. What this means is that we'd be allowed as an industry to clear Customs inland, as opposed to the border points, and also—very topical right now—from railheads and marine heads to move inland from CBSA in potential strikes.

With regard to in-transit moves, we will all recall the environmental disaster in British Columbia when we had the landslides and the roads closed. Well, the only way that a lot of the goods moved was in what's called an "in-transit move", where domestic trucks move through the United States back into Canada, like to Toronto or Vancouver. Canada allows such in-transit moves through Canada for the United States, but the United States does not allow Canada to move in transit, which would allow what needs to be done. There is some political pressure that needs to be put on Washington, but also an investment from CBSA into some electronic investments.

With regard to other issues, one is reporting time frames at the border. Right now, the auto sector and trucks are required to report 60 minutes before crossing the border. We'd like to shorten that to 30 minutes. It would greatly help the auto industry and the trucks that move it.

Another is more resources at the border for agriculture. Right now, the border is 24-7 except for food and agriculture inspections, which work on more what we call traditional banking hours—nine to five. That means trucks sit loaded with agricultural product over the weekend or after those hours. Again, when we're spending billions of dollars.... We applaud the Canadian government for investments like the Gordie Howe bridge. Such smaller investments would also greatly improve the border.

With regard to in Canada...next is working with the provinces and the federal government to align winter road maintenance standards. The reality, as we all know as consumers, as individuals, is that when it snows, we move slowly. So do trucks. When we don't have winter road standards that are aligned between the provinces, those trucks justifiably will sit. Nobody wants to put truck drivers in danger. If provinces align winter road standards, we can move our trucks more quickly and safely.

On rest areas for truck drivers, truck drivers are governed by hours of service. They move loads whether they're full or not. They need places to rest, to move the economy more safely. When we don't have those rest areas, they're looking for spots to park. When they don't find them, more hours are wasted in looking for safe spots—as the drivers should—as opposed to moving the economy.

Last, but definitely not least, are overweight and over dimensional standards. What that means, folks, is that when we have large pieces of equipment or machinery that moves between provinces that are doing goods and services or manufacturing processes and those standards aren't aligned, those trucks sit. For example, different provinces, believe it or not, have definitions for when evening sets or when the sun rises, and when those definitions aren't aligned, the truck sits until those definitions align.

As you can see, we have some significant investments to make, some major policies to make and then just some common-sense moves to make, where we can make our industry and our economy far more competitive.

Thanks, Mr. Chair.

• (1545)

The Vice-Chair (Mr. Kyle Seeback): Thanks very much, particularly for being on time.

We'll now turn to Mr. Geffros.

Please go ahead and make a statement for five minutes.

Mr. Scott Geffros (General Manager, Canadian Wood Pallet and Container Association): Thank you, Mr. Chair.

Good afternoon to you all. It's an honour to be here before the Standing Committee on International Trade. Thank you very much for giving me the opportunity to speak about our organization and the vital role of wood packaging in both the domestic and global supply chains and markets.

As general manager of the Canadian Wood Pallet and Container Association, or CWPCA, I am here to represent the views and perspectives of the wood packaging industry. We were founded in 1968. The CWPCA was built on strong professional relationships with its members, the private sector and the respective government departments tasked with regulating our industry.

The CWPCA has been the leading voice in Canada for the wood packaging industry since its inception. Our core objective is to promote the use of wood packaging and protect Canadian interests on the global stage while supporting our members by sharing tools and information that protect and sustain the wood packaging industry. We have successfully done this, and will continue to do so, by con-

necting our members with relevant and noteworthy industry-related information at the regional, national and international levels.

Since our creation, we've developed a compelling voice on domestic and international matters related to wood packaging, including supporting industry practices within regulatory affairs and promoting the sustainable nature of our business and products. We act as a conduit for the dissemination of industry news and issues, both domestic and international, and maintain strong relationships with sister associations and prominent industry representatives around the world via the Global Wood Packaging Forum.

The CWPCA has over 160 members across the country and almost two dozen more international members. Our sector generates just over \$1 billion in sales annually and happens to provide one of the most critical elements that our supply chain is based around. While our sales figures of \$1 billion may not be incredibly large in comparison with some, the actual value of goods that ship on and in wood packaging is astounding. Canada's international trade supply chain cannot properly function without wood packaging. This is why it's crucial to sufficiently support the industry by creating an environment that allows it to succeed and function effectively.

The CWPCA as an industry organization is quite unique in the fact that we also act as an alternate service delivery organization on behalf of the Canadian Food Inspection Agency. Our purpose in this role is to oversee facilities registered in the Canadian heat-treated wood products certification program who are engaged in the manufacture of wood packaging that is certified under the global ISPM 15 program.

The ISPM 15 program, for those who aren't aware, is a phytosanitary certification program that allows wood packaging to continue to be used in international trade and mitigates the risk associated with invasive forest pests that sometimes move via forest products in trade.

In addition to our connection with our core membership, acting in this role also keeps us involved with in excess of 325 more Canadian companies who manufacture certified wood packaging for export. This important role supports Canadian exporters and ensures that our wood packaging products meet the highest phytosanitary standards possible.

This role also enables our participation in Canadian task groups, such as the Canadian forest phytosanitary working group, which works to ensure global market access for our forest products, and the Canadian forest products advisory committee, which works on plant health issues and domestic regulatory programs. As well, we participate internationally in working groups spearheaded by the North American Plant Protection Organization and the International Plant Protection Convention.

As we in Canada return to somewhat more normal times post-pandemic, Canada's wood packaging companies are slightly less consumed by strained operational demands. However, all things, as we know, are cyclical. We know that we could be called upon at a moment's notice to ramp up production to meet the needs of the supply chain, as we experienced during our COVID years. While many wood packaging companies were very profitable during the pandemic, the pandemic definitely exposed some cracks in our industry's armour. If unaddressed, these weaknesses can and will exacerbate issues caused by future disruptions.

With this in mind, we ask the Canadian government to learn from these experiences and recognize how close we as an industry came to not being able to meet the demands of our supply chain for several years. We feel that the time is now for the Canadian government to invest in the wood packaging sector, which can also be seen as an investment in supply chain stability and an investment in the future. Thus, in our most recent pre-budget submissions, we have requested that a specialized pool of funds specifically be earmarked for the wood packaging sector to support our domestic and export supply chains. We have explored funding at the regional and provincial levels, but we feel that a federal program would benefit us most. We ask that a pool of funds in the amount of \$30 million—or \$10 million a year over three years—be set aside in a special purpose account for investment into the wood packaging sector.

• (1550)

We need our supply chains to function properly in order for the Canadian economy to thrive and in order to boost the competitiveness of Canadian businesses. A healthy and robust wood packaging sector provides a solid foundation to support supply chains, and investment in the wood packaging sector is an essential element needed to help us achieve this.

Thank you again for the opportunity to appear before this committee. I'm happy to take any questions you have.

• (1555)

The Vice-Chair (Mr. Kyle Seeback): That's great. Thank you.

We'll now hear from Mr. Deith, the founder of Eagle Graphite Corporation.

Mr. Jamie Deith (Founder, Eagle Graphite Corporation): Honourable Chair and members of the committee, thank you for this opportunity to share insights that I hope will prove useful in shaping future policy. My name is Jamie Deith. I have been the founder and CEO of Eagle Graphite for 17 years. I'm very fortunate to have had a professional career of over 30 years, rich in experiences in various countries and in a range of fields, including financial markets, medical equipment and mining.

In the mining field, Eagle Graphite's primary focus has been a graphite mine in southeastern British Columbia. On paper this project is endowed with a number of significant advantages. It's environmentally pristine; it has permits for production and it has a proven track record of producing high-quality graphite. Graphite has been on critical minerals lists globally for many years and it is critically important to both traditional industries and emerging technologies crucial for the energy transition. Most notably, graphite is

an essential ingredient in electric vehicle batteries, and China has a monopoly on supply.

Unfortunately, the biggest challenge—and this is shared amongst everyone in the critical minerals field—has been our inability to fund an objectively good project. Over time this inability to fund the project has taken its toll and has resulted in our recently losing the entire project to a vulture capitalist.

This outcome is all too common in critical minerals. Each failure has its own specific twists, but the common thread is the lack of capital. I cannot name a single critical minerals mining project in Canada that has achieved the goal of scale production in this century nor one that has even secured the necessary financing to do so.

The alarm bells around critical mineral supplies have been ringing for years. We all seem to want a meaningful reduction in our reliance on adversaries, yet somehow the market is unable to deliver. As Canadians, we want to play a valuable role in the western supply chain, but we've been unable to start the ball rolling on the basic supply of minerals. The capital simply isn't appearing.

In my view, the lack of capital arises because there exists too much risk in the relationship between producers and suppliers. Individual mining projects are inherently risky. Projects may fall short on quality, fail to meet production targets, miss deadlines, and frequently fail to achieve any production at all. For most end-users, capitalizing such a production is well outside their comfort zone. After all, they aren't miners, and there is already a well-established China-centric supply chain. Even the signing of binding agreements to purchase materials from an aspiring project comes with a risk of being left high and dry if the project fails.

On the other hand, more traditional capital providers, such as mine investment funds, might be comfortable with the project, but they struggle with the uncertainties of a future market price. If the users of the minerals won't commit to buying them, there is deep uncertainty about whether a mine that takes five years and a huge number of dollars to ramp up will ever be economically sustainable. This commitment gap is the biggest barrier to Canada's objective of playing a meaningful role in these supply chains. I see no realistic scenario in which existing market structures can overcome this problem without help.

To address the capitalization gap, I propose a critical mineral stabilization reserve. Here's how it could work. For each critical mineral, policy-makers determine a strategic quantity to stockpile. For instance, we could aim for a supply of lithium carbonate sufficient to meet North American demand for six months. For the sake of argument, that might be 100,000 tons. Over the course of two to three years, reserve managers gradually acquire the lithium to build the reserve, emphasizing a few key features.

First, stockpiles are acquired through transparent and competitive auctions that are held quarterly. Domestic producers get preferred terms. They still have to compete, but substantial incentives exist to favour the domestic sources over the non-domestic ones. The domestic sources will also enjoy an additional benefit of being able to forge long-term contracts with the reserve for their future production.

Even as this reserve is being ramped up, a portion of the reserve is opened up to industrial consumers of minerals. Again there are some key aspects. Just as there are auctions to acquire minerals, there are transparent and competitive auctions to sell the minerals to consumers at market rates. Domestic consumers also have to compete to purchase those minerals but they get to do so on preferred terms and they also have access to the stockpile through long-term contracts.

After the reserve reaches its target size, it continues to function as a clearing house but also as a stabilization mechanism. Stabilization occurs by allowing the reserve to sell a little more when prices go up and to buy a little more when prices go down.

Here's how everyone benefits.

- (1600)

The consumers of minerals benefit because transacting with the reserve eliminates the risk to any one supplier. Domestic consumers committing to Canada gain further through preferred-access provisions. The producers also benefit because the reserve is a secure buyer for their goods. Domestic producers also gain a huge advantage in being able to set up long-term, stable contracts. They can take these contracts to mine financiers, who now see a much improved financial certainty for their investments.

The benefit for Canada as a whole is a system that provides incentive for the producers and consumers to come to Canada and to remain tied to Canada for the long term. If the end goal is a vibrant and prosperous energy-transition ecosystem in Canada, this will go a long way. Perhaps most attractive of all—

The Vice-Chair (Mr. Kyle Seeback): I'm going to have to interrupt there because we're well over time. We'll get to it in the questions.

Mr. Jamie Deith: I have less than a minute, if you'll indulge me.

The Vice-Chair (Mr. Kyle Seeback): We're already at almost six minutes, so I'm going to apologize.

Now we have Lora Smith from the Railway Association of Canada for five minutes.

Ms. Lora Smith (Vice-President, Public and Government Affairs, Railway Association of Canada): Thank you, Mr. Chair.

Every year, Canada's freight railways move \$380 billion worth of goods, including half of Canada's exports. The Canadian freight rail network is world class by any objective measure. Canada's railways provide the highest safety performance in North America, industry-leading environmental innovation, and strong service.

[Translation]

Since the changes to the National Transportation Act, 1987, rail productivity have more than quadrupled, average wages for rail

workers are on the verge of tripling, and rail rates have risen about half as fast as inflation. Today, Canada's freight rates are, on average, the lowest among major market economies, including the United States.

[English]

I'll use grain as an example. Farmers pay far more to truck an elevated tonne of grain less than 100 kilometres than it costs the grain company to move that grain 1,500 kilometres by rail from prairie to tidewater. Rail is the greenest mode of ground transportation, and railways are three to four times more fuel-efficient than trucks.

Over 35,000 Canadian railroaders work around the clock in some of the harshest weather to bring Canadian goods safely and sustainably to global markets.

Canada was built by rail. Railways, both passenger and freight, continue to help build and develop this country. While my remarks today are focused on freight, I'd like to underline the critical role of passenger railways in economic and social development.

As this committee considers ways to support the growth of Canadian businesses, the committee should encourage a policy and regulatory framework that allows the Canadian rail network to remain world class.

Extended regulated interswitching, resurrected last year, is a federal policy that puts Canadian jobs and investments at risk. The policy can slow down supply chains and raise costs for Canadian exporters, importers and consumers. Under extended interswitching, U.S. railways can solicit Canadian traffic at below-market regulated rates without any reciprocity for CN and CPKP to do the same in the U.S. That means fewer available carloads for Canadian railroaders to move across Canada. It may also mean less available work for port workers if shipments end up in Seattle rather than in Vancouver, for example. These are good-paying union jobs. That's why Canada's rail unions oppose extended interswitching.

Extended interswitching has been tried before, and it failed. Informed by David Emerson's Canada Transportation Act review panel and by substantial evidence, Transport Canada concluded in 2017 that extended interswitching "was having unintended consequences on the competitiveness of our railways vis-à-vis the U.S. railways."

Then minister Marc Garneau did not just sunset extended inter-switching at that time. He replaced it with long-haul inter-switching, a remedy which today still exists, available to shippers up to 1,200 kilometres.

What those advocating for extended inter-switching want is to use government policy to secure an unfair advantage at the expense of all other users of the rail network. Extended inter-switching hurts Canadian supply chains, workers, consumers, and businesses relying on efficient rail service to remain competitive. It must be immediately repealed.

Short-line railways are also incredibly important links in the supply chain, and they connect communities and businesses to global markets. One in five carloads starts on a short-line in Canada, and short-lines need predictable government funding mechanisms to remain viable alternatives to trucking. Unlike the U.S., there is no dedicated support mechanism for short-line railways at any level in most provinces, despite their outsized impacts. Multiple House committees have recommended greater short-line support, and we respectfully request this committee to do the same.

• (1605)

[Translation]

Canada needs more investment, not less. It should be promoting the fluidity of trade, not creating barriers. The federal government should take action to address supply chain challenges, including the inability to load grain on ships at the port of Vancouver when it rains, and workforce stability, which is a significant challenge right now.

[English]

To conclude, over 10 years, railways have invested more than \$21.5 billion to enhance the fluidity and resilience of Canada's rail network. Railways are enabling their customers and the economy to grow. The government should help enable this positive growth story for Canada.

Thank you.

The Vice-Chair (Mr. Kyle Seeback): Thank you very much.

We'll now turn to our first round of questions and will start with Mr. Martel for six minutes.

[Translation]

Mr. Richard Martel (Chicoutimi—Le Fjord, CPC): Thank you, Mr. Chair.

I'd like to thank all the witnesses for being here.

Mr. Simard, you're the president of the Aluminium Association of Canada. Who do you actually represent: the producers, or the entire aluminum industry in Canada?

Mr. Jean Simard: Thank you, Mr. Martel.

The Aluminium Association represents the three major primary metal producers—Alcoa, Rio Tinto and Alouette—with eight plants in Quebec and one in Kitimat, British Columbia.

Mr. Richard Martel: We often hear that SMEs, small and medium-sized enterprises, and processors would sometimes like to buy Canadian aluminum but are rarely able to do so. You sell Canadian

aluminum to producers, but are you aware that our Canadian SMEs and processors can't get their hands on it?

Mr. Jean Simard: I'm a little surprised. Canadian metal is traded all over North America. Certainly, a lot of our metal is destined for the United States. We have to honour fixed-term contracts related to supply chains, whether in transportation or packaging. So some of the metal is already reserved for a specific clientele, but there is still metal available here in Canada and Quebec.

Sometimes certain constraints arise from the volume produced, delivery or ability to absorb the metal when it's ready to be delivered. All kinds of constraints can arise in situations where small volumes are required, but there's metal for Quebec SMEs and others involved in processing.

Mr. Richard Martel: Back home, I often hear concerns about aluminum, because we're producing more with fewer employees. As you know, there's a great deal of innovation going on in this area. Are you worried about the future of aluminum workers? Aren't we going to need them less and less?

Mr. Jean Simard: I have no concerns at all, quite the contrary. As you know, we're no different from any other sector. We have full employment in Quebec and Canada, even more so in the regions. When you look at the workforce statistics of the future, you can see that there will be fewer and fewer people available for the same jobs.

The industry is working very hard to maintain its operations and production capacity for the decades to come. In our sector, as in many others, this means increasing automation where possible.

We're also starting to use artificial intelligence more and more. This is no different from what's being done in China, the Middle East or closer to home, in Europe or the United States. We have no choice but to modernize how we do things. However, this modernization won't come at the expense of jobs. Both will evolve at the same time. The person who will be working as an operator in an aluminum smelter in 10 years will have received completely different training from what's currently being given. Changes will take place based on needs, which will evolve over time.

• (1610)

Mr. Richard Martel: Thank you, Mr. Simard.

Mr. Guénette, what's the biggest challenge for our SMEs and Canadian companies when it comes to participating in the international market?

Mr. Jasmin Guénette: I will let Mrs. Auger answer that question, because she's done a lot of work on the issue.

Mrs. Michelle Auger: I hope you don't mind if I answer in English.

[English]

The big challenge for small business is the fact that they're not experts in customs procedures. Filling out all the documentation, border transactions and having access to agents all contribute to the issues they experience at the borders.

There are a lot of penalties, and what we've been saying to CB-SA for years is that rather than penalizing our small businesses, take an education-first approach to trade because they're not experts in customs procedures.

[Translation]

Mr. Richard Martel: Thank you.

Do I have enough time left, Mr. Chair? I have a question for Mrs. Smith.

The Vice-Chair (Mr. Kyle Seeback): You have one minute left.

Mr. Richard Martel: Thank you.

Mrs. Smith, what do you think are the biggest problems facing our rail services right now?

[English]

Ms. Lora Smith: I think our railways right now are facing an incredible amount of regulation, in particular stacking regulations. Investment is what moves supply chains rather than prescriptive regulation. The railways feel that they need a policy and regulatory framework that would encourage investment and allow them to grow, along with their shippers, into global markets.

[Translation]

Mr. Richard Martel: I may be imagining things, but I've heard before that, when you're transporting goods, you prioritize certain sectors and others come second and third.

Is that true? Do you favour certain sectors more than others when it comes to your freight cars? Is it based on demand? How do you go about it?

[English]

Ms. Lora Smith: Absolutely. It depends on the demand that comes in. Our freight railways have a common carrier obligation, and they move what's presented to them. They also ensure that there's a system approach so that their cars are moving most efficiently to serve their customers at three coasts. Productivity gains in the rail industry have been incredible in the last decades. At this point, as we measure the revenue-ton miles per employee, we have improved over decades.

So there is no preference. The railways will move their customers' goods as presented to them on the three coasts in Canada as well as the U.S.

The Vice-Chair (Mr. Kyle Seeback): That's all.

Mr. Sidhu, you have six minutes.

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

I'd like to thank all of our witnesses for being here today and sharing their important feedback with us. Having spent 13 years in international trade prior to my career in politics, I understand the importance of supply chain resiliency and continuing to invest in our infrastructure to allow for more trade to flow as we build out the economy.

One infrastructure project that always comes to my attention in my riding with the trucking community is the new Gordie Howe bridge. It's the port of entry at Windsor, the busiest border in our country. The Cross-Border Institute at the University of Windsor has done a recent study estimating that the new route will include and save truckers over 800,000 hours, translating into billions of dollars in savings. It means that truck drivers in my riding can get home to their families quicker.

Mr. Laskowski, you mentioned in your opening statement the Gordie Howe bridge. Can you provide more insights into what this bridge would mean to your members?

Mr. Stephen Laskowski: As we've said for a number of years, it's probably the most important investment to international trade in decades, the building of the Gordie Howe bridge. In essence, what you have hit on as key is the time savings. Prior to the construction of this bridge, all the trucks literally had to go through the downtown streets of Windsor. That meant stoplight after stoplight, queuing after queuing. That will go away with the Gordie Howe bridge, once it's operational.

Also with the Gordie Howe bridge comes the opportunity for designers to work with the trucking industry, which they have done, to design plazas for modern trade. We will build a modern gateway to our largest trading partner. It's a great example of how to invest in international trade.

● (1615)

Mr. Maninder Sidhu: It's a spectacular bridge to look at and to see how the construction is going. I was in Detroit a few months ago to have a look. I know that many of the truckers in Brampton are looking forward to it.

You mentioned the importance of rest stops. This is something that comes up a lot with my constituents. They talk about the infrastructure down the I-75 in the U.S., or the I-90 or I-95. I'm wondering how those discussions are going with the Province of Ontario, because I know that's along the routes they control.

Mr. Stephen Laskowski: The province, under the previous minister of transport, Minister Mulroney, made a number of significant investments in truck rest areas. The rest of the provinces are continuing to keep up with that, but the reality is that we are decades behind across Canada, in all provinces. The reality is that this needs to be corrected.

We are calling on all provinces and the federal government to address this, because the reality is that these rest stops are critical for the safety of our drivers and, quite frankly, for their respect. This is where they sleep. This is where they eat and shower. These investments need to be made. Many drivers will tell you that during the COVID crisis they were seen as heroes, and now I think it's time for public policy in the legislatures across Canada and here in Ottawa to show them that respect back by investing in their workplace.

Mr. Maninder Sidhu: Absolutely, and they are heroes. As you know, during the pandemic, they stepped up in huge numbers and continued to bring in the goods we needed and relied on. I think it's important that we continue to advocate to the provinces, and I'll continue doing that with my provincial counterparts as well to ensure they make those investments.

Turning to the CFIB, you mentioned the importance of more awareness to grow trade in Canada, and the Indo-Pacific strategy in fastest-growing region in the world. I'm noticing in my role as the parliamentary secretary for international trade that a lot of exporters are looking to that region. They want to expand into that region. Is CFIB doing internal workshops and information sessions for your members so that they can tap into this market?

Ms. Michelle Auger: Yes. I mean, we have been working closely with CBSA in terms of trying to educate them on the CARM portal. When it comes specifically to investing in certain markets, there are always opportunities for us to host webinars and educate our members.

That's certainly not something currently on our radar at the time, but educating our members on the programs that exist from the federal level is certainly something that we continue to do. We try to help and support the government, especially when it comes to CanExport and some of the other programs available through EDC for financing. Those are certainly programs that we see some value in, but I think the government also needs to do their part in making sure that small businesses have access to those programs.

Mr. Maninder Sidhu: Absolutely, and I know that our trade commissioner service is doing a wonderful job. Part of my role is to make sure that's expanded and more businesses are able to reach those services. I sat down with the Brampton Board of Trade and the trade commissioner service recently to highlight what they can offer.

Definitely, for the Canadians who are watching, if your product is market ready and you're ready to export, the trade commissioner service has offices across the country that can help your members to export into this new region. I know that there are many fast-growing opportunities. Minister Ng is taking trade delegations to the region quite frequently, and that's important as well. Follow the trade commissioner website as well, as I think that's a very important resource to have.

You mentioned CARM. That's something that we've been working on as a committee here and raising a lot of awareness about. It's a very important program that has been going on for close to 15 years, but I think it's important that we recognize the value of these new markets in the Indo-Pacific, because there are huge opportunities there.

Thank you.

The Vice-Chair (Mr. Kyle Seeback): Unfortunately, that's the time, so perhaps you can get to that at another point.

We'll now go to Monsieur Savard-Tremblay for six minutes.

[*Translation*]

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

Mr. Simard from the Aluminium Association of Canada, I'd like to thank you for being with us. In a March 2024 press release, your association recommended the creation of a North American aluminum trade committee, particularly to “seek reduction and elimination of remaining distortions in North America driven by unfair aluminum trade”.

What are these unfair practices?

• (1620)

Mr. Jean Simard: The press release was the result of a meeting that took place between the three associations, those of Mexico, Canada and the United States, which are working together to consolidate the aluminum market under the Canada-United States-Mexico Agreement. We're constantly working to ensure that no metal that doesn't comply with the rules of the market crosses the borders of the three countries that are signatories to the agreement. In the past, we've seen this happen in Mexico, where metal entering the country was processed and then ended up on the American market.

This isn't a situation we have in Canada. Our country isn't a destination market, but a production market, exporting to the United States. However, Mexico has traditionally been an entry point for metal from China or Russia, metal that has been discounted so that it can enter the market, including the American market.

Mr. Simon-Pierre Savard-Tremblay: Thank you for the clarification.

In the same press release, you called for increased regional aluminum import monitoring. You also pointed out that the United States and Canada had put in place new or improved programs to monitor aluminum imports. However, Mexico hasn't done so. I imagine there's a connection with what you've just told us.

What are the implications of the Mexican government's failure to honour its commitment to a monitoring system? What's causing this resistance?

Mr. Jean Simard: That's a very good question, and it's a very complex answer.

We met in Ottawa just a few months ago, the second in a series of trilateral meetings. We were with our Mexican counterparts. The Mexican authorities were there, as were the Canadians and the Americans. We addressed this issue. The answer we received from Mexico is that the data would still be collected by the Mexican government, but it wouldn't be publicly available because of legislation that was introduced along the way in recent years.

In concrete terms, this means that statistical data on metal imports, which help determine how much metal comes from Russia or China, for example, have not been available or visible since 2021. This category is called “other”. There’s no longer any information on this type of metal, which, as we know very well, crossed the Mexican border in various forms at the time.

Canada and the United States are demanding that Mexico put in place a system similar to the otherwise very robust one that Canada put in place in 2019. This system makes it possible to know exactly what metal is coming in, where it comes from, its value, and who the importer is. Mexico responded, on principle, that it was working to implement it, but we’ll believe it when we see it.

The other element is that we are calling for the creation of a North American aluminum trade committee between the three countries and the three industry associations, in order to have a space for discussion to address these issues related to trade between the three countries.

Mr. Simon-Pierre Savard-Tremblay: We also know that a presidential election is due to be held this year in the United States. According to today’s news, the prospective Republican candidate has asked the big oil companies to fund his campaign to the tune of \$1 million.

Mr. Jean Simard: It’s \$1 billion.

Mr. Simon-Pierre Savard-Tremblay: Yes, sorry, it’s \$1 billion. In return, he promised to immediately revoke dozens of decisions made by Joe Biden on climate change and the environment. These include measures related to electric vehicles, wind energy and drilling restrictions. Decarbonization and the electrification of transport rely heavily on aluminum.

I’m asking you a rhetorical question: are you concerned about this announcement?

• (1625)

Mr. Jean Simard: Yes, I’m concerned about that one and the others we’ve heard before about the reimposition of tariffs. This creates a context of high political volatility, which is very harmful to investment in aluminum production on this side of the border and probably on the other side as well. It’s not a good business climate for us.

[English]

The Vice-Chair (Mr. Kyle Seeback): Thanks very much.

We’ll now turn to our last question for round one.

Ms. Blaney, you have six minutes.

Ms. Rachel Blaney (North Island—Powell River, NDP): Thank you so much, Chair.

I thank all the witnesses for being here with us today to talk about this really important issue.

I’m going to talk with Mr. Deith. I have a few questions.

I was really saddened to hear some of what you had to share today, and I was really compelled by what you said about critical minerals and that we are in a process, hopefully more and more, of moving towards an energy transition.

Right now, China does have the monopoly. As we look at our commitments in this country and as we want to look at growing our economy, that is something we should be taking seriously. As we know, there are other countries that are looking to buy these resources ethically.

You talked a lot about the fact that the capital is just not appearing. I know that across Canada we’re seeing the federal government and a lot of provincial governments still significantly subsidizing the fossil fuel industry. We know that Canada has spent \$35 billion on the Trans Mountain pipeline expansion, which is another example of a lot of resources being given to the fossil fuel industry.

From your perspective with those critical minerals, what would help Canada create a stronger domestic clean energy supply chain that could, probably, quickly become an international one?

Mr. Jamie Deith: Yes. Thank you for that.

My belief is that Canada—like most of the west—is coming from very far behind in the development of the industries and the ecosystems related to electric vehicles, and the energy transition more generally. This means that not only is it difficult to set up an ecosystem but also that we’re competing with ecosystems that are already largely fully developed in other parts of the world. This makes it doubly difficult to make up for lost time.

The reality is that capital scarcity has been part of the reason for that, but I would also say there’s a lot of uncertainty as to government policy going forward. There’s going to be a lack of commitment if those who have the capital and want to deploy the capital have no certainty as to where policy is going to be in five, 10 or 15 years’ time.

Ms. Rachel Blaney: You also talked about the stabilization of the critical minerals plan, and I really enjoyed hearing about your idea for stockpiling those materials. What is interesting to me and what I want to understand a little better is what the stability in having this type of model moving forward would do for businesses that are growing within Canada. Specifically, because they’re a particular passion of mine, what would be the impact on small, remote communities? When I look at the economy in Canada, one of the things that concern me is that we’re not strongly motivated to see transition happening in those smaller communities. We’ve lived through boom and bust in those communities again and again, and we really do need to diversify and stabilize. How would the model you presented benefit those types of communities?

Mr. Jamie Deith: Certainly for any community that’s involved in the energy transition, doing something that stabilizes both availability and prices within the markets should go a long way to giving certainty to those who need to do the planning for those communities. That should help with an environment that will give everyone in the supply chain—from the very end-users in those communities all the way up the supply chain to those who need to produce the materials—a sense of certainty that they understand where things are going. There will always be times when there’s a bit of a wild ride in some of these markets, especially with the pace at which things are changing, but at least there is some cushioning and there’s some advantage to those who make those commitments domestically.

• (1630)

Ms. Rachel Blaney: I appreciate that. I know that in February 2021, you were a witness before the national resources committee. As part of your testimony, you said:

there is a renewed sense of urgency for secure, localized and diversified supply chains across all industries, but especially those critical to defence and otherwise foundational to the economy. It has finally dawned on us and our allies collectively that some parts of the economy need a reliable underpinning of steady supply.

It's been three years since you made that comment. Do you see any increased action or any results?

Mr. Jamie Deith: The biggest single event was probably the Inflation Reduction Act in the United States. It has gone some ways, but even in recent days we've seen that they are backing off from some of the commitments to shore up the security of supply chains. Chinese graphite in particular has been exempted for a couple of extra years.

This actually speaks to the issue I mentioned earlier, that without some consistency in government policy, market players and capital providers will second-guess that policy and say that if we will just have to live off Chinese supply for two years, then what's to say that in two years' time we won't get another two years and another two years after that? With respect to a lot of these decisions, although on balance things have gradually moved in the right way, I would say they have not moved at nearly the pace that's required if we want to achieve anything within a reasonable time frame, such as 10 years.

Ms. Rachel Blaney: Thank you for that. I know my time is almost up, so I'll let it go.

The Vice-Chair (Mr. Kyle Seeback): It is. You have 15 seconds. Thank you, Ms. Blaney.

We'll now turn to our second round of questioning, beginning with Mr. Jeneroux of the Conservative Party for five minutes.

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

Thanks, everybody, for coming here on a Thursday afternoon.

I hope to get to you, Ms. Smith, but before I do, I have a quick question for Mr. Geffros.

A supply chain task force report was developed in October two years ago. It's the focal point of a lot of the study we have here in front of us.

Given the way you talked about the impact of the Wood Pallet and Container Association's being quite instrumental in the supply chain, I'm just curious as to whether you were consulted on this report.

Mr. Scott Geffros: Thank you, Mr. Jeneroux.

No, we were not consulted. In fact, we sent correspondence back to the committee about the lack of consultation in the document and several findings we encountered in it that seemed rather erroneous.

It appeared that the committee looked to some of the largest of what we call "pallet pooling" companies for its information as opposed to looking to what we would call the "white wood sector",

which is made up of the small ma-and-pa shops around the country that are really the backbone of the industry.

Mr. Matt Jeneroux: That was one instance. Were there others? You mentioned that there were a few parts of the report.

Mr. Scott Geffros: Yes. I'm sorry. It's been quite a while since I've gone through the documents, so I would—

Mr. Matt Jeneroux: I'm sorry to put you on the spot.

Mr. Scott Geffros: —want to review them again. I'll just point out that I have notes on them at home.

Mr. Matt Jeneroux: When you get home, send us an email. I'd be happy to hear more of those. I know you said you sent it to the committee before, but I just want to make sure that it gets incorporated as part of this study.

Mr. Scott Geffros: Absolutely. Thank you very much for that.

Mr. Matt Jeneroux: Madam Smith, I really appreciated your testimony. I want to talk to you a bit about interswitching. You discussed it again.

We've had some conversation here about it at the committee over the years. I know they've also had it over on the agriculture side over the years. The ability to shed some light on it from your perspective, I think, would be helpful if we got into a bit more of it.

I'm hoping you can explain the impact of interswitching on the workforce, and workers in particular.

Ms. Lora Smith: Sure. Thank you for the question.

Interswitching is the transfer of goods between two railways. It's a very common practice that's been done, really, since railways existed. The problem with extended interswitching is that the kilometre limits grew from 30 kilometres to 160 kilometres. The policy covers the three prairie provinces. What that means is the 160 kilometres now extends and enables a U.S. railroad to have access to Canadian traffic into Canada, whereas it wouldn't be able to on an even playing field.

It's created an uneven playing field with that U.S. player being able to take traffic from both CN and CP during this pilot program, which started in September 2023 through the budget and is meant to sunset in March 2025. What it means is that at a below-market rate, at a cost rate, the Canadian railroad will have to pass the traffic off to a U.S. railroad, which will take it the rest of the way. In the case of grain, it would quite likely go to the port in Tacoma or Seattle. Therefore, it wouldn't go to our Canadian port and be shipped out.

This will affect investment in our railroads and it will affect the workers who obviously do that traffic work. It will also potentially affect the capacity at the port, because it will be handled by a U.S. port and not a Canadian port.

It's not just the railways; there's very much a downstream effect as well.

• (1635)

Mr. Matt Jeneroux: You've hit on some of the competitive implications there. You mentioned grain. Are there others that we should be concerned about?

I think I only have about 30 seconds left.

Ms. Lora Smith: Grain is the predominant one, because it is focused on the three prairie provinces of Manitoba, Saskatchewan and Alberta. Yes, there could be other commodities that are affected, and I could perhaps provide your office with a more complete answer on that.

Mr. Matt Jeneroux: I'll get a couple of emails out of this, Chair.

The Vice-Chair (Mr. Kyle Seeback): That's your time. Thank you, Mr. Jeneroux.

We have Mr. Sheehan for five minutes.

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

Keeping with the rail association, recently the federal government made an announcement through the national trade corridors funding to the tune of \$10.5 million. It leveraged just over \$30 million in funding from the private sector and the province for a rail line between Sault Ste. Marie and Sudbury. While the owner is Genesee & Wyoming, it operates as Huron Central in the area. We worked quite a bit with the rail association.

I noted that in your presentation you talked a bit about the different rail, but this one was a short line. The short-line rail lines are usually under the purview of the provinces and territories. At this particular time, through the national trade corridors funding, in this round we were able to fund this short-line railway. It provides absolutely important services. Without it, it would be like putting 30,000 transports on the road in a year. It's not just between Sault Ste. Marie and Sudbury, because you're not going to stop and reload them onto a train and then send them to Montreal or Toronto. Rather, those transports would probably continue. It was a safety issue, it was a carbon issue, but it was also an operating economic issue.

How important is the national trade corridor funding to the rail industry and the supply chains, and how important was it to change the criteria to make it more extensive?

Ms. Lora Smith: I can't speak to the exact example you're asking about with Huron Central, but I know that in general for short lines the biggest problems are that these are often very small businesses that are operating infrastructure that is spun off from the class I's. Therefore, some of the lines and infrastructure they inherit, as they attempt to optimize and provide service to these rural and regional areas, need a lot of work right from the beginning. Having the financial instruments that can help them be able to have the ability to plan and have that money available to them is critical. The predictability of it and making it administratively simple, which we've heard from other speakers, is also very key and very fair.

We were disappointed in the budget in that there wasn't more national trade corridor money, because it is critical for those in the supply chain to make these large investments when it's needed.

Having dedicated funding mechanisms remains a real concern for the industry.

• (1640)

Mr. Terry Sheehan: Thank you for that.

Just keeping on that, I think that's a perfect example of where one issue in the supply chain lies that was brought to my attention. I've been working on this rail file for quite a while. I kind of inherited this when I became an MP. It was explained to me pretty succinctly. In the shipping industry, nobody owns the oceans or the Great Lakes, per se. In the airline industry, no one owns the air. But the rail lines are owned by rail companies.

Here's where the quagmire is: That line was owned by CN. They allowed it to degenerate to a place where, quite frankly, they didn't want to operate it and they didn't want to invest in it. You know, it was one of the.... They don't own the rail line, this company wants to operate on it and they were all doing this. How can the rail industry take a little bit of ownership on the infrastructure that they do own? It's very important.

Lora, I comment on this particularly because we can bring that stuff up to a level where freight can operate on it. However, as you've noted in your remarks, we want to see more passenger rail. Passenger rail needs a newer level, a bigger level, of what rail lines are doing so that they can operate at a speed, between, for example, Sudbury and Sault Ste. Marie, that would allow for passenger rail. Freight operates on a level that is at a lower speed, but if you want to get passenger rail, you'll have to see the infrastructure on the rail lines, privately owned, pick up.

Is there an interest by the rail carriers? I've heard not—that they don't want to be in passenger rail and they only want to do freight. Could you please just explain to the committee what I've heard over the last few years and what exactly the rail industry is doing about passenger rail?

Ms. Lora Smith: As an association we and our members advocate for dedicated track for passenger rail in order to accommodate the growth that's needed and predicted, or forecast, for both freight and passenger.

We feel that it's the best way to go to assure that for the future—to future-proof it—to be able to take advantage of the greenhouse gas reductions that we can have from rail, to take advantage of the environmental advantages that rail offers. The RAC believes that dedicated track is the way to go for passenger rail.

Mr. Terry Sheehan: Thank you very much. I hope to see more passenger rail and not just through the major corridors.

The Vice-Chair (Mr. Kyle Seeback): That's the time, Mr. Sheehan. We're well over. Thanks very much.

Mr. Terry Sheehan: Thank you very much. I appreciate it, Chair.

The Vice-Chair (Mr. Kyle Seeback): We'll now turn to Mr. Savard-Tremblay for two and a half minutes.

[Translation]

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

Mr. Simard, we know that the United States and Mexico were both victims of a major aluminum transshipment scheme in the mid-2010s, whereby huge quantities of Chinese aluminum billets were disguised as different products in order to avoid hundreds of millions of dollars in tariffs.

Do you think Canada is vigilant enough to prevent such schemes? Does it enforce the rules of international trade law firmly enough in the sector?

Mr. Jean Simard: We remember that case. A Chinese billionaire used aluminum to move his fortune out of China. The aluminum reserve was discovered in the Mexican desert from an airplane flight before being repatriated to Vietnam. We're talking billions of dollars.

Such a scenario would be impossible in Canada, which has a very robust import control system for aluminum, including mandatory reporting by importers. This system provides a high level of visibility in near-real time, with data available within 24 hours. Our industry is vigilant, and we're very satisfied to date with the measures put in place by Canada.

That said, it's a very fluid market. It's a very valuable metal. The North American market is certainly the most attractive market in the world for aluminum exports. So we're not immune to such attempts. The important thing is to remain vigilant and to work, as we are already doing, with the Government of Canada to maintain ties and to identify any anomalies that could eventually lead to a crisis situation.

• (1645)

Mr. Simon-Pierre Savard-Tremblay: We know that the aluminum produced in North America is one of the cleanest in the world. Carbon emissions per tonne of aluminum have decreased by nearly 50% since 1991. We know that this is essential to the transition to green energy in the transportation, electricity generation, construction and packaging sectors, to name but a few.

Can you tell us a bit about the advantages of Quebec aluminum over aluminum produced elsewhere in the world? How could the sector be better supported?

Mr. Jean Simard: Canada produces metal responsibly and with the lowest carbon footprint in the world. In future agreements on carbon border adjustment mechanisms, we must ensure that our metal, within the parameters that will be decreed, finds its rightful place. We have to make sure that, in the future, we manage to monetize its low carbon footprint, which isn't the case at the moment. Finally, we must continue to support the development and deployment of the ELYSIS technology, to move from two tonnes of car-

bon emissions to zero, and once again make Canada a world leader in the field.

[English]

The Vice-Chair (Mr. Kyle Seeback): Thank you very much.

We'll go to Ms. Blaney for two and a half minutes.

Ms. Rachel Blaney: Thank you, Chair.

Just quickly, I want to say that the interpretation was amazing. Every once in a while, you know, I am just so used to listening to it, and then I hear it clearly and I am just amazed. Thank you to the interpreters for their amazing skills, because I could not do it.

I am going to come back to Mr. Deith again. One of the things I'm reflecting on from your presentation to us is the fact that we are in a global market where a lot of countries have different environmental and labour laws. We know that as we look at Canada specifically we want to find a way to build up that economy and see some growth, especially when it comes to the green economy and the great need we have for that, both in terms of labour and the environment.

Do you feel that Canada should require trading partners to meet our higher standards for the environment, labour protections and health and safety when we have trade agreements? How could we have an opportunity to celebrate the good things that Canada does, especially in terms of these very issues, to promote our goods?

Mr. Jamie Deith: Yes, I think Canada should hold non-domestic producers to the same standards to which we hold ourselves. One of the reasons we have monopolistic markets, such as what China holds in terms of battery minerals right now, is that the standards are so much lower.

There is the human aspect of this—there's a lot of pointless human suffering that goes on because of lax standards around the world—but also, from a practical, competitive perspective, we're expected to compete on an unfair playing field.

Ms. Rachel Blaney: Thank you for that.

For the next part, as we are trying to grow the green economy and look at our transition and our sustainable future, how do we talk about what Canada can bring? How do we provide the stability to those businesses so that we can grow that market internally and externally?

Mr. Jamie Deith: As a general matter, I would say we want to bring plenty of incentives for an ecosystem to develop domestically. I think we have to get serious about sourcing our supplies and, if necessary, actually using what they call border pricing for differentiating between “clean” and “unclean” sources of materials.

Make up for the difference where we perceive it to be unfair and untenable from a long-term environmental standpoint or from a social perspective for workers, etc.

• (1650)

The Vice-Chair (Mr. Kyle Seeback): Thanks. That's the time.

We'll now turn to Mr. Baldinelli for five minutes.

Mr. Tony Baldinelli (Niagara Falls, CPC): Thank you, Chair.

Thank you to all of the witnesses for being here this afternoon.

I'm going to begin with the Canadian Trucking Alliance and Mr. Laskowski. Thank you for your presentation and for providing your seven recommendations, which you shared with the government in February and with us today.

I'm interested in your comments on the whole CBSA and sufferance warehouse aspect, as well as CFIA inspections, as opposed to regular border crossings on commercial aspects.

I guess the CFIA only works on a nine-to-five basis. Could you explain that to me a little further?

It seems to me that sometimes, when we look at supply chains, the government itself can be the obstacle. We can work to eliminate that and make sure that the government is in the facilitation of trade, not hindering it.

I was wondering if you could provide some comments, please.

Mr. Stephen Laskowski: Thanks for the questions.

I'll start with the sufferance warehouses. As I mentioned earlier in my opening comments, in essence, these sufferance warehouses allow the supply chain and the trucking industry that's moving those supply chains to, instead of clearing loads at the border, which sometimes can be very congested....

Going back to the Gordie Howe bridge, now you'll have what's referred to in our industry as the "secondary" inspection. If you don't clear, the truck has to go for inspection at the secondary inspection, and some of those secondaries can be very crowded.

What a sufferance warehouse does is allow the carrier and the customer to potentially clear inland into a secure area with Canadian customs present. Obviously, that requires investments and technology and secure yards—all of it. The request has been to bring these sufferance warehouses back in greater numbers.

I'm oversimplifying everything, but it requires investments.

As we see currently, when we have labour disruptions, like at marine ports and all the rest of it, the same thing could apply. You could bring those containers out, bring them to the sufferance warehouse yards and clear them in those yards. The ask of the CBSA, and through budgets, is to increase the spending here, both on technology and on labour, because you need someone physically at those yards.

With regard to the CFIA, the USDA and the rest of it, as mentioned earlier, the border is open 24-7. Trucks clear it 24-7. When it goes to Agriculture and FDA, in particular in the United States, they are not there 24-7. It's much to their chagrin, as well. These are their customers we're moving, so a long-standing request is to correct this.

We're always amazed, as an industry. We spend billions of dollars on both sides of the country to make trade work. I'm always accused by some folks of oversimplifying things, but we're talking about a few people here, folks, not billions of dollars. That needs to

happen, because what happens once those people leave is you are shut down. When it comes to food and produce, that product cannot move inland; it needs to stay, because we have health and safety rules and food security rules. If there is a recall, everything needs to be traced.

Those trucks wait. Sometimes they wait for hours, and sometimes they wait for days, just for someone to come back to work.

Mr. Tony Baldinelli: That's what I want to follow up on: your term for or notion of waiting.

At our last committee hearing, we had the general manager of the Buffalo and Fort Erie Public Bridge Authority, and he mentioned an upcoming piece of U.S. legislation, the security port act, whereby all U.S.-bound commercial vehicles would now need to be scanned.

They've got an innovative solution that they're working on with Customs and the border patrol. The Americans are investing \$20 million. They're putting that scanning equipment on the Canadian side so that it's scanned. By the time the commercial vehicle crosses the bridge, all the information is settled and they get a "go" or a "no go" at the Customs booth.

I'm just wondering, has the government worked with the Canadian Trucking Alliance on this? Are we seeing this at the Gordie Howe bridge, for example?

• (1655)

Mr. Stephen Laskowski: The answer is yes. We have worked both as the Canadian Trucking Alliance and as the Ontario Trucking Association with the Peace Bridge and the authorities there, and that is the goal: this technology. Because in essence, what everyone wants—both the Americans and the Canadians, and the trucking industry and our supply chain partners—is to have a secure border and secure trade, but with technology we can do it better and faster, and that's what this project is all about.

The Vice-Chair (Mr. Kyle Seeback): That's your time, Mr. Baldinelli. I apologize.

We will now turn to Mr. Miao for five minutes.

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

Thank you to all of the witnesses for being here today.

A common theme that we have seen in discussion of Canadian growth and productivity is that Canadian businesses are incredibly innovative but seems to hit a bit of a glass ceiling in scaling up and expanding.

For CFIB, do you have any thoughts you can share with the committee on how access to international markets can assist in the scaling-up process?

Ms. Michelle Auger: Yes.

Actually, the survey we did in January asked questions around how exporting can help grow businesses, and we did find that a majority of businesses were seeking international opportunities to help grow their business. I do have the deck here, and I'd be happy to circulate that information with you afterwards with the exact data, but that is certainly one of the findings from that survey. Businesses are seeking other markets. However, a significant proportion of those businesses in Canada are very happy with the domestic demand as well.

Mr. Wilson Miao: What more can be done to give Canadian companies or small businesses the tools they need to scale up and compete at the international level?

Ms. Michelle Auger: I think it can come back to a lot of the comments made by Jasmin about the cost of doing business. There's a lot of cost and regulatory burden on small businesses right now, which impact their day-to-day operations, so the idea of looking into customs procedures just adds another task, right?

I know that we commented on the trade commissioner service earlier. They are certainly a service that we have promoted amongst our membership, but, unfortunately, they go underutilized for SMEs.

Mr. Wilson Miao: What about helping small and mid-sized businesses to diversify their export market and the range of goods and services they can export?

Ms. Michelle Auger: We have to look at that by industry, right? Certain services and goods are not exportable, but what we're seeing is fairly common across the industry. It's the agricultural businesses that are looking for other markets and looking to expand. It's the wholesale. It's the manufacturing. Obviously, targeting some of that communication is helpful.

Mr. Wilson Miao: Are your members benefiting from the Indo-Pacific strategies that our government launched to open more new markets or new relationships with countries in that region?

Ms. Michelle Auger: That's a good question.

We do have some data on where small businesses are exporting. The top exporting market is the U.S., because of its proximity. I can certainly share the slides with you following this meeting and you can take a look, but the number in Canada is quite small in regard to the Asian Indo-Pacific market.

Mr. Wilson Miao: That's great. Please do share it with the committee.

Ms. Michelle Auger: I would be happy to come to see you, yes.

Mr. Wilson Miao: The next question I would like to direct to Ms. Smith, from the Railroad Association of Canada.

Throughout this study, we have heard witnesses sharing the importance of climate-resilient supply chains and diversification. Could you please share your perspective on this with the committee?

Ms. Lora Smith: Certainly. I would be pleased to.

Railroads are four times more fuel-efficient than trucks, generating significantly less greenhouse gases than trucks, both for passenger and for freight. It's the greenest mode of transport.

There's been a lot of innovation done and efforts made. In fact, the RAC recently signed an MOU with Transport Canada on emission reduction. That's very exciting work to be done there in the next few years.

Things like alternative propulsion, alternative fuel and even battery and electrification throughout the passenger rail sector are also very interesting innovations, with exciting times to come in terms of being more sustainable.

Mr. Wilson Miao: This February our federal government provided joint funding of \$60 million to the Arctic Gateway Group to finish the work on the Hudson Bay Railway.

Could you please share with this committee the significance of the Hudson Bay Railway and the Port of Churchill with regard to northern Canada and the prairie provinces?

• (1700)

Ms. Lora Smith: I don't have exact data on Churchill, in particular. For shippers, as I'm sure my fellow panellists would attest, it's all about options. It's important to have another way for product to reach global markets. It's critical for them to have funding that allows a short line to be able to finish that work and to assure, again, their planning and their ability to proceed further into their strategic planning processes.

The Vice-Chair (Mr. Kyle Seeback): That's our time.

Members of the committee, it's five o'clock, but if we do a third round, we'll finish at about 5:25, so I'm going to suggest we do a third round.

For the Conservatives, actually, I'm going to take the round, but I'll make sure the clerk is looking at the clock, so I don't give myself too much extra time.

I want to quickly go back to the sufferance warehouses, because recently I met with the Maritime Group. They said that they're being told that their sufferance warehouses might not be renewed by the CBSA.

So, not only do we need more sufferance warehouses, because they speed the flow of traffic, but we might actually lose the ones we have.

How devastating do you think it would be to the Canadian economy if CBSA said, “We don't have the budget to actually come to do the work at these existing sufferance warehouses?” What effect would that have on the Canadian economy?

Mr. Stephen Laskowski: Well, I guess my message would be to find it in the budget. You need to look at sufferance warehouses as an investment. It's hard infrastructure, sort of, because one could spin it as a private-public partnership. Those sufferance warehouses are created with private money and are set up inland to assist in the movement of the supply chain. There are some similar messages about the struggles with budgets, and they're real. We encourage the minister, through the budgetary process, to find that money. It is not a deal maker when it comes to the overall scheme in a budget.

The Vice-Chair (Mr. Kyle Seeback): Thanks very much.

I want to quickly turn to infrastructure investments. One of the things I've talked about in the committee is that Canada used to be ranked 14th in the world by the World Economic Forum in infrastructure, but we've fallen to 27th. Over that same period of time, the U.S. has gone from 18th up to 10th, and then fell to 12th. U.S. Secretary of Transportation Pete Buttigieg said the fall from 10th to 12th was such a big problem for its transportation infrastructure. In Canada, we've gone from 14th in 2013-14 to 27th recently. We have a massive lack of infrastructure happening in this country right now, and we're a trading nation. Some of that infrastructure, obviously, could be rail infrastructure or other things done by private companies.

What do you need from the government to make the necessary investments in infrastructure, so that we stop this incredible decline that we're seeing in our transport infrastructure, which is critical for trade?

I thought I'd ask the Railway Association first, and then the CFIB, if it wants to comment on that.

Ms. Lora Smith: Investment is what moves supply chains. It's what we need instead of prescriptive regulations. Investment in supply chains also needs to be looked at as a whole. Rail is one link, but, indeed, being able to invest and have a better policy regulatory framework that encourages investment would enable every-thing in the supply chain.

The Vice-Chair (Mr. Kyle Seeback): Do you have a specific policy, though, that would create the environment, so that our rail companies would say they want to make massive investments to expand rail across the country to move goods faster? Is there a specific recommendation you'd have for that?

Ms. Lora Smith: I gave an example in my opening remarks. Interswitching needs to be repealed. When it was used from 2014 to 2017, there was an indication that investment at that time was chilled. When the policy was repealed in 2017, investment rebounded for the railways—\$21.5 billion in the last decade of private money into that network is significant. We would recommend to repeal that policy to encourage investment.

The Vice-Chair (Mr. Kyle Seeback): CFIB, do you have any comments on that?

Mr. Jasmin Gu nette: Very quickly, it's important to encourage investment in rail, road and ports, because our members, small businesses in Canada, use that critical infrastructure to send their

goods to markets and to receive their goods. It's quite important that we have a fluid supply chain infrastructure in the country.

• (1705)

The Vice-Chair (Mr. Kyle Seeback): I want to quickly go back to the type of graphite and critical minerals. One of the other problems in Canada is that we don't get projects approved fast enough, so the supply ends up going somewhere else. I just thought that maybe you could comment on this: When it's done in Canada, how important is it? It's done at the lower greenhouse gas emissions per tonne or per kilogram or whatever. There are great environmental standards and great labour standards. How important is it that we do these projects in Canada as opposed to relying on these projects in other countries, due to those countries' environmental and human rights records, etc.?

Mr. Jamie Deith: The importance is that it's a lot easier to build a value-added ecosystem in Canada if it has its own secure source of supply here in Canada, or at least in countries friendly with Canada. As far as the North American scene goes, there are currently zero graphite mines in the United States. There's only one operating in Canada, and it's kind of on the downslide. There's a whole vacuum here.

If I understood your question regarding permitting, I don't actually perceive that the issues around the speed of permitting are particularly holding us up. Certainly, that is an issue in the United States. It's a little bit less so in Canada. The real issue, I think, is the inability to attract capital to these projects.

The Vice-Chair (Mr. Kyle Seeback): Thanks very much. That's my time.

We'll now turn to Mr. Arya for five minutes.

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

Mr. Simard of the Aluminium Association Canada, what is the approximate installed production capacity of primary aluminum in Canada today?

Mr. Jean Simard: It's 3.2 million tonnes.

Mr. Chandra Arya: What was the installed capacity about 15 to 20 years back in Canada? If I say it was three million tonnes, am I close?

Mr. Jean Simard: Approximately, yes. We've been pretty stable.

Mr. Chandra Arya: Basically, during the last 15 to 20 years, our installed capacity has been fairly the same.

My next question is this: How much of Canada's aluminum exports goes to the Indo-Pacific region?

Mr. Jean Simard: It all depends on the dynamics of the markets, both in Asia—

Mr. Chandra Arya: Approximately, what is the percentage of the production capacity that is exported to the Indo-Pacific region?

Mr. Jean Simard: It must be pretty small these days because China has taken over Asian markets.

Mr. Chandra Arya: Thank you.

Amongst the primary aluminum producers, what percentage of companies in Canada are owned by foreign entities?

Mr. Jean Simard: They all are.

Mr. Chandra Arya: Okay.

Mr. Jean Simard: They're owned by the stock market.

Mr. Chandra Arya: What if I said that because 100% of the companies in the aluminum sector are foreign-owned and Canadian companies are just the branch offices of these multinational corporations, we are not adding capacity in Canada—where we have talent and where we have the natural minerals—and we are not taking advantage of the free trade agreements that we have been signing all over the world?

Mr. Jean Simard: I'm sorry. I totally disagree with your statement.

Mr. Chandra Arya: Then tell me this: What is the fact? The fact is that the installed capacity has not gone up in the last 15 to 20 years. We have talent and technology here, and Canadian companies are all foreign-owned. Because they are all foreign-owned, we have just become the branch office to cater to the North American market.

Mr. Jean Simard: I'm sorry, but no, I totally disagree.

Mr. Chandra Arya: Tell me the facts then.

Mr. Jean Simard: May I answer? Yes, the facts....

We have invested over \$15 billion in the remodernization of the plants in Canada over that same period of time. Over that same period of time, the U.S. went from 14 smelters to three, and Europe has gone down by 60%. Canada now produces 85% of all the metal produced in North America. It produces 45% of all the primary metal produced between Europe and North America. We have a dominant position. The industry has been reinvesting and has been spending in excess of \$4 billion yearly in Canada in local spend. We've been exporting \$12 billion of metal, and we have been generating a lot of wealth locally in Canada.

• (1710)

Mr. Chandra Arya: I'm sorry. My time is limited. How many more workers have been employed by your members during the last 15 to 20 years? How many more workers have been employed?

Mr. Jean Simard: I don't understand the question.

Mr. Chandra Arya: What is the number of people employed today in primary aluminum production?

Mr. Jean Simard: It's approximately 10,000.

Mr. Chandra Arya: What was the number of people employed about 15 or 20 years back?

Mr. Jean Simard: I don't know. I wasn't there.

Mr. Chandra Arya: Okay. Thank you, sir.

Mr. Deith, I am a big supporter of anything connected with minerals and the mines to mobility strategy. I am a big supporter of critical minerals exploration, battery manufacturing and electrical vehicle manufacturing. I have been pressing that we should have mineral processing also, and have been a big and vocal supporter, but I have a problem with what you are saying—that there's a market problem in that there is no connection between the producers and the suppliers.

Your suggestion seems to be that taxpayers take the risk so that your industry can benefit. That's what the critical mineral stabilization reserve means, correct?

Mr. Jamie Deith: No. What I suggest is that the only role for the taxpayers is to establish and then administer essentially a buffer stock system. Actually, the mechanism of it would typically buy more when prices are low and sell more when prices are high—

Mr. Chandra Arya: I'm sorry—

Mr. Jamie Deith: —so that it will actually make money.

Mr. Chandra Arya: No. I am sorry. Government making money in the market mechanism is unheard of. It is always the private sector. I would note that I don't mind the private sector making money.

In Canada, we always claim that we are the mining capital of the world. If we can't generate capital for the critical mining companies in Canada, then where else? Who else can?

Mr. Jamie Deith: Well, China has dedicated enormous amounts of capital toward mining projects. This is part of how they've become dominant in so many minerals. They have been proactive in taking control of resources, not only within China but outside of China.

Mr. Chandra Arya: I understand that China is dominant. They control 70% to 90% of mineral processing. They have acquired mines across the world. I do understand that. That's the reason we are providing incentives for the companies to come up in every single point of the value chain, from mines, with the investment tax credit, to the battery manufacturers, we are providing—

The Vice-Chair (Mr. Kyle Seebach): I have to interrupt. We're 40 seconds over the time. I gave a little bit of latitude.

We'll now move to Mr. Savard-Tremblay for two and a half minutes.

[*Translation*]

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

Mr. Guénette and Mrs. Auger, from the Canadian Federation of Independent Business, I know that you recently surveyed your members on the Canada Border Services Agency's digital assessment and revenue management initiative. You recently presented me with the main findings.

The implementation of this initiative has been officially postponed until next fall. Are you satisfied with that decision?

Mrs. Michelle Auger: Yes. There are still a lot of other concerns about the portal. We'd like to see changes and more flexibility for small businesses, but that will give them time to fully understand the system and the various functions of the portal. We have a bit more time to work with the Canada Border Services Agency and explain to small businesses how the portal works. We have a number of other concerns about it, but that may be the subject of another conversation.

Mr. Simon-Pierre Savard-Tremblay: But we're taking note. How have collaboration and communication gone with the agency since the initiative was launched?

Mrs. Michelle Auger: Communication could be improved. Documents are often given a few days in advance and use language that's difficult for Canadian entrepreneurs to understand. There are also ongoing changes, and the way they're communicated further confuses the situation.

Mr. Simon-Pierre Savard-Tremblay: Do you think the SMEs will be ready by October?

Mrs. Michelle Auger: We hope so. We're doing everything we can to educate our members on the portal and to make sure they're registered. Next week, we'll be holding a webinar to show them how to register, and we'll certainly hold another one over the summer to ensure that the number of businesses that are fulfilling their obligation to sign up for the portal continues to increase.

• (1715)

Mr. Simon-Pierre Savard-Tremblay: So your members certainly wouldn't have been ready for May 13.

Mrs. Michelle Auger: As of May 13, only 25% of our members who are required to register on the portal, because they import, were registered.

Mr. Simon-Pierre Savard-Tremblay: Did you want to say something, Mr. Guénette?

Mr. Jasmin Guénette: I just wanted to add that there are a lot of resources on our website that can help SMEs better navigate this maze.

Mr. Simon-Pierre Savard-Tremblay: I assume I'm out of time, Mr. Chair.

The Vice-Chair (Mr. Kyle Seeback): That's correct.

Mr. Simon-Pierre Savard-Tremblay: That will be all, thank you.

The Vice-Chair (Mr. Kyle Seeback): Thank you.

[*English*]

I will now turn to Mr. Baldinelli for five minutes.

Mr. Tony Baldinelli: Thank you, Chair.

I'm going to go to the Railway Association—

The Vice-Chair (Mr. Kyle Seeback): Excuse me. I'm sorry. I forgot that it's Ms. Blaney turn for two and a half minutes. I apologize.

Ms. Rachel Blaney: I know I'm new, but hopefully I won't be forgotten.

I'm going to come back again to Mr. Deith. It was an interesting exchange we had, and I want to clarify a few things to make sure I understand.

It sounds like the work you did was for 17 years. It seems to me that we can talk about the minerals across Canada, but there's something not working in our system if those opportunities are not coming to fruition.

Can you talk about where you see the gaps? When it comes to capital, what is the blockage in having that capital engaged?

Mr. Jamie Deith: Where capital tends to fall short is the stage that is very capital intensive, which is the construction and ramping-up of a new mining project. There are, as it has been pointed out, plenty of incentive programs and things to find minerals and that sort of thing, but we are generally lacking in programs that help companies make that large capital leap. Typically, that's where mine investment firms come in. Alternatively, when they're desperate, the supply chain itself will help to capitalize projects in order to get the materials they need.

This is not happening in the battery space right now. The main reason is this combination of an existing alternative with a China-centric supply chain and the attendant risks for end-users to be taking risk on individual projects. In turn, this applies to individual projects that have to hope they can find a buyer that will actually live up to those contracts at the end of the day.

Really, what I'm advocating for is a way to eliminate a lot of that friction that gets in the way of capital being deployed for this purpose.

Ms. Rachel Blaney: On that, what I hear a lot, as was mentioned earlier, is that we have multinational companies that come into Canada and make the purchases, and we have a branch of Canadians working instead of having that ownership.

Can you explain what the difference is between having multinationals that keep coming into our communities and actually having local people owning a project that benefits the whole region?

Mr. Jamie Deith: I think it's reasonably safe to say that large multinationals have less of a common interest in our nation than actual domestic, local ownership would have. Having said that, I suppose there's nothing evil about multinational ownership per se.

I think what's preferable, if we can get it, is more domestic ownership and participation.

The Vice-Chair (Mr. Kyle Seeback): Great. Thanks very much.

Now we'll go to Mr. Baldinelli for five minutes.

Mr. Tony Baldinelli: Thank you, Chair.

Again, I'm going to go to Ms. Smith and the Railway Association of Canada.

Trade is critically important in my constituency in the Niagara region. Could you put a number figure on the scale of trade that would be impacted if CN or CP, or both, shut down in this potential labour disruption that's being discussed? For example, what's going to be the impact on passenger rail service?

Ms. Lora Smith: Certainly. The impending dispute is of grave concern. CN and CP are now negotiating. They're in the mediation period. It involves 9,000 conductors and locomotive engineers across Canada.

In addition, at CPKC, it involves 80 rail traffic controllers. That's where the passenger rail gets affected. If the rail traffic controllers are in a labour dispute, the passenger lines that travel on CP's lines will not be able to travel. This will focus mainly on Montreal, Toronto and Vancouver.

• (1720)

Mr. Tony Baldinelli: Would that also impact, for example, in the GTA and the Golden Horseshoe area, Metrolinx, Go Transit and Amtrak trains that cross Niagara Falls to go to Toronto?

Would those also be impacted?

Ms. Lora Smith: If that is CP land, territory or tracks, yes, they would be impacted. Metrolinx owns a portion of its own trackage, but anything that follows on CP's tracks would be affected.

Mr. Tony Baldinelli: My being the shadow critic for tourism, how about the Rocky Mountaineer?

Would that be impacted as well?

Ms. Lora Smith: It would.

Mr. Tony Baldinelli: We're looking at a tourism operation that is struggling to come back because of the COVID pandemic and then the forest fires that have occurred.

Would that be impacted as well?

Ms. Lora Smith: Yes.

In fact, we had Rocky Mountaineer in town yesterday and part of today. They attended our committee meetings, our AGM and our short-line conference. We had great conversations there. They are gravely concerned. Their busy season starts around May 20, which is exactly when the labour unions will have the ability to strike. It's as of May 22.

Mr. Tony Baldinelli: Mr. Laskowski, I'll go to you.

In that whole aspect of labour disruptions. As you're aware, CBSA employees are in the midst of undertaking their strike votes by the end of next week. They're negotiating a contract, which is the previous contract. By the time they conclude it, it will end in 2025 and we'll have to be at this all over again. The last time there were labour disruptions, there were slowdowns at the border. We were talking about five-hour slowdowns at border crossings in Niagara.

Can you tell us the experience that the trucking association had?

Mr. Stephen Laskowski: During labour disruptions, the CBSA and border delays—which can be spotty at times and flowing at times—become a permanent feature. In short, it ends in a lot of frustration on the part of drivers, companies in the supply chain and added costs for everyone.

Mr. Tony Baldinelli: Chair, how much time do I have?

The Vice-Chair (Mr. Kyle Seeback): You have 20 seconds.

Mr. Tony Baldinelli: I just want to ask a question of the Canadian Wood Pallet and Container Association.

Mr. Geffros, you had talked about the relationship or partnership that you had with the CFIA. Is that correct?

Can you explain a little more about that?

Mr. Scott Geffros: Yes, absolutely.

Under international rule, the ISPM 15 program that I alluded to, national plant protection organizations of signatory countries need to have domestic programs in place to ensure the phytosanitary standards of the wood packaging that moves in trade around the world.

About 20 years ago, our organization entered into a contract with two other Canadian organizations and with the CFIA to oversee the inspection portion of this in Canada. We now have somewhere in the neighbourhood of about 470 clients across the country that are engaged in manufacturing wood packaging for export. Our role, acting as an arm of the CFIA, is to ensure that there are quality and processing standards in place that ensure a chain of custody of the wood material back to the source of the heat treatment, which renders that wood safe to make these certified pallets out of.

Ultimately, this entire process ensures that wood packaging is there to be used to move products. It keeps it as the conveyance of choice.

Mr. Tony Baldinelli: Thank you.

The Vice-Chair (Mr. Kyle Seeback): That's it.

We'll go to Mr. Sidhu now for five minutes.

Mr. Maninder Sidhu: Thank you, Mr. Chair.

When you talk about trade corridors and supply chains, our government recognizes that efficient supply chains are important to this country. They are important for growth and for allowing businesses to reach global markets, which is why we invested over \$4 billion in close to 130 projects across the country.

We heard many recommendations from the members here today.

If you can just pick one key priority, what would it be in terms of supply chain bottlenecks?

We can start from the right of the table and move to the left.

Ms. Lora Smith: It would be the repeal of interswitching. Interswitching was tried before and it failed. It led to a chill on investment.

We want to invest more. We want to sustainably grow and support our customers.

Mr. Scott Geffros: I think back to the last question about the phytosanitary standards. When I think about wood packaging, that is the most pressing thing. We need to make sure that our domestic program here is operating in a manner whereby we're moving safe product around the world. We do not have pest interceptions at our foreign borders, which then impacts the ability for our exporters to utilize our products.

I think we need to really be very dedicated here in Canada to ensure that our domestic Canadian heat-treated wood products program is well funded and operating soundly.

• (1725)

Mr. Jasmin Gu nette: From the point of view of our members, we want to ensure that the critical infrastructure is available at all times to ensure goods can be sent and received at any time.

That would be our number one recommendation.

Mr. Stephen Laskowski: From my perspective, whether it's the newly formed supply chain office or CBSA, it comes down to what priorities in budget spending are put on efficiency and trade issues. Too often things come down to money. That's just life, except that these are all investments. Everyone around this committee table—those from industry and the politicians—say that we are a trading nation. We are a trading nation because our forefathers made investments in all of these things. We cannot lose sight of that, so we need to continue to invest and pound the table, around this table, at budget time for both departments and the overall federal budget, so that when it comes to trade—international and domestic—we make that a priority and we make other spending decisions after that.

Mr. Jamie Deith: In terms of bottlenecks, I believe they are interprovincial trade barriers and inconsistencies in regulatory policies across the different regions. Those are probably the biggest barriers to supply chain efficiency.

Mr. Maninder Sidhu: I'll go online.

Mr. Jean Simard: We would say it is to ensure the unhindered flow of goods between Canada and the U.S. These goods are essential for a lot of reasons, as they keep people working all around the country, so we have to make sure that we lessen the administrative burden and at the same time protect access to markets without undue occupation or stoppage of the infrastructure.

Mr. Maninder Sidhu: Thank you for that.

Mr. Deith, you mentioned capital in Canada and critical minerals.

A few weeks ago, I was in Yukon, in Whitehorse, and we came across many country representatives who were there talking about capital investors in their country wanting to come to Canada to in-

vest in this important space because we're building out an EV supply chain ecosystem, as you know. There are billions of dollars in investments coming to this country. A couple of weeks ago Honda announced a \$15-billion investment by Japan, which is building out four plants, with 4,000 more jobs coming to our country.

Canada is the only country in the western hemisphere that has every component that can go into a battery, so many countries globally are interested in what we have here. When you talk about capital, which countries do you see the most interest from?

Mr. Jamie Deith: The capital intensity has actually been reasonably good at the level of what we might call the "downstream building" of plants and some of the midstream manufacturing facilities that feed those plants. By the time you get two or three steps up the supply chain to where the minerals actually come out of the ground, that's where there has been a severe lack of capital. Personally I think that's going to bite us, because it takes a long time for a mineral project to get going, and it takes a lot less time to build a battery plant than to build a mine, so we're going to be building battery plants without having anything to feed them.

As far as interest from other countries is concerned, my experience actually has been that we have had the most serious interest from Chinese investors, and that lasted only a certain amount of time. I hate to say that they were the leaders in terms of interest in investing in mining projects in Canada, but I suppose they had the experience and they decided that it made sense for them to continue doing that.

A lot of these minerals have no huge player, such as might exist in gold or copper production or something like that. There's really no giant source of international, multinational capital that is likely to come in and start the ball rolling as far as these things are concerned. So if you want to talk about why there's a bit of a vacuum in capital, those are some of the contributing factors.

• (1730)

The Vice-Chair (Mr. Kyle Seeback): That's definitely time. I'm having so much fun that we could do another round until six o'clock, but I'm not going to see the will in the room.

I have just a couple of reminders for the committee. On May 21, the committee will begin the seafood import study. We'll continue it on the 23rd. As a final reminder, the witness deadline for that study is Tuesday, May 14 at noon.

Thanks to all of our witnesses for coming today. You provided us with a lot of valuable information.

With that, I am going to adjourn the meeting.

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