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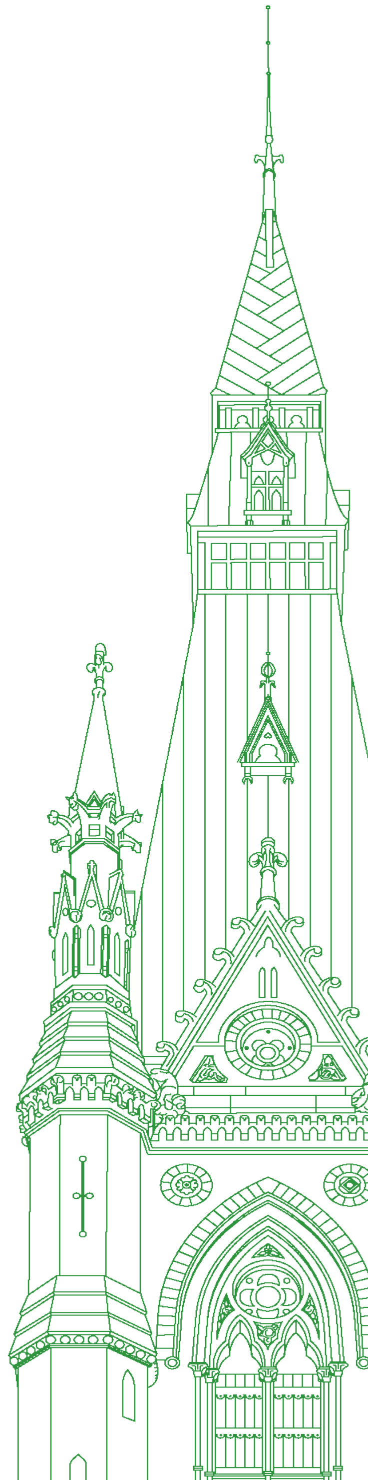

Chair: The Honourable Judy A. Sgro

Standing Committee on International Trade

Tuesday, February 25, 2020

● (1530)

[*English*]

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

Pursuant to the order of reference of Thursday, February 6, 2020, we are studying Bill C-4, an act to implement the agreement between Canada, the United States of America and the United Mexican States.

Welcome to our fourth session.

The witnesses with us this afternoon for this panel are, from Dajcor Aluminum, Mike Kilby, president and chief executive officer, by video conference from Chatham, Ontario.

From KTG Public Affairs, we have Brian Topp.

From Syndicat National des Employés de l'Aluminium d'Arvida Unifor-Local 1937, we have Donat Pearson, president, and Éric Gilbert, vice-president.

Monsieur Pearson, I will turn the floor over to you.

[*Translation*]

Mr. Donat Pearson (President, Syndicat National des Employés de l'Aluminium d'Arvida Unifor - Local 1937): Good afternoon, everyone.

The Syndicat national des employés de l'aluminium d'Arvida was founded in 1937. The first primary aluminum production facilities were constructed in Arvida after the First World War, around 1926.

Currently, our union is made up of nine certified units. They are: the Complexe Jonquière—hourly and office workers, the Arvida Research and Development Centre, the Laterrière plant—hourly and office workers, the spent pot lining treatment plant, Transport Ferroviaire RS Alma, the Petits Lingots Saguenay plant, and the Énergie Électrique Sud section. Our organization represents around 1,500 active workers and more than 4,000 retirees.

Since 2006, a lot has been done, including the implementation of a new business model—the use of subcontracting—taking over the new salary-funded retirement plan and the drug insurance program for active and retired employees, in order to maintain activity at the Centre Électrolyse Ouest, and to provide a transition to the AP-60 pilot plant. That project currently has 38 pots, from a possible 200 pots and more.

The lack of protection for Canadian aluminum in the Canada—United States—Mexico Agreement, or CUSMA, is putting into jeopardy the expansion projects for phases 2 and 3 of the new AP-60 technologies.

We know that Mexico produces no primary aluminum. However, nothing prevents them from buying aluminum from countries like China, Russia, and so on, at a low price and then flooding the American market, our principal importer. About 85% of Saguenay—Lac-Saint-Jean's aluminum production is exported to the United States, a large part of which goes to the automotive industry.

I now want to talk about the impact of the agreement on the workforce.

The Centre Électrolyse Ouest will have no operating permit after 2025 and is scheduled to be closed in the coming years. All the projects that are put on ice will affect several hundred direct and indirect jobs providing good working conditions. The direct and indirect impact on jobs affects workers from Rio Tinto, subcontractors, construction workers, local suppliers and regional equipment suppliers.

Any phases of the projects that Rio Tinto does not bring to completion have a number of impacts on the workforce.

● (1535)

Mr. Éric Gilbert (Vice-President, Syndicat National des Employés de l'Aluminium d'Arvida Unifor - Local 1937): According to a study commissioned by our union, the city of Saguenay, the city of Alma, the Syndicat des travailleurs de l'aluminium d'Alma, and the Aluminum Valley Society, creating and maintaining jobs is very important, if you refer to the table. We can come back to the table later to explain what it shows.

In 2024, the year halfway between 2020 and 2029, we can see that the operations of phase 2 and 3 of the AP-60 plant in Jonquière, not considering the possible closure of the Arvida plant—the old plant—will generate, across Quebec, a total of 600 direct jobs in plant activities, 580 indirect jobs with suppliers and 326 induced jobs at the consumption end, for a combined total of 1,506 jobs in person-years, and $505.1 million in new expenditures in the Quebec economy in 2024.

The average annual salary is $81,125 for direct jobs, $62,953 for indirect jobs and $40,828 for induced jobs, for a total payroll of $98.5 million in 2024 or an average salary per job generated of $65,404 per year.

In closing, ratifying this agreement with no protection for the aluminum sector will have major negative impacts on our workers.

Our expertise in aluminum, the greenest in the world because of its low carbon footprint, as well as our research and development centres, are major assets that need to be protected.

For all those reasons, we are asking the Government of Canada, as well as the opposition parties, to establish a traceability mechanism for aluminum produced and cast in North America. The steel industry must be protected in a similar way to the steel industry.

[*English*]

The Chair: Thanks very much, both of you, for that very quick presentation. It gives us more time for questions from the members.

We'll stay on aluminum for a minute and go to Mike Kilby, president and chief executive officer of Dajcor Aluminum.

Go ahead, Mr. Kilby.

Mr. Mike Kilby (President and Chief Executive Officer, Dajcor Aluminum): Thank you, committee members, for allowing me to attend remotely. This accommodation is much appreciated.

The brief I've submitted has to do with the elimination of the 70% North American-sourced aluminum content for the automotive industry.

In my industry of aluminum extrusion, China has shown an unrelenting desire to dump aluminum extrusion into the United States market and the Canadian market. The European Union initiated its own anti-dumping investigation in February 2020. Both Canada and the U.S. have anti-dumping and countervailing duties in place to stop this dumping.

Mexico is a non-producer of aluminum. Mexico does not have aluminum extrusion anti-dumping duties with China. Therefore, Mexico doesn't have an inherent interest in seeing the aluminum content not being sourced in North America.

The automotive market is the largest and fastest-growing market for aluminum extrusions as well. Aluminum sheet and castings are also impacted, as is raw aluminum, as you've just heard from the previous witnesses.

Several events of tariff circumvention by China have been discovered and stopped through our industry association, the Aluminum Extruders Council, a U.S.-based association that most extruders in North America belong to. There are more in process.

The elimination of the 70% aluminum content requirement for autos will open up a very big back door for those Chinese extrusions to enter the U.S. and Canadian markets and will directly impact jobs in the extrusion manufacturing, parts manufacturing and primary metal-producing industries in Canada and the U.S.A.

That's all I have in my notes. The rest is contained in my brief.

● (1540)

The Chair: All right. Thank you very much.

Mr. Topp, of KTG Public Affairs, it's good to see you. The floor is yours.

Mr. Brian Topp (Partner, KTG Public Affairs): It's good to see you.

Let me begin by thanking you, Madam Chair and members of the committee, for inviting me here today. My bet is that I was invited to come and talk to you because I was serving on the minister's advisory committee on this matter with a bunch of others. Let me also begin by telling you that I had quite an interesting ringside seat in these negotiations. That being so, it's quite a pleasure to see that you all get to join me in all this fun and decode these issues and address them in the public interest. I'm grateful for this opportunity to share a few reflections and, if I may, offer the committee one piece of advice.

I have two opening compliments. My first compliment is to say that I really do think, having watched these negotiations, that Canada was extremely well served by its negotiating team. They deserve to be thanked for their work. Canada, in my view, had the most experienced and thoughtful and prepared and competent set of officials at the table. I'd say our officials had the important comparative advantage of being rationally led. If I can say this across the partisan fence, Minister Freeland did an excellent job in her role and thoroughly earned her recent promotion. It was a pleasure to watch her work.

My second opening compliment is to my own tribe's trade critic, the honourable Daniel Blaikie from Elmwood—Transcona, who is apparently talking in the House right now. Last week's agreement between the NDP opposition and the government over ratification was another nice piece of bargaining, in my view, but it's also something else. It's an example, which I hope you're all watching, of how empowered, well-informed and responsible members of Parliament can take advantage of their leverage during periods of minority government to open the windows and turn on the lights in this place and renew accountability and transparency and democratic debate; nicely done.

About this agreement, I recommend that this committee refer USMCA, the son of NAFTA, to the House of Commons for ratification. I recommend this for three reasons. First, I think this agreement should be ratified because it captures an extraordinary moment in history. It's an extraordinary moment when the President of the United States, the Senate of the United States, the House of Representatives of the United States, the Republican Party and the Democratic Party all agree that cheap-labour-seeking, race-to-the-bottom trade agreements have gravely hurt American workers, have therefore gravely hurt the United States, and are therefore bad ideas that need to be fixed.

That's a true revolution in world trade after decades in which American governments of all hues set the tone around the world by pursuing a very different agenda. They aggressively pursued rules that drove the offshoring of North American jobs for the purpose of capturing low wages and standards overseas, driving down incomes, pensions and terms of work here in North America. In lieu of that, here we have a trade agreement, much improved by the U.S. House of Representatives, that takes some first steps towards raising standards, raising incomes and improving access to unionization and free collective bargaining. It actually intends to enforce these steps. That, I submit, is something that we should grab. It is something that we should build on.

Second, in my view, this agreement should be ratified because it frees Canada from chapter 11 of NAFTA. This committee is familiar with the arguments. I won't rehearse them here, but let's keep this point clearly in view. The public interest in achieving this is hard to overstate. Our sovereignty was in some respects fundamentally undermined by this now quietly buried investor-state dispute settlement mechanism. I don't think Canadian exporters to the United States are going to miss it much, given how much leverage the United States government could bring to bear against Canadian companies who tried to use it south of the border. I'll return to this point about leverage in my one piece of advice to you.

Third, in my view, this agreement should be ratified because it abolishes the proportionality clause in the energy chapter. This clause was one of the principal American gains from the original free trade agreement and from NAFTA. It was a highly problematic constraint on Canadian sovereignty that Mexico exempted itself in NAFTA, and we're well shot of it. That said, the quiet death of the energy proportionality clause, and the fact that our American partners don't value it anymore and have quietly let it die, says something important about the underlying realities of Canada-U.S. trade. That gets us to my piece of advice for you.

● (1545)

I strongly advise you to say the following to your colleagues in Parliament, in addition to recommending ratification: If there's any lesson in this whole USMCA story, a renegotiation that Canada didn't go looking for, it's this. We are far, far too dependent on trade with the United States, nowhere more so than our energy trade, which our American partners felt they no longer had an interest in guaranteeing.

We, therefore, have dangerously little leverage when the random clock-spins of politics south of the border put our economy at risk. Thus, we must, as a matter of urgent and pressing necessity, aggressively and systematically invest in our new trade agreements with the EU and with the Asia-Pacific, backed up by a real, coherent plan that weaves the federal government, the provinces and territories and the private sector together in joint effort, and pursued with determination for many years to come, even when it's not fashionable.

We need better leverage. We need to re-empower ourselves in North America by growing and deepening our trade relationships with partners outside North America.

We got lucky this round. The target was Mexico. Then we got doubly lucky. Amazingly, the goal was to leverage up instead of leverage down. However, counting on luck isn't a wise strategy for any country. Having bought some time, we shouldn't go to sleep because what just happened with the USMCA wasn't just a bullet that we skilfully dodged and that Parliament can quietly celebrate by quietly ratifying this agreement. It was a big wake-up call.

Thank you.

The Chair: Thank you all very much.

We will go to our members.

Mr. Martel.

[*Translation*]

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

My thanks to the witnesses who are with us today.

Traceability is very important. We are well aware of that and we would like it to be a little more robust.

My question goes to the two witnesses from my region.

In your opinion, is it because of CUSMA that $6 billion in investments in Quebec are compromised?

Mr. Donat Pearson: In part. Rio Tinto is waiting to see whether it will be possible to open the market and to take advantage of the increase anticipated in the coming years. When it comes to increasing primary production in Saguenay—Lac-Saint-Jean, the employer is quite guarded about whether the impact will be limited, or whether it is because of the fear of what is often called the commitment to foreign markets.

Mr. Richard Martel: China has produced more aluminum in the last 10 years than Canada has in 100 years. What could secure our place in the global market for aluminum?

Mr. Donat Pearson: In Saguenay—Lac-Saint-Jean, we are developing the Elysis zero-carbon technology. We use green energy to produce aluminum and we emit no greenhouse gases. The use of AP-60 technology with the Elysis project will set us apart and allow us to produce the best aluminum in the world.

Mr. Richard Martel: Is it possible to deal with Mexico and the United States by highlighting the fact that our aluminum is greener than that from elsewhere? Is it possible to have an North American policy requiring the purchase of more aluminum produced in Canada, given that it is greener than that from elsewhere?

Mr. Donat Pearson: In an ideal world, it would be possible. The agreements could give preference to green aluminum in the North American market. Yes, indeed, that would be ideal. Everything is possible if we can come to an agreement, but Rio Tinto will have to want to abide by it.

Mr. Richard Martel: We believe that is possible to ensure that aluminum is traceable on the North American continent. Do you believe that as well?

Mr. Éric Gilbert: Yes, it is possible. If the production of aluminum goods is increasing in the United States and aluminum production in Canada is not increasing, it is because of an imbalance somewhere.

● (1550)

Mr. Richard Martel: For you, what does more robust traceability mean?

Mr. Donat Pearson: To start with, if the primary metal is smelted and cast in North America, either in Canada, the United States or Mexico, it is easy to know where it comes from and where it is processed, using the standards of the Aluminum Stewardship Initiative, the ASI, of which Rio Tinto is a part. That ensures the quality of the aluminum all along the production chain, from bauxite to alumina, right to the customers.

Mr. Éric Gilbert: In our region, each aluminum part we make is marked. It is easy to trace our aluminum. This is an easy mechanism to implement, and it just needs a little will on the part of governments.

Mr. Richard Martel: So we have traceability here.

How about other countries?

Mr. Donat Pearson: That is more difficult.

Mr. Richard Martel: Okay.

That is all for me.

[*English*]

The Chair: Thank you very much.

Mr. Arya.

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

Mr. Topp, you said exactly what is quite obvious, but nobody wants to acknowledge that we are too dependent on the U.S.

I come from a business background. In business the fundamental thing is that we have to survive to grow, and we have to grow to survive.

The noise that we heard during the negotiations was from the sectors that just want to survive with this market alone, the automotive sector, the steel sector, the aluminum sector.

Let's take aluminum. Our friends are from the aluminum industry. No new additional capacity has been set up. No new smelters have been set up in Canada for the last 15 years. If my numbers are correct, 90% of aluminum exports go to just North American markets.

I spoke to the Aluminum Association when they were here as witnesses. I don't see any one of them even contemplating using the strength of the North American market, which is basically a captive market for them, as a centre to export to other parts of the world. That I did not hear.

In the steel sector 20 years back, the production was around 16 million or 17 million tonnes. Today it's around 15 million or 16 million tonnes.

Let's go beyond the aluminum and steel sectors. The trade between Canada and the U.S. during the last, say, seven years, is basically the same at around $320 billion of exports. Even today it is around the same, maybe $322 billion. The imports from the U.S. are still around the same, around $290 billion.

The market is there. It is a big market by any standards, but this market is not growing, and our industry is not even surviving. If you ask me, it is contracting. I did ask the Canadian Manufacturers & Exporters president if the manufacturing sector is a sunset industry here. Obviously he said no.

With your background, the political background and the background in administration, and you have been involved with this, and you know different sectors, I want to know if there is any sector in the Canadian economy that you can see that can increase investment and increase capacity to take on other markets in the world using this argument as the strength.

Mr. Brian Topp: Thank you for the question.

Sitting as I am on a panel with a CEO from an aluminum company and with colleagues from the trade union movement for the aluminum company, you will understand if I will not comment on the aluminum industry and maybe let them do so, since they know their business.

Maybe I can offer you a few thoughts to begin with by talking about a sector I got to know fairly well recently, which is the Canadian energy sector. Just to underline my point, bearing in mind that energy is our largest export, you would really have to work hard to be more dangerously dependent on one market than we are in the Canadian energy sector on the United States.

The province got to live this when it was dealing with the consequences of carrying capacity shortages and had to go through a round of curtailment a year ago to deal with a grotesque discounting of Canadian energy in the United States market, because basically they could. They had a monopoly control over our supply and could basically state the price. Canada had to turn down its exports to tighten up the market and try to deal with a brutal price shock.

Just quickly to wrap up, what we saw in these negotiations was, with that kind of monopoly control over that big chunk of our export markets, the Americans don't care about it anymore. The reason they don't care enough about it to have a finger on it in these trade agreements is that they are now net exporters and are our principal competitors.

Our commodity exports, like energy, which is what the economy is built on, are obviously where we begin this discussion of trade diversification. Right now we are hard-wired to export even raw commodities to only one market with the consequences we can see, including the price shock in our largest commodity. We have to address that and, of course the Government of Canada is doing that with the Trans Mountain pipeline and taking other measures—

● (1555)

The Chair: You have one minute left.

Mr. Brian Topp: I'm just about done.

The question then is the commodity exports aren't good enough. We're going to the world of electric vehicles. We're going to the world where services matter more.

My point is you have to work relentlessly to build them outside the United States or you're going to pay the price we almost did here.

Mr. Chandra Arya: Sorry to cut you off.

The Chair: You have 40 seconds remaining.

Mr. Chandra Arya: Okay. I may not be able to ask questions. Maybe I just have to correct something. I said almost everybody who came here was just talking the survival game. The only positive note I heard was from the Chemistry Industry Association that forecast a possible $25-billion industry.

As you know, the chemistry industry is mostly adding value to the raw materials we have. I was quite surprised that they are even—I thought the basic polymer industry, the petrochemical industry, have no more here, but they are increasing capacity there.

Madam Chair, I know I am out of time, so thank you.

The Chair: Thank you very much.

Mr. Savard-Tremblay.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): My thanks to all the witnesses.

My question goes to Mr. Pearson and Mr. Gilbert, from local 1937 of the Syndicat national des employés de l'aluminium d'Arvida Unifor.

From what I understand, you are establishing a link between the provisions of the agreement and the sword of Damocles that may well be threatening a truly successful expansion of the aluminum plants. You are linking the two, if I understand correctly.

Mr. Éric Gilbert: Yes.

Mr. Simon-Pierre Savard-Tremblay: When Mr. Simard was here with us, he denied that there was a link. He said that actually one of the issues was the price of the metal. I recall asking him at the time whether it would not be preferable to copy the provisions on steel exactly into the provisions on aluminum. He was in agreement.

I feel that everyone recognizes that the provisions are not the same. However, when we debated this issue, we often heard that there is a protection in the form of the requirement that 70% of the materials used be from a North American source. Given that you deal with this every day, I feel that you fully understand the difference between parts and smelted and cast aluminum. We have been told, however, that there was nothing at all in NAFTA.

How do you react to that argument?

Mr. Donat Pearson: It would be difficult to say that there are no repercussions. Mr. Simard represents all the producers. So he represents the bosses. As Rio Tinto is a conglomerate, aluminum is not its only product. It has others elsewhere in the world. Aluminum represents only a tiny part of its global trade. If that conglomerate doesn't make a profit in one area, they make one in others. Steel or aluminum doesn't matter; they handle both.

We believe that there is a correlation. In NAFTA, it was described more or less like it is currently. The present conditions are helpful, but we need protection against Chinese or Russian dumping caused when products come in after secondary processing in Mexico. That is what is hurting us at the moment.

I represent one of the plants; it's called Petits Lingots Saguenay. We produce small, 25-kg ingots for the automotive market, and used for light alloy products. Our plants are directly affected by the dumping in Mexico. Often, our production goes down because the dumping has a direct impact on us. Some minimal protection allowing us to prevent those imports would certainly help us.

I am not defending Rio Tinto, but I would say that we have no choice but to comply with the rules established between Canada and the United States. However, as the other party is not complying with those rules, it is difficult to be completely satisfied with how the current agreement is working at the moment.

● (1600)

Mr. Simon-Pierre Savard-Tremblay: You also talked about the environmental value of your aluminum, which is moving towards carbon neutrality. Has that already happened or is it in the process of happening?

Mr. Éric Gilbert: The current phase is happening in Arvida at the Complexe Jonquière plant. Prototypes are presently being installed. A pilot project already has pots in operation. Of course, establishing a product like that at industrial scale is going to take a number of years. We are moving towards that at the moment. The aluminum produced by hydroelectric energy is certainly green aluminum. But if I use anodes as an example, which are manufactured carbon neutrally, that aluminum is the greenest you can get.

Mr. Simon-Pierre Savard-Tremblay: By comparison, Chinese aluminum is produced in conditions that are not at all acceptable environmentally. It is said that it may be produced using coal.

Have you heard those rumours?

Mr. Éric Gilbert: Yes.

There are studies on it, but I could not confirm it. We produce two tons of CO_2 for each ton of aluminum we produce, whereas in China, it's 18 tons of CO_2 per ton of aluminum. So that is eight or nine times more than we produce.

Mr. Simon-Pierre Savard-Tremblay: That's not the same quality at all.

Mr. Éric Gilbert: No.

These are not publicly traded companies that produce aluminum in China or Russia; these companies are subsidized by the government. The goal is to make people work.

Mr. Simon-Pierre Savard-Tremblay: In a period of climate change, I imagine that there will be a trend towards cars with lighter and lighter parts.

Mr. Éric Gilbert: That's right.

Mr. Simon-Pierre Savard-Tremblay: So we can say that the aluminum produced in your area could eventually become a big industry that could develop its reach.

Mr. Éric Gilbert: Yes.

In addition, 85% or 90% of the aluminum we produce is value-added. Alloys are already integrated into the manufacturing process. For example, an aluminum door frame does not have the same alloy as a car door support. It's all relative in terms of the ingredients that are included. These are special and secret recipes. What is special about our region is the production of value-added aluminum.

[*English*]

The Chair: Thank you very much Mr. Savard-Tremblay.

Mr. Boulerice, go ahead for six minutes.

[*Translation*]

Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP): Thank you, Madam Chair.

Thank you to our guests for being here with us today.

Mr. Pearson and Mr. Gilbert, we were talking about more robust traceability rules that are included in the processes used in your plants.

What do you think the federal government could do to improve traceability measures for China and Mexico starting today?

We say we want to, but is it realistic to negotiate this on a piecemeal basis?

Mr. Éric Gilbert: We're a long way from the Mexican border, so it's difficult for us to monitor that. Basically, we have to go through the United States, and it's up to them to accommodate us. Otherwise, we could jointly set up an audit system and use auditors.

Mr. Alexandre Boulerice: Are you asking the federal government to begin discussions with our American neighbours on this issue?

Mr. Éric Gilbert: I hope they've already started.

Mr. Alexandre Boulerice: The message is out, gentlemen across the table.

Mr. Topp, my next question is for you. I want to tell you that I too am delighted that chapter 11 has disappeared. Several years ago now, I often demonstrated in the streets to denounce this chapter, which was in fact a charter of rights for big business.

Several months ago, a meeting was held in Montreal with a U.S. Senate committee, the Ways and Means Committee. Members of this committee began talking about the importance of improving the working conditions of Mexican workers. I was puzzled because I thought they were going to talk about American workers. However, the Americans had understood that they could not keep good jobs in the United States if they did not improve the working conditions and wages of Mexican workers.

There's a first in the new agreement. There seems to be an agreement to set up a mechanism for complaints, monitoring and possibly sanctions if rights, including trade union rights or free collective bargaining rights, are violated in Mexico.

What have you found in your experience with this group? How confident are you in its effectiveness?

● (1605)

Mr. Brian Topp: We'll see.

It's certainly a good start. We can say that we have an ally on this issue, and that ally is the Mexican government. Let's remember that the President of Mexico was the socialist candidate. We find ourselves in an interesting and new period, because Mexico has a government that wants to work for workers' rights. In a certain sense, there was a convergence of very good factors for the workers of Mexico, and therefore for the workers of Canada and the United States.

The Mexican government has changed its priorities. In a way, we're helping that government with this deal. We're telling them that we're supporting them in the cause for which they were elected. It is not going to be easy. Mexico's history is brutal.

Mr. Alexandre Boulerice: Yes.

Mr. Brian Topp: As we all know, there are famous and well-known causes in the metalworking world and elsewhere. It's only a beginning, but it's a good beginning and a good alliance. As I said earlier, it's also a huge shift in priorities and form. So, for that reason, I say it's a good start.

Mr. Alexandre Boulerice: Fine.

If time permits, I'd like to hear from everybody.

Traditionally, when there are trade agreements like this, the federal governments consult and receive people. Then all that information goes into a kind of magic box and disappears. You don't hear about it again until the end.

Do you think the federal government should set the objectives for new negotiations for these agreements? What do we want to achieve? Where do we draw a red line to say that we don't want to sacrifice the supply management system, for example?

Afterwards, there would be a process of going back and forth with stakeholders, industry and unions so that everyone is aware and there are no nasty surprises at the end.

Mr. Brian Topp: If I am not mistaken, this proposal came from the NDP caucus, which said that we needed a new process. I believe I saw a letter of agreement between the government and the caucus that talks about these issues.

As I said, it is obvious that we should have, at least, the same openness and transparency as in the United States and Mexico on this issue. So, if there are any good things to come out of this process in a minority government, in Canada, it's that we're going to agree on what the future process or the new agreement will be.

Mr. Alexandre Boulerice: Does anyone else want to comment on the transparency of the negotiation process for the Canadian and Quebec public?

[*English*]

The Chair: Could we have a short answer?

Mr. Mike Kilby: Am I able to chime in?

The Chair: Yes, sir. Go right ahead.

Mr. Mike Kilby: My manufacturing business uses the very raw product that my colleagues from Quebec produce. I produce parts from that which are fed up into tier one manufacturers that end up in the OEM automobiles that we all drive. I am the market for that raw product that is produced in Quebec.

I can tell you unequivocally that to protect our industry and to advance the interests of our aluminum industry in Canada, we need to close the back door with Mexico. I know this is a narrow subject for me to advance, but it has been a long, hard-fought and hard-won battle to get anti-dumping and countervailing duties on Chinese metal entering Canada and the United States. Both countries have anti-dumping and countervailing duties in place for a reason. Our industries were almost wiped off the face of North America in 2009-10.

The Chair: I'm sorry, sir. I have to interrupt. I'm sure one of the other members will be asking you further questions, and you can tie that in.

The members get only five or six minutes each, so it's difficult to get the questions and answers all done.

Mr. Kram.

● (1610)

Mr. Michael Kram (Regina—Wascana, CPC): Thank you, Madam Chair.

Because we are joined by Mr. Gilbert and so many representatives from the aluminum sector, I'm going to be sharing my time with Mr. Martel.

[*Translation*]

Mr. Richard Martel: Thank you.

I would like to know the differences between the old NAFTA and the CUSMA, because you say that the CUSMA compromises investment. I would like to know why.

Mr. Éric Gilbert: Surely a company that loses production or sales capacity to an unfair competitor—

Mr. Richard Martel: I want to know the differences between NAFTA and the CUSMA in its current form.

Mr. Éric Gilbert: At the time NAFTA was concluded, almost 25 or 30 years ago, aluminum production in Russia and China was not the same as it is today, as was mentioned earlier. They are the ones who have been trying to corner the aluminum market for the last 15 or 20 years.

We can't compare NAFTA and CUSMA because, in reality, this is a redesign of NAFTA. We find that there is no protection for aluminum. The provision related to the 70% requirement does not prevent Mexico from moving aluminum through the United States.

Basically, we're here as employee union representatives to say that we want to keep our jobs in this area. We want to produce aluminum and we want to grow our business. We need the AP-60 plant to expand and continue to promote green aluminum and traceability. That's what will make our aluminum production strong, regionally, nationally and provincially.

Mr. Richard Martel: Do you believe that the CUSMA poses a danger to your workers?

Mr. Donat Pearson: Yes, because we see that the employer is reluctant to send more metal to the market. We also see other companies moving small ingots through Mexico, where they sell for $150 a tonne cheaper than what we produce. It's still pretty hard to compete when there are no anti-dumping measures in place.

Mr. Richard Martel: Finally, I would like to ask you one last question. Between the position of the president of the Syndicat des travailleurs de l'aluminium d'Alma, Mr. Sylvain Maltais, who is not at all reassured by the CUSMA, and that of the president of the Syndicat national des employés de l'aluminium de Baie-Comeau, Mr. Michel Desbiens, who says he is concerned, but not necessarily worried, where does your union stand?

Mr. Donat Pearson: I don't want to speak for Mr. Maltais, but when we came here three or four weeks ago, the United Steelworkers were opposed to the ratification of the agreement. As for Mr. Desbiens, you're quoting his opinion, but I'm not able to speak for him either.

We, on the other hand, are not against ratification of the agreement. We know it has to be done, but it should include some protection for aluminum.

Mr. Richard Martel: Thank you.

[*English*]

Mr. Michael Kram: How are we for time, Madam Chair?

The Chair: You have a minute and a half.

Mr. Michael Kram: Okay, very good.

Mr. Topp, you talked about Canada's dependence on exports to the United States. The United States is the only country that shares a border with us. What can we do in the long term to reduce our dependence on exports to the United States?

Mr. Brian Topp: Not only are they our only border, but with regard to our commodity exports, all our infrastructure is built to go there. We would be wise to diversity our infrastructure so that we can get to foreign markets, especially the Pacific one.

You know, a couple of weekends ago I was in Texas. I popped down to Austin to check it out. I was in the Government of Alberta for a while, and we took a close look at what happened in Texas. They were pretty smart there. After the 1986 oil shock, they told themselves essentially what I'm saying here, which is that we need to diversify and we need more markets. What's that about? It's about the federal government and provinces and industry, perhaps led by banks, deciding that we're going to systematically exploit both commodity and value-added markets in Asia-Pacific and in Europe, in a circumstance in which this negotiation has taught us how dangerously dependent we are on that market, and how little leverage and consequence we have. It's the second point that's really my point.

This trade relationship is governed by this agreement. Hopefully it's going to continue to be governed for some time, and we have precious little leverage here, because we really don't have any other significant markets to rely on. We must remedy that.

● (1615)

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

Mr. Lauzon.

[*Translation*]

Mr. Stéphane Lauzon (Argenteuil—La Petite-Nation, Lib.): I thank each of you for being present and for giving us such relevant information.

My next question is for Mr. Pearson and Mr. Gilbert.

Do you know what the approximate current production capacity of the Rio Tinto plant is?

Mr. Éric Gilbert: The old Arvida plant produces about 175,000 tonnes. When I talk about the old plant, I'm talking about the old potrooms.

Mr. Stéphane Lauzon: What is its capacity?

Mr. Éric Gilbert: That is its maximum capacity.

Mr. Stéphane Lauzon: So you're running at full capacity.

Mr. Éric Gilbert: As far as the old potrooms go, yes.

The 38-tank AP-60 pilot plant produces approximately 65,000 tonnes per year. If we ever have a phase 2 and a phase 3, it will have a capacity of over 500,000 tonnes.

Mr. Stéphane Lauzon: Let's just stick to the current phase. Regardless of the other projects, you're operating at full capacity right now, aren't you?

Mr. Éric Gilbert: Yes.

Mr. Donat Pearson: This is the Arvida factory. The Laterrière plant produces 260,000 tonnes per year, the Grande-Baie plant produces 235,000 tonnes per year, and the Alma plant produces 450,000 tonnes per year. This gives a total production of nearly 1.3 million tonnes per year in the Saguenay-Lac-Saint-Jean region.

Mr. Stéphane Lauzon: So your facilities are running at full capacity right now. Is that correct?

Mr. Donat Pearson: Yes. All the plants are running at full capacity.

Mr. Stéphane Lauzon: They are running at full capacity, shutdowns are made, repairs are made and production is resumed at full capacity.

Mr. Éric Gilbert: I don't want to interrupt you, but let's not forget that we're past the shelf life of the old prebake potrooms.

Mr. Stéphane Lauzon: Yes. We've discussed the equipment with your employer. You know that there are budgets for transformation, especially since you have made a green shift. There are already funds that are earmarked to help the industry. In addition, for a number of years, you have had assistance to maintain your business. The government has injected a lot of money into your company for maintenance.

Mr. Éric Gilbert: That's right, Mr. Lauzon.

Mr. Stéphane Lauzon: I've been wondering about something.

You said that for 10 years, in the last few years, the plant has been operating at full capacity. Now you're telling me that Rio Tinto is still at risk of losing jobs as a result of this agreement, and not developing further.

Those are two things you said, that ratification of this agreement will result in job losses and a drop in development.

Is that right?

Mr. Éric Gilbert: If we lose orders, it will have to come to that.

Mr. Stéphane Lauzon: If there hasn't been any ratification of an agreement like the CUSMA requiring 70% secondary processing of auto parts for 10 years, and if it was going well even though China was in the market—China was experiencing full growth about 10 years ago, and it peaked six years ago—how can you now expect to lose market share when the plants are operating at full capacity? In fact, your employer says that expansion is not being hindered at this time by the signing of the agreement, but rather that globalization and world market prices are changing the market. He made that clear to the committee.

How can you predict job losses and that things will go wrong when you are operating at full capacity?

Mr. Donat Pearson: You know that Rio Tinto is a very big company, managing billions of dollars. On our side, we see that the equipment is aging. We are very attentive and we follow very closely what is happening on the order side. There are certain technologies that are aging and there are frequent breakdowns.

When we are unable to supply our customers, what do they do? They look elsewhere for what they need. We lose customers over time anyway. Rio Tinto still manages to gain market share by diversifying. We're not against that.

Mr. Stéphane Lauzon: I understand what you're telling me, but the customers are there. In a company, it's normal to lose customers and it's normal to gain new ones.

What I'm saying is that the plants are currently operating at full capacity. It can't get any better, except that there's no investment. The owners told us flat out that it was globalization that was causing the investments not to be made.

I want to get back to the quality of your product.

Mr. Donat Pearson: Yes.

[*English*]

The Chair: Monsieur Lauzon, you have 30 seconds.

[*Translation*]

Mr. Stéphane Lauzon: I'm a metallurgist by trade. I worked in the field of metallurgy for 21 years and I can tell you that the company that employs you has always been recognized. The person who taught in my department came directly from you.

The alloys you make stand out. It's the strength of your business. The company will always stand out.

● (1620)

Mr. Donat Pearson: Indeed.

Mr. Stéphane Lauzon: How can the poor-quality aluminum produced in China take the place of your product when your plants comply with environmental standards, for example?

Mr. Éric Gilbert: If you bring the aluminum in through Mexico, there's remelting. So you're remelting aluminum. At that point, you can bring in alloys. That's how we lose our niche.

[*English*]

The Chair: Thank you very much, sir. I'm sorry I have to cut you off.

Mr. Epp.

Mr. Dave Epp (Chatham-Kent—Leamington, CPC): Thank you, Madam Chair.

I have a question for Mike Kilby.

Several months ago, I had the opportunity to tour your facility and witness first-hand the growth from zero to 250 employees over a 10-year period. You walked me through the impact of the CIIT findings in 2014, 2019, and the U.S. findings in 2016, regarding countervail and dumping.

Can you tell me how this deal and its provisions will impact the employment level at your facility? Also, how could the U.S. 2021 review of that potentially impact your facility?

Mr. Mike Kilby: Thank you.

As I said before, these anti-dumping and countervailing duties have been very important for the Canadian and U.S. operations of aluminum extruders. It's allowed the extrusion industry to recover and thrive again. The extrusion industry just hit the 2006 levels again in 2018.

It is a growing industry. Manufacturing jobs are coming back to the industry. I know that of nine extruders in Ontario, six serve the automotive industry, and all are growing right now and adding both facilities and employees.

The 70% requirement for aluminum for automotive is a really big deal for us. More and more, automotive business is starting to move into Mexico, and the Chinese have been unrelenting in finding ways around the anti-dumping and countervailing duty tariffs. We know that Mexico is the back door in for that industry. There is no other reason for Mexico to insist on the reduction or elimination of that 70%. They can get aluminum in North America like everybody else.

My colleagues from Quebec will be displaced out of Mexico over time. There is absolutely zero doubt in my mind about that. The Chinese have already moved metal into Mexico. They tried to move it into the United States subsequently and were caught red-handed doing it. They were fined and so on. They then moved that metal to Vietnam and tried to move it back into the United States. These are the types of things we're up against with the elimination of that 70% North American content for aluminum.

This is the thing that will help investment in the aluminum industry in North America. Those things all fit together. Why Mexico would insist on its elimination is beyond me, other than they want to advantage themselves on subsidized and dumped metal into Mexico.

Mr. Dave Epp: As a follow-up, can you explain to me whether in the section 232 tariff exemption that Canada and Mexico presently enjoy there is any way that some form of protection can be afforded to our domestic extruders and smelters through that mechanism, or through parts, is imported aluminum basically undetectable?

Mr. Mike Kilby: Yes, the section 232 order has given a boost to the price of metal in North America. It should be helping smelters in both Canada and the United States with investment decisions. Both Canada and Mexico were exempted from that 10% duty, but the provision was also put in that if exports of regular fare extrusions from either Canada or Mexico start coming across the border and those numbers start to rise, the United States would revisit those provisions.

We're hyper aware of that as an industry in Canada. We're not going to be biting the hand that feeds us in that regard. We're all very aware of the implications of section 232, but also, it does keep Mexico honest for stopping other what I'll call normal fare extrusions, non-automotive extrusions, coming across the border into the U.S. in large quantities.

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

Mr. Sheehan.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much to all of our presenters. It's excellent testimony. I think I'll start with Brian Topp.

We've all heard about the team Canada approach. A lot of us were part of it. I know that at your level the minister engaged with people from the NDP and the Conservative Party and really tried to gain perspectives from the different premiers at all sorts of political levels. This trade committee was down in Washington a couple of times, eyeballing our counterparts, both Conservative and the NDP opposition members, and saying, “We're not going to ratify that in Parliament unless you lift those steel and aluminum tariffs.”

I'm from a steel town, with Algoma Steel and Tenaris, and, by the way, we also have a lot of small steel producers.

Brian, for the record, could you comment on your perspective on that sort of team Canada approach and how it resonated with the Americans that you were dealing with, as opposed to their approach, and how that, going forward, will help us with future deals?

● (1625)

Mr. Brian Topp: I'm going to pass.

Mr. Terry Sheehan: That's fair enough.

To the aluminum folks, since we're on the topic of steel and aluminum that we had the section 232 tariffs on, how have they affected your particular businesses?

The government announced a few things in support of your industries. We heard testimony from both the steel and aluminum industries that they're still on their heels after the 25% and 10% tariffs, and that things like the strategic innovation fund that was available for large producers and small and medium-sized producers...and any other support that you think going forward will help your industries continue to grow as we are coming out of those section 232 tariffs that were just lifted in May of this past year.

I will start with the guy from Chatham, near Sault Ste. Marie.

Voices: Oh, oh!

Mr. Mike Kilby: The section 232 tariffs did have a negative impact on us. The lifting of those tariffs has helped us for sure.

Our industry is fairly geographic. As you push extrusions farther into the United States, the geography of freight gets in the way. There is an impact from section 232. It did exist and doesn't anymore. The very fact that it can be reimplemented keeps industry honest, from trying to further advantage themselves from the lack of the tariff.

I'm not sure if that answers the question.

Mr. Terry Sheehan: I think it does. I think it's important to highlight and underline your statement, and I think we heard testimony that if it were ever reimplemented as any kind of tool, it would definitely have a negative effect on your industry, so I appreciate that.

I'll ask our friends from Quebec the same question.

[*Translation*]

Mr. Donat Pearson: The 10% tariffs put in place for aluminum have had an impact. If I'm not mistaken—and I don't want to speak for Rio Tinto—I believe it was a $20 million loss per month to the employer. It didn't necessarily slow down primary metal production. It's really the primary metal that's produced in our facilities.

I used to represent the Laterrière plant where they make rolling ingots. One hundred percent of our production went to the United States. This had the effect of imposing an additional tax on the employer. At the same time, however, the so-called Midwest premium was increased. This balanced the situation for the employer.

Mr. Éric Gilbert: It was mostly, I believe, the small producers who used our aluminum that were being penalized because of that.

[*English*]

Mr. Terry Sheehan: Yes. It was our experience, in hearing some testimony on the effect on small and medium-size because of the integration of the North American Free Trade Agreement in the past, about how aluminum and steel could pass back and forth through the border once or twice. We put a lot of measures in place to rebate those individuals, but small and medium-size businesses sometimes don't have the cash flow or capacity that a large place like Rio would have. We definitely heard those issues.

● (1630)

The Chair: Thank you very much, Mr. Sheehan. I'm sorry, but your time is up.

Mr. Savard-Tremblay, you have two and a half minutes.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: We could pick up the conversation where we left off.

You didn't have time to answer a question from my colleague earlier. I'm going to give you the opportunity to do so.

Mr. Éric Gilbert: Indeed. We were saying that for the last 10 years, Russian and Chinese production has been stagnating. Rio Tinto seemed to say that our production had remained the same and that it had not been affected.

I want to remind you what's happened in Quebec over the last 10 years. Rio Tinto closed the Beauharnois plant and the Shawinigan plant. They were old plants.

The next plant to close, the oldest one in existence, is ours. Basically, what we want is to have a future in terms of production at the AP-60 plant during phases 2 and 3, so that after the closure of our plant, which is at the end of its life, we can look forward to a future at the AP-60 plant. That is what the debate is about.

When it is said that China's production has had no effect on Rio Tinto's production, it is not true. Two plants in Quebec have closed, and ours is next on the list. I don't think the Alma plant will be closed before ours.

Mr. Simon-Pierre Savard-Tremblay: Hence the idea that the aluminum smelters could expand.

If we were to establish real rules about the origin of aluminum, like the ones the steel industry benefits from, can you tell us how, in concrete terms, that would make your life easier?

Mr. Donat Pearson: We want Rio Tinto to move the projects forward and complete the testing phase at the AP-60 plants. Instead of simply selling the technology platform, we need to go to new markets by developing AP-60 with Elysis technology, which eliminates all greenhouse gases and makes our aluminum even greener, which we need to promote. We must ensure the future of our industry.

Mr. Éric Gilbert: And that of the workers.

Mr. Donat Pearson: That of the workers as well, of course, since we represent them.

Mr. Simon-Pierre Savard-Tremblay: If we had a North American content rule for aluminum and not for aluminum parts, that would change everything. Is that correct?

Mr. Donat Pearson: This would go a long way towards developing the market.

Mr. Simon-Pierre Savard-Tremblay: Based on your knowledge of the market, in the best of all possible worlds, would it be in Mexico's interest to adopt anti-dumping measures? When I look at the overall situation, I have the impression that it is only Quebec that can really be affected.

[*English*]

The Chair: Could we have a short answer, sir.

[*Translation*]

Mr. Donat Pearson: Currently, in Mexico, there is practically one smelter opening per week. There are Chinese consortiums that own plants in Mexico. So it is in their interest to bring their own metal and then reintroduce it into America.

[*English*]

The Chair: Thank you very much.

Go ahead, Ms. Kwan.

Ms. Jenny Kwan (Vancouver East, NDP): Witnesses, thank you so much for your presentations.

My questions really centre on the process with respect to negotiating trade deals. In this instance, it is the Canada-U.S.-Mexico agreement.

We have for a very long time consistently been in the situation where trade deals are negotiated and signed, and then Canadians get let in on the deal after it is all said and done. The New Democrats have been pushing to change that effort so there would be more transparency and more ability for government to know what Canadians are thinking with respect to trade deals and what's important to them.

To that end, in going forward with respect to trade deals, I'd like to seek your advice on what kind of changes you would like to see with respect to process.

I'll start with Mr. Topp, please.

● (1635)

Mr. Brian Topp: As we were discussing a little earlier, a good place to start is the letter of understanding between the NDP opposition caucus and the government. This speaks to the goals that you're just outlining. I think a good place to start is that Canadians should have as much access to these kinds of discussions as Americans and Mexicans do. The process in Congress and in the Mexican congress are more formal, more transparent, have more stops in them, more requirement for government to explain what's going on than we have in Canada.

Your colleague the honourable Daniel Blaikie, I think, has underlined these very effectively. Now we have to think about how to enshrine that in the rules, so the next time Parliament deals with these kinds of issues, you don't have to use the kind of leverage that's available in a minority Parliament to force it.

This is a requirement, I think, for the government to lay out what its goals are in the negotiations, to give stakeholders an opportunity to comment on them before the negotiations start, for the government to give progress reports on what's happening, for stakeholders to be able to give feedback and then for the matter to be assessed and for the ultimate result to be benchmarked against the results, before Parliament makes its decision. That's what Americans have and Mexicans have and what Canadians should have, too.

Ms. Jenny Kwan: Thank you.

The Chair: Please be very short.

Ms. Jenny Kwan: Are there any other comments in terms of adding to those suggestions from the other witnesses?

[*Translation*]

Mr. Donat Pearson: Our labour organization is interested, through its president, Mr. Jerry Dias, in getting involved in such issues. We have staff who are in a position to provide input to the government or the opposition parties. We are always available to get involved in these kinds of issues.

Mr. Éric Gilbert: It was the opposition parties that highlighted our situation and invited us to come and debate this issue. I do not know if in the future it will be important to consult all the people who are affected by these decisions.

[*English*]

The Chair: Thank you very much.

We have completed the second round of questioning. Does anyone have an outstanding question they would like answered? I will suspend for the next 15 minutes, until our next panel, and you can speak directly with the witnesses if you choose.

I will suspend until five o'clock. Thank you very much.

● (1635)

(Pause)

● (1700)

The Chair: I'm calling the meeting back to order.

Pursuant to the order of reference of Thursday, February 6, 2020, we continue our study of Bill C-4, an act to implement the agreement between Canada, the United States of America and the United Mexican States. We're going into, I think, the seventh panel today.

Welcome to all of you.

We have, from Honey Bee Manufacturing Ltd., Jamie Pegg, general manager, and Scott D. Smith, manager of components, systems and integration. From Northern Cables Inc., we have Shelley Bacon, chief executive officer, and Todd Stafford, president.

Mr. Pegg, I'll turn the floor over to you.

Mr. Jamie Pegg (General Manager, Honey Bee Manufacturing Ltd.): Thank you.

Madam Chair, committee members, my name is Jamie Pegg, and I have the privilege of representing the 160 employees of Honey Bee Manufacturing as their general manager.

I have with me here today, Mr. Scott Smith, one of our employees who has been integral in bringing to light our requests and concerns.

We want to thank you for the opportunity to express our support for the new trade agreement and to address some requirements that our business sector will need.

Greetings are extended to you from all of the Honey Bee employees, as well as from the nine different small-town communities these people call home in southwest Saskatchewan.

Greetings are also offered from Donna Boyd, the chairwoman of Agricultural Manufacturers of Canada, and their 240-plus members.

Honey Bee Manufacturing was established in 1979 by two brothers, Greg and Glenn Honey, who started to manufacture agricultural innovations that they developed on their farm in Bracken, Saskatchewan. They innovated a swather. Their neighbour wanted it, and then the farmer down the road wanted it. After 40 years, farmers from over 26 nations have used Honey Bee equipment to harvest their crops more efficiently and effectively so more people can eat.

The key products Honey Bee produces are combine headers, to be used on almost any combine manufactured worldwide, and swathers that attach to either tractors or power units to cut and dry the crop before the combine comes to harvest it.

Original equipment manufacturers, OEMs, like John Deere, Case, New Holland and AGCO have all recognized the value of Honey Bee innovation in harvesting. At different times, they have entered into partner agreements with Honey Bee to produce either brand name headers and swathers or a Honey Bee branded table.

The innovation that has defined Honey Bee products has supported hundreds of employees at the facility in Frontier, Saskatchewan, with a population of 300. Honey Bee is the key economic driver in southwest Saskatchewan, covering a radius of over 100 kilometres.

Today, if you look around the main operations area, as well as research and development, you will see employees who represent four and five generations of farming in the local area, as well as new Canadians from the Philippines, India, Venezuela, Ukraine, Syria and Germany.

We are a global company in terms of the people we work with as well as the markets we sell to. Over the last two years, Honey Bee credits Canada for 40% of its sales and relies on the rest of the world for 60% of its sales, including 33% to the United States of America.

Being a global company, we rely on and support free trade agreements that Canada participates in. They are a necessity in our industry.

One only needs to look at the last two years of tariffs and closed borders to see the negative impact they have on our industry. We estimate that these measures cost Honey Bee millions of dollars and closed the door on a lot of job creation. That is not taking into consideration the additional cost that farmers needlessly absorb when they have to buy new equipment because of the increased price of metals and components required to build our equipment.

NAFTA was a continuation of the excellent trade relations that agricultural manufacturers enjoyed with the United States. We are hoping CUSMA will be the same. The key take-away from our testimony today is that our industry is placed on an uneven playing field versus the United States.

Honey Bee's opportunity to capitalize on intellectual property is based on our ability to operate with OEM platforms. Interoperability means that a Honey Bee harvest header can “plug and play” with the OEM combine. Historically, this has been provided in a straightforward and obvious way, just like the way a keyboard plugs into a computer. Today, we are starting to see encrypted digital interfaces on the OEM products that block us from connecting and operating our harvest headers on these OEM platforms.

Further, there is no technical information or parts forthcoming from the OEM to achieve the required adaptations independent of their direct involvement with Honey Bee engineering teams. The net result is “authorized use only”. This is controlled by the OEM digital locks and keys that are unavailable to implement manufacturers. Instead of spending our research budget on innovation, we are burning it on adaptation.

The vast majority of these machinery platforms are manufactured by companies in the United States and sold worldwide. In order for Honey Bee to continue to participate locally and globally on these platforms, we need to have the ability to connect the two and operate them in a straightforward manner.

According to Stats Canada, Honey Bee is about one of 1,400 manufacturers in Canada that develop implement products that attach to large OEM platforms. About 500 of these companies are agricultural implement manufacturers. We are dependent on the OEM platforms to host our innovation.

• (1705)

The impact of a technical lockout by the OEM will be the death of the Canadian implement industry and will decimate our communities. Most of the 500 agricultural implement manufacturers in Canada are located adjacent to smaller rural communities where they tend to make a significant contribution to jobs and the funding of essential services. This would be lost. The Canadian manufacturing supply chain would also be greatly impacted.

Interoperability issues affect equipment in all Canadian industrial implement sectors, which include ag, mining, construction and forestry. OEM platforms are the engines of industry that provide the power to perform work, including combines and tractors; load, haul and dump equipment; excavators and forestry forwarders.

Innovation is characterized by the traits of meeting specific user requirements that are not met by the OEM one-size-fits-all offering. Honey Bee innovation caters to the specific needs of our many markets and considers their unique operating environments, farming practices and crop diversity. Meeting these challenges is a global requirement that brings Canadian innovation to the world.

Securing the ability to commercialize innovative products in Canada is at risk today. Legislation and the trade agreement, CUSMA, don't address this, and they should. Canadian industry should have the freedom to innovate commercially on OEM platforms.

New IP clauses in the CUSMA do not place U.S. and Canadian implement manufacturers on the same footing. U.S. copyright law makes exceptions for legally modifying motorized agricultural equipment for the purpose of interoperability. Canadian copyright law does not provide for these exemptions, making it illegal for Honey Bee, or any Canadian company, to reverse engineer OEM platforms to achieve interoperability. Canada has no exception for motorized land vehicles, such as a personal automobile, commercial vehicle or mechanized agricultural vehicle, as per U.S. exemptions. The current U.S. copyright law allows for you to attach to products in the U.S. but not in Canada. This means that products made in Canada cannot be legally adapted in Canada, putting Canadian manufacturers and farmers at a disadvantage for no reason other than the lack of clarifying language.

We also seek to have changes to domestic law that mandate that the OEM equipment platforms sold in Canada interoperate with any of the implements available for use by farmers in Canada. Honey Bee desires that the CUSMA adopt some form of mandate to this effect.

Canada leads the world in agricultural innovation. From high-performance seed varieties to soil management, seed planting, and crop nutrients through to harvest tools, crop processing and farm technology, Canada stands tall in global agriculture. According to the Government of Canada trade data online, the agricultural equipment industry in Canada exports over $2.3 billion of agricultural equipment a year. The United States accounts for about $1.9 billion of this. Therefore, it is very important that Canadian agricultural equipment be able to interoperate with American platforms for this continued success.

It is crucial that the CUSMA ensure that it protects and allows the Canadian agricultural industry to not only maintain its status as a world leader, but promote industrial growth within Canada and Canadian brands around the world. At the start of this testimony, I offered you greetings from our 160 employees and their families. My desire is to see the number of employees and families increase as the company grows.

Because of the pro-Canada decisions made around the CUSMA, my fear is that we have not been heard today and, in the not-too-distant future, I will have to address those same employees and tell them that they no longer have jobs. That will be the impact if we do not address the discrepancy between the Canada and U.S. copyright exemptions in this agreement.

I also want to highlight that Honey Bee is a very small player on a very large stage. If unaddressed, there will be hundreds of businesses, employing thousands of people supporting numerous communities, that will diminish or vanish. At a minimum, the requested exemption that gives us parity with our U.S. counterparts on reverse engineering for interoperability needs to be added to the Copyright Act prior to signing the CUSMA. It is an imperative for the Canadian agricultural manufacturing industry in Canada.

Thank you for your time. We're open for questions.

• (1710)

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

Next is Northern Cables.

Go ahead, gentlemen.

Mr. Shelley Bacon (Chief Executive Officer, Northern Cables Inc.): Good morning. I'm going to let Todd Stafford give the presentation.

Mr. Todd Stafford (President, Northern Cables Inc.): Good day. I'm Todd Stafford. I'm the president of Northern Cables in Brockville, Ontario.

Northern Cables is a 24-year-old Canadian owned and operated manufacturing company based in Brockville, Ontario. We are the remainder of what was once a large domestic aluminum wiring cable manufacturing industry in Canada. Gone are Canadian-owned companies like Alcan, Canada Wire and Cable, and Phillips Cables. These businesses were supplied mainly with primary aluminum produced in the province of Quebec.

In 24 years Northern Cables has grown to three manufacturing facilities of 275,000 square feet and 250 full-time employees. Our company processes materials sourced only in North America. Northern Cables purchases the bulk of its cast aluminum rod from the province of Quebec and exports about 50% of its finished products out of the country.

Since the economic cycle in 2007 when copper reached a price of $4.20 U.S. per pound, the popularity of using aluminum as an alternative material in power cables has increased dramatically. The U.S. government has attempted to apply tariffs on aluminum and steel products originating from outside of the United States, specifically aimed at China. Unfortunately, these measures are easily avoided by applying connectors to cables and reclassifying goods as other products, such as by selling aluminum in cast animal shapes.

Part of the tariff actions reflected concern with material being shipped to other transshipment countries before entering the United States. Statistics Canada shows significant imports of aluminum wire in the form of stranded conductors—bare, insulated and assembled cables coming from China, India, Turkey and the United States. An action by two large U.S. domestic manufacturing companies resulted in a finding by the U.S. Department of Commerce that Chinese imports were sold in the U.S. at 58.5% to 63.4% below fair value. Chinese exporters received countervailing subsidies at the rate of 33% to 165%.

Since this hearing is about the new Canada-U.S.-Mexico free trade agreement, Northern Cables has four points we'd like to raise to protect the domestic manufacturers from being harmed.

First, enforce that landed prices of competing foreign manufacturers arrive at fair market value in Canada.

Second, enforce that Canada not become a transshipment country into which aluminum is dumped, causing displacement of other aluminum.

Third, strengthen our customs import codes so that products cannot be mislabelled or repackaged in such a way as to circumvent our import rules and permit below-market prices entering Canada.

Last, support Canadian manufacturers' interests on CSA and UL wire and cable committees and standards, in which harmonization by the other two countries could reduce existing Canadian safety standards. A little example of this is the need for -40°C-rated cables in Canada rather than the -25°C-rated cables available in the United States.

Thank you.

The Chair: Thank you very much, gentlemen.

Mr. Hoback.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

Thank you, witnesses, for being here this afternoon.

The USMCA, or new NAFTA, or NAFTA 0.5, is an important deal for Canada. There's no question about it. It's $2 billion a day. We will approve this agreement, but one thing I definitely want to do at this committee is talk to different sectors and different industries to make sure we have an understanding of the impact and where it's negatively impacting a sector or an industry, that we put in the appropriate mitigation to help minimize that impact.

I'll start off with you, James, and Honey Bee.

We talked about this issue with regard to John Deere and Case and companies like that not opening up their architecture and electronics to allow the functionality of your headers. Do you see anything in the USMCA that will actually allow us to deal with that, maybe using U.S. law, for example, to make it easier?

• (1715)

Mr. Jamie Pegg: Randy, I'm going to initially defer that question to Scott Smith, who's done a lot of work on this. He'll give some follow-up to that, if that's all right.

Mr. Scott D. Smith (Manager, Components, Systems and Integration, Honey Bee Manufacturing Ltd.): The Copyright Law of the United States provides exemptions specifically for reverse engineering for interoperability. Interoperability was born out of the requirement for computer software to allow people with physical disabilities to enter data into a computer. Software wasn't written to accommodate that, so a provision had to be made for mouth-straw types of keyboards and whatever.

Today in the ag industry and the industrial equipment industry we're seeing these digital interfaces that replace straightforward plain old wire systems that still work. There's no additional functionality with the digital systems that are being employed on the new designs. They're just simply doing it to provide a technical lockout. It can be a wired one or it can be wireless.

As a minimum, the U.S. Copyright Law allows for this reverse engineering for interoperability specifically on farm and industrial equipment. It would still cost us a lot of money for a single adaptation to work around that system. On one of the AGCO products we developed, it cost between $800,000 and $1 million for one product, to put one swather on one tractor. We have a lot of products and a lot of tractors and combines out there, so if we have to do that, it would be completely unfeasible.

Ideally, at a minimum the Copyright Act includes the same exemptions that are provided by the U.S. Copyright Law. The information we've supplied has the link to that U.S. standard, as well as the motivation for it and explanation of it. It's very clear. It's really just clarifying language. It's updating it to be modern to reflect the realities of the industries we work in.

Ultimately, though, we're going to require some form of mandate that equipment be brought into the company with open interoperability as a default position. Ideally, that happens at the federal level, because it affects all provinces.

Mr. Randy Hoback: Okay, but if we do that at the federal level, we have to do it not just in Canada, but right across North America. Then, of course, you ship headers into Europe and Australia and Ukraine. How do we make that global by nature?

Mr. Scott D. Smith: The equipment we're building for, the brands that we've mentioned, are U.S. brands, and it's the same combine that's sold in Canada and the U.S. as in Europe and everywhere else. The impact on us means that whatever we do for our development is true for anywhere we sell our product, because it's the same host platform we have to design for.

Mr. Randy Hoback: Can you do it through engineering standards?

Mr. Scott D. Smith: Yes, we could absolutely do it through engineering standards. The European Union recently mandated that all phone chargers use USB-C instead of a whole slew of different proprietary charging ports.

In agriculture we already have the ISOBUS standard.

Mr. Randy Hoback: Yes.

Mr. Scott D. Smith: It's used for equipment towed behind a tractor, and when you have a header on the front of a combine, you have additional requirements that the ISOBUS standard doesn't support.

There have been extensions, called TIMsthat have been asked for, but the OEMs are resisting that, and they're moving to the ability to close and own the value chain at the exclusion of all other third party participants on their platforms.

It's a commercial decision. We know that from the horse's mouth. We've debated it with them, and they're not accepting of changing course, so we're stuck in this. Shy of legislation, there is no recourse for implement manufacturers.

Mr. Randy Hoback: Then I guess what it comes down to again is regulation, to get it regulated across North America so that we have the ISO standards for you so you can operate that header in front, not just towed behind.

Do you see that being any easier with the USMCA, or is it going to make it harder to do things like that?

Mr. Scott D. Smith: I don't have an answer for that. I'm from the engineering department. My task is to make this Honey Bee header work on this combine, and we're running into hurdle after hurdle. What used to be a couple of wires in a hydraulic connection in a mechanical design.... They're going overboard on this, and they're not adding any additional functionality.

We've approached it in terms of the anti-competitive behaviour of that.

Mr. Randy Hoback: Okay.

Mr. Scott D. Smith: We had a case with the Competition Bureau. It ran from last February until this February. It closed a week ago. They closed it because there was no enforceable legislation for the nature of our complaint.

● (1720)

Mr. Randy Hoback: Wow. It shows that the Competition Bureau doesn't have the teeth to deal with issues like this, whether they're in Canada or the U.S.

Mr. Scott D. Smith: We've worked with Global Affairs, ISED, Canadian Heritage, the Ministry of Agriculture. We've had the round-table discussions. It's a problem looking for a portfolio to live in. No one wants to take ownership of it. It needs to be solved or industry is dead.

Mr. Randy Hoback: Yes, so it's not just you guys who are going to be impacted by this. It's MacDon and a whole variety of people, right?

Mr. Scott D. Smith: Right.

Mr. Jamie Pegg: Yes, it's not just us, and I think that's one of the things. It's an opportunity for us, as a country, to be proactive in what we're doing. Technology is driving this, allowing for this to happen. I think we can get in front of it instead of behind it, because the cost of being behind is going to be a whole industry that's been developed over the last 70 years that will just disappear literally in months, if it gets implemented that strongly, and you'll see that right away.

The Chair: Thank you very much, sir.

Mr. Randy Hoback: Thanks for coming.

The Chair: We will move to Mr. Dhaliwal.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Madam Chair.

Thank you to the presenters.

I will carry on with Mr. Smith.

I am an engineer and I am having a difficult time grasping this. When you have machinery designed here in Canada and are supplying it to Japan, India or China, what impacts will this particular agreement have on the engineering perspective? I'm a little confused now.

Mr. Scott D. Smith: On the engineering side, we have to spend money to develop a parallel system that's a replication of what already exists on the platform we're trying to mount on, and we have a selection between our own design and the OEM controllers and systems.

As a specific example, we have to take direct control of the hydraulic pump on a tractor and relate it to the functions of our header to deliver a solution. It's a whole duplication of what already exists on the tractor because they haven't allowed open interoperability, and yet, the farmer wants that tractor and that header to perform the work that needs to be done.

The Copyright Act just allows us to do that legally if that exemption is put in place. In today's copyright law, it is illegal for us to go to any direct measure that's less expensive. If we develop into the software of the platform rather than doing a complete parallel system, it's less expensive, it's more plug and play and it uses the existing controls in the tractor, but it's illegal today.

Mr. Sukh Dhaliwal: Is this copyright coming under CUSMA, or was it in place before?

Mr. Scott D. Smith: I think that the concern is that, if we made a change after the signing of CUSMA, there would be the threat of sanctions and tariffs and so on if we then changed our Copyright Act to be in line with the U.S. copyright act. That comes from discussions with Loris Mirella and Global Affairs Canada where we discussed this at length to try to understand the problem. There are openings for side letters, but the retaliation on fines and tariffs could be something that's undesirable.

Mr. Sukh Dhaliwal: CUSMA does not prevent you from.... It's not CUSMA that's creating this problem. It is the copyright regulations that we have had for years, which we probably haven't updated. Is that the issue, or is CUSMA itself the issue? That is what I am trying to grasp.

Mr. Scott D. Smith: My understanding, again, is only what I've been told through discussions and negotiations with the different government ministries here. If we make changes to legislation that relates to advantages or disadvantages in trade in this way, there could be retaliation that is avoidable if the changes are made in front of the signature.

Mr. Sukh Dhaliwal: My next question goes to Northern Cables.

You say that CUSMA is going to impact the way you do business as well. Is that true?

Mr. Todd Stafford: No. Our concerns are that under CUSMA there are things that could affect our trade. We've enjoyed, in our products, a fairly barrier-free trade for a number of years, and CUSMA won't affect that. We did have some very minimal effect in the tariff spat here two years ago.

Our issues are more that as we become an integrated economy, Canada will stand out as not being a fit partner. If we allow subsidized imports.... The U.S. has already identified harmful imports. We have testified at this committee about the effect of Chinese imports on the Canadian market, and now with CUSMA, there's the fact that those imports could be transshipped into the U.S. and cause international problems.

● (1725)

Mr. Sukh Dhaliwal: My understanding is that CUSMA will prevent that, because it will tighten up.... The Chinese market will not be able to dump that into the North American market.

Mr. Todd Stafford: We would enjoy seeing that. We have not seen that. That is one of our concerns, because we are suffering from that right at this very moment.

Mr. Shelley Bacon: One of the issues that has arisen previously in the United States—and we are not trade experts, so pardon us—is that these U.S. HTS codes and Canadian HS codes are quite extensive on the copper side, but on the aluminum side, there are very few codes. As a result of that, they're very broad. Any attempt by the United States to control goods coming into the country is easily circumvented by simply applying a non-needed connector or some other feature to the cable, to allow it to fall into another category.

In Canada, now we have a lot of aluminum conductors coming into the country. Everybody knows about it. We've had a number of people go along to the major distributors. In fact, I received a call today from our largest customer for aluminum cables telling us that they're under pressure to start sourcing products overseas where they can buy aluminum conductors below world market prices because they're subsidized by these other countries, and there's nothing we can do to prevent this from entering the country.

The Chair: I'm sorry, but I have to interrupt at this point. The time is up.

Mr. Simard-Tremblay.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: It isn't Simard-Tremblay, it's Savard-Tremblay.

[*English*]

The Chair: Savard. I'll make sure that's correct next time.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: My question is for the representatives of Northern Cables Inc.

What do you plan to do to adjust to the situation?

[*English*]

Mr. Todd Stafford: We did not understand the question.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Okay.

Since you're used to producing a large amount of cable, how do you plan to adapt to the situation?

[*English*]

Mr. Todd Stafford: We are working with our industry association currently to have the Canadian government recognize unfair dumping of aluminum products in Canada in order to level the playing field for Canadian manufacturers.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Could you elaborate on how China is proceeding with the dumping that you mentioned?

Could you tell us which sectors are the most affected? You talked about copper and aluminum, but could you elaborate?

[*English*]

Mr. Todd Stafford: The most significant area is aluminum. There are many aluminum products, but in our specific industry, it's electrical cables. We have Chinese sales-people driving down the 401 to distributors, offering to sell products at less than the cost of raw materials. We buy all of our aluminum from the province of Quebec, and all the aluminum that's coming from China is coming from a state-subsidized manufacturer.

● (1730)

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: When you talk about state-subsidized factories, are you referring to China, meaning the country of origin?

[*English*]

Mr. Todd Stafford: Yes, exactly.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: The next step is the Mexican market, for example. Is that right?

[*English*]

Mr. Todd Stafford: It does. Right now each country has its own action or situation. The U.S. Department of Commerce just in the last 90 days has fined and levied duties on Chinese cable, but I'm not sure about Mexico, and Canada has not done that.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Would you recommend this?

[*English*]

Mr. Todd Stafford: Most certainly. We're working with our industry association right now to that end.

Our concern is it's very late for our industry. We are the last Canadian-owned aluminum cable manufacturer. Everybody else has either left, closed or sold out to multinational companies.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I just want to make sure that I understand, and you've probably said this already, but I want a little reminder. Your cables aren't just made of aluminum. Is that right?

[*English*]

Mr. Todd Stafford: Yes. We make both copper and aluminum conductor cables.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Is copper also dumped in this way?

[*English*]

Mr. Todd Stafford: Not in our sector of the industry. We make fairly large power cables.

The imported cables, probably because of the weight, have been less of an issue than the aluminum cables.

I know in the data cable telecom industry, imports have been devastating.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I have a slightly more technical question. What makes them different from one another? Is it simply that certain cables will be used more for making certain tools, that aluminum will be used for some tools and copper will be used for others, or is one technology replacing the other? In other words, is it a matter of sector or a matter of trend?

[*English*]

Mr. Todd Stafford: There is some overlap. Aluminum is used in large industrial cables for mining applications and power feed for large commercial buildings and condominiums. Aluminum is taking over copper because there's about a three to one price difference and it's lighter to work with and is readily available.

In our products aluminum is much less volatile in price so it is becoming more popular so the market is growing for aluminum cables. The cables are made in Canada to a CSA standard, and we have CSA inspectors in our factory every week. I don't know if they go to other factories in other countries and I don't know if they're checked at the ports. CSA walks our factory floor to make sure the cables are being made to standard. Again, we only use North American raw materials so we're very confident in the quality of the raw materials.

The Chair: Thank you very much.

We'll move to Mr. Blaikie.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you, everybody, for appearing here today.

I want to continue the conversation with Northern Cables.

I'm trying to understand the path of this cable coming to Canada. In the case of auto, there are country-of-origin rules. The concern is that aluminum will be coming to Mexico and then turned into parts in Mexico and then Canada's North American content.

Am I hearing correctly from you that it's direct entry in this case, that aluminum is coming from China and it's already manufactured as cable in China? It's competing because it's subsidized manufacturing?

● (1735)

Mr. Todd Stafford: That's exactly what's happening.

Mr. Shelley Bacon: That's correct.

Mr. Daniel Blaikie: Independently of what's happening with the trade deal with the United States and Mexico, is this just a question of needing some remedial action by the Canadian government to ensure that a heavily subsidized product isn't coming into Canada and putting people out of business? Is there a concern beyond that that connects directly to the new trade agreement with the United States and Mexico?

Mr. Todd Stafford: It's both. We are actively working with our industry association on trade fairness, which is not related to the free trade agreement.

The issue is there's so little of a domestic manufacturing base left. We're a small company in Brockville. The rest of the people are owned out of Italy and France, and they won't petition the Canadian government for fair trade. We're the last people left.

On the free trade side, our concern related specifically to the agreement is that we would become a point of transshipment and then create an issue. We use Canadian aluminum and make cables and export them to the U.S. If that border closes because of the reputation of products coming from Canada that could hurt our business.

Mr. Daniel Blaikie: I think I'm beginning to understand.

Mr. Shelley Bacon: I would add that the way we have to purchase aluminum is we purchase all of our raw materials direct from the mill, in the case of aluminum from Quebec.

We have to purchase it. We have to pay the London Metal Exchange price, plus a domestic industry cost called the Midwest premium.

When these cables enter Canada and they make a declaration to enter the country, they should be required to enter the country for no less than world fair market value. However, they are entering somehow below world market value. When we go against a competitor and we look at the price, we can barely buy the raw materials at the price level that they're already selling the finished cable for in the country.

Mr. Daniel Blaikie: Do you think that if there was action at the border to ensure that cable coming into the country is being sold at fair market value, there's a potential to grow the industry? Do you think we could get some of that back, or is there fierce competition from our continental partners?

Mr. Todd Stafford: Canada has an advantage because a very large portion of the North American aluminum is actually smelted in Canada. There is a domestic industry.

There are other plants that make aluminum cable in Canada, but they've been bought by Italian or French companies. There is definitely room. We have no plan to go away. We're planning to expand and if we could sell more aluminum cables both in Canada and the U.S., we would be hiring people tomorrow.

Mr. Daniel Blaikie: I apologize if you clarified this in your opening statement and I missed it. Does the U.S. welcome Chinese cable into their borders at the same rate as Canada? Do they provide some protection against the subsidized product coming from China?

Mr. Todd Stafford: They did up until.... Then, about 18 months ago, two U.S. domestic manufacturers filed a complaint. About 90 days ago, the U.S. Department of Commerce found in their favour and imposed countervailing duties of between 33% and 165% on Chinese cable.

I know anecdotally from being in the U.S. that there are still people getting around it with transshipping. They ship it into Korea. They put little connectors on the end and sell it as an assembly. There are a lot of tricks, but at least their government has recognized the damage to the industry. In our industry, if you search the Encore-Southwire Department of Commerce ruling, there's quite a lot of information available.

Mr. Daniel Blaikie: Then there is action that Canada can take standing shoulder-to-shoulder with the United States on this. We wouldn't be going it alone.

Mr. Todd Stafford: Most certainly, and that's part of this free trade agreement. We would encourage that.

We are working with Electro-Federation Canada, which is our recognized industry trade representative. Probably in the next 90 days we will be approaching federal representatives to actually file a complaint.

● (1740)

Mr. Daniel Blaikie: Thank you guys very much.

As a construction electrician who has installed a lot of cable, I've appreciated the opportunity to understand a little better how it's supplied.

Mr. Shelley Bacon: Thank you.

The Chair: Thank you very much.

We'll go to Mr. Carrie.

Mr. Colin Carrie (Oshawa, CPC): Thank you very much, Madam Chair.

I want to thank the witnesses for being here.

We're the party of free trade and we're supportive of getting the agreement moving forward.

The challenge we're finding with these testimonies over the last few days is that the minister said she adequately consulted with different sectors, but we're finding out from the aluminum sector that they don't feel they were adequately consulted.

Real families are going to be really hurt by this agreement if it's not done right. There are businesses and sectors that are going to be negatively affected.

What we want to get from people on the ground, such as yourselves here today, is whether you feel that you were properly consulted. If there's an opportunity for you to give more input into the government on the implementation or the timing of it, to help families and businesses that you're aware of or your own business that may need support, is that something that you feel....

First, let me start with Honey Bee. Do you feel you were adequately consulted on this trade agreement?

Mr. Jamie Pegg: You start, Scott, and I'll finish it up.

Mr. Scott D. Smith: We weren't consulted until we went chasing for it. We saw news reports about IP terms in the agreement, which raised red flags, but we didn't initially understand what the impact would be.

It took some time and research to start to see where this was going to impact us. We started approaching government and the consultations that we had were, to be honest, more deferrals rather than engagement. They were courteous and professional about it, but it doesn't solve our requirements going forward. We are a little concerned that the type of engagement matters as much as if we were engaged.

I'll leave it at that, as far as the impact to the company is concerned.

Mr. Jamie Pegg: I want to add to that a little bit, Scott.

When we were given the opportunity to speak to a lot of the various associations that we're members of, and also some that we're not members of, quite honestly this was the information that fed back from them: “We don't know. We would love to be able to participate. We would love to be able to work with you, but we really don't know. You as a company know more than we do.” At least that's what they thought. As Scott said, we really took on the initiative about a year and a half ago to look at this and study it, because it was a business risk for us. It was a high red-flag risk. We just took it upon ourselves to get to the bottom of that.

The reason Scott is here today and the reason you're getting a lot of the good information is because of the time, effort and energy that has been put in by Scott and by the owners of our company to be able to say, “This is a problem; we don't know.” In terms of the information for you, I haven't seen that coming across my desk to be able to answer that question.

Mr. Colin Carrie: We had an expert on IP and copyright in earlier. This is one of the things that people aren't talking about with this agreement. It kind of floated right underneath, but it's so important right now, especially with technological advances and with the new trade agreements, that we really do have to get it right. If you do have some ideas, I would welcome them. As we move forward, this implementation process will be ongoing. We want to make sure that the government gets it right, so please feel free to continue the dialogue after today. Thank you for being here.

Northern Cables, I was alarmed to hear what you had to say. For me, it seems to be a safety issue. With the growth in construction and everything that we're doing here in Canada, with our buy American shutout in this agreement, we want to make sure that Canadian businesses will be competitive across North America. Now, to hear that the Chinese are able to move their product into this country without oversight is troubling. You mentioned the CSA. Maybe we need to change the regulations somewhat so that we know we have good-quality product coming into the Canadian market.

Do you think it would be worthwhile with this agreement...? My colleague Mr. Lewis might be talking about this later on, but do you think the CBSA and the inspection authorities need to have more resources to make sure that there will be no workarounds with this new agreement?

● (1745)

Mr. Todd Stafford: Well, the issue we have, Mr. Carrie, is that definitely we'd want to see any rules enforced, but first we'd want to see what the rules were. Right now we don't know how well the standards are being met on cables that are made to CSA. They come in with a CSA logo printed on them, but I don't know if they—

Mr. Colin Carrie: I'm sorry for interrupting—

The Chair: I'm sorry, Mr. Carrie, you're over your time already.

Mr. Todd Stafford: We couldn't say that they're counterfeit. We're concerned, but that's kind of libellous, I guess, for us to say of another manufacturer. We're worried about the cost of their raw materials and the cost of the electricity they've used.

The Chair: Thank you very much.

Mr. Sarai.

Mr. Randeep Sarai (Surrey Centre, Lib.): Thank you to both of you. We've been hearing a lot about other industries, but less about non-agricultural industries, so it's refreshing to have you here and to hear your perspective.

Northern Cables, I'm trying to figure out your issue here. Is this changed because of the new CUSMA versus the old NAFTA, or is your concern the perhaps subsidized cable that is coming in from offshore? I'm trying to figure out the exact issue. Is it something to do with the actual document of CUSMA, the change in regulations from what it was before to now, or is it really about dumping, or perhaps dumping, of cheap cable from, e.g., Asia or China?

Mr. Todd Stafford: We do not have a direct issue with the wording of the agreement. Again, our industry has enjoyed relatively free trade for decades.

Our issue is that in this agreement [*Technical difficulty—Editor*] really just concerns that Canada is not a full partner. If we don't have good trade practices, if we.... This agreement, if this leads into harmonization of standards, I don't think you want your house wired with cable that's made to a Mexican standard. If we're going to harmonize, we have to harmonize [*Technical difficulty—Editor*]

Mr. Randeep Sarai: Your concern is that your cable is specified for Canadian standards, and that if they standardize it with American/Mexican standards.... It's the -40°C versus the -21°C standard. I see what you're saying. Okay. Thanks for clarifying that.

The other part is the very difficult situation where.... Well, it's not very difficult; you'd have to go to the WTO, and if there were anti-dumping duties on the raw goods coming in, that would be a whole different ball game. I wanted to make sure we were not allowing a new loophole in the U.S. for this to come in.

My second question is for Honey Bee. That's a great name. I first thought you were from the very famous Honeybee Centre, which is near my riding. Every school kid ends up attending the Honeybee Centre. We buy our honey from there.

Mr. Jamie Pegg: Thanks.

Mr. Randeep Sarai: This is actually a very good success story that you manufacture agriculture farming products that are exported in large numbers worldwide.

I was wondering—it may be in our inboxes—if you have given a submission on your exact.... It's a very technical problem that you have in terms of the copyright. Have you given that to our chair? It may not have been translated or I may not have printed it out, but it would be helpful—

Mr. Scott D. Smith: It is submitted.

Mr. Randeep Sarai: Okay.

Your problem is that under the U.S. Copyright Law, the U.S. allows somebody in your situation to do the work you do easily there. I'm trying to be very—

Mr. Scott D. Smith: Legally.

Mr. Randeep Sarai: —legally. This is the Coles Notes of it. In Canada, if you try to do the same thing, you would not be allowed to do that legally.

Has that always been the case and you're now wanting us to change it, or does that change as a result of CUSMA?

Mr. Scott D. Smith: It's possibly always been the case, but the nature of the equipment was always straightforward interconnectivity.

The one thing that happens when you move from an old agreement to a new agreement is that you modernize it to reflect the realities of modern industry. I think that's what we've missed in this case and in many cases with respect to digital protections on people's products and the ability to circumvent them legally, easily or cost-effectively, rather than intentionally blocking participation.

Mr. Randeep Sarai: When you spoke to people at GAC, Global Affairs, regarding this, and you said you've had extensive talks, where did you come with the fear? Is it just something that the industry fears, that if we match the U.S. rules on copyright, which is what you're asking for, we would somehow get retaliatory action? My “30,000 feet above” analysis would be that the U.S. would not be able to object if we matched the same regulations as theirs. It would be the other way around, if we changed them or made it easier on our side versus the other side.

● (1750)

Mr. Scott D. Smith: I would agree with that to the extent that, if we do the minimum we've requested, which is to be on equal footing with the U.S. with respect to the copyright exemption, we're still on an unequal footing because of the lack of interoperability, that we have to pay to interoperate—

Mr. Randeep Sarai: I see, okay.

Mr. Scott D. Smith: —at the expense of our innovation spending.

Mr. Randeep Sarai: That's on the interface. That's where you're saying—

Mr. Scott D. Smith: [*Inaudible—Editor*]

Mr. Randeep Sarai: —to reverse engineer, and you have to reverse engineer and then make the operating equipment.

Mr. Scott D. Smith: If you take a keyboard and plug it into your computer, it's just one connector and you just plug it in.

What we have to do in our industry is take wires from each individual key and open up your computer and take those wires and plug them into each individual key on the keyboard that came with the computer to make it work, rather than just plugging it in once.

Mr. Randeep Sarai: The reason—

The Chair: Thank you very much.

Mr. Randeep Sarai: Okay, thank you.

The Chair: Go ahead, Mr. Lewis.

Mr. Chris Lewis (Essex, CPC): Thank you, Madam Chair. Thank you to our witnesses.

Northern Cables, I just did a little bit of background reading on your website, and I note three specific lines in there, so my questions are actually around the lines.

The first one states that Northern Cables has had sharp price increases to aluminum and steel. Will the rules of origin or other elements of the new NAFTA impact these prices further? Do you know that?

Mr. Todd Stafford: We don't believe so. There's a good domestic market for aluminum, and we actually have copper smelted in Montreal that we buy. Steel, galvanized steel used in cable, is not available in Canada and we have had.... In the tariffs that we had a couple of years ago there was an issue, but with free trade, we should not have any issues with that.

Mr. Chris Lewis: You don't expect there to be any issues, then, with regard to your customers and what they pay for it today going forward.

Mr. Todd Stafford: No, it would be the same for all of our competitors. It would be a level playing field.

Mr. Chris Lewis: Further on, it states that you are expanding and trying to find new markets in the United States. Can you describe a few examples of those new markets?

Mr. Todd Stafford: Well, we make industrial and commercial cables. We do not make residential cables. Obviously, commercial construction in the metropolitan areas is very strong. We've established seven warehouses in the U.S. that we ship to customers from, covering mostly the eastern seaboard down into Texas, because freight is a big issue for large cables. We are slowly expanding into the Midwest, into the oilfields of the Dakotas. We make a lot of industrial cables for mining. There's a good mining market in Nevada.

Those are all opportunities for us.

Mr. Chris Lewis: Are there any concerns and/or fears that the new CUSMA—or the new NAFTA, if you will—will impact the ability of companies such as yours to find new markets either in the U.S. or abroad? Is there any concern?

Mr. Todd Stafford: Our only concern is that it's an opportunity for us if Canada participates as an equal partner, but Mexico is an untapped market for us.

Mr. Chris Lewis: That's great to know.

I have a final question for you.

As my colleague, Mr. Carrie, mentioned earlier regarding the CBSA, I'm not sure if you're aware of it, but to date I have seen nothing in the new CUSMA that is going to give the CBSA more training and/or more funds and/or more people.

My riding is Essex down by Windsor, which is the busiest international border crossing in North America. I'm cautiously optimistic that it's going to be a smooth transition, but I have my reservations on that front, which goes to my question.

I notice here that Northern Cables states it experiences seasonal markets. Will the timing of the ratification and the need for effective implementation impact those seasonal markets?

Mr. Shelley Bacon: No.

Mr. Todd Stafford: We don't expect it to, no.

Mr. Shelley Bacon: It's more weather related. One never knows what kind of fall and winter one is going to have. That has a tendency to either increase or decrease the amount of construction one can do given the weather conditions. That's the seasonality to it.

However, we don't expect it to affect our trade, no.

● (1755)

Mr. Chris Lewis: Very well.

Thank you, Madam Chair.

Mr. Shelley Bacon: I'd like to add one comment about CBSA, if I could, Mr. Lewis.

We were under the impression, perhaps rightly or wrongly, that if a material were going to enter the country, it should be entering the country at recognized world market prices. Simply, if I were to purchase a vehicle for somebody and go to the licensing bureau and say that I only paid $1 for the car, they wouldn't permit that. They would say, "Well, you didn't pay $1 for that car. Here's the fair market value. You're going to pay tax on that."

Similarly with our industry, cables should not be able to enter this country below fair market value because it is not fair trade practice. We cannot compete against a country such as China, which subsidizes its industry.

Mr. Chris Lewis: Very well.

Thank you, Madam Chair.

The Chair: Thank you very much.

Ms. Bendayan.

Ms. Rachel Bendayan (Outremont, Lib.): Thank you, Madam Chair.

I'd be happy to continue the conversation with you gentlemen from Northern Cables.

First, it's a pleasure to hear how proud you are to be sourcing your aluminum from Quebec, so thank you for that, and also to speak with you this morning about your very constructive comments.

I've taken note of the concern regarding the importation of aluminum at fair market value from other countries, and of the complaint of the United States manufacturer . I'd be happy to take a follow-up meeting with you, as I'm sure my colleagues on the other side would as well.

I also heard you mention, and read in your description, that you have increased the number of manufacturing facilities and distribution centres. I believe you have three manufacturing facilities and six distribution centres now.

How many employees does Northern Cables have at the moment?

Mr. Todd Stafford: We have 250 employees.

Ms. Rachel Bendayan: That's fantastic.

Where is your customer base principally?

Mr. Todd Stafford: It's primarily in North America. We export quite a bit to the U.S., and some of our industrial cables end up in Latin America and the Caribbean.

Ms. Rachel Bendayan: I heard you say that Mexico is an untapped market for you. Do you feel that the new CUSMA would allow you to perhaps export and find new customers in Mexico?

Mr. Todd Stafford: Definitely. We hope it will open some doors. We actually investigated that prior to CUSMA. However, we hope that this agreement will make it that much easier, and as we grow, participate with Export Development Canada into the U.S. We are told that Canadian products are very highly regarded in Mexico, even more so than American-made products.

Ms. Rachel Bendayan: Wonderful.

Madam Chair, how much longer do I have?

The Chair: You have another three minutes.

Ms. Rachel Bendayan: Thank you very much.

I would ask one more technical question of you at Northern Cables. I'm not very well versed in the harmonization standards that you refer to. You mentioned that in order to better support manufacturers such as you, we would need to look at the CSA and UL. Could you help me understand what you're referring to?

Mr. Todd Stafford: Electrical power cables in Canada have to be sold as meeting a CSA standard, basically for safety and quality. In the U.S. it's UL, or Underwriters Laboratories, which does those specs. We participate with the Standards Council of Canada and our industry federations. We sit on standards committees and there is a real drive, as there has been for decades, to harmonize and globalize standards. Our concern is that harmonizing is not necessarily standardization but more of a race to the bottom. This trade agreement may add fuel to that fire.

Ms. Rachel Bendayan: I see. Thank you.

I'll turn now to our friends at Honey Bee.

Thank you for making the trip to Ottawa. I also saw in the description of Honey Bee quite an impressive growth of your company recently, 100,000 square feet of production and warehousing in Saskatchewan.

Mr. Jamie Pegg: Yes. Engineering, as you're hearing, is the primary thing. Development is what we need to focus on. A few years ago, as the company grew, it outgrew the footprint we had so we've added a complete R and D building to that, to be able to work through that, understanding that innovation is the key for our products moving forward. Really, what we're asking for here today is a chance to be able to share that innovation with the rest of the world. There are lots of other companies that are doing the exact same thing we are.

● (1800)

Ms. Rachel Bendayan: I understand you export worldwide, but where are the majority of your exports at the moment? Are they going to the United States?

Mr. Jamie Pegg: The United States is the largest, at 33%. We have a large contingent that goes into Australia. We also have European markets, Kazakhstan, a little bit into Russia, Ukraine, some markets that we're developing there. We've had a strong focus in the European Union as well.

Ms. Rachel Bendayan: That's very interesting, but I could imagine that at 33%, keeping that border open and flowing with the United States is important to Honey Bee.

Mr. Jamie Pegg: It's very important for us. Four years ago we made a company effort, a company strategy, to be able to grow the United States market, grow it through the grain belts and those areas, as we had more factory space to be able to produce our product. That's one of the key markets we're attracting and having a lot of success in.

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

Mr. Savard-Tremblay.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I have a quick question for the people from Honey Bee Manufacturing.

Your website says that you have customers around the world. Is that right? Do you conduct business with every country in the world? In other words, your market isn't limited to America. Is that right?

[*English*]

Mr. Jamie Pegg: Our market is not limited to the Americans. We know that in the agricultural industry with the different impacts that can take place politically, weather-wise, otherwise, that we need to diversify the markets that we're involved in. I've just highlighted that we've focused on the European Union. We've also focused on the United States. We have product in South America as well as Africa as those markets start to emerge and start to have a need for our product. So it is a global company. It's really where the harvest of grain products takes place.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Does CUSMA affect the number and diversification of partners?

[*English*]

Mr. Jamie Pegg: I think one thing we need to highlight is the power unit that we put our equipment on. The majority of the combines that are built are manufactured out of the United States, or manufactured out of the U.S. and then transported to different parts of the world. That is critically important to the development of our headers and how we do that going forward, which is why, again, we highlight the importance and the significance of the law we are talking about.

I think from there, there are other countries that do it. There is a lot of freedom today that we see with some of the other countries we work with, but I think, looking forward, it's not going to be a whole lot of a different situation in dealing with those countries as we try to create free trade or as we develop those agreements moving forward. Again, I think what we're proposing, what we're stating here is trying to be proactive, trying to ensure that the industry that we've worked on for over 100 years in Canada to develop, to grow, is there, is thriving in our economy, and is creating an opportunity for Canada to grow. That's what we're looking for here.

Mr. Scott D. Smith: I would add that when it comes to the harvest equipment we manufacture, the two main players in the world on that are both Canadian companies—ourselves and MacDon in Manitoba.

The Chair: Thank you very much.

Mr. Blaikie.

Mr. Daniel Blaikie: Thank you very much. I was listening and the time snuck up on me.

In your earlier remarks, you referenced that the negative consequences for industry would follow rather quickly. I'm trying to understand exactly why that is and how that works, and if it's just that the turnover of equipment is just that frequent and essential to the operation of the industry. How does that work? Why would those consequences be felt in a matter of months as opposed to a matter of years?

● (1805)

Mr. Scott D. Smith: The issue boils down to technical evolution. We're moving away from simple and robust means of interconnection and, without adding significant functionality, adding a lot of technical complexity.

In the same way that Apple has unique ways of locking out third party participation on their platforms, it's clear that OEMs, equipment manufacturers, are going down the same road. Because of our involvement inside the OEM operations with respect to co-engineered products, we're made aware of where they're going. We've already worked on a few platforms in the last year or two that have blocked us.

Mr. Daniel Blaikie: Is it that in working with one particular company you just can't get the equipment to do the applications you need or is it that it just becomes really expensive to use the additional components from the same company?

Mr. Scott D. Smith: In the case of a simple windrower like a swather, where you're just cutting the crop and laying it down, it's pretty straightforward to reverse engineer or design a parallel system. In the case of a combine, where there's so much integration between what the head does and the rest of the machine, it really needs to be an integrated solution. Reverse engineering that would be an absolute nightmare and, to be honest, beyond economic viability.

Mr. Daniel Blaikie: Thank you very much.

The Chair: Thank you, Mr. Blaikie.

That concludes the second round. Does anyone have any pressing questions they still want to get in? We have a few minutes.

Mr. Michael Kram: Madam Chair, we have until 6:30 p.m. on the schedule, so can we keep asking questions for a few minutes?

The Chair: That was the plan.

From the Conservative Party, I'm guessing that Mr. Kram wants to ask a question.

Mr. Michael Kram: Yes, that's perfect.

Mr. Pegg and Mr. Smith, thank you so much for coming here all the way from Frontier, Saskatchewan.

What do you need from lawmakers to have your business continue successfully?

Mr. Jamie Pegg: Scott, go ahead.

Mr. Scott D. Smith: From my desk, as the engineering guy who's responsible for making those adaptations, I don't want to go to jail doing it. For peace of mind, at the minimum is the inclusion of the exemptions that our American counterparts enjoy and bringing that to our legislation on copyright, but I think that in a major way this is substantially a shortcoming to what will be required very soon.

The digital infusion into the agricultural sector for the purpose of digital locks and keys and lockout, which is basically technology tethering and which we're seeing everywhere across a wide range of products outside of ag—consumer, everything—in order to control the value chain is intentional and explicit in preventing short-line agricultural manufacturers, mining equipment manufacturers and construction and forestry manufacturers from participating on OEM platforms.

If that's allowed to proceed, we're facing a much more serious thing, where you'd have the choice of a single brand or a single colour and you're not allowed to deviate from that, and all of those are made in the States and the Canadian side of it goes away.

Mr. Michael Kram: Are you aware of any precedents with add-ons in the auto sector? I'm thinking of things like remote car starters or car security alarms or that sort of thing. Are those industries running into the same problems that you are?

Mr. Scott D. Smith: Yes and no.

The interoperability aspect with automotive aftermarket is quite a bit different, because we're not asking to operate our stereo system from the seat controls or some weird thing or whatever to make stuff do the feature we want. We're asking for the same functionality, but access to the systems required to achieve that.

As I said, today we have that. You get in, put your hand on the stick, push the buttons and our head does what it's supposed to do, even though it's on a different brand of combine. Going forward with the digital systems, they're taking that away. Pushing that button sends an encrypted and digital signal down that expects to see a control box and computer on our header that knows the language and knows the encryption keys and allows us to operate.

We're already seeing it in the equipment side. Let's say you have a bucket on an excavator and it's on, say, a Cat, and you have a Kubota and you want to move it from one to the other. Where there's an RFID tag on that dumb piece of steel, with no hydraulics, no electrical, nothing, if you take that Kubota one and put it on a Cat, the Cat doesn't see the RFID tag it wants to see, and it says, “I'm not running my equipment here today.”

Mr. Michael Kram: Okay.

Earlier in your presentation, you mentioned the Competition Act. What were the shortcomings of the Competition Act that did not meet your needs?

Mr. Scott D. Smith: The shortcoming is that there was a lack of possibility, as I understood it. Again, we're not into the details of the investigation that they made. We fed in the information and our concerns, but it was expressed to us that there was a lack of legislation and support for solving this problem today on the legislative books of Canada.

We are working with ISED and the copyright team on the review of the Copyright Act and the things they can do there. Their indication is that this is a process that's very long—it may be 10 years out—and that's not going to work for us.

● (1810)

Mr. Michael Kram: Okay, I'll leave it at that.

Thank you, Madam Chair.

Mr. Jamie Pegg: May I add to that?

The Chair: Yes, please go ahead, sir.

Mr. Jamie Pegg: It is really important that we understand when we talk about that—because the competition question has been brought up—that they recognize there is a problem there. They recognize that not only are we going to have a problem, but that all these other short-line industry people are going to have a problem as well. What they are saying is that we don't have anything to stick it with. That's what we're looking for. The opportunity came to present to this group here, to present on an act that we've reopened again, and this is our opportunity to be pro-Canadian and to really watch for an industry that's been really strong for it. That's the message we want to bring.

I'll repeat it over and over again. It is critically important and not just for Honey Bee. There are others that don't see this yet, but they're going to see it very soon. We want to be on top of that.

The Chair: Mr. Hoback.

Mr. Randy Hoback: This is, again, for Honey Bee.

A few years back when David Anderson was your MP, he was talking about labour issues that you were having in Frontier and how there were farmers in Montana who would love to come across the border to work for you, but there was the issue of getting them across the border.

Do you see anything in the USMCA that may alleviate those concerns, or is it actually a concern anymore in light of all the lay-offs and what's going on in Alberta?

Mr. Jamie Pegg: That's a great question. I worked on that intimately, and our solution at that time was to go overseas to bring future Canadians into our workplace. That was done very successfully. We want to highlight that. We have a lot of people who have come. The dynamic of our community has changed significantly. We have a Filipino cultural club there and other cultural clubs—

Mr. Randy Hoback: You may have to explain how big Frontier is for the other members so that they can understand this.

Mr. Jamie Pegg: The best way to describe how big Frontier is would be the example we use so that we have some recognition of this. The nearest stop light, the nearest Tim Hortons, the nearest Starbucks or McDonald's is 160 kilometres away.

There are people who really enjoy the freedoms that are offered there, the differences that are there. It's a great opportunity for the right person. That's one of the great things about Canada that we have here, that we have those opportunities.

To come back to your question, Mr. Hoback, in terms of the United States agreement, one of the things we struggle with occasionally is to get experts there, to get experts into Frontier, whether it be around our MRP system, the design around that, or.... We had an expert who worked with us. Over the course of the last few years, that was rejected because they felt that it was taking a job away from a Canadian, which wasn't true. The difficulty of bringing that person in had a big impact on our company because we were having a lot of success with the computer writing and what needed to be done wasn't there.

In terms of the new act, I'm not familiar enough with it to be able to answer that question, but I think that behind it we hope there are possibilities to bring those people across the border. We're 10 miles away. There are people who would love to come and be part of that workplace. It's a huge recruiting effort to bring people in. That's one of the privileges and also difficulties of living where we do and doing business where we do.

Mr. Randy Hoback: Thank you.

The Chair: Thank you, Mr. Hoback.

Are there any further questions? Is everybody okay?

All right, we will suspend for 15 minutes until our next panel is ready.

● (1810)

_____________________(Pause)_____________________

● (1830)

The Chair: I'm calling the meeting to order.

Pursuant to the order of reference of Thursday, February 6, 2020, we are studying Bill C-4, an act to implement the agreement between Canada, the United States of America and the United Mexican States.

With us in this next short while we have, from the Canadian Council for Aboriginal Business, Tabatha Bull, chief operating officer; and from the Greater Vancouver Board of Trade, Bridgitte Anderson, president and chief executive officer. By video conference from Halifax, we have the Toronto Region Board of Trade, Leigh Smout, executive director, World Trade Centre Toronto.

I will open with Mr. Smout.

Please, go ahead.

Mr. Leigh Smout (Executive Director, World Trade Centre Toronto, Toronto Region Board of Trade): Thank you, Madam Chair.

I would like to express our thanks to the Standing Committee on International Trade for allowing us to address you today.

My name is Leigh Smout. I'm the executive director of the World Trade Centre Toronto at the Toronto Region Board of Trade.

I'd like to make a few comments.

Canada is a trading nation. Because of our small population, we're much like a small island nation. We cannot grow that international trade. Trade results in three main things, prosperity, growth and jobs, and it's as true for any small business as it is for our geographically large, but small population nation. Without international trade, Canada cannot accomplish any of these objectives. One in five jobs depends on trade. In Ontario alone that is 1.3 million jobs, and the U.S. and Mexico are our closest major trading partners with a geographic connection that is unique to Canada. The U.S. alone is responsible for buying 75% of our exported goods and services. We are a highly important partner to the U.S., but we are far less important to them than they are to us, and this puts us at a disadvantage in negotiations with them.

Our next closest trading partner, China, is not even 5% of our exports. The World Trade Centre trade services arm of the Toronto Region Board of Trade has two mandates: grow Canadian businesses through international trade and help Canadian businesses diversify their markets away from the U.S.

Both mandates are a long game. Our trade accelerator program, TAP, helps SMEs from coast to coast develop their export plans and connects them to all the resources that can help them trade, including the trade commissioner service, Export Development Canada and Business Development Canada, as well as the private sector experts in legal, tax, process, finance, etc.

An example is Core LED. They're a company that came through our very first TAP back in 2015. They were happily doing three million dollars' worth of business in retrofitting places with LED lighting and they didn't see the need to grow their business. They had enough sales, but they didn't see how they had the capacity to operate in larger numbers. Through TAP they met RBC and BDC, which were able to help fund the growth of their production capacity.

Not having any thought of international trade to service their sales domestically, they decided that since they had the capacity they would take a look south of the border. They found two large $5-million contracts. One was retrofitting a military base, the kinds of things they had never thought of. They were helping [*Technical difficulty—Editor*] at that point. When they came to talk to us a year after the TAP, they said that taking a look at international trade had changed the view of their business. A year later, from being a $3 million revenue company, they were going to do $12 million that year, and they expected to do $20 million the following year because they had decided they would look further afield than the U.S., and then $50 million eventually.

International trade, including starting in the U.S., has completely changed the path of that business. Without our free trade agreements, they would not have had the competitive advantage they had in the United States.

Although TAP companies focus a much improved 70% of their efforts into markets other than the U.S., and we will shortly graduate our one-thousandth company, this can only make a small dent in our dependence upon the U.S. The Board of Trade has over 13,000 business members and our community tells us they need CUSMA in place. We need it ratified by Canada, as has already happened in Mexico and the U.S.

It is our understanding that the business community feels it has been consulted to a degree that's unparalleled in free trade negotiations. In developing the details our voices have been heard.

Although our sense is that the new agreement may not be as favourable to Canada as NAFTA, we nonetheless think it is a much better situation than living with the truly destructive results of a lapsed NAFTA . We also worry about current U.S. political volatility. Therefore, we're hopeful and we respectfully request that all political parties see the value and necessity of ratifying CUSMA as soon as it can be accomplished.

In our own efforts to continue to break down barriers for businesses of all sizes, we submitted a proposal to the Department of Finance for the unilateral elimination of 101 low-yield tariffs. That can save businesses $773 million in duty and compliance costs every year in two priority sectors: manufacturing and clean tech. The real cost is compliance; it's not the tariffs. The tariffs are not netting a great deal of money for the Canadian government, but compliance is costing companies significantly.

● (1835)

Overall, import tariffs cost both Canadian consumers and businesses, harming our nation's competitiveness by increasing input costs and drowning Canadian businesses in red tape. Our proposal identifies several compelling reasons for unilateral tariff elimination, demonstrates international leadership in reducing trade barriers, cuts costs and red tape for business, boosts competitiveness and economic growth, supports growing industries, and reprioritizes border resources, all the things we need in our future agreements, for instance, and in CUSMA as well.

In addition, once we have CUSMA ratified, the government needs to support organizations like our own across Canada to ensure that we have the capacity to help Canadian businesses understand the changes from the NAFTA rules, with which they are familiar. A focused and concentrated effort should be undertaken so that the uptake of the agreement is not skewed in favour of our trading partners in the same way that has occurred with the Comprehensive Economic and Trade Agreement , CETA, with the EU, such that European countries have grown their exports to Canada much more rapidly than Canadian companies have grown our exports to Europe, leading to a trade imbalance and leaving us to play catch-up.

Thank you again for allowing the World Trade Centre to address this illustrious committee today. I look forward to any questions.

The Chair: Thank you very much.

We'll now go to the Canadian Council for Aboriginal Business, and Ms. Bull.

● (1840)

Ms. Tabatha Bull (Chief Operating Officer, Canadian Council for Aboriginal Business): [*Witness spoke in Ojibwa and provided the following text*:]

Aanii, Tabatha Bull n'indignikaaz, Nipissing n'indoonjibaa, Migizi Ndoodem.

[*Witness provided the following translation*:]

Hello. My name is Tabatha Bull. I am from Nipissing First Nation, and I belong to the Eagle Clan.

[*English*]

Thank you, Madam Chair and all the distinguished members of the committee.

I want to begin by acknowledging the Algonquin peoples for hosting this meeting on their ancestral and unceded lands.

I am the chief operating officer for the Canadian Council for Aboriginal Business, CCAB. I'm honoured to speak here on behalf of our association regarding Bill C-4.

CCAB supports corporations and governments to engage directly with indigenous businesses so that they may take advantage of mutually beneficial opportunities. Our work is backed by data-driven research, recognized by the OECD as the gold standard on indigenous business in Canada, on the barriers and opportunities for indigenous businesses, business capacity and supply chain analysis that has informed both government and corporate policy.

Through our research, programming and events, CCAB has earned the confidence of both indigenous and non-indigenous businesses in Canada, established a leading procurement platform and achieved meaningful results for indigenous companies over the past 37 years.

Our research work has led to a threefold increase in corporate commitments to improve indigenous relations and procurement—over $100 million in provincial government funding commitments to indigenous businesses.

We currently have close to 1,000 indigenous and non-indigenous business members working toward a more prosperous and diverse Canadian economy.

We were very pleased to be invited to participate as a member of the Global Affairs indigenous working group on trade.

We were also extremely pleased to see the involvement of National Chief Perry Bellegarde in the renegotiation of NAFTA and in the invitation to us here today.

As a result of this inclusive approach to trade negotiation, this work resulted in the most inclusive international trade agreement for indigenous peoples to date.

I echo the comments by National Chief Perry Bellegarde, when he testified on June 18, 2019, and those of Judy Whiteduck and Risa Schwartz, when they testified on February 20, 2020, that this agreement is not perfect but to date it is the best we have in Canada.

With the ratification of the Canada-United States-Mexico agreement, we would take a step to make international trade more aware of and more equitable in its treatment of indigenous peoples, and especially indigenous women entrepreneurs.

The aboriginal trade interest is not presumed but instead strongly asserted through the positive economic trends that have been observed by the CCAB within the aboriginal private economy.

In 2016, aboriginal peoples contributed over $30 billion to Canada's GDP, $12 billion of which was generated by aboriginal businesses.

Through trade agreements and treaties, the Canadian Council for Aboriginal Business finds immense value in promoting and supporting the distinct demand of the aboriginal private economy to facilitate and substantiate economic growth.

By reducing barriers and creating fair, equitable and inclusive trade conditions, the aboriginal private economy will be provided with equal footing to Canadian and North American business and service providers through trade exclusions, intellectual property and provisions and by expanding labour mobility policies to honour the unique barriers and operations of aboriginal service providers and enterprises.

With the levelling of the economic playing field through targeted trade policies, aboriginal enterprises and service providers can benefit from increased market access, procurement and investment opportunities.

Importantly for the CCAB, we believe that with specific preferences to carve out procurement benefits and other opportunities for indigenous businesses and service providers, there is also a promise of future co-operation to enhance indigenous businesses.

Procurement is of interest for the CCAB, as our research has found that indigenous businesses can supply 24.2% of the goods and services purchased by the federal government annually.

We appreciate that the Government of Canada has committed, through the mandate letter to the Minister of Public Services and Procurement Canada, to have at least 5% of federal contracts awarded to businesses managed and led by indigenous peoples. This target is achievable, and the CCAB wants and is willing to work with the Government of Canada to meet and exceed this target.

CCAB believes that trade with the United States is directly tied to the future economic success for aboriginal business and hence directly tied to the prosperity of indigenous peoples across Canada.

Our research with Global Affairs Canada showed that indigenous businesses are twice as likely as non-indigenous businesses to export. Of indigenous companies, 24% export today, which means more than 13,000 indigenous firms are exporting. As well, indigenous women are more likely to export than indigenous men.

While the Canada-United States-Mexico agreement is a new example of the difference it makes to engage with indigenous people at an early stage, there must be increased opportunities for participation of indigenous peoples not only in international trade negotiations in decision-making as per UNDRIP but also in trade missions.

● (1845)

Programming and support need to be provided to indigenous communities and leaders to build capacity in trade to ensure that their participation is meaningful and resourced appropriately. The CCAB looks forward to continuing our important work on the Global Affairs indigenous working group to support the inclusion of language in Canada's current and future trade agreement negotiations, including with Mercosur and the Pacific alliance countries.

The CCAB also welcomes the opportunity to be more actively involved in the planning and execution of trade missions to increase indigenous exports.

Thank you for the time. *Meegwetch*.

The Chair: Thank you very much.

Now we have Ms. Anderson from the Greater Vancouver Board of Trade.

Ms. Bridgitte Anderson (President and Chief Executive Officer, Greater Vancouver Board of Trade): Madam Chair, I would like to thank the committee for the invitation to speak and for all of the hard work you are doing to make this important agreement as robust as it possibly can be.

My name is Bridgitte Anderson. I am the president and CEO of the Greater Vancouver Board of Trade.

I would also like to recognize that we are on the traditional territory of the Algonquin people.

For over 130 years, the Greater Vancouver Board of Trade has worked on behalf of our region's business community and our over 5,000 members to promote prosperity through commerce, trade and free enterprise. Our mission is to work in the interests of our members to promote, enhance and facilitate the development of the region as a Pacific centre for trade, commerce and travel.

British Columbia's economy relies on its trading relationship with the U.S. Our natural resources, including lumber, oil and gas, and metals and minerals, are some of our largest exports. The value of B.C.'s top five exports to the U.S. is $22 billion a year.

A wide spectrum of industries benefit from our trading relationships in two B.C. examples. B.C.'s tourism industry employed 138,000 people in 2017. It generated $5.4 billion in export revenue, an increase of 7% from 2016.

Film and television is another bright spot in our economy that is experiencing rapid growth. B.C. is now the third-largest motion picture production hub in North America. The sector's GDP increased at an average annual rate of 15% between 2010 and 2018, five times the economy-wide pace. The creative sector contributes over $6 billion to the B.C. economy, with a workforce of nearly 110,000.

B.C. has the most diversified trading relationships in Canada, but the U.S. is still our largest trading partner. As of 2017, just over 50% of our exports in goods went to the U.S., followed by China, Japan, South Korea, the EU and India.

Our country is a small trading nation that relies on access to other markets. Our economy depends on trade and on the trade agreements that help bring our Canadian goods to international markets. International trade is especially important to B.C., where we experience a double benefit from trade from selling Canadian goods and from moving the goods by means of our gateway sector, including port, rail, air and road.

Our gateway sector in greater Vancouver alone contributes $20 billion to the national GDP, supports nearly 185,000 jobs and contributes $2.4 billion to the Canadian government in taxes.

The Greater Vancouver Board of Trade supports the ratification of CUSMA and the passage of Bill C-4 and offers the following reasons for support and recommendations for the committee to consider.

First is certainty. The new agreement will bring much needed certainty to Canada's business community. Over the last few years, global trade has been disrupted by the rise of protectionist measures, particularly from our most important trading partner.

The uncertainty has only been intensified by the protests and blockades we've seen across the country over the last few weeks. Shutting down rail access, roads, ports and bridges has hurt and continues to hurt the livelihoods of thousands of people, communities and virtually every sector of our economy. In greater Vancouver alone, right now there are 60 to 70 ships sitting in port waiting to move Canadian goods. It will take weeks, if not months, to recover.

In addition, the effects that coronavirus, or COVID-19, will have on our small trading economy are still yet to be seen. These examples emphasize the importance of a predictable supply chain.

In light of these unfortunate and disruptive circumstances, our businesses need certainty so they can take the lead and propel the economy forward through commerce and trade. Above anything else, CUSMA would avoid the breakdown of our trade relationship with our most important trading partners and thereby help to remove much of the uncertainty facing Canadian businesses.

CUSMA will continue to guarantee tariff-free market access to our most important trading partner, to provide preferential access to commercial opportunities and to allow our businesses to sell more goods. This means more business, more jobs and the movement of more goods. When we move more goods across borders, our businesses can thrive. Ratifying CUSMA in a timely manner to lock in guaranteed market access with the U.S. is more important than ever in light of recent claims that suggest the U.S. is considering raising its WTO-bound tariff rates.

If implemented properly, CUSMA will unlock vast potential for greater Vancouver and Canadian businesses to compete effectively for jobs. These benefits can only be achieved if there is a similar amount of attention paid to non-tariff-related trade barriers.

● (1850)

CUSMA includes provisions on customs administration and trade facilitation to standardize and modernize customs procedures throughout North America to facilitate the free flow of goods, but we cannot stop there. We recommend that government continue supporting and working with industry on initiatives such as the beyond preclearance initiative, which is doing important work around ensuring Canada's gateway cities can build improved processes and border policies to take full advantage of CUSMA.

We also recommend that government continue with initiatives to reduce and remove red tape, and regulatory burdens more broadly, to help business thrive. There is a growing perception in Canada that it is difficult to get things done, especially with jurisdictions in the U.S. that are routinely removing barriers and making access for business easier and simpler. Efforts like this will help ensure we increase competitiveness.

This brings me to my third point. The new agreement will help underpin North Americans' competitive advantage through its new chapter on competitiveness and its chapter on good regulatory practices. The preferential market access and integration with the American and Mexican markets will open opportunities for growth and foster robust supply chains and fair competition that will sharpen the competitive edge of Canadian businesses.

The fourth point is that the new CUSMA modernizes NAFTA by including provisions for digital trade, which reflects the rise of e-commerce and other aspects of the digital economy that didn't exist when NAFTA was negotiated. In addition, CUSMA includes language on protecting gender and indigenous peoples' rights, which is an economic imperative.

The provisions for digital trade and cross-data flows included in CUSMA are based on the provisions in our most modern trade agreement, the CPTPP. This makes CUSMA a trade agreement of the 21st century and prepares us for what will become an increasing part of our economy.

CUSMA supports Canadian SMEs that want to tap into international markets. The World Trade Centre Vancouver finds that 95% of SMEs that go through its trade accelerator program choose the U.S. as one of their first export markets. The U.S. is particularly important for SMEs for its size and its geographical and cultural proximity. Many Canadian SMEs use the U.S. as their export beta market where they test and grow their export capacity before targeting other markets.

Last, we recommend the following keys for success.

First, B.C. is the largest Canadian exporter of softwood lumber to the U.S. As you all know, it is a challenging time for B.C.'s forest industry, which supports approximately 140,000 direct and indirect jobs. Thousands of jobs have been lost to mill closures and layoffs due in large part to high tariffs. Bringing CUSMA into force will ensure that the continued chapter 10 protections are available to the B.C. forest industry as it stands up for fairness and ensures that the trade of softwood lumber can continue to support B.C. jobs. We recommend that the government continue working towards achieving a negotiated softwood lumber agreement and defending the industry against any potential trade sanctions brought by the U.S.

Second, there is a critical need for continued investments in trade-enabling infrastructure in Canada, such as container capacity at terminals. In addition, greater Vancouver has a unique challenge in availability of industrial land to support trade-enabling activities. Our vacancy rate is at a record low of 1.2%. Collaboration and leadership is required to ensure growth of our region.

As the Canadian economy becomes more weighted towards services, we should consider a plan to grow Canada's service exports, including making it easier for professionals to work across borders. Our 2018 regional export framework report shows that global demand for service sectors will continue to grow.

Ninety-eight per cent of all businesses in B.C. are small businesses. In order to leverage the benefits of trade, we need a plan to support small businesses as they start to export and grow their exports.

Finally, another important item will be the uniform regulations, which is the fine print of the agreement, including the details that companies must follow to facilitate trade on a daily basis. Businesses are eagerly awaiting these details, especially given the 90-day implementation phase. We hope they can be made available as soon as possible.

I would like to conclude by imparting a sense of urgency to the committee to lock in the benefits I have listed. We recognize that no trade agreement is perfect and that no trade agreement is made without compromise. We support the passage of CUSMA and hope all parties vote in favour of ratification.

Thank you for your time today and for the opportunity to appear before the committee. I welcome any questions you may have.

● (1855)

The Chair: Thank you very much, Ms. Anderson.

We'll turn to the members for questions.

Mr. Kram.

Mr. Michael Kram: Thank you, Madam Chair.

Ms. Bull, in your opinion, what are the main barriers to opportunities for indigenous businesses and business persons?

Ms. Tabatha Bull: Based on our research, the biggest barrier currently is access to finance. For small and medium enterprises that want to work near their community, it is access to skilled individuals. There is infrastructure, as well. I know there is a movement for broadband infrastructure. That will relieve a lot of that existing barrier.

Mr. Michael Kram: How are these barriers alleviated with the new NAFTA?

Ms. Tabatha Bull: Working on co-operation for small and medium-sized enterprises, and looking to move on new policies and programs for co-operation, specifically naming indigenous people as one of the minority groups for small and medium-sized enterprises, I believe gives us an opportunity to look at what those barriers are, and based on that research, to develop polices and programs that will enable them to trade.

Mr. Michael Kram: Thank you.

Mr. Smout, you mentioned the 101 additional tariffs that you would like eliminated unilaterally. Can you give us some examples of these tariffs that it would be beneficial to eliminate?

Mr. Leigh Smout: I don't have a lot of the details with me, but we submitted a proposal to the government.

They're ones that are low yield, in the sense that they are of little use, and they're in the low percentages, 1% and so on. They're not necessarily tied to free trade agreements.

The challenge is that there's a compliance cost, the effort it takes to manage compliance with these tariffs, which costs the companies a significant amount of money. If it costs them $2,000 in tariffs, which is a small return to the government, it will cost them another $5,000 to $7,000 in compliance costs.

I regret that I don't have the list of them with me, but we have proposed 101 specifically within those two areas of clean tech in these essentially emerging markets or sectors.

Mr. Michael Kram: Are they in emerging markets or sectors—which one, or is it both?

Mr. Leigh Smout: [*Technical difficulty—Editor*] emerging market sectors.

Mr. Michael Kram: Okay.

In terms of these tariffs, are they still with the United States and Mexico, or are they with other countries?

Mr. Leigh Smout: They're mostly with other countries. This is a unilateral removal of tariffs, regardless of whether or not we have an FTA.

Mr. Michael Kram: Off the top of your head, do you know which countries those are?

Mr. Leigh Smout: I'm sorry, and I really apologize. but I don't, off the top of my head.

I can tell you that they're not CETA, CPTPP or NAFTA countries.

Mr. Michael Kram: Okay.

Mr. Leigh Smout: That's all I know.

Mr. Michael Kram: All right. We will cross those bridges when we get to free trade agreements with those other countries, I guess.

Mr. Leigh Smout: Our point is not to wait for a free trade agreement on these ones that don't yield enough to the government but that cost our companies a lot, if they're exporting from Africa, for instance, to the Middle East, and so on.

Mr. Michael Kram: That's a fair point.

Madam Chair, I'll leave it at that.

The Chair: Thank you.

Mr. Sarai.

Mr. Randeep Sarai: Thank you to all who have come here.

I want to particularly thank Ms. Anderson, from British Columbia, the Greater Vancouver Board of Trade president and CEO.

I'll go to you first.

It seems that the effectiveness of the gateway investments in making our ports, our highways and our rail links more efficient have made British Columbia, particularly the Lower Mainland, a big hub for logistics for transit. According to your numbers, it's over $20 billion in revenue.

Do you think there are more opportunities with free trade, not only the bilateral trade between the U.S. and Canada, and also because it's become a hub for import and export with Asia-Pacific, for us to do even more? If so, how can this agreement help us do even more?

Ms. Bridgitte Anderson: Absolutely.

When you look at the western ports, the port of Vancouver and the port of Prince Rupert, they exported 55 billion dollars' worth of goods in 2018, and the numbers continue to go up.

Having this trade agreement in place allows certainty, as I mentioned, which is really important, as well as access to markets. Certainly while we are the gateway for the Asia-Pacific, and that is an important trading partner, the U.S. remains our most important trading partner. The certainty for movement of goods through the port is very important, for sure.

● (1900)

Mr. Randeep Sarai: How is the film industry?

In Surrey Centre we have a large Netflix studio, Skydance studios, which employs over 300 people. It's absolutely true, as you said. It's one of the largest sectors, a growing sector and a high-paid sector. How does this trade certainty help that huge sector of our growing economy expand with this new CUSMA?

Ms. Bridgitte Anderson: People would probably recognize what I think is referred to as “Hollywood north”, or it used to be many years ago. Certainly we are becoming a very important production hub for film and television as well as for animation.

Allowing the movement of people and being able to have that in place and the protection that CUSMA provides are really important. As we look to see how to do that, If we look at any improvements down the road, one would be to have assurance of any priorities or any changes that could be made to visas to allow more movement of people across the border. In particular, we look at the service sector and at the increasing demand globally for employees of the service sector. That would certainly fall under that one.

Mr. Randeep Sarai: Ms. Bull, you mentioned that you were consulted by GAC officials, and obviously there have been provisions put in CUSMA for indigenous trade, indigenous cross-border trade, indigenous protections as well as gender protections. This is the first of any trade agreement that has had that level of participation. Are you aware of any other trade agreement, Canadian or otherwise, where a government has taken the necessary steps with indigenous communities they have taken here?

Ms. Tabatha Bull: No, I'm not aware. We work closely with Australia and New Zealand, and I know there has been some discussion with Australia. They have a very exceptional procurement program that's supported through the government there. There have been some discussions that I'm aware of, but more between the indigenous communities of those two countries than led by the government.

Mr. Randeep Sarai: Is your organization able to share the procurement opportunities to your membership?

I find that it's not just an indigenous issue. It's an issue across the country where I believe companies, especially SMEs, small and medium-sized businesses, don't know the opportunities they have through these new trade agreements, particularly in procurement, whether it's CPTPP, CETA or CUSMA. They're so caught up in the small little world where they've been trading, but they don't expand those horizons. Are you able to share those opportunities with them?

Ms. Tabatha Bull: As I said, through our membership, we have 1,000 indigenous and non-indigenous businesses, about 600 of which are indigenous businesses. We do share updates through our newsletter and through networking. However, there do need to be more programs available for us to be able to share that information more in detail with indigenous businesses, and for them to be able to build the capacity around what the new changes to CUSMA will provide for them.

We are doing further work as well with Global Affairs Canada on the benefit of export and the economic opportunities. Oftentimes, we find that when we deliver that economic reality to our members, their interest is piqued, and that starts the conversations.

Mr. Randeep Sarai: Good. Thank you.

The Chair: Thank you very much.

Next is Mr. Savard-Tremblay, but he's not here, so when he comes back.

Mr. Blaikie.

Mr. Daniel Blaikie: Thank you very much.

Ms. Bull, could you identify some of the language in CUSMA that speaks to indigenous peoples? Could you give us a sense of how that will be helpful? What is your membership looking forward to, given some of the language in the agreement? Where might it have been improved? Also, were there things that you thought could have been in there that didn't appear?

Ms. Tabatha Bull: First, we did support the request for an indigenous chapter in the trade agreement, and we do understand that this was put forward but not accepted. We do still feel that there are numerous new provisions, and enhancements to existing provisions that will support indigenous business, one being the government's ability to adopt and maintain measures to fulfill its obligations to indigenous people. It's an important general exception.

They have enhanced the flexibility around indigenous peoples and indigenous-owned businesses in areas of procurement and services. I think they have really recognized indigenous businesses as an area where there is a need for flexible policies and co-operation, and to develop support programs specifically for those businesses.

There's a lot of research out there as to what we can do to ensure that we can continue to grow existing businesses. How do we ensure that we can get them to other markets? Trade missions are definitely one of the ways that we can do that.

● (1905)

Mr. Daniel Blaikie: Are there any other things you think government should be looking to do in order to support indigenous people in being able to get the maximum benefit out of what's in the agreement?

Ms. Tabatha Bull: Look at where the export opportunities are. There are 54,000 indigenous businesses in Canada. We have done some studies with Global Affairs on what sectors those businesses are in, and where the export opportunity is. We're really looking at the opportunity for trade missions in our neighbouring countries, to see where there is a need for that specific sector and how we get those indigenous businesses to those sectors.

Mr. Daniel Blaikie: Thank you very much.

Ms. Anderson, I'm just curious if, within your membership of the Greater Vancouver Board of Trade, you're aware of any members who filed under chapter 11 of the original NAFTA, or who brought a successful suit through chapter 11.

Ms. Bridgitte Anderson: Unfortunately, I'm not aware. I've been in the role for three months, so it's still a little early on. No, I'm not aware. I can look into that information and get back to you on that.

Mr. Daniel Blaikie: Thank you very much.

For our witness from the Toronto Region Board of Trade, I have the same question.

Are you aware of any members who filed under chapter 11 against either the United States or Mexico and whether or not they were successful?

Mr. Leigh Smout: I regret that I am not able to answer that. I'm sorry. I don't have that information.

Mr. Daniel Blaikie: Is it something that you might follow up on later in writing to the committee?

Mr. Leigh Smout: Yes, absolutely. We'd be happy to do that.

Mr. Daniel Blaikie: Right on.

Thank you very much.

The Chair: Thank you.

Mr. Savard-Tremblay.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I want to thank all the witnesses for joining us in person or by videoconference.

My first question is for Ms. Anderson.

Ms. Anderson, you referred to the softwood lumber industry. You said that CUSMA provides protection. I must confess that I don't see any protection. Instead, I feel that this issue has been completely left off the negotiating table.

As we know, recurrent crises have occurred in recent years. The American method has always been to establish punitive tariffs. Even though the courts ruled against the United States, while punitive tariffs were in effect, the industry was gradually heading toward bankruptcy.

However, despite the time limits under the former NAFTA, and I believe that the time limit was 325 days to resolve a dispute of this nature, we know that things were always done through the back door. For example, it took time for the United States to appoint arbitrators, and that way, they gained time.

Wouldn't this have been a real opportunity, during the negotiations, to regulate as many practices as possible so that this type of thing would no longer be possible? We could then have really taken sound legal action with regard to the softwood lumber issue.

[*English*]

Ms. Bridgitte Anderson: To answer your question, I think that from the perspective of the British Columbia forest industry, as I've mentioned, it has been an incredibly challenging time. We have thousands of people out of work. There is no question that we encourage the government to continue to work towards achieving a negotiated softwood lumber agreement.

To your questions about CUSMA, my understanding is that it preserves the original dispute settlement provisions for anti-dumping and countervailing duty cases and strengthens the panel process for state-to-state disputes. Chapter 10, which was previously known as chapter 19 in the original NAFTA, maintains for Canada and the U.S. only a binational panel review mechanism for reviewing anti-dumping and countervailing duty determinations by either country.

It remains to say that we need a robust and a fair mechanism in place, so while we are pleased that chapter 10 remains in place under CUSMA, we again reinforce the need for a negotiated agreement.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: On that point, we can agree that all sorts of practices could have been specified in CUSMA. As the saying goes, "the devil is in the details." The issue is often not so much what CUSMA includes but what it doesn't include.

● (1910)

[*English*]

Ms. Bridgitte Anderson: Again, I think I would say that I encourage the government to find a negotiated settlement for the softwood lumber dispute. No better than many others across Canada, we can look at what's happening in British Columbia. Definitely we're looking at around 4,000 jobs that have been lost in mill closures, due in large part to high tariffs. British Columbia definitely would like to see an agreement and some certainty in place on this.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: We've also seen this in Quebec, in our lumber industry. We completely understand the situation.

My next question is for Mr. Smout.

Mr. Smout, you said that CUSMA would boost trade competitiveness. First, I've studied the issue of competitiveness very carefully. The word never seems to refer to exactly the same thing. Are we talking about market share, exports or the attractiveness of a territory? It's a somewhat catch-all word. In what sense did you use it?

Since we haven't received any economic studies yet, I was also wondering about your sources. If you could share them with us, it would certainly be helpful to the committee.

[*English*]

Mr. Leigh Smout: Our resources are our experience working with thousands of SMEs in the Toronto region and across Canada and with the members of our board of trade in Toronto, and the sense that they have that.... Again, I don't want to say that CUSMA is the perfect agreement that's going to solve all problems. It is different from NAFTA, and we're going to have to manage through that. What we're suggesting is that it was probably the best thing that could be negotiated during this time and that having a lapsed NAFTA would be much worse than entering into this CUSMA.

With respect to competitiveness, our business at the World Trade Centre is related to small and medium-size enterprises and how we can support them in a number of ways in their capacity to trade internationally. First of all, it's encouraging them to be interested in trading, because Canadian businesses need to be encouraged quite often to trade. Then it's developing their capacity and creating an export plan with them. Then, it's connecting them to markets. The only reason you would do any of those three things is if you think that their business has a value proposition.

The value proposition ideally coming out of Canada is not price. It tends to be quality and being internationally known as folks who are good to work with, people you can trust doing business with. When I speak about competitiveness into the U.S., it does bring back a bit of a [*Technical difficulty—Editor*] because they're able to produce similar types of products to us, and when we go there, we need to have some price advantage. Certainly the value of our dollar can help us there, and tariff elimination is a critical piece of it.

The Chair: Thank you very much.

Mr. Lewis.

Mr. Chris Lewis: Thank you, Madam Chair.

Thank you to all the witnesses for coming tonight.

For Ms. Bull, a CBC article from 2018 states, "In the end, the USMCA emerged without an indigenous chapter, but its ideals were 'woven throughout' the fabric of the final deal", according to the Prime Minister. It also goes on to note that UNDRIP is not mentioned in the final deal.

Do you agree with that statement?

Ms. Tabatha Bull: I agree there are definite provisions throughout the CUSMA that reflect indigenous peoples, and although it does not meet UNDRIP, it does speak to the participation of indigenous people in negotiations. In arriving at where we are on CUSMA, I think it is a good step towards including indigenous people in the discussion and negotiation.

We always have more discussions to be had and more negotiations to be had, but I believe that this is a really great first step.

Mr. Chris Lewis: Great.

Can you explain to me what some of the challenges are to the indigenous businesses in Canada with regard to their trade to the U.S.? Are there any challenges that you face?

● (1915)

Ms. Tabatha Bull: Mostly it's access to capital and being able to grow the business from the initial perspective. We have some very large businesses that are doing great work, but a lot of businesses are small to medium enterprises, and being able to access the capital and financing to go to that next tier of business to be able to export has been a barrier to some.

I would say, as well, that we have a lot of businesses that are direct to consumer. As I said before, broadband and infrastructure for on-reserve businesses are a definite barrier for them to be able to export.

Mr. Chris Lewis: That's a fair statement. I can appreciate that.

I would imagine that a lot of the exports would be clothing and textiles.

Ms. Tabatha Bull: They are, but we see significant amounts in IT, actually.

Mr. Chris Lewis: Oh, really?

Ms. Tabatha Bull: Yes, there is some real growth in IT. We did a recent report on agriculture as well. There is existing growth in the agriculture sector.

Mr. Chris Lewis: Great, thank you.

I have a final question.

You mentioned in your opening statement...was it that 24% of indigenous companies export, to the tune of 30,000 companies?

Ms. Tabatha Bull: It's actually 13,000.

Mr. Chris Lewis: It's 13,000. That's still a very remarkable number, in my opinion.

Ms. Tabatha Bull: Yes. We did that research with Global Affairs Canada, and it showed that it's twice as much as non-indigenous businesses.

Mr. Chris Lewis: Wow, that's very interesting.

That being said, these small businesses will be affected by slower processing times at the border if the CBSA is not ready to implement this new agreement.

What's the potential impact on the CCAB and the people it represents if this is indeed the case?

Ms. Tabatha Bull: We have not yet done an economic assessment on export. That is work we are looking towards doing. We know we have the numbers of businesses that are exporting and the sectors they're exporting in, but we have not yet done an economic assessment.

Internally in Canada, I think we have some areas of growth for procurement as well, specifically federal government procurement from indigenous business. I think there are other areas that we could be working on. However, I don't have an answer on the economic impact.

Mr. Chris Lewis: Thank you very much for the answers.

Thank you, Madam Chair.

The Chair: Mr. Arya.

Mr. Chandra Arya: Thank you, Madam Chair.

Ms. Bull, I can certainly attest to your statement that the access to capital is one of the major barriers.

Before joining politics I was in a small high-technology company focusing on exports and I can tell you that the company survived only because of the personal financial sense of the founders. Otherwise, the company could not have grown, nor could it have survived.

Another point is that many people don't know that the bulk of the exports, almost two-thirds of the exports from Canada, are done by foreign-owned firms. I am not against foreign capital. I love foreign capital coming in and investing in Canada. The bulk of the exports from Canada, 66% to 67% of the exports, are from foreign-owned firms.

However, Canada, is just one of their branch offices. Their major objective is to go after the North American market. They may not have so much interest in supplying or exporting to other markets in other parts of the world, whether it's the Asia-Pacific or Europe.

Right now, only about 12% of small businesses are in exports and even there, it is just an average of 5% of their sales that are in exports.

However, access to capital is a different subject for a different time. Maybe when it comes to Export Development Canada or BDC, that's where we should take it.

Mr. Smout, you did mention in your January 27 statement that the economic growth has been fuelled by trade and foreign direct investment, and our ongoing prosperity relies heavily on the swift ratification of CUSMA.

As I mentioned earlier, yes, foreign direct investment is very important because of the impact on exports. On the North American market, our exports to the United States, through the earlier NAFTA, have been quite stagnant for the last 10 to 15 years. It has been holding around $320 billion of exports and around $290 billion of imports.

I have some numbers that show the importance of foreign direct investment for Canadian GDP. In fact, it says we are tied with the U.K. on the FDI-to-GDP ratio, which is quite significant.

My only concern is, are we making policies that are catering more to foreign direct investment, or should we have specific policies to encourage Canadian entrepreneurs, mostly small-sized firms, that can export outside the North American markets?

● (1920)

Mr. Leigh Smout: Yes, I agree with the statement you've made. FDI is an important aspect, and certainly most regional organizations, municipalities and so on are looking to attract investment. It's one of the ways they promote jobs and prosperity for their regions.

I also believe that the long-term health of our economy hinges on our tackling the growth of exports from our small and medium-sized enterprises, and it's really [*Technical difficulty—Editor*].

Mr. Chandra Arya: How can we make our small and medium-sized enterprises gain strength through access to the North American market but still allow them to cater to other markets across the world?

Mr. Leigh Smout: Yes, it's a natural progression. I believe that Ms. Anderson mentioned that 95% of the trade accelerator program graduate companies in Vancouver start by tackling the States. Then as they grow their business, they start to look to foreign markets further afield.

I mentioned the example of Core LED. They did the same thing. They were a domestic organization. They looked to the States and as their business grew they said, “We can do this around the world.”

Many of our companies do that and we need to encourage them and support them in that growth in the U.S., as well as internationally.

Our other mandate is to try to diversify to some of those other markets and some of the ways we need to do it....

I believe procurement was mentioned. Also, all companies within the EU are now allowed to bid on contracts that are procured by municipalities at every level of government in Canada. Our companies are allowed to do the same in Europe.

The challenge is the European companies are looking here and we're not looking quickly enough there, so we're going to increase our competition here without taking advantage of these opportunities there.

My suggestion would be that the government needs to help organizations like ours and others, like all of you at the table, to encourage those businesses to look in those countries and—

Mr. Chandra Arya: Exactly, you made the point, and I was trying to leave that—

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

Mr. Hoback.

Mr. Randy Hoback: Leigh, I had the great pleasure of sitting down with you guys in Toronto a few weeks ago. You talked about your program and how you're taking it across Canada.

I do agree with you. I think it's a program that should be funded by the federal government, because you are encouraging a lot of SMEs to get out there and to get beyond their comfort zone, and you're holding their hands, for lack of better words, in doing that. I would encourage you to keep that up, and I'd encourage the Liberal members who are here to listen to this, because it's actually a very successful program.

Bridgitte, I want to talk to you a bit about the high-tech sector.

With people being from Vancouver, of course, and Seattle, and with the labour mobility of the people coming back and forth, how do you find USMCA in regard to labour mobility? What is good about it? In what areas can we make it even better? What should we look at?

Ms. Bridgitte Anderson: Recognizing that no trade agreement is perfect and compromise is necessary, we do think there are some improvements that could be made, particularly around the TN-1 visa—

Mr. Randy Hoback: Yes, the visa.

Ms. Bridgitte Anderson: —to allow for the movement. When you look at the high-tech sector and the creative sector, you see that there's a lot of movement between Canada and the U.S. Also, as I mentioned, the service sector has been identified as one of those that will grow the most globally. There are provisions that could be undertaken to make sure these people can work in both jurisdictions.

If I could, I'll also point to a study that we did in 2018 called the “Regional Export Framework”, which identified key export markets for greater Vancouver for businesses, including indigenous businesses. My friend here beside me may have been referring to this as well. Despite the importance of Vancouver as the Asia Pacific gateway, it identified the United States as the most important sector.

What's key to your question, I think, is that there were four key services areas, trading clusters, that were really ripe for opportunity. One of them does include your question around high tech. There were professional services, travel and tourism, and transportation, but also computer and information technology. We see a lot of opportunity here, including for indigenous businesses as well as businesses more broadly in greater Vancouver. Given the opportunity here, there would be room to allow more for better movement, if you will.

Mr. Randy Hoback: On that labour mobility—Leigh, you could probably jump in here too—and the film industry, Toronto, for example, has a huge film industry. I know that Vancouver does too.

I'm sure you are a little concerned about the coronavirus and the impact it could have on that sector. We experienced SARS and that wasn't by any means a pleasant experience.

I'm just curious. Is there anything in the USMCA that's actually going to make it stronger so that you attract more of those productions to Canada?

I'll start with you, Leigh, and then I'll come to you, Bridgitte.

● (1925)

Mr. Leigh Smout: We've done some work with some of the entertainment organizations in the city of Toronto. One of the things they point out is that we don't actually want to be the place where people come to rent a room to film something at their whim and when they want to.

What we need to do is build up the creative side of that industry. We need to actually be developing the writers and the producers in our country who are going to create the programming and then will want to film it and produce it here.

I'm not sure in what way the USMCA can help that, but I do think that if you don't have an agreement in place, you're certainly going to make it harder for those folks to be able to produce things locally and also to attract the talent.

There are some things we need to do in order to allow talent to come and work in Canada. We hear anecdotally through these organizations that a lot of the big stars will not come and work here because of the way they get hit by taxes when they do their acting [*Technical difficulty—Editor*] their career in a production that's being produced in Canada.

There are a number of things like that to work on. I think the USMCA is just part of that puzzle.

Mr. Randy Hoback: In the subsidization area, if we were to spend $1.2 billion like we did with the CBC, for example, and if we wanted more Canadian content and more Canadian productions, in throwing that money towards the writers and the facilities to get more writers and more Canadian content, we no longer have the problems we had in the fifties and sixties of getting the networks and getting the signal out to all the rural areas of Canada. Now it's just about getting Canadian content. We have so many service providers, whether it's Netflix, Amazon, you name it.

Is this where we need to maybe start to change and rejig our spending and look at what is really more efficient and more effective?

Mr. Leigh Smout: We see opportunity in supporting the industry in that way through funding, and in particular on the education side in developing the talent, in helping the colleges and universities put together programs that actually produce this, and not having to go and import the talent itself from elsewhere. Then, of course [*Technical difficulty—Editor*] and you've trained people. Then you're able to keep them here, to retain them.

Mr. Randy Hoback: Thanks.

The Chair: Thank you very much.

Mr. Dhaliwal.

Mr. Sukh Dhaliwal: Thank you.

Welcome to the presenters.

For my first question I'll go to my home province, beautiful British Columbia.

Ms. Anderson, as you said, Vancouver is the Pacific gateway to trade, commerce, travel, all that comes. You also mentioned that 90% of small businesses are owned by women.

Is that correct?

Ms. Bridgitte Anderson: I did not mention that. I think it might have been Tabatha. I said that 98% of the businesses in British Columbia are small businesses, and they have five people or less.

Mr. Sukh Dhaliwal: How many of those, give or take, are owned by women?

Ms. Bridgitte Anderson: I don't have that statistic with me.

I think we can generally say a lot of enterprises, in particular a lot of small enterprises are operated and owned by women. When I look at how important that is, when we're talking about certainty, what CUSMA allows, it's very important for cross-border movement of goods and people and for a reliable and robust supply chain.

Mr. Sukh Dhaliwal: Will having gender equality brought into this particular agreement help women grow when it comes to trade?

Ms. Bridgitte Anderson: I think we can look at the kind of statistics that exist and lots of studies have been done by many organizations, including McKinsey, which show that the addition of women to the workforce and getting us to gender parity will add trillions of dollars to GDP globally.

Therefore, I'm very pleased to see that there's not only a gender lens but also an indigenous peoples lens to this because both are economic comparatives. We're going to grow the economy and we have people fully participating in the economy and that is about diversity and inclusion overall.

Mr. Sukh Dhaliwal: Ms. Bull, as Ms. Anderson mentioned, when it comes to indigenous people and indigenous women in particular, how would this agreement help them? What kind of support do you think the government should provide so that women are able to participate and take equal advantage of CUSMA?

● (1930)

Ms. Tabatha Bull: We don't have specific stats on indigenous women who export, but in a number of our interviews, we did find that the women-owned businesses are exporting more than men's, and given that indigenous businesses export more than the average non-indigenous business, we see that indigenous women will stand to benefit more from this agreement.

I agree with Bridgitte in that because there is a lens both on indigenous and on women, on a gender lens, there's a double opportunity for those women. Currently we have seen some great support out of ISED for women entrepreneurs. I think that needs to continue, but I would suggest that we specifically set aside funding for indigenous women entrepreneurs as well.

Mr. Sukh Dhaliwal: Ms. Anderson, you mentioned B.C. lumber issues that come up from time to time and on this particular agreement, are you aware that Susan Yurkovich, the president of the BC Lumber Trade Council, supports this agreement?

Ms. Bridgitte Anderson: Yes, we had Susan Yurkovich from COFI at one of our events not that long ago. She was speaking in support of it, yes.

Mr. Sukh Dhaliwal: Will it help the B.C. lumber industry once we sign CUSMA?

Ms. Bridgitte Anderson: Yes, and I will go back to the comments I made to the other committee member as well, to the minister, that we need certainty and so we would like to see a negotiated agreement but we recognize that there is a provision here in CUSMA that is important as well.

Mr. Sukh Dhaliwal: That's chapter 19?

Ms. Bridgitte Anderson: It's chapter 10.

Mr. Sukh Dhaliwal: Chapter 10 is the new one. That's right.

You said we don't have enough industrial commercial space in Vancouver. I come from Surrey, and Campbell Heights is there. This is a gateway for trade.

How should we deal with this as a region so we can accommodate the companies that do international trade?

Ms. Bridgitte Anderson: I highlighted the critical shortage of industrial land, which is unique to Vancouver. I think it's going to take collaboration and partnership to be able to address this situation, unlock that land and ensure there's growth in the region overall. We need leadership on this. We need leadership, really, from all three levels of government on this.

The Chair: Thank you very much.

We'll go to Mr. Savard-Tremblay.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Do I have two minutes left?

[*English*]

The Chair: You have two and a half minutes.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I don't really need any further clarification, so I'll give up my speaking time.

It's all clear so far.

Thank you.

[*English*]

The Chair: Thank you.

Mr. Blaikie.

Mr. Daniel Blaikie: I may be asking you to repeat yourself, in which case I do apologize, Ms. Anderson.

On the question of softwood lumber in this agreement, could you elucidate once more how you think...?

My understanding was that this agreement doesn't really pertain to the softwood issue. I'm wondering if you could help explain what aspect of the new agreement you think does apply and how it might be useful to the Canadian softwood lumber industry.

Ms. Bridgitte Anderson: My understanding is that it preserves the original dispute settlement provisions for anti-dumping and for countervailing duty cases and strengthens the panel process for the state-to-state dispute. Chapter 10, which was previously known as chapter 19 of the original NAFTA, maintains for the Canada and the U.S. a binational panel review mechanism. We were pleased to see that, but this is an ongoing issue, and there are ongoing challenges, not only in British Columbia but in Quebec and in Canada overall. The forest industry in Canada is an important economic generator, so we really do encourage having a deal in place.

This is not a perfect deal. We know that trade agreements are not perfect and that compromise was required, so we are pleased to see that provision staying in place, but we really encourage governments to move ahead to find a negotiated settlement.

Mr. Daniel Blaikie: On softwood specifically, the hope is that the strengthening of the panel formation system might prove helpful. Is that fair to say?

● (1935)

Ms. Bridgitte Anderson: We would hope that it proves to be helpful and look at it as perhaps a temporary measure, but we're looking for a negotiated settlement as soon as possible for certainty, for sure.

Mr. Daniel Blaikie: Okay, so we definitely need to go above and beyond the deal in order to—

Ms. Bridgitte Anderson: We would like to see a negotiated settlement.

Mr. Daniel Blaikie: Thank you.

The Chair: Thank you very much.

The only person I have who has indicated they want to speak is Mr. Sheehan.

Mr. Terry Sheehan: Well, that's a lot of pressure.

The Chair: Well, you don't have to accept it.

Mr. Terry Sheehan: I'll be very quick, then.

To everyone, there's a small business chapter in the new agreement. We've had some testimony from the Canadian Federation of Independent Business and others. One question or suggestion we looked for from witnesses is how we get small businesses more involved in scaling up into trade in the North American free trade agreement. What would your suggestions to the government be as to how to get the small business community more engaged in trade by using the NAFTA as a tool?

I don't know if you're in Toronto or if you're somewhere else, but I'll start with the Board of Trade in Toronto. I know you're involved in trade quite a bit, too, so I'll start with you.

Mr. Leigh Smout: Thank you. I am in Halifax because we are away at our first trade accelerator program on the east coast today.

Our entire focus is on convincing companies that they should look at trade internationally. We also want to get them to diversify markets, because it's uncomfortable being so dependent upon one single market. However, that single market is the closest to us culturally. It's miles across the border. It has similar rule of law. It's the easiest place, in many ways, to trade. It's challenging in other ways because each state is also a place unto itself and the rules and regulations can be different in each one. However, it's still easier than trying to sell into China and trying to sell into Africa and trying to sell into distant markets.

We feel that the government needs to, first of all, ratify this agreement. We don't want to go backwards in terms of tariff-free trade with the U.S. Second, it needs to continue to support, because the federal government through ISED does support the expansion of the trade accelerator program that we are running. We started in Toronto, but now it runs literally across Canada now that we're in Halifax. They have supported that expansion. I think they saw the value in developing capacity in companies to trade and encouraging them to develop the capacity.

The third thing that's really critical is that you have to get them into market. We tell people who come in that if they don't like to travel, they shouldn't get into international trade. You actually have to go to the markets. You have to learn to work with these people. It may seem that the U.S. is similar to us, but if you're trying to sell something into Texas, you're going to find the culture is a bit different there than it is here. You have to go there and learn how to do it. You have to go to trade shows. You have to take advantage of those.

We would encourage the government to do all the things it's doing and to put more emphasis on helping businesses get into those markets. The trade commissioner service has wonderful, amazing people and resources in all sorts of countries around the world. What we need to do is to get more of our companies over to see them and to get their help connecting with opportunities in those markets.

That's where I'd place the emphasis.

Mr. Terry Sheehan: Thank you.

Do you have anything to add, panellists?

Ms. Bridgitte Anderson: I would say a couple of things and perhaps tell you an anecdote. J

Just in the last couple of days I was talking to a greater Vancouver business operator who is starting an operation in the United States. When you think about the red tape that exists in Canada, in some jurisdictions there is more than in others, but certainly there is red tape and regulatory burdens among Canadian businesses. This individual is going to Arizona to set up a new business operation and was able to get a permit approval in one day and was also able to get some approvals on a Sunday. I think anything that can be done to remove barriers for business is really important.

The other thing I would say, particularly about small businesses, is that while they are nimble, they have very strapped resources. When you think about the uniform regulations, the playbook of the CUSMA deal, it is important that we're going to have to understand what those rules are so that people have an idea how they can implement and operationalize CUSMA. I think it's really important that small businesses have that as soon as possible.

● (1940)

Mr. Terry Sheehan: Tabatha.

Ms. Tabatha Bull: I agree with the other witnesses. The one thing, and I mentioned this earlier, is trade missions for indigenous business specifically. We have seen interest in that work. I have a few meetings this week about some of those opportunities, which is excellent, but part of that is getting them to market and ensuring that other countries and markets are aware that there are indigenous businesses available and building awareness around that.

Also, whatever programs are developed specifically for indigenous businesses as allowed through the trade agreement need to be developed in coordination with indigenous people and indigenous business, so we need to ensure that we continue that engagement on the development of programs supports.

Mr. Terry Sheehan: Thank you. That was great.

The Chair: Mr. Dhaliwal.

Mr. Sukh Dhaliwal: Back to you, Ms. Anderson.

When I was on the doorstep, every business that I went to and every worker that I talked to, particularly in the Surrey area, and I'm sure more widely, would agree with me, and every person that I met was very positive, and they wanted to get CUSMA signed, ratified and put in place. Did you see the same thing when you were talking to the businesses and people outside?

Ms. Bridgitte Anderson: We represent close to 5,500 members, most of them small and medium-sized businesses in greater Vancouver. Two-thirds of our members are small and medium-sized businesses. For them it is about certainty and opportunities to grow their business. It's also about being able to access markets and particularly diversification of markets. While the Asia-Pacific region is important for us, the United States remains our most important trading partner. CUSMA does give the certainty that is needed and that allows businesses to understand what the rules are when we see those uniform regulations and how to operationalize the agreement.

Yes, we're seeing a lot of support among our members and that is why we're here in support of the deal.

Mr. Sukh Dhaliwal: You talked about businesses. When I talk about ordinary, middle-class workers and their families, how does this deal going through help them, particularly in the region you come from?

Ms. Bridgitte Anderson: Many average, ordinary people from greater Vancouver work, and they work for businesses. As I mentioned, 98% of businesses in British Columbia are small businesses, meaning five people or fewer. Those are the average greater Vancouverites. This does give them certainty and allows them to have access to markets and a level playing field, which is really important.

Mr. Sukh Dhaliwal: Do you think it will have the gender gap pay equity as well?

Ms. Bridgitte Anderson: I think lots more needs to be done on gender equity, but this is a step in the right direction.

Mr. Sukh Dhaliwal: Thank you.

The Chair: I'm not seeing any further questions.

Thank you very much to our witnesses. It was very informative. Thank you for taking the time.

I remind the committee that at 12:30 tomorrow, in advance of having the chief economist come, we're going to take a group picture so that we'll have something to remember our experience of doing the NAFTA. That's all I had to say.

Mr. Randy Hoback: Were we able to get a copy of the economic analysis today? I know you were going to check. It would be nice to have that before we sit down with her tomorrow.

Ms. Rachel Bendayan: I have not had news from officials. I did go back, but it's not ready yet, as far as I understand it from the chief economist.

Mr. Randy Hoback: It's not ready yet. Then what's she going to present tomorrow?

Ms. Rachel Bendayan: I believe she's here to answer questions from the committee.

Mr. Randy Hoback: How do you ask questions if you don't have the document?

Ms. Rachel Bendayan: I think that would be an excellent question to ask her tomorrow.

The Chair: I would expect she's going to be doing a presentation and answering questions.

The meeting is adjourned