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# Standing Committee on International Trade

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Chair: The Honourable Judy A. Sgro





## Standing Committee on International Trade

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• (1530)

[*Translation*]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ)):** I call this meeting to order.

Good afternoon, everyone. Welcome to meeting number 90 of the House of Commons Standing Committee on International Trade. Today's meeting is taking place in a hybrid format. Pursuant to the Standing Orders, members are attending in person in the room and remotely using the Zoom application.

To ensure that the meeting runs smoothly, I would like to make a few comments for the benefit of the witnesses and members. Please wait until I recognize you by name before speaking. For those online, click on the microphone icon to activate your microphone. Please mute yourself when you are not speaking. For interpretation online, you have the choice, at the bottom of your screen, of either floor, English or French. For those in the room, you can use the ear-piece and select the desired channel.

We ask all participants to be very careful when handling the ear-pieces in order to prevent feedback, which can be extremely harmful to interpreters and cause serious injuries. Please speak only into the microphone your headset is plugged into, and place earbuds away from the microphone when they are not in use.

A reminder that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the “raise hand” function.

The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard. If any technical issues arise, please inform me immediately. We may need to suspend to ensure interpretation is properly restored before resuming proceedings.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, October 17, 2023, the committee is continuing its study on Canadian businesses in supply chains and global markets.

I would now like to welcome our witnesses. We have with us: from the Canadian Association of Importers and Exporters, its past chair, Kim Campbell; from the Canadian Chamber of Commerce, Matthew Holmes, senior vice president, policy and government relations, and Robin Guy, vice-president and deputy leader, government relations; from Supply Chain Canada, Michael Whelan, board chair, national board of directors, is attending in person, and Martin

Montanti, chief executive officer and president, is joining us by video conference.

I thank and welcome all the witnesses.

We will start with opening remarks and then proceed with rounds of questions.

We will start with you, Ms. Campbell. I invite you to make an opening statement of up to five minutes.

[*English*]

**Ms. Kim Campbell (Past Chair, Canadian Association of Importers and Exporters):** Thank you, Mr. Chair and members of the committee, for including the Canadian Association of Importers and Exporters, I.E. Canada, on your agenda to allow for input on this important topic.

My name is Kim Campbell. I am the past chair of our association. We appreciate the opportunity to appear before this committee to share our thoughts on programs, tools and measures that could support the growth of Canadian business here and abroad.

I.E. Canada is a national trade organization that has been speaking on behalf of Canadian trade for almost 90 years. Our members include importers, exporters, Canadian manufacturers who both import and export, wholesalers and distributors, and retail importers and exporters in Canada. As well, we represent both the largest and small and medium-sized businesses. Our members import and export across most commodities and product lines.

I.E. Canada endeavours to be a trusted facilitator between business and government, to inform and influence outcomes of policy and real-world application for the movement of goods across Canada's international borders. The private sector needs transparency, predictability and ease of use in all our interactions with government, but this really is more so at the border.

The current business environment remains challenging for our members as we continue to recover from the pandemic, and we have had subsequent border disruptions such as B.C. floods, protests and port and rail labour disputes. Each one validates the importance of an open and fluid border. When only one part of it is disrupted, it causes increased costs, lost sales, food insecurity and economic hardship across the entire supply chain.

Canada has set ambitious targets for increasing its overseas exports, with a goal of achieving a 50% increase by 2025. To meet these targets and ensure we have a properly functioning border, we believe the Government of Canada must do something different.

We need more collaboration and coordination, with a strong mandate to create a best-in-class supply chain. This can only be achieved with industry inclusion in the mandate and a voice at the table. Too often, we are disappointed at the lack of engagement and dialogue. We must do better. It is our belief that there must be accountability and oversight to ensure we are achieving our desired outcomes. Having agencies and departments work in silos with no overarching mandate has not proven effective to date.

We would like to share some current challenges that we believe impact the supply chain and the unused opportunity to leverage CUSMA, which provides a framework for customs and trade facilitation.

CARM has been described by the Canada Border Services Agency as a digital innovation that aims to transform the process of assessing and collecting duties and taxes on commercial goods imported into Canada. This initiative is a multi-year project that will change how duties and taxes for imported goods are collected and managed. It was to reduce the cost of importing to trade chain partners.

Unfortunately, we have a project that is vastly over-budget, late and missing key registration and performance targets. Businesses continue to absorb unnecessary costs trying to implement due to CBSA's inability to follow a recognized IT project methodology. CBSA continues to change plans, which has forced industry to reinvest multiple times. Policy decisions will add direct costs that importers do not have to contend with today.

The solution itself is complicated, confusing and layered with manual processes that are currently automated. Despite not proving the CBSA is ready to implement, because we are missing policies, regulations, implementation plans and have not achieved acceptable testing results, they will implement this project on May 13, 2024, with a big bang approach.

Their decision to make it a requirement for importers to create a portal account and obtain their own financial security for the goods to move past the border without payment of duties and taxes is expected to cause large-scale border disruption. Today, almost 100% of shipments move unimpeded past the border, and all processes are digitized. On May 13, for those shipments that do not meet the new criteria, they will be forced to release their goods at the border by paper and to pay duties and taxes.

CBSA has recently implemented a mandatory filing of a dataset before goods enter Canada. This is required to be done by freight forwarders, who play a critical role in the logistics industry by ensuring the smooth and efficient movement of goods from point of origin to the final destination.

Penalties are now being assessed when CBSA believes their policy is not being followed. The penalties are significant and escalating. Although CBSA continues to state that AMPs are not punitive, industry does not agree. Unfortunately, many freight forwarders are now having to consider bankruptcy and, in addition, many trans-

portation companies are reconsidering Canada as a place to transport goods because the stakes are too high.

● (1535)

The downstream impacts are significant, as importers and exporters have fewer options for shipping goods into and outside of Canada. Industry continues to raise this with CBSA, but to date—

● (1540)

[*Translation*]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Ms. Campbell, please conclude your presentation.

[*English*]

**Ms. Kim Campbell:** Thank you.

I will just offer some final potential suggestions.

In 2019, in collaboration with CIFFA, the trade association that represents freight forwarders, we put forward a white paper on a path to a smart and secure commercial border. Five years later, the content and recommendations remain the same.

We believe there is an opportunity to try something different by working together as legislators, regulators and industry to create a world-class border that will ensure the health, safety and security of our economy.

We would encourage you to read our white paper.

Thank you.

[*Translation*]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Ms. Campbell.

Mr. Holmes and Mr. Guy, I invite you to make a statement of up to five minutes.

**Mr. Matthew Holmes (Senior Vice President, Policy and Government Relations, Canadian Chamber of Commerce):** Thank you, Mr. Chair.

[*English*]

Thank you, honourable members, for the chance to appear before you today.

The question before this committee is a significant one. When the value of two-thirds of Canada's GDP is based on trade activity, how we manufacture and move goods across the country, how we prioritize and protect our critical trade infrastructure and the markets we choose to focus on—whether next door in the U.S. or as far away as the Indo-Pacific—have outsized impacts on the health of our economy, opportunities for our businesses and the quality of life of everyone in the country.

While our supply chains have largely recovered from the worst of the pandemic's disruptions, many of our members continue to face disruption, inconsistent supply and persistent inflationary pressures. According to the most recent Canadian survey on business conditions, a quarter of businesses still identify supply chain challenges as a key concern and one that over 60% of them expects to persist.

The evolving role of transportation and logistics is critical to Canada's competitive success, but our supply chains remain only as strong as their weakest link. The challenges and costs presented by climate shocks, such as frequent floods and wildfires, have demonstrated how fragile many of our supply chain systems and structures are. In the context of a highly restive labour environment, key points in our trade corridors have experienced repeated or prolonged strikes, putting further strain on a precarious system and compromising our reputation as a reliable place to do business.

Canadians are frustrated by the affordability crisis. They want to see products move and prices remain stable. This requires business and government sharing the common goal of a functional supply chain and a growing economy.

To do this, we need to see long-term investment in Canada's trade infrastructure. Businesses need to be able to get their goods to market reliably. We can't simply look to address the needs of today, but the challenges and opportunities that we see 20 and 30 years from now.

**Mr. Robin Guy (Vice-President and Deputy Leader, Government Relations, Canadian Chamber of Commerce):** While government isn't solely responsible for infrastructure investment, a federal commitment to major, strategic, long-term investments is key to building Canada's trade infrastructure.

The government's national trade corridors fund is a positive step forward. While it is supporting worthwhile projects, the government must work to increase the speed at which projects receive funding. It must work with business on ensuring transparency for projects and by continuing to demonstrate how funding is helping to address the supply chain challenges of both today and tomorrow.

We need government to lead the development of a vision for Canada's trade infrastructure. This committee's 2019 report on the topic included a number of important recommendations, including protecting industrial lands along trade corridors, the need for regulatory harmonization across jurisdictions and the imperative to ensure environmental assessment timelines do not hamstring our ability to move goods across the country.

A 2021 European Court of Auditors comparison of frameworks for large transportation projects in Canada, Australia, the United States, Switzerland, France, Norway and the European Union noted

all but Canada had an overarching transport infrastructure strategic framework.

In addition to vision, we need government to protect our critical supply chains from predictable and preventable threats. While government can't solve all of our supply chain issues, it must put in place policies that will enable trade and strengthen supply chains.

The introduction of Bill C-58, which aims to prohibit the use of replacement workers during strikes, suggests that the government actually wants to move away from preserving stability. In fact, it is doubling down on Canada being seen as an unreliable and unstable trading partner.

Lastly, we need government to commit to accelerating its regulatory modernization agenda.

Regulatory modernization continues to be a growing concern. Businesses who trade interprovincially cite increased red tape and differing certification and technical standards as major obstacles to doing business within Canada. Unfortunately, Canada has a complex network of overlapping regulations from all levels of government that diminish competition, discourage open trade and make everything more expensive.

Regulatory effectiveness is integral to a competitive environment and requires smarter regulation to attract new economic opportunities to Canada. We believe it is imperative that regulators and businesses work together to share perspectives to develop optimal regulatory approaches. An economic lens mandate for regulators would add a new tool that would encourage stable, manageable regulations that support economic growth.

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

• (1545)

[*Translation*]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you very much.

I apologize to Ryan Greer, whom I forgot to mention in my opening remarks. Mr. Greer is vice president of public affairs and national policy at Canadian Manufacturers and Exporters.

I'll turn it over to you, Mr. Greer. You have five minutes, as well.

[*English*]

**Mr. Ryan Greer (Vice-President, Public Affairs and National Policy, Canadian Manufacturers and Exporters):** Thank you.

Thank you for having me here today on behalf of Canadian Manufacturers and Exporters. Since 1871, CME has been helping manufacturers grow, improving the well-being of their workers and the communities in which they operate. We are pleased to participate in your study on the contributions of Canadian companies to domestic and global supply chains.

Members of this committee will know better than most that the global supply networks that Canadian firms participate in are in a state of continuous transformation under the influence of complex technological, geopolitical and environmental factors. Amidst this ongoing change, CME continually surveys our members and the domestic and international conditions in which they operate to provide the best advice possible to policy-makers. CME recently released our latest findings and recommendations to revitalize Canada's manufacturing sector in a report entitled "Manufacturing Canada's Future". We will share that with this committee to support your work. "Manufacturing Canada's Future" provides a comprehensive set of recommendations on how governments can help Canadian manufacturers seize the opportunities presented by the current global environment.

In the next few minutes, I will quickly touch on a couple of issues that we believe are critical to your study.

The first is that Canada must take action to change the trajectory of business investment in the manufacturing sector, which has been weak relative to our global peers for the last two decades. Capital investment is critical for long-term growth and for being competitive in global markets. Increasing our domestic manufacturing capacity will increase our exports. In fact, Canada's investment in the manufacturing sector over the last 20 years has been so sluggish that it has been unable to compensate for the depreciation of existing plants and assets. The stock of capital in Canada's manufacturing sector peaked in 2000 and has been trending down ever since, whereas it continues to climb to record highs in the United States. This is another worrying sign that Canada's manufacturing sector is becoming less competitive on the global stage.

While the federal government can take a range of tax and regulatory steps to help incentivize manufacturing business investment, the single most urgent step is to accelerate Canada's response to the Inflation Reduction Act. The race to build and lead the transition to a clean economy is one of the most significant global economic transformations since the Industrial Revolution. The IRA is re-ordering global supply chains. As budget 2023 correctly noted, "without swift action, the sheer scale of U.S. incentives will undermine Canada's ability to attract the investments needed to establish Canada as a leader in the growing and highly competitive global clean economy."

CME is pleased that the government has taken many of our direct recommendations and worked closely with the manufacturing sector in developing Canada's response, specifically the five investment tax credits announced in budget 2023. However, Canada must act with more urgency to get these ITCs in place, specifically implementing the clean technology, carbon capture and utilization, and clean manufacturing ITCs. Notwithstanding the eligibility dates for these tax credits, industry is still waiting for the application and policy guidelines. Businesses cannot yet apply, and this uncertainty is impacting business decisions. Global and North American supply

chain opportunities are being missed, and they will continue to be until these tax credits are in place.

The second critical issue I'd like to raise, to echo some of my industry colleagues at the table, is around the challenges facing Canada's transportation networks that manufacturers rely on for their inputs and to reach their customers. Recent labour disruptions, capacity constraints and extreme weather-related events have impacted the speed, agility and resilience of our transportation infrastructure and manufacturing supply chains.

Infrastructure that enables transportation and trade is one of the single best economic investments that any government can make, because it makes all the users of that infrastructure more productive. However, unlike many of our competitors, Canada's investments in transportation infrastructure have been made sporadically rather than on a sustained and strategic basis. CME has been working with industry partners and is supportive of the proposal for a Canada trade infrastructure plan to develop an integrated and long-term transportation infrastructure investment strategy.

Lastly, as this committee considers its recommendations for net new supports, programs or other interventions, we would strongly encourage you to reconsider current government initiatives that will harm manufacturers' ability to attract and retain new customers. Specifically, we too have concerns with Bill C-58, the legislation before the House of Commons that will ban the use of replacement workers in federally regulated workplaces. Having just conducted meetings on the economic and reputational impacts of last year's work stoppage at the port of Vancouver, we hope that members of this committee will oppose this or any other measure that will create an imbalance in the collective bargaining process in this country.

Bill C-58 will result in more strikes, and strikes that last longer. These stoppages have significant costs that will be borne by Canadian manufacturers, their workers and their families. More labour disruptions that last longer will mean lost customers and a further decay in Canada's reputation as a reliable trading partner. At a minimum, we are hopeful that the report coming out of this study will acknowledge the negative impacts of Bill C-58 on the manufacturing sector's ability and contributions to global supply chains.

• (1550)

There is a range of other supply chain—

[*Translation*]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Mr. Greer, I would ask you to conclude your remarks, please.

[*English*]

**Mr. Ryan Greer:** —and trade issues that this committee is looking at as part of this work, and I'd be pleased to discuss them as we continue.

Thank you, and I look forward to your questions.

[*Translation*]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Mr. Greer.

Mr. Whelan, I now invite you to make your opening statement. You have five minutes.

[*English*]

**Mr. Michael Whelan (Board Chair, National Board of Directors, Supply Chain Canada):** Hello, and thank you again for the invitation to speak with you today.

I'm Mike Whelan, chair of Supply Chain Canada's board of directors. I'm joined virtually today by Martin Montanti, the president and CEO of Supply Chain Canada.

I would like to begin with an introduction to Supply Chain Canada and our association.

With its roots dating back to 1919, Supply Chain Canada, also known as SCC, is one of the oldest and largest supply chain associations in the world. Supply Chain Canada is a national organization that provides critical skills, networking opportunities and advocacy for its members.

Supply Chain Canada is one association with multiple parts. We are composed of eight institutes across the country, and through our eight provincial and territorial institutes, Supply Chain Canada grants the supply chain management professional, or SCMP, designation, the highest achievement in the field and the mark of a strategic leadership in a supply chain. Leaders from our institutes and from the national office form our federation council, bringing different perspectives from all parts of the country from coast to coast.

With over 4,000 members across Canada, our goal is to provide leadership to the Canadian supply chain community and to work with government to address the ongoing needs of Canada's end-to-end supply chain. With our membership, we work to generate and share ideas to improve the supply chain system and ensure that Canada is a strong and competitive environment for domestic and international investment.

In 2022, Supply Chain Canada was pleased to see the Government of Canada move forward with a supply chain task force and was ready and willing to participate. We believe that this is a vital step in addressing some of the most pressing issues across our supply chains. Supply Chain Canada was honoured to provide valuable insight into the creation of the supply chain task force report—“Action. Collaboration. Transformation.”—which outlines specific goals across the supply chain.

In 2023, Supply Chain Canada held a town hall with its members across the country to review the report by the supply chain task force. Our members welcomed the opportunity to react and share their expert advice on how to ensure that the goals in the report are met in a timely and efficient manner.

Through our ongoing collaboration with the supply chain task force, Supply Chain Canada was able to provide our members' highest priorities to ensure that Canada addresses the needs and shortcomings of our supply chain. Supply Chain Canada members provided the task force with recommendations on three core themes: automation and technology, supply chain disruptions and labour shortages.

Under automation and technology, it was discussed that we need to introduce government grants that encourage automation at ports and other key points in the supply chain to support increased efficiency and reliability; prioritize the development of guidelines to ensure that our supply chains are safe from cybersecurity threats; and create jobs through the modernization and optimization of Canada's aging infrastructure to further increase Canada's economy.

Under supply chain disruptions, it was recommended to ensure that disruptions—environmental, protests, cybersecurity, etc.—are mitigated through intergovernmental partnerships. This would not only help to ensure stability across the chain but would specifically help to mitigate external and international threats related to our cybersecurity, whether they are caused by natural disasters, human mischief and/or labour disputes. Risk mitigation strategies must be developed. We also need to guarantee that new technology and automated infrastructure has a reliable cybersecurity network to make Canada a reliable global partner. As well, we need to introduce an intraprovincial communication channel for proactive messaging to enhance collaboration between provinces and territories on supply chains.

Under labour shortage, we provided recommendations such as familiarize high school students with a basic understanding of our supply chains and the ways they affect people across Canada and around the globe; ensure that Canada's training programs and designations are in line with the realities and experiences of modern supply chains; and shift toward a balanced training approach by ensuring that training programs return to in-person, ultimately allowing professionals to get hands-on experience during their training. Other recommendations were to address the elimination of red tape to ensure that foreign workers can fill labour gaps by obtaining timely work permits, including in sectors where domestic talent might not exist; explore accrediting qualified permanent residents and student visa holders to address some of our short-term as well as long-term labour goals; and promote professional careers across the supply chain to create competitiveness and increase investments in the manufacturing, distribution and production of goods and services.

Each of these recommendations can be found in the report entitled "Transforming Ideas into Action", which was submitted to the supply chain task force in 2023.

Through the town hall with our members, it became clear that Canada's labour shortage is based on a skills shortage. Through its many training and skill development programs, Supply Chain Canada is poised to train and fill labour gaps through our competency benchmarking tool and education program. It can benefit both the practitioners and organizations in the supply chain industry, and it can be used to identify strengths, analyze skill gaps and benchmark the individual against peers.

• (1555)

It can be used to get an extensive look across functional skills, and for individual practitioners, there are more than 400 individual competencies that have been carefully chosen and laid out. Whether the individual wants to advance within their organization or pursue new opportunities, the competency benchmarking tool offers a clear road map to ensure—

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Mr. Whelan.

I now invite the members of the committee to ask the witnesses questions.

Mr. Seeback, you have the floor for six minutes.

[English]

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

Canada is a trading nation. I think we all know that. Our GDP is about 70% from trade, but it depends on the year. It fluctuates. The United States' GDP is about 20% to 25% from trade. If we look at the overall infrastructure ranking in 2014-15, Canada was 14th in the world and the United States was 18th. The United States is now ranked 12th and Canada is ranked 27th.

That is based on 2019 numbers. This is from the Canada West Foundation. It's on a steep decline and I assume it's gotten worse. It's the same thing with the U.K., which was 29th in 2014-15 when Canada was 14th. The U.K. is now 10th and Canada is 27th. Look-

ing at China in the same period, Canada was 14th and China was 73rd. Canada is now 27th and China is 33rd.

We have a report from this government—the supply chain report. Canada needs to invest \$4.4 trillion in infrastructure. They've budgeted \$4.6 billion between 2017 and 2028, whereas it would appear we need \$88 billion a year to continue to increase our infrastructure for exports. We are an exporting nation. I find these numbers shocking. We've been going absolutely in the wrong direction over the last eight years on the quality of our infrastructure for transportation.

I wonder whether the Canadian Association of Importers and Exporters, the Canadian Chamber of Commerce and Canadian Manufacturers and Exporters want to comment on these numbers. Are you as shocked as I am at how rapidly our infrastructure is declining, given the importance of trade to this country?

Whoever wants to go first.... How about the chamber goes first?

**Mr. Matthew Holmes:** I can speak on that quickly. Thank you for the question.

I think these sorts of investments are, by their nature, long-term investments. What we're seeing in other jurisdictions is an acceleration and a real intentional buildup of the infrastructure critical for trade. You can look at it across multiple sectors. In the U.S., for example, look at LNG exports. Ten years ago, there wasn't a sector there. Now they are a major player in the global export market for that one sector. That's something Canada has not chosen to develop and build out. We go through the line and see lots of opportunities and missed opportunities for investment.

The time frame for those, again, though, is a long-term one. My colleague here, in raising the framework many other nations and regions have.... That's a first step. We need a plan and a framework. Then we can get to work building.

**Mr. Kyle Seeback:** In the United States, only 20% to 25% of GDP is from trade, yet their infrastructure has gone from 18th to 12th. They see the importance, whereas Canada is at 70%, but we've gone in the exact opposite direction in the last eight years.

To the other two, I find this extraordinarily concerning for an exporting nation. I wonder whether you want to comment on that.

**Ms. Kim Campbell:** I would be happy to comment on that.



We would 100% agree with you. We're talking about increasing to 50% by 2025, which was the goal. Our thoughts are that we need a plan, as our colleagues have already talked about. Layered in that, there would have to be a government and industry commitment. That's one of the things we feel are largely lacking. There is no plan or overarching mandate to get us all to where we need to be.

• (1600)

**Mr. Ryan Greer:** I would add that we're not shocked by it, but only because we've been talking about this for a long time, dating back to even before the Asia-Pacific gateway and corridor initiative, the predecessor to the NTCF that existed. We've been calling for a long-term framework to make these investments.

As I mentioned in my remarks, this kind of infrastructure makes all of its users more productive. When we talk about Canada's declining productivity, there are lots of things we can do to address that, such as significantly increasing our investments.

The only thing I would add is that, as I said, we make these investments sporadically. We have programs, companies and organizations apply for them and work with all levels of government, but there is no strategic framework that describes what the single most important export infrastructure projects are in this country. I would love to know what the federal government, working with its provincial and municipal partners, sees as the top 20, 25, 50 and 100 trade-enabling projects that are important for our prosperity for the next several decades so that we can harness all the resources—not just the funding but regulatory and otherwise—to get them built.

**Mr. Kyle Seeback:** There's a lack of federal leadership in figuring out what these priorities are. That's the sense that I'm getting.

Now we have a trade minister who's going around saying we're going to sign all these new trade deals to try to increase Canadian exports. However, if we don't have the actual infrastructure to do it, it seems to me like the left hand doesn't know what the right hand is doing on these things.

Would you agree that appears to be what's happening?

**Mr. Ryan Greer:** I'll jump back in just to say a comprehensive strategy that works across all departments and all players is entirely necessary, but it's not just linked to your investments. It's not just linked to your FTAs. It's how you get the skilled labour required to support those supply chains. It's how we prevent labour disruptions. You can have all the infrastructure in the world, but if you don't have the people to help move the goods along it, it doesn't get you anywhere.

It can't be a siloed approach. It has to work across all departments and agencies and all levels of government because it's so critical to the future prosperity of our country.

**Mr. Kyle Seeback:** I think the port of Vancouver is ranked second-worst in the world for efficiency and productivity. When we talk about an Indo-Pacific strategy to expand trade, it doesn't seem like there's any sort of urgency to improve the efficiency of the port of Vancouver as well, which to me is a huge problem.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** I'm sorry, but there's not enough time for an answer. You can come back to this in the next round, if you wish.

Mr. Arya, you have the floor for six minutes.

[English]

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

Mr. Greer, I'm happy that you brought up the transformation that is happening in the global supply chain. Though Canadian trade is dominated by our trade with our U.S. partners, because of the complex nature of the global supply chain, if Asia sneezes, we catch the cold.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Mr. Arya, I'm being told that the wrong microphone is on.

[English]

**Mr. Chandra Arya:** I'll start again.

Mr. Greer, thank you for bringing up the issue of the global supply chain and the transformation that is taking place due to many factors, including the changing geopolitical structure and the changes in globalization, as we have seen. Though the bulk of our trade is with the U.S., which is quite good for us, because of the complex nature of the supply chains, the global nature of the supply chains, if Asia sneezes, we catch the cold. The supply chain management, the supply chain that has to work seamlessly across the world, is very important both for Canada and the U.S. for our trade going forward.

Has the Canadian Manufacturers and Exporters association looked at what happened during the pandemic and how it affected the supply chains? If we have, say, another pandemic hit us in the next months, do you know exactly which are the members of yours, which are major companies of yours or the major product lines, that will be affected and what needs to be done?

**Mr. Ryan Greer:** The short answer is yes. We are constantly examining, as I mentioned, the geopolitical, environmental and technological environment in which all our members are manufacturing and that our supply chains are adjusting to.

In terms of Canada-U.S. and the border, I think a number of challenging lessons were learned, not just for the private sector but for governments and other partners alike. Maybe our fear is that some of those lessons might get forgotten. I think of how certain procurements and project approvals and other decisions that were made with public-private collaboration were done in a fairly expeditious manner. We—

• (1605)

**Mr. Chandra Arya:** I'm sorry to interrupt, but I have limited time.

Are there any specific things you identified that would affect major product lines of your members' companies if the pandemic were repeated?

**Mr. Ryan Greer:** Anything that seizes up the border, anything that creates any delay at the border, will in fact impact all of our members. When we consider a future event such as that, anything that slows up the border in any way impacts all of our members. Which businesses can be open and in what way would obviously impact our members, but really ensuring the border continues to be open and seamless is the single most important one.

**Mr. Chandra Arya:** Thank you.

Mr. Holmes and Mr. Guy, I'd ask you the same thing. I'm talking about the global supply chains, where components or parts of the goods are supplied from China and southeast Asian countries, if there's a disruption how are your members going to be affected? Do you have any idea if any political study has been done?

**Mr. Robin Guy:** I think to answer the question I'll go into a bit more detail. We just can't have the one path to get goods to market. We have a big country. We have the ability to go east and west, and for that matter, as the climate starts to warm in the north, I think we should be exploring an Arctic gateway strategy to make sure that we can get goods out no matter which way.

If we have, for example, a strike on Canada's west coast, if we have flooding taking place where we simply can't move, the ability to ensure that goods continue to move is a massive piece that we need. In addition to that, looking at the controls that government has and the leadership that government can play, things like inter-provincial trade barriers make—

**Mr. Chandra Arya:** You touched upon the need to respond to the IRA. We did a study in this committee and one of the witnesses very neatly said that we can't match dollar to dollar, but we can respond smartly to the U.S.

One thing that has come out of the U.S. IRA and the CHIPS and Science Act is that the U.S. understands that not everything can be manufactured in-house. Onshoring is not possible and that's the reason they're trying to de-risk their dependence on China through friendshoring or nearshoring, etc.

Have you guys identified the opportunities that are available for Canada? You guys may know that Canada and the U.S. have a supply chain working group that identifies the various critical sectors where we can act jointly in ways that we co-operate with each other. Have you looked into that and identified the sectors that provide opportunities for Canada to step in?

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** You have 20 seconds left.

[English]

**Mr. Matthew Holmes:** To be very brief, there are two things.

One is that we have to diversify our trade, of course—always—both in terms of our infrastructure and our trade relationships. That's profoundly important.

Two, three-quarters of our trade is with the U.S., and we need to really make sure that we're focused on those critical trade relationships.

Critical minerals is actually a great example of where we're nearshoring and friendshoring. We need to ensure there's a rigorous ecosystem here in North America that's done in coordination.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Mr. Holmes and Mr. Arya.

It's my turn to have the floor for six minutes.

Ms. Campbell, you mentioned the Canada-United States-Mexico Agreement, or CUSMA, in your opening remarks. As we know, all kinds of negotiations are under way with various countries, including Ecuador, the United Kingdom—it's a bit complicated in the United Kingdom's case—and the countries of the Association of Southeast Asian Nations. The negotiations are under way, or they are planned over the short term.

In your opinion, what priorities and concerns should the negotiators be focusing on?

[English]

**Ms. Kim Campbell:** Thank you very much.

I feel that the priorities for the negotiator should obviously be to make the application of the trade agreement as simple as possible.

We've talked about—and I've heard previously in the committee—people aren't really using the free trade agreements because they're very hard to execute on. That would, to me, be the simplest. We say free trade, but when you dig into it and actually have to use it and make sure that you qualify, it's a very technical, complicated and confusing exercise for importers and exporters.

That would be my biggest recommendation: to try to make them as easy as possible to execute on.

• (1610)

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Ms. Campbell.

My next question is for the Canadian Manufacturers and Exporters representative.

In a 2019 pre-budget submission, and on other occasions, you supported the creation of a national accelerator program that would be dedicated to manufacturing exports and would be similar to the current Canadian technology accelerator program.

Was that proposal heard? To my knowledge, no such program has been set up. Have other measures with the same objective been put in place?

[English]

**Mr. Ryan Greer:** I think that one was for us.

The short answer is yes to an extent, in the sense that there are a number of current government initiatives and programs that are focused on advanced manufacturing, clean technology exports and how to build our capacity to access those markets.

Everything has shifted, as we've noted, significantly since the introduction of the IRA. At the present moment, our focus is on the investment tax credits, which are of extreme importance to our members, and to foreign direct investment. When we think of North American supply chains, decisions are being made every day about where to invest.

There is a manufacturing factory boom happening in the U.S. Manufacturing construction is up 70% year over year in the U.S., and we have focused all of our energy in the last 12 to 18 months on matching, keeping up with and finding Canada's unique response to the IRA incentives.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** I'm going to take advantage of the fact that you mentioned the Inflation Reduction Act to pick up on that.

In its June 2022 progress report on Canada-U.S. supply chains, the Canada-U.S. Supply Chain Working Group highlighted the importance of nearshoring by U.S. and Canadian elected officials for parts of the supply chains that were critical in the electric vehicle sector.

We know that the Inflation Reduction Act, which is a plan that is very focused on green technologies and the energy transition, touches on some sensitive considerations. The Americans have many initiatives in place to encourage investment.

Do you think Canada is doing enough on its side?

[English]

**Mr. Ryan Greer:** First, your point is exactly right, but it's not just a clean technology issue; it is a geopolitical issue. We've seen comments from the U.S. national security adviser, talking about how the nature of global changes has fundamentally changed under this administration and, frankly, will be for future administrations.

Canada has worked closely with us and taken a number of our recommendations on what Canada's response to the IRA should be. As I mentioned, our focus is really on the investment tax credits. We need to get those available for companies to apply for so that opportunities are not missed out on.

I think the difference and the importance of those is that Canada and the U.S. are not traditional trading partners like we would think

of in other markets, where they're often competing for market access. Our integrated supply chains mean we build things together. It is really about working together and how we, as a region and as a continent, can export to the rest of the world.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** I have a minute and a half left.

I would like to call Mr. Martel to order and ask him to stop interrupting me when I have to do my job.

Mr. Greer, you said that the considerations were geopolitical or even geostrategic in nature. I can't remember the exact word you used.

Could you give us more details on that idea?

[English]

**Mr. Ryan Greer:** I referenced the U.S. national security adviser. I'll read his quote directly. He said, "Market access has been the orthodoxy of all trade policy for 30 years, and that no longer fits today's challenges." It's not just the economics; it's now the security of supply chains. For a number of strategic reasons, this applies a significant decoupling between the United States and China.

Economic security has once again become an integral part of national security. Given our location and the value of our trade with the U.S., how we work closely with our friends and partners in the U.S., how we respond to their incentives and how we recognize this decoupling and ensure that it is Canada, the U.S. and Mexico—North America—exporting, building and making products here in this region in highly integrated supply chains....

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you.

My time is up.

I now give the floor to Mr. Cannings.

Mr. Cannings, you have six minutes.

[English]

**Mr. Richard Cannings (South Okanagan—West Kootenay, NDP):** Thank you.

Thank you all for being here today.

I am going to start with Mr. Guy. You mentioned Bill C-58. That's the bill that would ban replacement workers in federally regulated industries.

You intimated that places that ban replacement workers will have longer strikes and be more disruptive and less stable when, in fact, the longest, bitterest, worst strikes in Canadian history were generally those that involved replacement workers, because they took away the need for the employer to even talk to the workers. This whole bill is designed to basically level the playing field and make things more stable. British Columbia has had this legislation for decades. Quebec has had this legislation.

We heard at an earlier meeting of this committee, when we were studying the last Vancouver port strike, that it was over 50 years ago. It's not like British Columbia is a rampant place for strikes. Part of that is that it has the same legislation in the provincial jurisdiction that we are proposing for the federal jurisdiction.

I'm just wondering where you get this idea that banning replacement workers would make strikes last longer and happen more often. This legislation is designed to give workers the same rights that employers have. Those disputes tend to be solved more quickly because both the workers and the employers have their minds fixed and focused on finding a solution.

● (1615)

**Mr. Robin Guy:** I think, in reading Bill C-58, that it firmly tips the power in favour of one of the parties. Where do I get the piece? I'll cite the passage from the government's own consultation paper, which states, "The majority of these studies suggest that when a province prohibits replacement workers, this is associated with more frequent strikes and lockouts, at least in some sectors". I'm citing the government's own consultation paper when I say that this is going to cause problems. To be honest with you, our members are superworried.

I think that, when we take a look at what replacement workers are, they are often managers who are really keeping the lights on for our economy.

**Mr. Richard Cannings:** In many cases, they're not. It's people bringing in real replacement workers to do the work that large numbers of workers normally have. If you're seeing increased lockouts, that's not a decision of workers.

It just strikes me that this demonization of legislation that creates a level playing field makes people forget that labour disputes have two sides. Whenever there's a labour dispute, whether it's a lockout or a strike, I get the feeling that everybody is blaming the workers, as they did in the Vancouver port strike, yet we heard testimony here that a lot of the delays in that negotiation process and the reason it took so long was more a result of the structure of the employer's bargaining process than that of the workers.

I don't want to belabour the point, but I just can't let that lie because I don't know where you're getting that data. If there are more frequent strikes, maybe it's because workers feel that they have those powers. They deserve fair wages. They deserve a safe workplace, and that's what we hear they're going after. I'll leave it there. Mr. Greer made the same point, and I believe that those are simply beliefs that, certainly from the British Columbia experience, are not rooted in fact.

I want to turn to Mr. Whelan on the other side.

You said that one of the big problems was the labour shortage. I'm just wondering if you could elaborate on where that labour shortage is concentrated or what sectors are facing that, and what needs to be done.

● (1620)

**Mr. Michael Whelan:** I will also defer to Martin as well when we follow up on this, but, from my perspective, we are seeing that the labour shortage, as far as the skilled labour shortage within the supply chain, is across all sectors in private and in public. We're seeing it right across the board. It's something that has not been highly promoted, and we're working towards getting that increased advocacy and getting the training back towards it.

Martin can probably identify a little more closely the specific sectors where we're seeing the worst of it, but certainly the manufacturing area and the transportation area are two key areas for us.

**Mr. Martin Montanti (Chief Executive Officer and President, Supply Chain Canada):** Thank you very much. I really appreciate the question. It is a key one that others have brought up in this discussion.

The big thing that we recognize through our members across Canada and the organizations that we deal with is that, although it appears to be a labour shortage, which you brought up, Mr. Cannings, we see it as a skills shortage. When I was assistant deputy minister for the supply chain for the Province of Manitoba, I put out some jobs and I got lots of applicants, but the applicants—

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Mr. Montanti, unfortunately, you have only 10 seconds left to conclude your remarks.

[English]

**Mr. Martin Montanti:** I'm sorry; do you want me to continue?

**The Clerk of the Committee (Ms. Sophia Nickel):** Mr. Montanti, if you would like to access interpretation, there should be a little button at the bottom of your screen, but you have to—

**Mr. Martin Montanti:** Yes, it's there. It says, "English". Thank you.

Just to continue on the question, we talked about immigration in our papers. We talked about the current skills shortage in Canadians as well. We need to start recognizing the gaps that people have when they apply for these jobs, and then we need to fill those gaps in. This is predominant throughout, like Mr. Whelan said, all sectors of industry across Canada.

Thank you.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Mr. Montanti.

We will now begin the second round.

Mr. Martel, you have the floor for five minutes.

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

I thank the witnesses for being here with us today.

Ms. Campbell, in free trade agreements, reciprocity of standards is often put into question, which does not seem to suit everyone.

What are your thoughts on that? Are there any solutions?

[English]

**Ms. Kim Campbell:** I'm sorry. Can you rephrase the question?

Are you asking if we feel we're not getting the same equivalent benefits back on the free trade agreements that we are signing?

[Translation]

**Mr. Richard Martel:** It's often said that the implementation of free trade agreements means that our exports can no longer enter countries that have different standards, whereas other countries are probably able to export a lot more goods there than we are.

Are you hearing the same thing?

[English]

**Ms. Kim Campbell:** I now understand the question.

Yes, I feel it could also go both ways. I'm sure we've also been told that in Canada as well. To me, it's a continued dialogue around the free trade agreements. That's why we are so interested in the CUSMA provision that encourages trade and facilitation committees. There are other committees around that, but the private sector is not participating in those committees. To me, that is where those things should be vetted and worked through, and we're just not party to those conversations.

[Translation]

**Mr. Richard Martel:** Ms. Campbell, we hear that improving the customs system is a major challenge and that the system has become a slow down point in travel. It seems very complex and rigid. Is there anything that can be done to modernize it and make it more flexible?

[English]

**Ms. Kim Campbell:** I would agree.

There are two things to say. One, we used to have a world-class customs agency and were ranked quite high back in 2017. Over the years, we have digressed down that path. Again, it comes back to some of the discussions we've had earlier with my esteemed colleagues. We need overarching plans. We don't have one of those, even on the border processes. To me, that's part of it. We do not have a plan where we talk about an EVP to take Canada to the next level. It's the same with the border as well.

We've been asking senior leadership for quite a while to provide a strategic plan, but we don't have one. I personally asked for an EVP last year, and when we could expect to get one. He said, in 18 months. We're now at that 18-month marker.

To your point, the processes are very complicated and confusing. That is why we feel it's really important to have an inter-agency council that would include businesses in order to start wholly addressing these things.

• (1625)

[Translation]

**Mr. Richard Martel:** Thank you.

My next question is for Mr. Holmes or Mr. Guy.

The reason we use nearshoring is that we have a problem with our existing cross-border trade infrastructure. The Canada West Foundation even says that confidence levels in our transportation infrastructure systems have collapsed over the past decade.

Why has there been such a decline in confidence in our infrastructure?

[English]

**Mr. Robin Guy:** We need stable supply chains to get goods to market. When we look at what the Canada West Foundation...and we are very supportive of it. I'll stress that not only are we supportive of it, but we encourage premiers...who this summer actually mentioned that the federal government should be looking at this Canadian transportation infrastructure plan.

We need the ability to get those goods—such as critical minerals or as my colleague mentioned, the agricultural products—reliably to port and market. The issue we're seeing right now is that there isn't necessarily a climate or understanding from businesses as to what the government strategy is with some of its programs.

The national trade corridors fund was very supportive of them, and it ensured there was a vision that went along with those programs. This will help businesses understand the important pieces that they can invest in, because we as businesses are actually responsible for a lot of the infrastructure as well.

[Translation]

**Mr. Richard Martel:** Thank you.

Just out of curiosity, I'd like to ask you which aspect of our cross-border trade-related infrastructure you think needs the most improvement.

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Unfortunately, we won't have time for an answer. I'm sorry about that, Mr. Martel. Thank you for your participation.

I now give the floor to Ms. Fortier for five minutes.

**Hon. Mona Fortier (Ottawa—Vanier, Lib.):** Thank you, Mr. Chair.

[English]

Good afternoon, everyone. Thank you very much for being here. I appreciated your opening remarks.

I want to commend the Chamber of Commerce for mentioning that regulatory framework or regulatory modernization is really important in reducing the red tape. Funny enough, Bill S-6 is still on the table in the House. Hopefully, members will understand that we should be pushing this, as it would help businesses to continue to reduce the red tape.

I had the privilege of being the President of Treasury Board. That was a bill I presented. I think it's really important that we focus on solutions that are already on the table and continue on that. I just wanted to mention to my colleagues that, when it comes up, let's hope we can support businesses by applying this and voting for Bill S-6.

Currently, the second regulatory modernization has 45 amendments to 28 pieces of legislation. It really could help many of our businesses in the support of innovation and economic growth.

My next question would be for the Canadian Chamber of Commerce.

In a previous appearance, it was discussed that the Biden administration's Inflation Reduction Act presented both opportunities and challenges to Canadian companies, particularly in the clean-tech sector. It's obvious that pretending climate change doesn't exist is no longer a viable option for countries that want to remain economically competitive in the 21st century.

Could you please speak to how the investment tax credits provided to Canadian clean-tech firms are helping Canadian firms compete? How can we strengthen that?

• (1630)

**Mr. Matthew Holmes:** Thank you as well for the kind words.

On the investment tax credits, or ITCs, within budget 2023, I wouldn't say that they are currently helping. I think it's premature. What they're doing is helping to retain investment in Canada and putting some certainty in place for the business community.

These are major projects. If you're talking about carbon capture, utilization and storage projects, these are major builds. They will take an incredible amount of private sector investment. What the business community is looking for from the government is a sense that there is conviction and certainty ahead, and that there will be investments and tax credits that make this jurisdiction in Canada a competitive one.

The IRA in the United States has had an incredible sucking sound for investment. It has brought all kinds of projects to the U.S. territory. What follows that is talent. What follows that is research and investment. The cycle it creates could have a long-term and prohibitive or disastrous impact on us here in Canada in our energy sector and in our net-zero climate transition.

**Hon. Mona Fortier:** Great. Thank you very much.

This is for all of the witnesses. I will turn to French because I want to do both official languages.

[Translation]

Most of us agree that government has a role to play in helping provide Canadian businesses with the tools they need to grow, export and integrate into global supply chains. However, as you know, all levels of government provide a wide range of support programs.

How do you think we can ensure that the various levels of government are all working together to help exporters? How do we streamline the services that are available to those businesses and exporters?

I'll start with Mr. Whelan. If he answers briefly, everyone can have an opportunity to answer.

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** There are only 35 seconds left.

**Hon. Mona Fortier:** Otherwise, you can submit your ideas later. We would appreciate that.

Go ahead, Mr. Whelan.

[English]

**Mr. Michael Whelan:** Yes, I'll answer very quickly.

For us, it is the skill set that's a vacuum across the country and across all sectors. Once the programs and so forth are in place, we can deliver on them. We can deliver the training for them.

**Mr. Robin Guy:** I think, keeping it short, that I would just say leadership. I think that plays a massive piece.

Take a look at the Asia-Pacific gateway strategy as an example. That brought together all levels of government, communities, provincial governments and indigenous populations in identifying what top projects we need to ensure we can grow our exports into the Indo-Pacific. I think that was a successful program.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Mr. Guy.

It is now my turn to speak.

My question is for the Canadian Chamber of Commerce representatives.

In late 2020, the Industry Strategy Council of Canada submitted a report to the federal government. That report recommended the adoption of industrial policies, which was presented as a major shift. They even went so far as to call for an approach based on the planned strategies of industrial powers such as China and Germany. The aerospace sector, for example, has been identified as one of the four priority manufacturing sectors.

What do you see as the priority challenges for this critical sector?

[English]

**Mr. Matthew Holmes:** Is this a question for aerospace specifically? I think our friends at the Canadian Manufacturers and Exporters may have an opinion on that, but the critical piece for the aerospace sector right now, I think, is ensuring there is a robust ecosystem in place here in Canada.

These are very integrated markets. These are global markets. They are reliant on essential skills and talent here in Canada, and they need the supply chains. They're sending engines and component parts to various jurisdictions. They're supporting rigorous supply chains and value chains that are global in nature. Our domestic players here need to have a clear sense of what the rules of engagement are with the governments here so that they can have a fair shot at playing with this government and in procurement. They also need to have a free flow of goods and talent so that they can then take advantage of global opportunities.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Mr. Greer, you have 50 seconds.

[English]

**Mr. Ryan Greer:** Sure. Just very quickly, I know that our friends in the Aerospace Industries Association have been on the Hill recently and will be on the Hill talking about the need for a national aerospace strategy. I think they'll have some very strong recommendations for you and this committee to consider.

I would also echo what Mr. Holmes said about clarity around the procurement and purchasing decisions that are made by the Government of Canada. It is one of the most challenging files for any government and for industry to navigate, but I know that for the aerospace sector in particular it's about making sure that made-in-Canada products, components and parts can be effectively sold to support the Government of Canada's national security, commercial and other objectives.

• (1635)

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you.

Mr. Cannings, you now have the floor for two and a half minutes.

[English]

**Mr. Richard Cannings:** Thank you.

I'm going to start with Mr. Whelan this time.

In talking about supply chains, it seems that over the past decades supply chains have been moving to the just-in-time model, and now that seems to be getting increasingly disrupted by storms, fires, rail issues and whatever. Someone here, and I'm not sure who it was, said of those disruptions—I guess it was the chamber—that 60% of their members feel that it is not going to improve.

I'm just wondering if your members have any sense of how they are going to adapt to this, especially with how integrated Canada-U.S. supply chains are. How does that work?

**Mr. Michael Whelan:** From our perspective when looking at just-in-time, it's certainly a model that was well in play whenever it ran like clockwork. I think you saw a prime example of how clockwork goes aside when you have something like the pandemic that struck in 2020. Health care supplies, which always had been planned out for just so long—because you could plan that very well—all of a sudden had a huge increase in demand.

Something like that can throw a monkey wrench and destruction into any supply chain quite quickly. When things are flowing fine, just-in-time works. When it's not, we see the need to have additional flows available to us and additional people ready to deal with those flows and the supply chain issues that come around it.

**Mr. Richard Cannings:** Ms. Campbell, would you like to comment on that?

**Ms. Kim Campbell:** Yes, I would like to jump in.

I think our members have certainly done a lot of great contingency planning over the last couple of years and continue to do so. I think there's still a lot of opportunity for government and the private sector to work together in terms of disruption and how that might look and feel as we move forward.

I think we were really good at dealing with a very stressful situation across many fronts, but we've not been good at doing desktop or tabletop exercises since then, so that when these happen we know in our DNA exactly what sheet to go to and what policy to follow. That still is an opportunity for us with business and government.

As well, I can tell you right now that, on the U.S. side, I think there is an opportunity to make sure we work collectively. When the B.C. floods happened, we had to go to U.S. Customs. They were very gracious, and they reacted very quickly and made those changes. We don't have that same reciprocal program here on the Canadian side if they should be in the same position.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Mr. Cannings. Unfortunately, your time is up.

I now give the floor to Mr. Baldinelli for five minutes.

[English]

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

Thank you to the witnesses for being here today.

As did my previous colleagues, I reviewed the national supply chain task force report. It said, “In 2020, road transport accounted for 50% of Canada’s merchandise trade (imports and exports combined)”. In my riding alone, I have four international boarder crossings, two of the top four in Canada in terms of commercial traffic. I think the Peace Bridge alone is number two, with 40 billion dollars’ worth of trade going over that one bridge alone. It’s kind of timely that we’re undertaking this study. Part of the study talks about identifying programs, tools and measures that support growth.

Ms. Campbell, the national transportation study talks about digitization. In your presentation you talked about the CARM program. I worry sometimes that government programs can be an impediment rather than a help. I think it’s important that you speak to some of the concerns from your organization of importers and exporters regarding the implementation of CARM and this drop-dead date of implementation and what that could mean for our supply chains and our trade.

• (1640)

**Ms. Kim Campbell:** Thank you very much for the question. That surely is our number one concern right now, as May 13 is fast approaching.

Based on what we know right now—and I did submit some stats to the clerk—according to CBSA’s numbers submitted to this committee back in May, there are 200,000 registered importers. As of yesterday, they shared with us that just under 50,000 importers are registered today, and they are expecting 100% to be by May 13. The goods of those importers that aren’t registered will not be allowed across the border.

Initially one would think that those people who didn’t register wouldn’t be allowed across the border, but the implication is that those trucks will be turned around and those goods will have to be off-loaded into warehouses. That is the biggest concern for us right now—this mandatory drop-dead and the implications of this requirement that everyone be registered.

The other big overarching issue for us is that this technology has not been tested. For six years this project has been on the table. Many times it has been said that the big bang is too risky, yet they’ve doubled down and they continue down that path. On May 13 not only will we be having all these requirements, but we will be testing technology that we’ve never touched before.

The other very scary part about this story is that there are only a few people who are actually testing. Out of those 200,000 importers, only 47 companies are actually testing the system. When we go live on May 13, all of us will be seeing it for the first time.

**Mr. Tony Baldinelli:** Wow. That’s quite concerning.

Given the government’s track record and success at programs such as the Phoenix pay system, you would hope they would try to run maybe a parallel system, say for a month or two, just to ensure that it works. Then they could drop the other system and go forward, but that doesn’t seem to be the case and they do this at their peril.

Have they shared any of the test results with your organization?

**Ms. Kim Campbell:** They have most definitely. We had an update yesterday. The numbers change all the time. Based on what they told us yesterday, there are 25 entities. They expect that represents 90% of importers in terms of the software interface. Every single one of these will have to be recertified under this new program. As of yesterday, only one has been certified.

**Mr. Tony Baldinelli:** My understanding is that, as part of this program, there is the concern among small operators with their having to obtain their own surety bonds. There’s some confusion out there as to whether or not they will even be able to obtain surety bonds instead of using the regular brokerage industry for such things. Is that a concern you’re hearing as well?

**Ms. Kim Campbell:** It’s a massively big concern and it’s a very bona fide concern.

Right now, today, most of those things transpire under a customs’ broker bond. That probably involves 300 companies in total. We are now forcing 200,000 importers to get their own bonds. Again, magically on one day, May 13, it’s supposed to be in place. In all fairness to them, they have given a grace period, but we’ve recently learned that the grace period will be extended only to those that have signed on to the portal. There are still 150,000 that haven’t.

The bigger part of this story, in my opinion, is that right now small and medium-sized enterprises can carry a \$5,000 bond. That exists today. For some reason not known to really anyone, they have now increased that minimum to \$25,000. A lot of people will not be able to get that surety, as you pointed out, because the surety companies doing that are going to put them in a category that’s too risky and won’t provide the bond.

Somehow we’ve done a big \$20,000 jump there. Customs will say, “They can put down a cash bond”, but the ones that don’t meet the surety will have to do 100%. That’s not feasible either.

**Mr. Tony Baldinelli:** For the Canadian chamber, your members would have some concerns on that. Is that right? In terms of CBSA staffing, your experience—

[*Translation*]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** We’re out of time, Mr. Baldinelli. I’m sorry.

I now give the floor to Mr. Sidhu for five minutes.

[*English*]

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

Thanks to our witnesses for joining us here today.



As you guys all know, I am in the city of Brampton. It's a supply chain hub of Canada with many different industries. Trade has an impact on so many of my constituents, our residents in Brampton. One in five jobs is impacted directly or indirectly by trade, whether that's in Brampton or across Canada.

This government is making the critical investments, whether you're talking about the CPTPP or that we signed CETA, and we signed the new CUSMA and many other initiatives. In terms of infrastructure investments, we can speak about the Gordie Howe bridge, which is a very important corridor, as we all know. Trade with the U.S. is at an all-time high of, I think, \$1.3 trillion now, so that's a record. We'll continue investing in infrastructure. Out in B.C., we've approved the expansion of the port in Delta, which will help increase trade by about 60% at that port alone. These are very important issues that our government remains focused on, especially those in my riding and across Canada.

I really want to turn this over to some of my recent travels to Calgary, Kelowna and Montreal, where I met with representatives from the regional airport, the municipality, the chamber of commerce and business owners.

I would like to know, because you guys represent members across the country, are there certain trends or challenges in certain parts of the country that you're not seeing in the other parts of the country?

Maybe we can start with Mr. Holmes.

• (1645)

**Mr. Matthew Holmes:** My colleague, actually, may be more appropriate to this one, given his speciality.

Thank you.

**Mr. Robin Guy:** Yes. From a western Canadian perspective, I think very much the issues that we're hearing are transportation, just being able to get goods to market reliably. There's natural resources, again, not only getting the resources but actually being able to get the permitting to start mining the critical minerals, and also getting the value chain pieces up and running so that we're not just necessarily shipping our critical minerals out of the country, but we're actually building them in here.

It's the agriculture. I think the agriculture piece, from a western Canadian perspective, is a massive piece that has a lot of potential to grow the economy, especially if we were to look at things like that value chain and building the pieces here in Canada.

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

Ms. Campbell.

**Ms. Kim Campbell:** I don't have much more to add in terms of what was just stated, other than that we continue to be challenged with the onslaught of regulation and pending border disruption.

**Mr. Maninder Sidhu:** You mentioned there is a grace period for importers. I don't know if that's if you register by March, then it's six months, so you don't have to get a bond and you can still continue on the custom broker's bond.

**Ms. Kim Campbell:** That's a great question.

May 13 is drop dead, so everyone will have to face that May 13. The only exception is that they won't necessarily have to have their financial security in place for six months if they've signed on to the portal.

**Mr. Maninder Sidhu:** What date is that?

**Ms. Kim Campbell:** May 13.

**Mr. Maninder Sidhu:** As long as they've signed on by May 13, they have a six-month grace period where they don't have to get the final security and they can continue working with their broker.

**Ms. Kim Campbell:** Right.

**Mr. Maninder Sidhu:** So you have an additional six months of flexibility.

**Ms. Kim Campbell:** Right, if you have signed on. Otherwise, you have to put in a paper entry and pay duties and taxes at the border.

**Mr. Maninder Sidhu:** Yes, signing on is a few steps, but I think we should encourage importers to sign on.

**Ms. Kim Campbell:** We 100% have. That's part of the journey as well. I have provided stats to the clerk.

We are only seeing 2,000 a month, so there's obviously a problem. As to why, I think it's twofold. One is how difficult it is to get on there. Number two is the lack of communication from CBSA.

I would encourage you or your staff to take a look at their website. Right now you would have no idea that's happening.

**Mr. Maninder Sidhu:** Thank you for that. I've heard from members in terms of awareness. I think we need to continue working with industry partners to get more awareness out on this new system.

When I was in Washington for APEP, we were discussing supply chains and customs regulations. A lot of the folks there were looking to Canada saying, "How are you doing this so well?", because there are countries in South America that cannot trade with each other as we do with our neighbours. People are looking to Canada and some of our regulations and some of our techniques, but there's always room for improvement. We all know that.

Turning to Ryan, would you like to speak to some of the regional challenges that you're seeing across the country?

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Please answer in 50 seconds.

[English]

**Mr. Ryan Greer:** Sure. Just to echo some of what Mr. Guy said, we're hearing a lot around agri-food processing and energy. There are some concerns around grid and electricity. There are concerns out west around inputs from manufacturers.

What I'm actually struck by is the commonality of changes, despite the differences in industries and despite the differences in challenges among our different geographies. Some of the themes we've discussed here are around regulatory approvals, timeliness, reforms and transportation infrastructure. There's no part of the country where we're not hearing concerns about export, trade-enabling infrastructure and the need for sustained strategic investment.

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

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Mr. Sidhu.

We will now begin the third round of questions.

Mr. Van Popta, you have the floor for five minutes.

[English]

**Mr. Tako Van Popta (Langley—Aldergrove, CPC):** Thank you, Mr. Chair.

Thank you to the witnesses for being here with us.

I have a question for the Chamber of Commerce. It's really a follow-up question to Mr. Cannings' about just-in-time inventory controls.

My riding is in the Lower Mainland, Langley, and there's a border crossing in Aldergrove between Aldergrove and Lynden, Washington. There's a lot of light manufacturing going on in my riding, and I talk to a lot of them. They have a problem with supply chain disruptions that are impacting their inventory management, and just-in-time inventory management is a challenge for them.

It's hitting these people in three ways. There's more working capital tied up in inventory. There's more working capital tied up in warehousing—and warehousing is very expensive in the Lower Mainland. Also, with high interest rates, there's a lot more money taken off the bottom line by financing all of this additional working capital.

My question to the chamber is this: Are you hearing this from your members, and what advice would you have for small and medium-sized operators?

• (1650)

**Mr. Matthew Holmes:** Yes, we are hearing about this.

I think that speaks to the statistics that were shared and that we've been seeing, the survey on business conditions. There's ongoing concern about inflation. There's then the cost of debt management for a lot of these companies, particularly small and medium-sized enterprises, but there's also this persistent lack of confidence in the supply chain itself, and that comes out of the long tail of the pandemic and the disruptions we saw throughout that period. It's still very much with them.

Even though we talk about the importance and the rigour of creating more ecosystems within the Canadian manufacturing sector and creating more integrated domestic supply chains, regardless, we need both. Those have a lot of benefits and knock-on effects that are positive for our economy, but we also will always, in our current frame, be reliant on components, on parts and sometimes even on talent that needs to come in and work with our Canadian manufacturers and suppliers.

We need both. We need borders that can be rigorous in their controls, but porous in their application for our business community here at home.

**Mr. Tako Van Popta:** One question that I'm hearing from small operators with these supply chain problems is whether they should be making long-term investments in more warehousing. A lot of them had become very efficient with their inventory management.

Early on in the pandemic, when we saw some inflation creeping in, the government was telling us that these are short-term, pandemic-related supply chain challenges. Today the government is saying that, no, maybe it's more deeply embedded than that.

Small business operators don't know, and they're getting these confused signals from the government. What advice would you have?

**Mr. Matthew Holmes:** There are a couple of things. First, we have a variety of ways we could approach this. There are benefits to automation, and artificial intelligence does provide some future options around increased productivity and the automation and the benefits that many businesses of various scales can introduce and benefit from quickly. The Chamber of Commerce is continuing to study that. We feel strongly that there's a lot of potential there, as we see a decline in the productivity rate in Canada. I think there are ways. From a warehousing perspective, that's an obvious place where we can improve.

I hear you on the cost of land and on the price pressures that are facing these businesses. In many cases, they can only grow up.

I think what we consistently see is that, for government, one of its main tools is regulation. We don't often see governments take back or repeal regulation or apply an economic lens. What we're calling for consistently across multiple sectors within our membership is that, when new regulations are introduced, they are put through an economic lens to see what the impacts are on businesses of all scales across the country amongst various sectors and whether that will be a net positive or negative for the Canadian economy.

We think that would make a profound difference.

**Mr. Robin Guy:** It's a simple thing. It can't take us 10 years to build projects in the country.

Figuring out that regulatory problem so that we can build the infrastructure that we need quickly so that... Right now, we're looking at those near-term problems that are already taking place. We're already so far behind that's not good enough. We have to be looking 20 to 30 years out to make sure that, when we get to that, we have the infrastructure in place so that we can get those minerals to market and get goods reliably to market.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Mr. Guy and Mr. Van Popta.

Mr. Miao, you have the floor for five minutes.

[English]

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

Thank you to all the witnesses for being here today.

To the Chamber of Commerce, during your remarks you mentioned the national trade corridors fund. In my riding of Richmond Centre, it's really a first point of destination for air travel and goods coming from the Pacific. Many forwarder businesses are critical in this supply chain system.

I'd like to understand how an investment like the recent announcement by our Minister of Transport of approximately \$74.3 million to integrate and expand the Vancouver International Airport would impact businesses and members of your organization across Canada.

• (1655)

**Mr. Robin Guy:** Significantly—I think that's the simple answer.

The projects that are being announced by the government are greatly needed. We have an infrastructure deficit in the country. More money going toward infrastructure from the private sector and from the government is all very positive. I think making sure we have a vision in place so that we understand how that is working, in addition to some other announcements that the government is working on, will allow us to stretch those dollars significantly further. It's a signal, then, to the private sector as to what is needed from both the government's vision and the private sector's vision.

**Mr. Wilson Miao:** Thank you. I completely agree with your vision of how we plan for the future of Canada in economic growth especially. I personally feel there's a lot of potential for Canada, with made-in-Canada goods, to be a global player internationally.

Part of what you talked about, Ms. Campbell, is CARM, the new management system that we are implementing in May. Would you feel this is an approach our government is taking to modernize the current system? We talk about a lot of modernization in different areas. It is better when our technology in this generation allows us to really look at that approach and make the system more efficient and much more welcoming for all the exporters and importers to participate in.

**Ms. Kim Campbell:** That's a great question. Thank you so much.

I would 100% agree that it was an attempt to modernize, but I feel like it comes back a little bit to the infrastructure discussion

too. There needs to be an overarching council or agency to make sure we're actually meeting the mandate. That's a great example of where we thought we were modernizing, but nobody's been over-seeing it. We're years over-budget. Is it actually doing what it says it was supposed to do? As well, this is a third party. We've outsourced it. I think that's something we need to take a look at, and at keeping our assets within our own government, potentially.

It's a fair point. It's definitely an attempt at modernization. It's the execution of it and whether it actually meets or will meet its mandate is really the question.

**Mr. Wilson Miao:** I can imagine that in the initial stage there will be glitches. It's about how we'll be able to make that improvement over time. It's also about including the participation of businesses across Canada for their inputs and how we can really maximize the potential of this management system being put in place.

I understand that there has been consultation in the past. We're in the phase where it's being implemented right now. Do you feel there are certain areas in which our government can find better solutions in terms of the concerns you or your members may be experiencing?

**Ms. Kim Campbell:** Yes. That's a fair point. In fact, there have been two rounds of implementation already. One of them was importer-facing and the other one was not. We have seen some pieces of it.

I think the opportunity or lesson learned, as we talked about earlier, is why did we have to do a big bang approach? Why didn't we take an agile approach? Really, that's the lost opportunity. Most people around the table have done systems implementation, whether in government or in the private sector. Typically, you go through the design phase. You start the testing. You have your lessons learned. You rejig. Then you implement. Then you do your process improvement. That's not what we're experiencing here. That's what we've experienced on past projects, so that, I guess, is a lesson reinforced in this case.

We hope that once we move forward and get it in and stabilized, we will have those iterative processes. We're just very concerned at what cost that will be, at this point, since we're going to go big bang on May 13.

**Mr. Wilson Miao:** Great. Thank you for that.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Mr. Miao. Your time is up.

It is now my turn to speak, and I would like to come back to the witnesses from the Canadian Chamber of Commerce.

When you appeared before this committee a short while ago, regarding the strike at the Port of Vancouver, you talked a bit about the need for government action to prevent and quickly resolve strikes in response to a question from Mr. Miao, in particular.

Can you come back to that and explain to us how important port facilities, infrastructure and establishments are in supply chains and can be extremely dynamic hubs?

• (1700)

[English]

**Mr. Robin Guy:** Business needs to have the stability and the reliability in the supply chains.

It's important to realize that.... Looking back, we obviously had our west coast port strike, which had a significant impact on our supply chains. Looking forward, there's the port of Montreal. This is more instability and uncertainty for business. It's possibly with both national railways. Again, if one of those were to happen, the economic consequences of something like that would be massive.

Keep in mind that, when we look at things like a strike, it means that there's a slowdown in production. For example, in the forestry or mining sector, leading potash company Canpotex announced that it was withdrawing all offers of new sales. In essence, 70% of their exports were about to stop.

These aren't things that necessarily just affect the port. These are things that affect workers throughout the economy and throughout Canada.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** So you are confirming that the ports are currently being underutilized as extremely dynamic hubs in terms of supply chains.

[English]

**Mr. Robin Guy:** I think it's important to realize that our ports play a massive role in our export economy, but so do our airports and our bridges going down to the United States.

Maybe I'm misunderstanding the question, but we need to make sure that we get our goods to market and we need to make sure that we're looking at the future to ensure that we have the capacity to continue to get those goods out to market.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you.

I now give the floor to Mr. Cannings.

You have two and a half minutes.

[English]

**Mr. Richard Cannings:** Thank you.

I'm going to continue down the line to Mr. Greer with the question I was asking last time about the just-in-time method of handling supply chains. I've been reading about how some companies are adjusting that strategy to make it a little more nimble for figuring out, if they are getting parts in, which parts they need to store or have on hand and which ones they can pretty much rely on.

Can you comment on what you're hearing from your members in that regard?

**Mr. Ryan Greer:** Thank you.

I think we're hearing some of what you're hearing, which is that supply chains are highly elastic. We're not hearing that our members are keeping as much inventory as they were during and in the immediate crunch postpandemic. They're also not going back to the way it was prior to the pandemic, when things were just-in-time.

Honestly, what we're hearing most from them is some of what we're talking about today. To the extent that we can ensure that we are investing in the trade and transportation infrastructure required to give them more predictability and certainty, they can make business decisions based on that.

The other thing our members are looking at a lot is how they can implement new digital technologies to help them manage those inventory processes, including potential opportunities around artificial intelligence, which would optimize route planning for their goods, shipping volumes, predictive maintenance and safety monitoring.

There is opportunity to improve productivity and resilience, but it's going to require significant investment and significant capital investment, which means the business investment environment needs to be conducive to that.

**Mr. Richard Cannings:** I would assume then that small businesses and large businesses are looking at this in very different ways.

I mean, this all started with Toyota shifting its strategy, but a mom-and-pop operation wouldn't have those resources.

**Mr. Ryan Greer:** That's exactly correct. The challenges are different. The ability to respond is different.

That's why you have constituents talking about finding additional warehouse space. They need to build in the uncertainty. They have less flexibility than some of these larger multinationals or foreign-direct investors, which means there are higher costs for them and there's a greater impact on their business. It lowers the competitiveness and it creates real challenges for them on their bottom line, which is why they are looking to take advantage of government programs, tax credits and other things that can help them adopt some of these technologies and implement some of these processes to the extent it's possible.

It is a competitive disadvantage and one that costs them, their employees and their families dearly.

• (1705)

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you.

I now give the floor to Mr. McLean for five minutes.

[English]

**Mr. Greg McLean (Calgary Centre, CPC):** Thank you, Mr. Chair.

Welcome, colleagues, and welcome, guests. Thank you very much.

I want to start with what we're looking at here. I'll start with you, Mr. Whelan, because I've gone through the report on the supply chain.

There are a number of issues that are raised in there that need to be addressed, one of which, of course, is that the actual freight flow has gone down in every realm—rail, port and road—but up in aviation from 2009 to 2022. It's saying that aviation is being used more, but all our traditional infrastructure is being used less.

Do you understand why that might be happening?

**Mr. Michael Whelan:** To be honest with you, I'll say no.

When we look at it from the timing perspectives, that could certainly drive part of it.

Diving into the depths of the report, I'm going to refer to Mr. Montanti if he is still there.

**Mr. Martin Montanti:** Yes, and that's a great question.

**Mr. Greg McLean:** I have only a little bit of time here.

**Mr. Martin Montanti:** That's a great question, and I'll answer it quickly.

The things that happened were that lots of companies went to a more horizontal approach and outsourced lots of items. It changed the dynamics, where things were coming into the marketplace as assemblies rather than as individual pieces, so that—

**Mr. Greg McLean:** Okay. I'm going to move on. Thank you.

You take a look at some of our metallurgical and—it's been referred to before in this committee—critical minerals. The government has a strategy on critical minerals. I think it's an incomplete strategy. Nevertheless, you talk about how we ship out critical minerals.

Let's talk about lithium. Lithium is produced at one mine right now in Canada, in Manitoba. How does that get to the actual buyer, which is a Chinese company at this point in time? Can you explain how that goes from the Manitoba mine to China?

**Mr. Matthew Holmes:** My understanding is that it's largely.... There is the mining and there is the refining as well, because there is a chemical process typically used—

**Mr. Greg McLean:** I don't think the refining has opened there yet. I think it's just a mine.

**Mr. Matthew Holmes:** —and then it's transported by rail to the west coast.

**Mr. Greg McLean:** To a port...? Thank you.

The strategy, of course, is to use all that internally in Canada, according to the government's strategy on how they'll build the supply chain for electric vehicles. They've spent \$135 billion on this, yet the basic element isn't available to them at this point in time. Is that correct?

**Mr. Matthew Holmes:** I would say that the full ecosystem, in order to have that finished product, is not yet here in Canada.

**Mr. Greg McLean:** Okay.

I'll go back to you, Mr. Whelan.

A lot in this report talked about collaboration between the private sector and the public sector.

There was a time when the private sector would focus on opportunities and the public sector would facilitate that investment, but that investment had to have the transparency of an outcome from both an end-result perspective and a financial perspective. It seems this government has usurped that relationship, and they're picking winners and losers now and actually trying to determine what goes there. Industry is sitting on its hands.

As a matter of fact, in Q1 2023, it is reported that \$212 billion of investment capital left Canada because of lack of transparency of outcome. There is no money going into infrastructure in Canada because the opportunities aren't there until the government picks them.

Are we going to continue to have a degradation of our infrastructure in Canada unless the government gets out of the way and allows industry to actually start making decisions about what we export and what we do in Canada for economic activity?

**Mr. Michael Whelan:** Again, from our perspective, we're dealing with the people who are within the supply chain. Getting that there, I'm not really sure, to be honest with you, where the....

**Mr. Greg McLean:** Thank you.

I have one last question, and I'll leave it to anybody from the panel who wants to answer.

The Impact Assessment Act has been ruled ultra vires by the Federal Court of Canada. As a result, it leaves another big uncertainty mark for businesses in Canada that want to invest in projects. Is this going to continue going on here, and how much capital are we actually going to have to develop any of our infrastructure if this government continues to create uncertainty?

Are there any comments, please?

• (1710)

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** You have 10 seconds. So provide a good summary.

[English]

**Mr. Robin Guy:** I'll simply say that uncertainty is a poison pill to investment in the country.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you. Your answer was very concise.

Mr. Sidhu, you now have the floor for five minutes.

[English]

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

As many of our witnesses may know, Minister Ng and Minister Champagne are leading a renewed team Canada engagement effort with the United States, working in collaboration with our ambassadors. We all know that the supply chain between Canada and the United States is one of the most integrated supply chains in the world.

I want to hear from some of you what you would recommend to help improve North American supply chains and resilience.

**Mr. Matthew Holmes:** I'll get us started and warmed up. I'm sure the whole bench is ready to weigh in on that one.

I think it's very important that we take the upcoming election and the potential for CUSMA renewal very seriously. I think it's important that the Prime Minister made that announcement.

What I would say, though, is that if it's truly team Canada, it needs to be a full bench. It needs to have everyone involved, as we have previously had as a country in such situations, and across multiple governments. We need to see the appointment, in my opinion, across multiple parties of some leaders and champions to represent Canadian interests who can speak to governors in individual states. We need to mobilize the business community to go down to the United States, talk to their supply chain and ensure that the conversation and trade relationship are fresh and very apparent to all parts of it.

The Canadian Chamber of Commerce announced today some of our programming that we will be putting in place this year. We'll be doing a minimum of four trips down to the United States with our members for certain core industries and member sectors to ensure that we're speaking directly to policy-makers and that we're bringing businesses down to have B2B conversations as well.

That's our contribution. We hope and expect that other businesses, sectors and the full government will participate.

**Mr. Maninder Sidhu:** I'm running out of time, but I wanted to share the remainder of my time with my colleague.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Mr. Sheehan, you have the floor.

[English]

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

Thank you very much for your presentations.

We've talked about a lot of the different supply chains that are currently in place. One thing I would like to ask about is the supply chain related to the auto sector. I'm an Ontario MP from northern Ontario. I'm from a steel town. The whole greening up of the car industry, led by many of the various folks.... Currently, we're looking at another one with Honda, which would hopefully be located somewhere in Canada.

This is through you, Chair, to our presenters. It could be the Supply Chain Canada folks or anybody else who wants to....

Do you have observations of why we've been successful and what we ought to continue to do to continue to land those deals in Canada for that important supply chain around the auto industry in Sault Ste. Marie and the steel industry that Canada's a part of?

Thank you.

**Mr. Ryan Greer:** I'd be happy to jump in.

We've been tremendously encouraged by these announcements from Volkswagen, Stellantis and Northvolt, and of course, the rumours of Honda, as you mentioned. Really, this is a moment—especially considering some of the investments happening south of the border—for the Government of Canada to be bold, working with its provincial and municipal partners to ensure that these opportunities come to Canada. These are not investment decisions that will impact any region, our economy or our supply chains for years—it will be decades—so now is the time to be bold.

In terms of continuing them and ensuring that we are successful, there are a couple of things. First, it's not just the investment. It's all of the supporting factors that will make these projects successful. It's ensuring the availability of skilled labour and ensuring that the transportation infrastructure to support the supply chain flows is adequate. All of these things matter, as well as the regulatory environment.

There's a lot of private investment making decisions on where to invest that are not connected specifically to the Government of Canada or provincial investments. They're being made based on certainty and on regulatory issues.

It's really taking a holistic view. It's how you marry strategic investments with all of those other things to make sure that projects big and small find their way into all regions of this country and communities across this province, and the rest of them, for decades to come.

• (1715)

**Ms. Kim Campbell:** I wouldn't mind jumping in.

I think this is a really great example of where the auto sector has done great work with the government in facilitating trade. There is a special program that customs has put in place, called customs self-assessment. We can't live without that, in our opinion.

That one, again, is going to be impacted by CARM. I feel like that one is a great shining beacon, yet somehow, we're not necessarily going to keep that same program. It will be a big lost opportunity if that is impacted.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Ms. Campbell.

We have completed the third round of questions. Is it the will of the committee to end the meeting or to have another round of questions in the time we have left?

Committee members have indicated to me that they would like to start another round of questions.

Who from the Conservative Party would like to speak?

[English]

**Mr. Tony Baldinelli:** If I may, yes, I'd like to ask the panel a couple more questions.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Mr. Baldinelli, go ahead for five minutes.

[English]

**Mr. Tony Baldinelli:** Ms. Campbell, I would like to follow up from our previous questions. With your extensive background with CBSA and some of the issues that we find at our border crossings in terms of staffing, what are you hearing about the staffing complements that are there now? Are they adequate to service the needs that we're facing?

**Ms. Kim Campbell:** Generally, at the ports, I feel things seem to be operating well. What we've been challenged with over the years is perhaps the team that has been charged to manage CBSA. We've seen most of them, probably, in the last 10 years, come from outside of the agency. Recently, we've definitely seen folks coming in from the tax side. I feel that's been part of the challenge. They're trying to make it a tax regime, not understanding the dynamic and importance of the border.

That's definitely been a challenge we would reflect upon.

**Mr. Tony Baldinelli:** Yes, those border delays need to be considered when we're talking about supply chains. They're quite extensive at some times in our area, in particular. We need to address that, and staffing shortages are part of that.

Mr. Whelan, I was just looking through the national supply chain task force report. As part of that, there were some recommendations where timings were required. Some of them were immediate requests of the government, and there was one with regard to waiving 50% of airport rent payments on a short-term basis to enable airport authorities to invest the capital in order to enhance their facilities.

Can you provide an update on that, namely the recommendation to government on that, and what has occurred as a result of that recommendation?

**Mr. Michael Whelan:** Mr. Montanti is the expert on this report from our perspective.

**Mr. Martin Montanti:** Yes. It was more the transportation industry that was looking at that further, so I don't really have any more comments on that. I'm sorry about that.

**Mr. Tony Baldinelli:** Mr. Whelan, there was a recommendation under the timing of immediate. It said, "Complete twinning of Highway 185, which connects Quebec to New Brunswick."

Are there any updates on that? Did the government fulfill that pledge? Was the funding provided? Do we know?

**Mr. Michael Whelan:** We're in the same position on that one as the last question. That was more of a transportation point.

**Mr. Tony Baldinelli:** Do we know in terms of timing?

**Mr. Michael Whelan:** I can't answer that, no.

**Mr. Tony Baldinelli:** Thank you. I'll cede some time to my colleague.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Mr. Van Popta, the floor is yours.

[English]

**Mr. Tako Van Popta:** I have a question for either Mr. Whelan or Mr. Montanti.

It again refers to the final report of the national supply chain task force. You talked about some town halls. I was at one of them in Vancouver, and I listened intently to many of the participants. They pointed to the long-term strategic actions on page 35. Number one was to "Establish a Supply Chain Office to unify the federal government's responsibility". That was to have been started within 12 months. We're at about 18 months now, and I wonder what the status is of that supply chain office.

**Mr. Martin Montanti:** From what I understand, that hasn't moved forward at all. That's been one of the recommendations that hasn't moved forward.

• (1720)

**Mr. Tako Van Popta:** Is there any reason for that? I know the participants at the meeting I was at were concerned that it might become another bureaucratic boondoggle. The idea sounds great, but how is it going to work out? Do you know what is causing the delay?

**Mr. Martin Montanti:** No, I don't, sorry.

**Mr. Tako Van Popta:** Thank you.

**Mr. Tony Baldinelli:** How much time do I have?

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** You have one minute.

[English]

**Mr. Tony Baldinelli:** Ms. Campbell, you talked about a white paper from 2019. Could you table that white paper with our committee?

**Ms. Kim Campbell:** Yes, I have already submitted it.

**Mr. Tony Baldinelli:** Thank you so much.

**Ms. Kim Campbell:** My pleasure.

[Translation]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Mr. Greer, the floor is yours.

[English]

**Mr. Ryan Greer:** Very quickly, there have been a number of questions on the supply chain task force report, so we have a free private member's bill idea for anybody here who wants to take it. It's free, so there's no charge.

**Some hon. members:** Oh, oh!

**Mr. Ryan Greer:** Everybody at this table invests an incredible amount of time and energy, including by talking to our members about their lived experiences, to contribute to these exercises, these studies, these task force reports and other consultations. Often we become frustrated that it's unclear what the response will be from government. This is not a new phenomenon; this is stretching back decades.

My idea to table here is that the government should either comply with these reports and follow through on the recommendations, or be required to clearly explain why they will not. That would create a lot of certainty for all stakeholders that participate in these exercises. It would make sure that we're actually leveraging these reports, and it would give the government a chance to proceed or to say why they're not proceeding.

[*Translation*]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you, Mr. Greer.

I will now give the floor to Mr. Sidhu for five minutes. This will be the last intervention.

[*English*]

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

As we know, Parliament will soon be casting an important vote on the modernized Canada-Ukraine agreement, which was signed by our Prime Minister and President Zelenskyy. We're speaking about supply chains and the impacts of world events. Could you comment on how the conflict in Ukraine has exacerbated supply chain challenges both here domestically in Canada and around the world?

That is for anybody who wants to take it and speak to supply chains and how we're all....

**Mr. Matthew Holmes:** I can start.

Quickly, one of the initiatives that we were very proud to support as part of the International Chamber of Commerce was the Black Sea grain initiative. That was to ensure that we could still see the free flow of important commodity grains through that area of the world. Obviously, it also had a big impact on our Canadian growers and agri-foods as well.

More personally here within our office, we are very proud to have recently hired a Ukrainian to our team who studied here at Carleton University and has just joined our policy team. We feel this personally, and we feel a tremendous investment in our shared priority with the nation of Ukraine.

**Mr. Maninder Sidhu:** Thank you for that. It's important that we continue to be there to help Ukraine. We heard from industry here in Canada. I heard directly from industry and the Ukrainian community in Kelowna when I was there about the importance of this modernized trade agreement. We need to make sure we get it through the House as soon as possible.

Ms. Campbell, you were cut off at the beginning of your opening remarks. I'm not sure if you have some things to add.

**Ms. Kim Campbell:** Thank you.

It was about the white paper. I just wanted to share a little more about that.

We definitely feel there's an opportunity to have an inter-agency council. We feel there are too many silos. This has been part of the problem. Everyone is trying hard to do their mission, but it's not cohesive and there's not a plan.

That would be the last of my comments. Thank you very much for providing me the opportunity to do that now.

**Mr. Maninder Sidhu:** You added that the financial security before was \$5,000 for importers, and now it's \$20,000 currently.

**Ms. Kim Campbell:** Yes, the minimum is \$5,000 today, and it will go up to \$25,000 under CARM.

**Mr. Maninder Sidhu:** Okay.

**Ms. Kim Campbell:** We're waiting for the regulations. They tell us they can't implement without them. It's already February, so that's an interesting journey as well that we continue.

**Mr. Maninder Sidhu:** The number of importers registered on CARM right now, is it 50,000 or 2,000?

**Ms. Kim Campbell:** It's just under 50,000. We were told actually in the submission that came to this committee back in May that there are 200,000 importers.

**Mr. Maninder Sidhu:** About 25% of the community has registered.

**Ms. Kim Campbell:** That's correct.

**Mr. Maninder Sidhu:** Perfect.

Thank you, Mr. Chair.

[*Translation*]

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** Thank you.

I thank the witnesses for being here with us and for their testimony. It was very informative.

I would now like to inform the members of the committee that we will continue our work on Tuesday, February 6. We will again be engaged in the study on Canadian businesses in supply chains and global markets. We will have witnesses from Quebec and the Atlantic.

I want to take this opportunity to thank my colleagues and the witnesses for their indulgence. It was the first time I chaired this committee.

**Some hon. members:** Hear, hear!



• (1725)

**The Vice-Chair (Mr. Simon-Pierre Savard-Tremblay):** This will probably be the only and last time, by the way. After Louis Plamondon was the interim Speaker of the House of Commons, I will probably be the first separatist to have chaired the Standing Committee on International Trade.

Does the committee wish to adjourn the meeting? Yes?

The meeting is adjourned.

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