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Chair: The Honourable Judy A. Sgro



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• (1635)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I call the meeting back to order.

Welcome to meeting number 91 of the Standing Committee on International Trade.

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

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

Please wait until I recognize you by name before speaking. For those online, please mute yourself when you are not speaking.

For interpretation online, you have the choice at the bottom of your screen of floor audio, English or French. For those in the room, you can use the earpiece and select the desired channel.

I ask all participants to be careful when handling the earpieces, in order to prevent feedback. This can be extremely harmful to interpreters and cause serious injuries. Please speak only into the microphone that your headset is plugged into. Place earbuds away from the microphone when they are not in use.

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. We appreciate your patience and understanding in this regard.

If any technical issues arise, please inform me immediately. We may need to suspend in order to ensure that interpretation is properly restored before resuming proceedings.

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

We have with us today, from the Atlantic Canada Opportunities Agency, Mr. Dave Boland, vice-president, Newfoundland and Labrador; and Mr. Daryell Nowlan, vice-president of policy, programs and communications.

From Canada Economic Development for Quebec Regions, we have Mr. Sony Perron, deputy minister; and Ms. Marie-Claude Petit, vice-president, operations.

From Groupe Gilbert, we have Ms. Maxime Lavoie, director of operations.

From SERDEX International, we have Ms. Nadine Brassard, general manager.

From Institut de recherche en économie contemporaine, we have Mr. Robert Laplante, managing director, who is joining us by video conference.

Welcome to you all. Thank you so much for being here.

Mr. Nowlan, I would invite you to give us a presentation of up to five minutes, please.

Mr. Daryell Nowlan (Vice-President, Policy, Programs and Communications, Atlantic Canada Opportunities Agency): Thank you, Madam Chair.

Thank you, members of the standing committee, for the invitation. I'm pleased to be joined here today by my colleague, Dave Boland, who, as you mentioned, is the vice-president and assistant deputy minister for our office in Newfoundland and Labrador.

[Translation]

For 37 years, ACOA has worked closely with small and medium-sized businesses and organizations in the four Atlantic provinces.

One of our greatest strengths is our presence throughout the Atlantic region.

We have employees working in over 30 communities, ranging from large cities to small rural, coastal and remote municipalities.

The Atlantic Canada Opportunities Agency, or ACOA, works closely with federal, provincial and local partners to identify priorities and opportunities to maximize the potential of our region in a strategic and sustainable manner.

[English]

I'll give a bit of context on the Atlantic economy. I think it's fair to say that Atlantic Canada is facing a strong momentum of heights that we really haven't seen in the last 60 years. In fact, Halifax and Moncton are two of the fastest-growing cities in Canada, and population growth and the transition to clean energy are creating significant investment opportunities. This momentum positions the region uniquely to tap into new markets, participate in global supply chains and attract investments.

Currently, exports comprise over 30% of Atlantic Canada's gross domestic product, with traditional sectors like food, seafood and seafood processing contributing significantly to that and that part of the economy.

In 2022, the Atlantic provinces marked record export growth, surging 22% higher than prepandemic levels. Notably, fish and seafood exports alone are worth over \$6 billion, representing 72% of the full Canadian sector. The United States continues to be our dominant market for export, representing about 70% of total exports.

[Translation]

Despite the region's momentum, recent global disruptions and economic challenges such as geopolitical conflicts and labour shortages have highlighted the vulnerability of global supply chains.

Atlantic Canada's concentration on resource-based industries and its small market make it particularly vulnerable to these shocks.

Emerging sectors like energy and technology-intensive industries present growth opportunities, but diversification is crucial.

[English]

ACOA has implemented a number of tools and measures to support more diversification and supply chain development in our region. Most notably, in 2016, the Government of Canada—with ACOA as the lead and Global Affairs Canada supporting—entered into a formal partnership with the four Atlantic provincial governments.

Together we created the Atlantic growth strategy. This strategy has laid the foundation for initiatives like the Atlantic trade and investment growth strategy, or ATIGS, as I may refer to it. It's supported by the \$20-million Atlantic Trade and Investment Growth Agreement, or ATIGA. This strategy in the agreement aims to increase internal business and attract foreign investment across the region.

A signature ATIGA initiative is the market entry development program, providing in-market support to companies looking to enter export markets in Europe and the Indo-Pacific region. From the implementation of this strategy to the present we've supported over 150 projects, valued at over \$31 million.

In addition, through our regular programming, such as ACOA's regional economic growth through innovation program, or REGI, we're helping firms with technology adoption, productivity improvement, commercialization and increased export potential and capacity.

We advocate for Atlantic firms to be considered in national policies and programs. For example, we are working in collaboration with Transport Canada on the green shipping corridor program. We also participate actively in the industrial and technological benefits program, which supports investment in the aerospace defence sector.

• (1640)

[Translation]

Madam Chair and members of the committee, thank you very much for your time.

[English]

I'd be happy to take any questions.

The Chair: Thank you, Mr. Nowlan.

We'll go to Mr. Perron, please.

[Translation]

Mr. Sony Perron (Deputy Minister, Economic Development Agency of Canada for the Regions of Quebec): Good afternoon, Madam Chair and members of the committee.

Thank you for inviting me to testify about the work done by Canada Economic Development for Quebec Regions, or CED, to help Quebec businesses break into global markets. With me today is Marie-Claude Petit, who is vice-president of operations.

I would like to acknowledge that we are on the traditional territory of the Algonquin Anishinabe Nation.

The agency's mandate is to support the economic development of all regions of Quebec by paying particular attention to those with less growth potential. We support SMEs and the organizations that support them in projects that have a positive impact in their regions. Market development is a preferred way for companies to grow by accessing new customers and integrating into global value chains. In doing so, they generate new revenue that is invested in the regions.

That said, these SMEs, which make up the vast majority of businesses, face challenges in achieving their full potential through exporting and internationalizing their operations. Quebec's SMEs face a number of challenges, including their production capacity to meet the demands and requirements of major suppliers, along with increased compliance with various standards, the cost and risks associated with exporting activities, and the lack of expertise, knowledge and market access in a rapidly evolving and complex world characterized by a changing geopolitical context, rising protectionism and supply chain disruptions.

While exports accounted for 27% of Quebec's gross domestic product in 2022, there has been a relative decline since 2000, when it was 39%. However, over the past five years, we've seen an increase in manufacturing production, where exports have rebounded.

[English]

To help small and medium-sized businesses address these challenges, the agency uses three approaches. These are the innovation assistance program, support for the ecosystem that helps businesses, and referral and networking services, including the implementation of the industrial and technological benefits policy.

In all cases, CED provides services tailored to the reality on the ground in the region. CED's 12 business offices, located across the province, are community-focused and understand the features and needs of small and medium-sized enterprises and economic organizations in their respective areas.

[Translation]

Through the regional economic growth through innovation program, or REGI, Canada Economic Development, or CED, can invest across the entire business development and growth continuum to make businesses competitive, from start-ups to the deployment and adoption of technologies, to the marketing and export of products and services. For example, CED supported CONFORMiT Technology Inc., based in Chicoutimi, in the international marketing of innovative health, safety and environmental software platforms.

Second, we support the ecosystem that supports SMEs and provides the referrals and market information they need to grow. In this regard, CED supports 18 regional export promotion organizations, the ORPEXes, which provide Quebec SMEs with local and front-line services to facilitate their efforts to develop international markets. CED also supports incubators and accelerators, and college technology transfer centres.

Third, CED itself provides referral and networking services to businesses. We do so, for example, by guiding SMEs to good sources of funding or support. CED also implements the Industrial and Technological Benefits Policy in Quebec. Through this policy on national defence procurement, CED supports SMEs to help them integrate into the global supply chains of major stakeholders in the defence and security sector.

[English]

I should add that all work is done in close collaboration with key players in the ecosystem, including the Quebec government. We also have excellent working relationships with federal government departments such as Global Affairs Canada, Export Development Canada, Innovation, Science and Economic Development Canada, Indigenous Services Canada and the Business Development Bank of Canada.

• (1645)

[Translation]

Canada Economic Development, or CED, supports businesses at every stage of their development, encouraging them to take advantage of international trade to contribute to regional prosperity. This

is how we help them grow, leverage their competitive advantages and integrate global supply chains.

We would be pleased to answer any questions you may have.

[English]

The Chair: Thank you very much.

We'll go to Mr. Lavoie, please, for up to five minutes.

[Translation]

Mr. Maxime Lavoie (Director of Operations, Groupe Gilbert): Good afternoon, everyone.

First of all, I would like to thank the chair and the members of the committee for having us here today.

My name is Maxime Lavoie, and I'm the director of operations at Transport F. Gilbert. I've been working in transportation for almost 20 years.

Transport F. Gilbert specializes in the transportation of bulk commodities, a specialized area of transshipment. We also have a number of other areas of expertise, such as snow removal.

I'm here today because global trade is a challenge for the different customers we serve. Most of the challenges are labour-related, such as the scarcity of the workforce and the difficulty in hiring staff. That's why the transportation sector often has difficulty in keeping up.

In that context, putting in place a transportation system that's a little more dynamic when it comes to rail and marine transportation could help us in the area of global transportation.

I'm here today to present the various challenges we're facing.

Currently, rail transportation infrastructure in regions like ours, in Saguenay—Lac-Saint-Jean, is very underdeveloped. We believe that by developing rail and marine transportation systems in regions such as ours, it would be much easier to increase global trade and the supply chain.

I'm available to answer any questions you may have.

Thank you.

[English]

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

We'll go to Ms. Brassard, please.

[Translation]

Mrs. Nadine Brassard (General Manager, SERDEX International): Good afternoon, everyone.

First of all, thank you for inviting us and allowing us to speak to this subject.

As Mr. Perron pointed out earlier, SERDEX International is a regional export promotion organization, which we call ORPEX. So we are the ORPEX that serves the Saguenay—Lac-Saint-Jean region.

There are 20 ORPEXes in Quebec funded by the Government of Canada, the Government of Quebec and the private sector.

For more than 25 years, SERDEX's mission has been to guide, support and equip our region's small and medium-sized manufacturing and value-added service enterprises in the development of export markets. It helps businesses develop markets not only outside Canada, but also outside Quebec. So it's present on the inter-provincial market.

In addition to being the executive director of the Saguenay—Lac-Saint-Jean ORPEX, I'm also the president of the ORPEX network in Quebec, the Commerce International Québec network. This network, which extends across Quebec, supports more than 2,500 businesses every year through its 65 international trade experts.

The regionalization of ORPEXes in Quebec is innovative compared to what is being done elsewhere in the world. It enables us to offer services tailored to the economic structure of the various regions of Quebec.

Furthermore, the fact that ORPEXes tailor their services to the regional realities of small and medium-sized enterprises, or SMEs, while providing them with local service helps maximize the positive impact of interventions with businesses.

For example, ORPEXes are able to quickly assess the export potential of businesses by offering them export diagnostics, training, expertise transfer, assistance with the completion of export plans and the development of clear and credible market development strategies. In short, ORPEXes support companies in their export readiness to help them to reduce the risks inherent in their projects.

ORPEXes have a very diverse clientele in various sectors of economic activity. They help furniture manufacturers, industrial equipment manufacturers, agri-food companies and information technology companies.

It's often said that ORPEXes have expertise in export processes and that they're there to ask companies the right questions.

ORPEXes also provide complementary services to those of all the players in the field. They interact with regional partners, but also with all export partners, such as the trade commissioner service or Commerce International Québec. They're referred to as the regional gateway to the continuum of export services. Their services are unique and complement what's available in the field.

When we look at the more regional side of things, we can see that the regions have great export needs and that the needs of businesses are growing.

It's important to remember that the costs associated with entering foreign markets, particularly those associated with marketing, as

well as the uncertainty about success, may discourage potential exporters from selling their products and services in new markets.

The three top issues facing companies in the export sector are lack of market knowledge, lack of financing and liquidity, and logistical obstacles. Combined with the sometimes limited resources of companies, these issues make export diversification more difficult to achieve.

As you're no doubt aware, exporting SMEs have a positive influence on economic growth. Exports are a good way to reduce vulnerability. The more diversified a company is in the products it exports and the markets it exports to, the more effective it is in reducing the risks associated with foreign trade.

The support provided by ORPEXes helps to reduce the risks associated with exporting. They're there to effectively support SMEs in all aspects of their export efforts.

It's important to continue to support the innovative ORPEX initiative, as it provides a local service in the regions to both exporting companies and those looking to export their goods in the not-too-distant future. Today's companies are tomorrow's exporters.

I look forward to your questions.

● (1650)

[English]

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

Mr. Laplante, you have the floor.

[Translation]

Mr. Robert Laplante (Managing Director, Institut de recherche en économie contemporaine): Good afternoon, Madam Chair.

Thank you for giving me the opportunity to share with you the concerns that have already been raised by the speakers before me. I think it's particularly important to draw your attention to an issue that's often taken for granted in international trade rules. My perspective is essentially analytical and critical. This issue is that of harmonizing standards and rules among partners working together in the same supply chain.

This meeting is being held in a very specific context. As we speak, there is a major agri-food crisis in Europe that is affecting the national economies of exporting countries and causing tensions throughout the European Union. In addition to the issue of income disparity, one of the major elements of this crisis is the difficulty that the various players are having in reconciling contradictory standards and in finding arbitration mechanisms that, beyond those provided for in the European Union, would make it possible to arrive on a day-to-day basis at solutions that, on the one hand, serve the interests of each national community and on the other promote smoother, fairer trade between the various stakeholders.

The issue of disparities in standards is one of the most significant distortions in the functioning of supply chains. Of course, we mustn't overlook the logistical aspects and difficulties that can arise, for example, in transportation or the efficiency of customs checks. However, it's a fact that disparities between standards intrinsically define the role of players. They primarily define their flexibility in participating in a supply chain. From there, they determine the overall performance that players can achieve as suppliers or customers. In addition, these disparities in standards don't just determine the role of each of the players in trade. They can also affect the overall performance of the chain in which these players participate. This may, therefore, cause malfunctions or difficulties and as a result increase the cost of participating in this chain because of the expectations that must be reconciled between the various major suppliers and between the various suppliers of inputs or outputs throughout this supply chain.

Discrepancies and differences can be particularly marked by public policy. It's the public policies of the various trading partners that affect, determine or favour the competitiveness of everyone in this chain. The activities of economic players are always part of an institutional logic defined by the political bodies of each of the participating states. These discrepancies, driven by the standards that each economy sets for itself in terms of the quality, safety or security expectations associated with the production and exchange of goods, naturally affect the ability to participate in a supply chain on advantageous terms. In the specific case of agri-food, these factors weigh heavily on the competitiveness of each business and the various streams.

● (1655)

Just think of the challenges posed by disparities in environmental standards for herbicides, pesticides and application rules, and that—

[English]

The Chair: Mr. Laplante, I'm sorry to cut you off, sir. Committee members are anxious to ask questions, and your five minutes are up. If you don't mind, I'm sure you'll have an opportunity to finish your comments in response to some of them.

Thank you so much.

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

[Translation]

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

Thank you to the witnesses who are here today.

My first question is for Mrs. Brassard.

Mrs. Brassard, it's interesting to hear what you have to say. I've also heard that some businesses are suffering from a severe lack of funding.

What are the consequences of this lack of funding?

Mrs. Nadine Brassard: Exporting is a process that takes a while. Businesses have to make significant investments before they can reap any concrete benefits. Obviously, any costs a business in-

curs to come up with an export plan, such as for travel, hiring or resources, really add up, so they need adequate support for that.

There are programs to help businesses. That's really great, and we want those programs, but we also want them to be well suited to what businesses actually need and to constantly changing markets.

Mr. Richard Martel: Thank you.

What we hear a lot is that programs are closed. Sometimes, businesses want to submit an application, but there's no deadline indicated. The programs seem especially ill suited to the regions.

Are our regional businesses missing out on a lot of opportunities with these programs?

Mrs. Nadine Brassard: There is no doubt that businesses take major risks when they expand internationally. There are costs involved, and when programs are closed or entrepreneurs can't access them because of the nature of their business, that obviously impedes their export plans. They have to put those plans on hold and prioritize things that are more profitable for their business.

Consistent access to programs would certainly help them.

Mr. Richard Martel: Mr. Lavoie, how can we improve regional businesses' performance? The fact that the supply chain is concentrated in Montreal, Toronto and Vancouver puts our regions at a bit of a disadvantage.

What are your thoughts on that?

● (1700)

Mr. Maxime Lavoie: The main thing we need to do is develop our infrastructure.

In my opinion, infrastructure in regions such as Saguenay is absent or inadequate. It's really hard for our clients to use intermodal transport. Trains aren't always an option, because either cars or infrastructure are lacking, so the only option is trucking. That makes businesses a little less competitive, because it's the most expensive mode of transportation. It certainly makes them less competitive if they export goods to somewhere like the United States.

I should also point out that there's a labour shortage in the trucking industry, where the workforce is aging. I believe that failure to develop could jeopardize the supply chain in the long term.

Mr. Richard Martel: I would like to talk about U.S. relations. They have their own ways of making supply chains work. Is there good co-operation with the U.S. when businesses export their goods there?

Mr. Maxime Lavoie: In terms of rail transportation, the relationship with the various participants is tricky to the point of jeopardizing opportunities for some businesses. Some of our clients tell us on a regular basis that this is an issue.

Mr. Richard Martel: Businesses in the regions tend to transport goods to Quebec City and Montreal by truck.

How can rail transportation be improved when it's a CN monopoly? Can Transport Canada get involved?

Mr. Maxime Lavoie: I imagine that Transport Canada could be very helpful, because the railway belongs to the company that operates it. Currently, the only company that serves the Saguenay—Lac-Saint-Jean region is the company that owns the rail line. I imagine that's also the case in other regions. The only company that can provide service in those regions is the company that owns the railway track.

Mr. Richard Martel: So there would have to be good infrastructure, if the railway [*Inaudible—Editor*].

Mr. Maxime Lavoie: Yes, we would need new infrastructure or access to new markets so other companies can use the railway. That's how it works in road transportation. Roads are used by all carriers.

[*English*]

The Chair: Thank you very much.

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

Mr. Maninder Sidhu (Brampton East, Lib.): Thank you, Madam Chair, and thanks to our witnesses for being here today.

My question is for Mr. Nowlan.

You mentioned in your opening remarks about the Atlantic trade and investment growth strategy and how it's helped over 150 projects.

Can you maybe give members of this committee some examples of successful businesses that have participated in this program? What kinds of services has ACOA has provided to them?

Mr. Daryell Nowlan: I mentioned the trade and investment growth strategy. Essentially, it is a \$20-million, five-year federal-provincial agreement shared between ACOA and the four Atlantic provinces. They all sit around the table. We're all contributing financial partners.

As well, on the federal side, we have our colleagues at Global Affairs, the trade commissioner service and sector departments—depending on what sector we're working with—coming to the table to help us do those things.

We hit two main priorities, I'd say, underneath that agreement. Basically, that's trade readiness, which is helping firms that have not had any or have had very little experience in terms of exporting. We work either directly or through third parties to help deliver training, mentorship programs—

Mr. Maninder Sidhu: I have less than 45 seconds. Are there any business examples or maybe some stories you can give us?

Mr. Daryell Nowlan: Sure. For example, REDspace are a Nova Scotia company working in IT and media platforms. They're a part of a market export development program. Through that, they have signed two new partnership agreements. They get sales in the neighbourhood of \$250,000, and they've generated a bunch more leads as a result of that.

SubC are a Newfoundland company doing custom-built underwater cameras. They participated in a similar program. As a result of that, they've identified a new distributor in Germany for their projects and services, which is an agreement in the neighbourhood of \$250,000, and there are a number of new leads that will lead to new business for them.

• (1705)

Mr. Maninder Sidhu: Thank you so much.

Madam Chair, I'm going to turn the remainder of my time over to Mr. Arya.

The Chair: Mr. Arya, please.

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

The pandemic gave us a very good wake-up call in terms of understanding how critical global supply chains are, how dependent we are on them and how they affect the everyday life of all Canadians.

We have come out pretty well, I think. Based on last year's 2022 figures, we ran a trade surplus of \$4 billion against \$1 billion in 2021. Our focus to divert our exports from the U.S. is showing results. It's expected to increase by 50% by 2025. In Canada-U.S. trade, we have reached a record of \$1.3 trillion in trade. The trade-to-GDP ratio reached a historic high of 67.4% in 2022.

Foreign direct investments in Canada hit a record last year. The OECD ranked us third in absolute terms. Per capita we are probably number one.

However, just because things have come back to normal or even better for Canada, we should not forget the problems faced by Canadians during the pandemic due to the disruptions in the supply chain. Canadians paid a very deep price when we did not have goods in the stores. Canadian companies and businesses did not have confidence to supply their customers. With deglobalization, de-risking of supply from China, friendshoring, onshoring and nearshoring, global trading is in a very transformative process.

This fluid transition time gives us an opportunity to look at the problems that we faced during the pandemic due to supply chain disruptions. We can now take measures to mitigate the problems and issues we faced. We need to focus on the critical things we can manufacture here and on self-reliance.

I would like to ask Mr. Perron and Mr. Nowlan, in Quebec and Atlantic Canada, are they aware of any particular business sectors or major product lines that were disrupted due to supply chain disruptions during the pandemic? Are there any actions being taken by the businesses, or by the governments, whether at the federal or provincial levels, to mitigate the problems that were faced due to global supply chain disruptions?

Mr. Sony Perron: Maybe I can provide a brief answer to this important question.

The way the regional development agency works is mostly to support small and medium-sized businesses, so we do not necessarily touch a full sector. We work business by business in various sectors to try to improve their capacity to supply and participate.

Something we are doing intensively right now is helping with automation, building automation in enterprises to give them some flexibility—

Mr. Chandra Arya: I'm sorry. I've have only, I think, 45 seconds. It's okay if you are not aware of any business sectors, business lines or product lines that were disrupted due to supply chain issues.

To the witnesses, if you have answers, and because of the time limitations—as I will not be able to discuss them with you personally—please feel free to write to the committee, so we can consider the things that the study has to look into. You can make a note of the important things the committee should focus on.

Mr. Nowlan, if possible—

The Chair: I'm sorry. There are eight seconds left, and we're very tight in order to allow members the chance to ask their questions.

Mr. Maninder Sidhu: I'm sorry, Madam Chair. I know time is short, but maybe we can get something in writing in terms of business success stories from both Mr. Nowlan and the Quebec agency.

Thank you.

The Chair: We'll now go to Mr. Savard-Tremblay, for six minutes, please.

Mr. Matt Jeneroux (Edmonton Riverbend, CPC): Madam Chair, to correct Mr. Sidhu, I don't know if he was looking for success stories. I think Mr. Arya was looking for perhaps some hiccups there. I know Mr. Sidhu would love to highlight the success stories, but perhaps they could supply both.

• (1710)

The Chair: Yes, both, and whatever reports you have. As members are not able to get enough information now, regardless of which side is asking, it would be nice to supply the additional reports.

Mr. Savard-Tremblay, we'll start now with your six minutes.

[Translation]

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

Mr. Laplante, you said a lot about standards and touched on public policy. The Institut de recherche en économie contemporaine

submitted a brief about supply chains to the transport committee in the spring of 2022.

That brief included a number of findings. For one, it stated that, on industrial policy, Canada has traditionally been a non-interventionist country. As a result, Canada is lagging behind its main trading partners and competitors.

Two years on, would you agree with that?

Mr. Robert Laplante: For the most part, yes.

That's not to say there haven't been positive initiatives. Unfortunately, in most areas, we still don't have specific objectives with a strategic road map that all stakeholders are on board with. I think that's the biggest impediment to successful participation in major supply chains.

All stakeholders must have a clear understanding of the issues and must be able to identify which sectors and priorities to address to maximize the competitive advantages of each industrial sector through the creative export strategy. Basically, the objectives shape the strategy, not the other way around. The strategy does not set objectives. This is particularly important in key sectors like agri-food and the various export and natural resource processing sectors.

Mr. Simon-Pierre Savard-Tremblay: In that same brief, you say that Canada has always been and remains a laughingstock when it comes to R and D spending, especially compared to the OECD or G7 averages.

You recommend enhancing fiscal and financial incentives for R and D, and implementing policies that facilitate the integration of R and D and industry 4.0 technologies both financially and logistically.

Can you tell us a little more about the impact of underinvestment in R and D on supply chains? For starters, has the situation improved since then?

Mr. Robert Laplante: Well, our main problem is that things are disjointed because we're doing these things, but we're not getting feedback to find out what's working. That's especially true for the emerging IT and AI research sector.

We actually just published a study showing that various governments' efforts to support research are basically voided after four or five years because we lose the intellectual property of those patents. They're resold as soon as they mature to the point of commercial viability.

We need more clearly defined operational objectives. More importantly, we need oversight to ensure the money we're investing is delivering results. We also have to be able to retain those results in our economic value chains and supply chains here in Canada and Quebec, especially in AI. That's absolutely key because we put so much effort into supporting this high-tech sector, and we excel in it, but we won't be able to maintain that position if we don't have better control over intellectual property and use it to our advantage.

• (1715)

Mr. Simon-Pierre Savard-Tremblay: Mr. Laplante, I understand that we have very little time left, and I have one last question for you.

In that same brief, you say you feel that Canada is dispossessed, because foreign multinationals established in Canada control most imports and exports of Canadian goods.

You say you want Quebec to stop being robbed of its potential, to source goods locally and to bring outsourced industry giants back home.

Very briefly, what do you think we can do?

Mr. Robert Laplante: There's no simple solution. That said, the first thing we need to do is make sure all the players have a better understanding of the situation. A mutual understanding of the issues is the first step in establishing a road map. That road map needs to take a step-by-step approach to controlling the entire supply chain. We need to give industries and other supply chain participants more room to manoeuvre.

[*English*]

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

Now we'll move on to Mr. Cannings for six minutes, please.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you, all, for being here today.

I think I'll start with Mr. Nowlan.

You mentioned some of the challenges that businesses are facing because of supply chain interruptions caused by conflicts and labour shortages. I wonder if you could maybe expand on the labour shortage part. Which sectors are hit hardest by that, and what, if anything, is being done to address that?

Mr. Daryell Nowlan: I think you'd be hard pressed to find a sector in Canada that's not affected by labour shortages. That's the reality that we have right now, and you see that playing across all sectors.

In Atlantic Canada, certainly a large part of our export industry is around seafood and seafood products. In Atlantic Canada, some of that is quite labour-intensive or traditionally has been quite labour-intensive.

One of the main things we're doing, similar to what Mr. Perron mentioned in terms of supply chain challenges, is helping businesses invest in automation and in making systems that work faster, that work more with robots and that are more automated so they actually require fewer people. Some of those jobs are the hardest jobs to fill. They're difficult jobs, and they're difficult working environments. Therefore, having investments in automation and in new machinery is probably the best way that we can help our companies not only address the labour shortage but also ensure more high-quality, highly consistent products, which are really what are demanded in export markets right now.

Mr. Richard Cannings: Is there any connection...? At least where I live in British Columbia, there's a big connection between labour shortages of all sorts and housing. Is that the case in Atlantic Canada as well? If we hire someone, and they come and there's no place for them to live, is that an issue?

Mr. Daryell Nowlan: Of course. I think, again, that's a question that's being faced all over the country and all over the world, quite frankly. Businesses are definitely investing in housing for their workers—it's temporary in most cases and in some cases it's more permanent—especially those businesses that are attracting foreign workers. In the industry that I mentioned, there are a lot of temporary foreign workers. It's a seasonal industry, and they do have workforce housing and accommodations available. That's not to underestimate the size of the problem. It's definitely a challenge across Canada.

Mr. Richard Cannings: Thank you.

Monsieur Lavoie, you mentioned the labour issues as well. Is this mainly with trucking and truckers? Is that what you were referring to with regard to a labour shortage, or is it...?

[*Translation*]

Mr. Maxime Lavoie: Yes. There are labour shortages in every trade. It's hard to recruit and retain staff.

• (1720)

[English]

Mr. Richard Cannings: Mr. Perron, I just want to ask you about Quebec. We've heard, at least in conversations that I've had here, about some exciting news in Quebec, about more tech industry, battery plants and hydrogen. They need skilled labour, but I'm just wondering if there are supply chain issues in those enterprises. Are there issues getting the materials needed for them and being able to supply materials to other parts of the supply chain? Are there any specific stories that you have about supply chain problems in the high-tech sector?

Mr. Sony Perron: I would say that the story we have is much more related to the pandemic and the end of the pandemic. We are getting back to normal.

What I was trying to say earlier is about automation and the right systems in the company. Small and medium-sized businesses sometimes do not have the capacity to build a resource management system. We need to equip them with these tools so that they can connect with the rest of the supply chain and be in a real-time exchange of information and able to leverage their partnership in Canada, Quebec and elsewhere in the world in order to balance their operation.

This is where technology and automation are critical. The next time we face a challenge—and we don't know what it will look like—if these small businesses are better equipped in that sense, they will develop to perform better and stay relevant in the context, and maybe operate despite the challenge. We need this.

The time when everything was manual is basically a challenge for the future. We have to get them to automation and modernization. This is the type of program that ACOA and CED-Q are supporting the small and medium-sized businesses to move in, with the support of the ecosystem. It's essential.

We have a challenge in Quebec, and I think it's probably the case in Atlantic Canada as well, whereby small and medium-sized businesses are, on average, smaller than what you will find in Ontario. It means you have less human capital and fewer resources to be able to handle this transformation. This is why we are essential in working with them, along with the ecosystem, to help these businesses go a step beyond, so that they are better positioned to survive and perform in international commerce, but also to survive crises in the future. This is really important.

I think if there were an indicator I would be looking for, it would be that indicator about the level of accommodation in our small and medium-sized businesses. This is one factor of resilience we have to watch for.

Mr. Richard Cannings: Thank you.

The Chair: Thank you very much.

We have six minutes left. We've completed round one. Would you like to have two minutes, two minutes and one and one? Does anybody have a fast question they'd like to ask?

Please be quick if you have a question, Mr. Cannings.

Mr. Richard Cannings: I would like to ask Monsieur Laplante if he has a quick answer. What could this government do and what levers could be pulled to produce more reliable supply chains?

[Translation]

Mr. Robert Laplante: First of all, we need better oversight. The elements that shape supply chain development, at least in terms of public policies and standards, require very rigorous oversight. In that regard, better support from Export Development Canada, sector by sector, can certainly help improve and enhance each participant's capacity to contribute as much as they can to the chain.

[English]

The Chair: Ms. Fortier.

[Translation]

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

I have a question, but first I want to remind you that last December the Conservatives filibustered by forcing a voting marathon. During the votes, they made it clear that they wanted to cut funding for Canada Economic Development, or CED, and even for the Atlantic Canada Opportunities Agency, or ACOA.

Anyway, Mr. Perron, I'd like you to talk about the regional economic growth through innovation program. How does it help businesses set themselves up for export and growth?

• (1725)

Mr. Sony Perron: The program helps businesses in a number of ways. First, it helps them boost their productivity and compete with international companies in their sector. That makes them visible to major contractors. They can benefit from measures taken by major contractors, but they have to comply with the standards and meet their requirements.

We also help them with their export plans. Our colleagues in the regional export promotion agencies, which we call ORPEXes, design export plans with SMEs. They come to us to see if we can co-fund that, and we often do via the regional economic growth through innovation program, the REGI, which you mentioned, but the Government of Quebec also offers resources to help businesses, including loans that businesses have lots of time to repay. That gives them breathing room and the freedom to set up new production methods and explore export opportunities while managing the associated risk so it doesn't prevent them from being productive in the short term. We work with them for the long haul.

In Quebec, some of these businesses come back to us for help at different stages of growth. I'm sure that happens in the Atlantic provinces as well. There are a lot of great stories about companies that started out as micro-enterprises and are now big companies that export goods, are very resilient and have access to a diversified market.

Hon. Mona Fortier: This type of funding is a necessary lever, then.

Mr. Sony Perron: Yes. Those programs are ongoing. They don't just end. There's no end date. People come back with new projects and we work with them to move their projects forward.

Hon. Mona Fortier: Thank you, Mr. Perron.

[English]

The Chair: Mr. Jeneroux, did you have a question?

Mr. Matt Jeneroux: I'm happy to keep us here, but no. I'm good.

The Chair: Mr. Savard-Tremblay.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Mr. Laplante, you talked about harmonizing standards.

The issue is always figuring out how to retain the right to legislate.

Also, the desire to avoid non-tariff barriers at all costs does not preclude adopting policies that are good for the environment, health, and so on.

Mr. Robert Laplante: It's the opposite, actually, because the best way to make a successful contribution to economic development is to focus on better control of our goals and objectives.

Sacrificing standards and giving up on our objectives in any way means giving up our ability to mobilize stakeholders around exciting projects and objectives that look like they can benefit everyone.

[English]

The Chair: Okay.

Mr. Martel, go ahead quickly.

[Translation]

Mr. Richard Martel: I'll be quick.

I'm going to need a minute, but I know it's not enough.

Mr. Richard Martel: My question is for Mrs. Brassard.

How can financial programs be adapted to better protect businesses from the vulnerability and risk of exporting interprovincially or internationally?

Mrs. Nadine Brassard: Well, as Mr. Perron said, businesses have to start with a good plan, a good strategy. They need to be able to deal with the challenges they face without always using the same formula. Businesses need to start with a clear and credible plan that they're capable of executing.

Second, the programs must be able to meet businesses' actual needs. A business might consider going to a place, but then abandon the idea after looking at the market and crunching the numbers. They end up changing their mind and going elsewhere.

There has to be a little leeway. I know that happens in some programs, but there has to be some openness so businesses can be flexible. When a business exports internationally, flexibility is essential. Programs have to be flexible to meet businesses' needs.

Mr. Richard Martel: Thank you, Mrs. Brassard.

[English]

The Chair: Thank you very much to all our witnesses. It's very valuable information. If you have anything in a written report that you'd like to submit, please submit it to the clerk for the whole committee to have.

Colleagues, we should have our witnesses on the Ecuador free trade agreement study in by Friday, February 9, and for CARM by Thursday, February 15.

Is everybody in agreement with those deadlines?

Some hon. members: Agreed.

The Chair: The meeting is adjourned.

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