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• (1610)

[English]

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

Welcome to meeting 92 of the Standing Committee on International Trade.

Welcome, everybody. Thank you. You're a pretty impressive group down there. We very much appreciate your being here.

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 by using the Zoom application.

I need to make a few comments.

Please wait until I recognize you 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, English or French.

I ask all participants to be careful when handling the earpieces in order to prevent feedback, which can be very harmful to our interpreters. Please speak only into the microphone your headset is plugged into.

This is 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.

If any technical issues arise, please inform me immediately. We will suspend in order to ensure that interpretation is properly restored before proceeding.

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

We have with us today, from the Canada Border Services Agency, Jennifer Lutfallah, vice-president of the commercial and trade branch; Doug Band, director general of the trade and anti-dumping programs directorate; and Mike Leahy, director general of commercial projects.

From the Department of Agriculture and Agri-Food, we have Tom Rosser, assistant deputy minister of the market and industry services branch, and Kathleen Donohue, assistant deputy minister.

From the Department of Finance, we have Scott Winter, senior director of trade rules in the international trade policy division.

From the Department of Industry, we have Sheryl Groeneweg, director general of the advanced manufacturing and industrial strategy branch.

From the Department of Public Works and Government Services, we have Clinton Lawrence-Whyte, director general, and Levent Ozmutlu, director general.

From the Department of Transport, we have Robert Dick, head of the national supply chain office, by video conference; Colin Stacey, director general; and Christian Dea, chief economist of transportation and economic analysis.

Welcome to you all.

Ms. Lutfallah, I invite you to make an opening statement of up to five minutes, please.

Ms. Jennifer Lutfallah (Vice-President, Commercial and Trade Branch, Canada Border Services Agency): Good afternoon.

My name is Jennifer Lutfallah, and I am the vice-president of the commercial and trade branch at the Canada Border Services Agency. I have with me Doug Band, the director general of trade and anti-dumping programs, as well as Mike Leahy, director general of commercial projects.

Madam Chair and members of the committee, I appreciate the opportunity to contribute to the committee's study on Canadian businesses in supply chains and global markets and share with the committee the initiatives, tools and programs that the CBSA administers to support the growth of Canadian businesses.

First and foremost, I would like to bring to the attention of the committee that the CBSA has a broad mandate. We are responsible for providing integrated border services that support national security and public safety priorities, while also facilitating the free flow of persons and goods and collecting revenue owed to the Crown.

The CBSA enforces more than 100 acts and regulations on behalf of other government departments, ensuring that goods being imported or exported are compliant with Canadian trade laws and international trade agreements, which includes the proper assessment of duties and taxes owing on imported goods. We conduct regular compliance verification audits and deliver programs on behalf of the Department of Finance that support Canadian businesses.

For example, the CBSA administers the Special Import Measures Act on behalf of Finance Canada through the anti-dumping and countervailing program, which helps protect Canadian producers who face unfair foreign competition in the Canadian marketplace from injury caused by the dumping or subsidizing of imported goods.

Two other programs we administer on behalf of Finance Canada are the duty relief program and the duty drawback program. While our trade remedy system helps preserve a fair and open trading environment for domestic producers, both programs support the competitiveness of Canadian companies in the global market. Through these programs, qualified companies can import goods without paying duties, or may be reimbursed for duties paid on the condition that the imported goods are subsequently exported within a specific time period.

The CBSA also continues to modernize its border management processes by introducing new technologies to expedite the flow of goods and people across the border. CARM is a multiphased project designed to modernize the collection of duties and taxes for commercial goods imported into Canada. It will replace a 36-year-old legacy system which is at continued high risk of outage. It will help to protect and grow over \$750 billion in trade and approximately \$40 billion in revenue collected at the border each year.

On May 13 of this year, CARM will become the official system of record for the collection of duties and taxes. It will benefit trade chain partners by simplifying the overall importing process, providing a modern interface for importing into Canada. It will give importers self-service access to their information and it will digitize paper-based processes and improve consistency of compliance with trade rules.

Thank you for the opportunity to appear before you today. We would be happy to take any questions you may have.

• (1615)

The Chair: Thank you very much.

Mr. Rosser is next.

Mr. Tom Rosser (Assistant Deputy Minister, Market and Industry Services Branch, Department of Agriculture and Agri-Food): Thank you, Madam Chair.

[Translation]

I express my gratitude to the committee and its members for providing me with the opportunity to address the crucial role the Government of Canada plays in supporting our agri-food businesses.

These businesses contribute significantly to both domestic and global supply chains, enhance exports and play integral roles in the agriculture sector.

[English]

Our agriculture and agri-food sectors serve as pivotal drivers of economic growth, as evidenced by the impressive \$92.9 billion in exports recorded in 2022, marking a 12.7% increase over the year prior. However, we continue efforts to diversify access to markets to mitigate risks associated with the concentration of our exports—and there is work to do—with 84% of trade currently heading to key markets such as the United States, the European Union, China, Japan and Mexico.

[Translation]

Under the sustainable Canadian agricultural partnership, priority areas include market development and trade, as well as the growth, competitiveness and capacity building within the sector.

Recognizing the challenges posed by the global trading environment, including non-tariff barriers, protectionist policies and various trade-influencing factors, the government actively collaborates with the sector to navigate these complexities.

[English]

Our approach to sector diversification involves growing trade with existing priority markets, expanding into emerging markets and managing risks effectively. The establishment of the Indo-Pacific agriculture and agri-food office in Manila exemplifies our commitment to strategic diversification efforts.

This initiative aims to enhance government capacity in the region, address market challenges proactively, and sustain and expand trade with priority markets. Ongoing free trade agreement negotiations, particularly with partners in the Indo-Pacific region, play a vital role in preserving an open, rules-based international trading system and in unlocking new supply chain opportunities.

[Translation]

To strengthen our global presence, the government actively engages in multilateral fora such as the World Trade Organization, the Food and Agriculture Organization of the United Nations, the G7 and G20, and various international standard-setting bodies.

Back home, Agriculture and Agri-Food Canada diligently ensures a robust and stable food supply chain, responding promptly to challenges like severe weather events and labour shortages.

[English]

We support efforts by other government departments to enhance supply chain fluidity and resiliency through initiatives like the transportation supply chain office and investments in data efforts.

The \$4.6-billion national trade corridors fund is investing in infrastructure projects that strengthen trade corridors and supply chain competitiveness.

A few investments of note that are supporting agriculture supply chains in particular include the \$102-million investment at the port of Vancouver to increase the efficiency of roads and rail traffic and to improve flow to marine terminals, the \$100-million investment at the Edmonton International Airport in 2022 to increase cargo and logistics handling capacity, and the \$26.3-million investment to expand and improve the Archer Daniels Midland Company grain terminal at the port of Windsor.

• (1620)

[Translation]

In conclusion, Madam Chair, our actions are aimed at fostering a resilient agriculture and agri-food sector. The government is committed to taking concrete steps to ensure that Canadian businesses have access to both new and existing supply chains, both at home and abroad.

Thank you.

[English]

The Chair: Thank you very much.

Ms. Groeneweg, please go ahead. You have up to five minutes.

Mrs. Sheryl Groeneweg (Director General, Advanced Manufacturing and Industrial Strategy Branch, Department of Industry): Thank you very much, Madam Chair.

[Translation]

Thank you for the opportunity to address the committee about the growth of Canadian businesses and their contributions to global supply chains. Before I touch on supply chains, I would like to point out a few facts about the domestic and global economic contexts.

[English]

Madam Chair, with regard to supply chains and manufacturing matters, industries that produce goods provide high-wage jobs, especially for those who would otherwise earn lower wages. They also contribute to commercial innovation by developing and adopting leading-edge technologies. They are foundational to domestic economic resilience, growth and competitiveness, and are material to our ability to attain environmental sustainability. Finally, they are often the nodes by which domestic industry is connected to other markets through R and D activities and the production of intermediary goods and final products, which cross borders regularly and often.

[Translation]

No nation is manufacturing self-sufficient. This includes the largest economies like the United States and smaller economies like Canada.

[English]

Today we are in a period of a heightened protectionism, whereby with whom a country trades has become increasingly more of a factor in industrial policies and incentive-based investment around the world and, by consequence, this is informing how Canadian business and Canadian industrial policy are situated to respond.

The contribution of manufacturing to Canada's economy is in slow decline, falling to 9% of GDP in 2022, down from 15% 20 years ago. While this trend can be in part explained by increased contributions of the financial services and real estate sectors to GDP, Canada's industrial outcomes are directly connected to how well we compete for share in our domestic market and in the global marketplace. If our competitors are taking steps to improve their advantage and Canada falls behind, this is and will be evident in our economic performance and quality of life.

Even though Canada has lost some industrial ground in aggregate, it is evident across all industrial sectors that Canada is a nation of innovators.

For example, Canada has a high-performing digital sector that is top of the charts in business R and D, which in turn supports the performance of all other industries and the growth of new sectors like AI and quantum, and, while oft referred to as “traditional”, our aluminum sector is the fourth-largest globally and is advancing technology to become the first in the world to smelt carbon-free aluminum.

We have a highly innovative textile industry that contributes sustainable high-quality inputs to many other sectors, such as the auto industry, aerospace, apparel, construction, medical devices and so on.

Canada's largest manufacturing sector, food and beverage processing, is making strides in developing forward-leading products in plant-based proteins, which will help with global food security.

Canada's industrial sectors generate 59% of Canada's non-commodity exports and are highly connected to global value chains, but we can be doing better. As Canada continues to make strides to better position our economy and our firms to deal with new supply chain shifts and heightened competition, there are several considerations worthy to bring forward to the committee's attention in the context of global supply chains.

First, pay-to-play dynamics are increasing, meaning that access to clean energy and a strong climate regulatory framework could differentiate Canada as a location of choice for investment.

Second, decarbonization is an emerging international competitiveness concern, and it will determine market access in the years to come.

Third, economic and security concerns are reshaping global alliances and resulting in protectionist policies, many of which can harm Canadian industry. We are not guaranteed protection by our integration in the North American market, but we can make choices that will help support all Canadian industrial sectors in their areas of strength to reinforce their global relevance and competitiveness.

Fourth, there are still gains to be made in innovation and commercialization. If adequate support is offered for advanced technology development and adoption, this will be increasingly significant to competitiveness in a changing environment.

Finally, concerns around material and energy security are increasing in prominence. Canada and like-minded countries are seeking to diversify mineral supplies to address growing uncertainty regarding the security of material resources from countries with hostile trade policies. Canada's resource wealth and manufacturing acumen can be the basis to build global relevancy in this regard while at the same time developing domestic industrial capacity across multiple industrial supply chains.

• (1625)

[*Translation*]

It also seems an unfortunate circumstance that global conflicts, beyond their terrible human cost, will continue to disrupt the reliability of supply chains and put pressure on costs. The degree to which this will continue is unknown and unknowable at this time.

[*English*]

There are a myriad of market failures that limit private sector business from being able to compete on its own. For this reason, there are government policies and programs. Without government consideration and support, firms could not address structural issues that limit value creation and growth potential. More than ever, Canada needs to be bold and ambitious, lest we lose further ground to those who are raising the stakes to favour their outcomes and market advantage.

Thank you very much.

The Chair: Thank you very much.

Go ahead, Mr. Dick, for up to five minutes, please.

[*Translation*]

Mr. Robert Dick (Head, National Supply Chain Office, Department of Transport): Good afternoon.

I am pleased to appear before the committee on behalf of Transport Canada in my capacity as head of the national supply chain office.

I am joined by my colleagues Colin Stacey, who is also with the office, and Christian—

[*English*]

The Chair: Excuse me, Mr. Dick. Can you hold it for a moment here? We have a sound issue. Just give us a second.

Mr. Dick, can you say a few words in French for a moment while we check the sound?

[*Translation*]

Mr. Robert Dick: Yes, I can say a few words while you check the sound.

[*English*]

The Chair: Okay, it's good.

All right, Mr. Dick. Would you please start again? I apologize.

[*Translation*]

Mr. Robert Dick: Good afternoon.

I am pleased to appear before the committee on behalf of Transport Canada in my capacity as head of the national supply chain office.

I am joined by my colleagues Colin Stacey, who is also with the office, and Christian Dea, chief economist and director general of transportation economic analysis.

I would like to begin by acknowledging that I am speaking with you today from the traditional unceded territory of the Musqueam, Squamish and Tseil-Waututh nations.

[*English*]

As technology and transportation systems advance and the world economy becomes more connected and integrated, Canadian businesses are adapting to take advantage of the global factory and marketplace. They are also major suppliers of a number of goods the world depends on, from agriculture and agri-food to fertilizer and critical minerals.

As you can appreciate, Canadian producers can't access global opportunities without transportation and logistics operators moving the goods each step of the way. Keeping the transportation supply chain flowing smoothly and efficiently isn't just essential for Canadian goods to reach international markets. It also keeps manufacturing costs down, which allows Canadian companies to price more competitively. For Canadian families, more efficient supply chains translate to more affordable goods that they use in their daily lives.

Although Canada's supply chains work well most of the time, we have not seen significant improvements in productivity within the network in recent years, despite growing demands for access to the global marketplace.

We have also seen in recent years how vulnerable our transportation system can be to disruptions, such as the COVID-19 pandemic, climate change and geopolitical conflicts. Given that future disruptions and trends are hard to predict, government leadership is needed to bring parties together to build the resiliency of our systems while also working towards more efficient and globally connected supply chains.

• (1630)

[*Translation*]

As a result, our former minister of transport appointed a national supply chain task force in 2022, charged with consulting broadly to gain industry perspectives on ways to improve Canada's supply chains.

The final recommendations of the task force and Budget 2023 laid the groundwork to establish a national supply chain office.

Minister Rodriguez officially launched the office on December 1, 2023, with the foremost goal of increasing the fluidity, efficiency, resilience and reliability of Canada's supply chains through collaboration with industry, labour, other orders of government and other partners.

The work of the office will build upon the government's recent investments in the trade and transportation systems, through the national trade corridor fund, and our ongoing effort to reform key legislation underpinning the network, such as through Bill C-33, which seeks to strengthen the port system and railway safety in Canada.

Over time, the work of this office will contribute to advancing other government priorities, including improving the affordability of goods for Canadians, more competitively priced export goods in foreign markets, and greening transport systems.

As we advance the work of the office, our key priorities are providing overarching leadership, coordination and external outreach to examine, and respond to, specific domestic and international supply chain issues, including during disruptions; supporting data sharing and digitalization as part of work to optimize systems and ensure smarter decisions; and developing and implementing a national strategy to drive collaboration across sectors on shared priorities.

[*English*]

Canada's supply chains are intricate and ever-changing. The office is working to understand the logistical and analytical needs of Canada's transportation sector operators and stakeholders, both geographically and for specific value chains. This includes talking directly to those in the know. Through external outreach, we will strengthen our understanding of what capacity is needed to support major projects, where system bottlenecks are, and what sorts of implications regulatory or legislative changes could have on operations.

Our engagement with the private sector will ensure that the government understands the industry perspective. To that end, we are also bringing industry expertise on board within the office.

Given Canada's position as a trading nation, we fully appreciate the importance of healthy supply chains to the country's economy and Canadian companies' success in international markets. While this work will take time, we will take action on the domestic front to ensure that Canadian firms are well placed to connect with global opportunities.

I will conclude my opening remarks here. I'll of course be happy to entertain any questions.

Merci.

The Chair: Thank you very much.

We'll move on to the committee members.

Mr. Seeback, you have six minutes, please.

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

I want to talk about some opening remarks from CBSA. You said that you're responsible for compliance with 100 acts, including trade agreements. Is that correct? That would include ensuring compliance with, for example, the 2020 renegotiated CUSMA, or NAFTA. Are you responsible for compliance with that?

Mr. Doug Band (Director General, Trade and Anti-dumping Programs Directorate, Canada Border Services Agency): Yes, we're responsible for administering the customs procedures associated with the CUSMA agreement as referenced.

Mr. Kyle Seeback: Then I'm assuming you're aware that in the 2020 CUSMA agreement, Canada is to eliminate forced labour from their supply chains. Are you aware of that provision?

Mr. Doug Band: Yes. That was as of July 1, with CUSMA coming into force.

Mr. Kyle Seeback: Yes. That's almost four years ago. In 2022 the U.S. trade representative, Ms. Tai, had discussions with Canada. The issue that was raised was the lack of eliminating forced labour from Canadian supply chains. In fact, she said it was a big part of the conversation. Canada has been repeatedly faulted for failing to do anything to stop these imports.

My understanding is that Canada has not seized a single shipment of goods suspected of being manufactured with forced labour since this was signed almost four years ago. Is that correct?

• (1635)

Mr. Doug Band: We work very closely with U.S. customs border patrol, because they are leaders in this field—

Mr. Kyle Seeback: I know you work closely. My question is, has a shipment been seized?

Mr. Doug Band: There has been a shipment seized as part of a pilot.

Mr. Kyle Seeback: One.

Mr. Doug Band: That shipment, in accordance with the way this prohibition is administered—

Mr. Kyle Seeback: It was returned.

Mr. Doug Band: It was released—

Mr. Kyle Seeback: Yes.

Mr. Doug Band: —after CBSA recourse worked with the importer to determine that in fact the goods had not, on the balance of probabilities, been made with forced labour.

Mr. Kyle Seeback: We'll get back to the balance of probabilities. You're aware that the United States has seized billions of dollars of goods that are suspected of being made with forced labour. Canada had one but then returned it. That is billions of dollars from the U.S. and zero from Canada.

You're aware that the United States has an entities list of companies that they have determined use forced labour. Do we have a similar entities list in Canada?

Mr. Doug Band: The CBSA, as a matter of course, does not proactively publish risk information. We do risk at a shipment-specific level in accordance with the ban that's administered, the customs tariff. We are able to use information and research provided by ESDC as well as information from the U.S. CBP and other public information sources.

Mr. Kyle Seeback: Do you have a list of any companies that you suspect of using forced labour?

Mr. Doug Band: We are aware of entities associated with risks of forced labour, and that is in the public domain. The U.S. CBP list, for example—the withhold release order that you are referencing—is a publicly available list. As such, we are aware of that list as well.

Mr. Kyle Seeback: Can you explain how the United States has seized billions of dollars and Canada has seized nothing?

I'm going to talk about World Vision's "Supply Chain Risk Report", in which they say, "Canada is a significant contributor to [the] global problem". They also say, "Canada imported nearly \$48 billion [of] risky goods in 2021, representing over 7.5 per cent of our total imports". They go on to say, "Risky imports increased by nearly 30 per cent since 2016."

Canada's doing an absolutely terrible job of seizing goods made with forced labour. I mean, that's unequivocal. The United States has found billions. Canada has found nothing. World Vision's calling us out. The United States is calling us out.

Has CBSA just not been given the tools, like the U.S. border service has been, to seize these goods?

Mr. Doug Band: I think it's perhaps an understatement, but I'll state it anyway: Enforcement of forced labour-related goods is a significant and complex undertaking. It really, fundamentally involves connecting the dots between the labour practices associated

with the production of a specific good in a specific area through a complex supply chain, which may or may not be invisible—or parts thereof may be invisible—to the Canadian importer itself.

Each jurisdiction—and there are only two presently that have a ban, which are ourselves and our U.S. colleagues—

Mr. Kyle Seeback: Mexico does as well. They're part of CUSMA.

Mr. Doug Band: Yes. Thank you for the correction.

Fundamentally, the challenge is that the U.S. has a legal and policy architecture that is different from what we have in Canada. Each jurisdiction has to operate in an enforcement context that is governed by those laws and policies.

Mr. Kyle Seeback: Canada has chosen a standard for enforcement that is different from the one in the United States. You guys have to prove on the balance of probabilities that the goods were made with forced labour; the United States has a reverse onus. If they suspect it, the importer has to prove they're not. Is that correct?

Mr. Doug Band: The U.S. system does operate on a rebuttable presumption, where the importer has the burden of proof to prove that the goods listed on the—

Mr. Kyle Seeback: Why would we use a lower standard than the U.S. on such a serious issue? It's resulted in the U.S. seizing billions, but Canada has seized none.

Mr. Doug Band: It's a different standard that was available at the time of CUSMA. It's important to remember that the U.S. has been at this since the 1930s, so they have a deep experience base of practices, lessons learned—

Mr. Kyle Seeback: We could just use their standards.

Mr. Doug Band: There is a significant difference in the experience base and the capability and expertise base in the U.S. They are different approaches that reflect the different jurisdictional realities and contexts. We have privacy and confidentiality laws that are different from those in the U.S. It's not atypical that things that occur in the U.S. are not easily replicable in a Canadian context. They're different.

The member is quite right, Madam Chair, that Canada operates on a different model under a balance of probabilities, where that burden of proof, if you will, is somewhat more shared between the enforcement agent and the importer.

When we detain goods—and we do—and the goods are moved off to the side, there's an opportunity for the importer, similar to what happens in the U.S., to provide additional information. It's not to prove that they aren't made with forced labour, but rather to inform the final determination by the CBSA officer as to whether or not, on the balance of probabilities, those goods have been made with forced labour.

It's a different model. I think there's a lot of experience, and we're very fortunate to have a very close relationship with the U.S. We have regular monthly calls. Their risking team was actually embedded with and visiting with my team last spring for two or three days, transferring that knowledge. We are committed to getting better in this space. As our information base broadens, we think we will be able to get after the risks more effectively.

The member asked about entity lists. In the last six months, we have been able to start to run a daily algorithm of risks that we can associate with specific shipments.

We're moving forward. We're not where we would like to be, but we are getting better.

● (1640)

The Chair: Thank you very much. You're about two minutes over your time, Mr. Seebach, but I think it was valuable information.

Mr. Sidhu is next.

Mr. Maninder Sidhu (Brampton East, Lib.): Thank you, Madam Chair, and thanks to our officials for joining us here today for this very important study.

I represent Brampton East, which is a large agri-food processing community that supports thousands of jobs in our city. It's encouraging to hear about the Indo-Pacific strategy and how the new agriculture and agri-food office that's opening up in Manila in the Philippines is going to help our Canadian businesses access new export markets around the world.

In addition, I heard about the national trade corridors fund, which is going to enable more trade to flow to supply chains, and the \$5-million investment we made at the Peace Bridge, where we see 1.1 million trucks cross every year. We see investments to our cargo terminals and ports across Canada, so that's very encouraging to hear.

I want to know more about the emerging markets in the Indo-Pacific. We did hear at the very beginning about the impacts this could have on Canadian businesses.

Maybe I can hear from agriculture first.

Mr. Tom Rosser: Perhaps I could get my colleague Kathleen Donohue to join. She may have some additional information.

As the member correctly referenced, we will shortly be opening a dedicated office in Manila to promote agri-food exports and trade investment in the Indo-Pacific region. There are some very fast-growing, dynamic economies there.

We are in active negotiations on a bilateral trade agreement with Indonesia as well as the ASEAN group of countries. Indonesia is already a billion-dollar-a-year market for us, and the Philippines, in its own right, is a very significant market.

The office will help us do more proactive outreach into new markets across the region as well as deal with the many market access irritants that we have in our trading relationship, those that are already impinging on trade, and it will allow us to be more proactive,

such that we can hopefully work with authorities in importing countries to avoid problems before they become major.

My colleagues from transport may also have something to add on the supply chain element of the question.

Perhaps I'll turn the floor to Kathleen.

Mr. Maninder Sidhu: Before you do turn over the floor, you mentioned a number in your opening statement in terms of a 12% increase over the previous years. Was it \$92 billion?

Mr. Tom Rosser: Madam Chair, that's correct. Canada's 2022 exports of agriculture and agri-food products reached \$92.2 billion or \$92.9 billion. That represented an increase of about 12.5% over the 2021 volumes.

Mr. Maninder Sidhu: Maybe I can hear from Kathleen.

Ms. Kathleen Donohue (Assistant Deputy Minister, Department of Agriculture and Agri-Food): Thank you very much.

I am Kathleen Donohue with Agriculture Canada, and I am assistant deputy minister, international.

To build on my colleague Tom Rosser's point, he noted the work that's been done with regard to free trade agreements to set those frameworks. The other component of this is to set up an agriculture and agri-food office in the region, the hub being located in Manila in the Philippines. The idea is that the workforce will be mobile to strengthen our relationships in a fast-growing region of the world to better represent the sector and hopefully pave the way for greater market access in the region.

● (1645)

Mr. Maninder Sidhu: Thank you for that.

I'll turn to the CBSA now.

You mentioned in your opening statement about CARM and digitizing trade and how it will help businesses access new markets and facilitate the flow of goods.

Can we expand on that a little bit? Can we hear more about how this would help?

Mr. Mike Leahy (Director General, Commercial Projects, Canada Border Services Agency): In today's process, we have, under CARM, to account for goods coming into Canada after goods are released into the economy. We have a process that's part digital and part paper. Someone can submit a declaration saying that they're going to pay duties and taxes, but if they want to change anything, they have to switch over to a paper process, come to an office and present paper to the CBSA. The CBSA has to administer that paper, and it's not that efficient.

The efficiency gain, in part, is in making that entire process digital. An importer can declare their duties and taxes and make changes to the declaration. If they want to make an adjustment to the declaration, it's all digital, and the automation is essentially the efficiency gain.

Other elements of CARM give importers insight into their account balances to see what's going on and to make payments. The visibility is directly provided to an importer, so they see what's going on with their CBSA account. Those are two big ones.

Mr. Maninder Sidhu: I have about a minute left. I'll turn it over to Transport Canada to speak more in regard to the trade corridors fund.

You mentioned \$100 million for the port out in B.C., \$100 million for the Edmonton airport and roughly \$20 million for the food grain terminal in Windsor, I think. These are things that will help Canadian businesses get their goods to market.

Maybe you can expand on that a little bit.

Mr. Robert Dick: The Transport Canada role and the supply chain office role as Canadian businesses expand their market is to ensure that they can be reliable trading partners. That depends on a reliable, fluid, efficient and resilient supply chain, and the national trade corridors fund supports exactly that.

It's an 11-year program with \$4.6 billion in federal funding that has leveraged \$10.4 billion in total investments in projects across the country across all modes of transport to improve the efficiency of the supply chain and the ability of Canadian businesses to trade abroad.

The Chair: Thank you very much.

Monsieur Savard-Tremblay, you have six minutes, please.

[*Translation*]

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

Thank you to the witnesses for their presentations and their participation today.

My question is for the transport officials.

In January 2022, you held a national supply chain summit. A number of participants identified the need to stimulate public-private funding and investments in critical infrastructure and a need for policy coherence across government, particularly as it looks to exploit new opportunities like advanced batteries, but also in the context of promoting new innovations to decarbonize transportation, such as green shipping corridors. It's worth noting that those public-private partnerships, or P3s, were making headlines 20 years ago.

We know that P3s had some pretty negative consequences in the past. They were popular in Quebec in the 2000s, but a few years later, everyone was uncomfortable with the model. People deeply regretted the decision to take that route. Could you tell me, then, whether any public-private partnerships are under way or being considered?

[*English*]

Mr. Robert Dick: Thank you for the question.

These national supply chains resulted in a task force, which in turn led to a number of recommendations that are being implemented across the Government of Canada. The Treasury Board Secretariat of Canada, in fact, concluded the public comment period just this week, I believe—on the 6th—with public comment from industry on regulations that might be affecting supply chains specifically, as well as border operations. That process will launch. They will be analyzing that input and translating it for analysis and action across the Government of Canada.

Other key recommendations include working on identifying Canada's long-term infrastructure investment needs and different approaches to doing that. Through the federal, provincial and territorial ministers of transport, a process has been launched in collaboration with provinces and territories to begin that exercise.

Additionally, I would note that under the auspices of the national supply chain office, we have launched consultations and engagement with operators, industry and labour in the western corridor. Also, this week we began to identify bottlenecks and areas of opportunity and collaboration in the central and eastern corridor, extending from the Great Lakes through to Atlantic Canada, in order to improve efficiency. As part of improving efficiency, we expect to see improvements to the sustainability of operations.

We are working to identify areas for partnership and collaboration through those processes, across government and through the national supply chain office.

● (1650)

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: That means the P3 model could be expanded to a range of areas. Are there any P3s fully in place right now?

[*English*]

Mr. Robert Dick: In terms of benefits specifically from public-private partnerships, there are any number of partnerships with industry that we have, including through the national trade corridors fund, in order to promote more exchange of data, research and innovation. There are innovation projects under way across government and in collaboration with industry partners all across the country. That includes things like the national trade corridor funds, which themselves are partnerships to develop infrastructure.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: How do you make sure that, under those partnerships, what happened in Quebec in the 2000s doesn't happen again? I'm talking about projects that resulted in privatized profits, socialized losses and, very often, cost increases.

[English]

Mr. Robert Dick: I'm sorry. I'm not entirely sure I understand the situation that is specifically being referenced in Quebec in that way. We—

[Translation]

Mr. Simon-Pierre Savard-Tremblay: It happened a number of times. The Centre hospitalier de l'Université de Montréal and the Îlot Voyageur are two cases that come to mind. I realize it's not the same, since it was the Quebec government that was involved. There was a time when P3s were popular, but they ended up having tremendous consequences. I just want to be sure that the type of model and agreement you're talking about don't lead us back to a situation where the government incurs the costs and the private sector enjoys the profits.

[English]

Mr. Robert Dick: I'm unfamiliar with those specific instances from Quebec.

Many of the partnerships that fundamentally we are seeking to advance are driven by either infrastructure considerations—and we've spoken to those—or are around data. The analyses that determine the priorities for us are the ones that afford a public benefit at the network level to the supply chain system of the country or of a corridor, as opposed to just a private benefit.

There are things we can learn from private operations and innovation that we want to harness to ensure we take those learnings into the system, but a fundamental aspect of a guiding principle or investment is a benefit to the transportation system.

The Chair: Thank you very much.

Mr. Cannings, you have six minutes.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you all for being here. It's quite an interesting crowd. It's certainly a crowd, but it's good to hear from you all.

I'm going to continue with Mr. Dick from the Department of Transport supply chain office.

I think you mentioned some of the challenges faced by Canadian businesses in keeping a good resilient supply chain going. One you mentioned was extreme weather events. We had an atmospheric river event in British Columbia a while ago that literally cut off the coast of British Columbia from the rest of the country. We lost five highways and two train tracks. We were cut off.

I'm wondering how your department is planning for future events like that. What kind of work is the Canadian government doing, and what could it do better, perhaps, to make sure we have a really resilient supply chain, a really resilient transport infrastructure so that we aren't affected in those ways when these things happen again?

• (1655)

Mr. Robert Dick: Thank you for the question.

In fact, Transport Canada was deeply involved in convening supply chain participants throughout the atmospheric river. What we learned from that was that especially when there is a crisis and a

public emergency, it is a community in Canada that comes together to do remarkable good and to solve the problems that they are faced with.

Madam Chair, as the member indicated, those problems were many, and they were complex. It involved getting basic food and necessities of life into the Vancouver Lower Mainland and to Vancouver Island. It involved animal welfare and energy and supply. There was rationing of fuel in the Lower Mainland for the first time since the Second World War.

Fundamentally, what contributed to that incident not being worse was the sheer logistical capability of the provincial transportation department to collaborate, as it turns out, with the Trans Mountain pipeline corporation and with the railways to rebuild infrastructure rapidly, and that goes to our resilience, that sheer engineering capacity that was brought to bear.

The other thing was collaboration. We saw tremendous collaboration there. There was a role from government that we have learned from. Part of the supply chain office's mandate is to help convene supply chain participants in times of disruption to figure out collectively how best to mitigate that. It was through the application of everybody's expertise and knowledge that we were able to get the system up and running as quickly as was possible, and in fact, as happened.

What we are aiming to do is systematize that a bit by getting out and engaging with stakeholders across the country through the exercises that I mentioned previously. A part of that will be trying to anticipate and identify risks to our resilience, to our infrastructure and to the flow with specific value chains, and then to collaborate across government and across levels of government to try to work out plans in advance of incidents so that we can mitigate the impacts of disruptions. Disruptions, of course, are inevitable, but better planning can help to increase our resilience.

Mr. Richard Cannings: At a higher level, what are you hearing from businesses? A lot of them used to have highly efficient just-in-time supply chains. They've been disrupted by pandemics, by weather events and by foreign conflicts. What do you hear from businesses that you work with about that strategy? How are businesses adapting?

Mr. Robert Dick: For businesses worldwide, you've probably heard the shift from just-in-time to just-in-case. That remains a debate that is live globally. It remains to be seen exactly how businesses around the world and certainly in Canada will ultimately land on that, but there are no doubt going to be some adjustments.

In the meantime, what we're hearing from businesses—and it's early stages for our office—through engagement is the desire to make sure that we can be as resilient as possible, that we can recover as quickly as possible from disruptions, which goes to capacity, agility and coordination, and that we have the necessary infrastructure in the long term that has been built to appropriate standards for the evolving climate risk as well.

Businesses want to be reliable. They want resilient, reliable and efficient supply chains, and that is their key message to us.

The Chair: You have 40 seconds remaining, Mr. Cannings.

You're okay? Thank you very much.

Mr. Jeneroux, you have five minutes, please.

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

I hope to get to both Mr. Stacey and Mr. Dick, but I'll start with Mr. Dick.

It seems to be the theme of the meeting here.

Mr. Dick, are you calling us from the new supply chain office in Vancouver? Is that where you are?

Mr. Robert Dick: I am at one of our offices. We are a hybrid workforce with a presence across the country. I live in Quebec.

Mr. Matt Jeneroux: Is it through Transport Canada? I'm judging by the pictures on the wall.

Mr. Robert Dick: That's correct.

• (1700)

Mr. Matt Jeneroux: Do you have an Ottawa office as well? This says that you're in Vancouver, Ottawa and other hubs.

Mr. Robert Dick: Yes. So far, we have staff in Vancouver and Victoria. We have staff in Ottawa and Montreal, and I think next week in Yellowknife.

Mr. Matt Jeneroux: How many staff do you have currently?

Mr. Robert Dick: We're at about 25.

Mr. Matt Jeneroux: Am I correct that your budget is \$27.2 million?

Mr. Robert Dick: That's over five years. That's correct.

Mr. Matt Jeneroux: Right.

Getting back to the timeline, this was established as part of the task force report in October 2022. It took 15 months, and I guess in government years, that's technically 12 months.

It took 15 months to get this off the ground, even though the deputy minister at one point did say June. He must have misspoken. It took until December to get this off the ground. Doing my math, you now have eight months to complete the supply chain and data strategy and initiate regulatory and legislative reform by October. Are you going to complete that by October?

Mr. Robert Dick: First, I'd say, we launched the office. Minister Rodriguez launched the office on December 1. I was hired somewhat before that. We have been going through hiring, recruitment and a lot of engagement and consultation with industry.

Mr. Matt Jeneroux: Is October doable? Are you going to be able to do that and get the legislative reform and the strategy done? Call me a bit skeptical, but I'm just trying to hear your words.

Mr. Robert Dick: We are engaged right now with industry on the strategy. We've had our consultation, and engagement and working groups launched in—

Mr. Matt Jeneroux: It sounds like a bit of an off-ramp, Mr. Dick.

Mr. Robert Dick: No, I—

Mr. Matt Jeneroux: Is that a yes? If it's a yes, then say yes. I'd be happy to invite you back for October.

Mr. Robert Dick: We would like to.... We're going to aim to get the strategy out by then. What we would like to do is make sure that the strategy reflects the needs of Canadian businesses.

Mr. Matt Jeneroux: That's great. All I'm doing is just keeping you accountable.

Mr. Robert Dick: Okay.

Mr. Matt Jeneroux: One of the biggest supply chain issues we saw in the last 24 or 12 months was Tylenol for kids. It took the then health minister getting involved, and he was the one, in his words, saving the day on that. Would something like that fall under your office in the future? Are you the hero for kids' Tylenol in the future?

Mr. Robert Dick: The focus of the supply chain office really is on the transportation and logistics system. Other parts of the government will focus on the individual value chains, be that agriculture or agri-food, and be responsible in them. To the extent that there is the intersection with the transportation and logistics component specifically, we would of course help and be welcoming in terms of being used as a platform by other government departments to help convene or facilitate discussions if that were the problem.

Mr. Matt Jeneroux: That will all be in your strategy that we will see before the committee in probably October, correct?

Mr. Robert Dick: I won't comment on what's going to be in the strategy, but you will see the strategy.

Mr. Matt Jeneroux: All right, that's fair.

I want to use the last minute to talk to Mr. Stacey from Transport Canada.

As part of the October 2022 task force report, there was an immediate suggestion to waive 50% of airport rent payments. Has that been done?

Mr. Colin Stacey (Director General, Air Policy, Department of Transport): The supply chain office is not directly responsible for airport rents, so I can't speak specifically to it. What I can say is that there were a number of assistances offered to airports during the COVID period and since then—

Mr. Matt Jeneroux: Yes, but this was 2022, and that's past COVID. It sounds like that's a no. It hasn't been waived?

Mr. Colin Stacey: It has not been waived.

Mr. Matt Jeneroux: It was suggested as immediate, with October 2022 being immediate. Now we're in 2024 and it still hasn't been waived.

Mr. Colin Stacey: No, but I would note that the supply chain task force did put forward a number of different recommendations. Clearly we're focusing on moving forward with those. We are prioritizing different recommendations and moving forward on those, but they are recommendations. We are examining that one and we use that report as a guidance, but it is not a specific list of things that absolutely must be—

Mr. Matt Jeneroux: To sum up your comments, you're choosing which ones work for you and which ones don't, basically.

Mr. Colin Stacey: The report provides guidance for the work we're doing.

Mr. Matt Jeneroux: Thank you.

The Chair: Thank you very much.

Mr. Sheehan is next, please.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much to our presenters. All of you are demonstrating how serious your work is in supporting our important supply chains.

Madam Chair, my first question is going to be to the CBSA.

You mentioned dumped products in your remarks. I'm from Sault Ste. Marie. We have the second-largest steel producer, Algoma Steel, and a very large, significant producer called Tenaris. After I was elected in 2015, I was called to a meeting at Algoma Steel, and they're going bankrupt because of dumped steel.

We set out to modernize the trade to fight dumped steel. In 2016, there were measures that were placed in the budget. Then in 2017, things like cost distortion and scope were in place. A whole bunch of things were in place. One of the things that we had to do was not just get that on paper, but also have CBSA hire some folks to deal with this.

Could you update this committee on the work that the CBSA officers do? These are the folks you don't see at the Sault Ste. Marie border who are securing our borders. They're working behind the scenes.

Through you, Madam Chair, what kind of work does CBSA do to intercept dumped steel and aluminum?

• (1705)

Mr. Doug Band: It's a pleasure to get to speak about this program. It's an important one for Canadian companies. As the member noted, steel is a very significant user of this program.

This program operates under the policy guidance and direction of the Department of Finance under the Special Import Measures Act. As of 2022-23, the duties that we have put in place as a result of our investigations help now to protect 30,000 Canadian jobs and over \$11 billion in domestic production.

As was noted, the program has been under significant demand. We currently have 150 measures in force. That represents a 130% increase over the last 10 years, from 2013 to 2023. Steel investigations, not surprisingly, continue to be in high demand. They are our biggest user of the program. From 2020 to 2024 alone, over half of the 41 investigations we initiated dealt with steel products.

We are seeing demand from new, less traditional users as well. Examples are in renewable energy, such as solar panels and wind tower investigations, as well as in consumer goods, construction products and otherwise.

The member asked specifically, Madam Chair, what our officers do. I can tell you that there are three broad categories of what we do. The largest part of the organization, upwards of 50 people, focuses on the investigation work, on going out and understanding what's happening in the market. Are goods being dumped into the Canadian market? This simply means they are being sold at artificially depressed prices, lower than the cost for that company to actually produce that good and make a small profit in their own market. They're selling into Canada at a price lower than what they can sell it for in their own market, adjusted for profit and administrative costs.

For steel, obviously, I would defer to the finance department in terms of their comments on the global market, but steel continues to be a significant priority for us. We are in regular contact on a number of investigations with steel producers and the CSPA.

Mr. Terry Sheehan: Thank you for that. It's important not only to Algoma Steel but also to Tenaris. There were a handful of people working there when I was first elected. Again, it was about the dumped steel. They're up to multiple hundreds of folks working there too, and they are part of it. Directly and indirectly, 120,000 to 130,000 people in Canada feed into these supply chains, especially in EV car manufacturing, because we are now decarbonizing the steel industry.

I've forgotten your name. I'm sorry; I apologize. I talked to you about decarbonizing some industries, but the steel industry is also decarbonizing. Could you please provide comment on that and your thoughts on it?

Mrs. Sheryl Groeneweg: Madam Chair, that's probably me.

Mr. Terry Sheehan: It is you. I'm sorry; I apologize.

Mrs. Sheryl Groeneweg: That's okay. Thank you.

The steel industry is extremely important to Canada. The steel industry contributes a fundamental good that feeds into and supports other manufacturing. The dynamic right now in steel, as was described before, is that there is a non-market-based steel economy that's diminishing Canada's market-based steel economy. What that means is that our market-based steel producers are having a difficult time competing against subsidized steel that's coming into the Canadian market.

One of the features that's changing right now in the dynamics of the global steel trade is that there's a larger demand and pricing for decarbonized steels. The auto manufacturers and other clients that require steel inputs are seeking out net-zero or near-net-zero steel. Canada has made two significant investments to date, one in Algoma Steel and one in ArcelorMittal Dofasco. For Ontario, that should total about six million tonnes of GHGs that we are reducing.

That also means that those steel companies will have access to markets when carbon borders become a new measure for dividing up countries, companies that are pursuing means to address their Paris commitments and that are trying to address the carbon problem and maintain a high-quality product while at the same time avoiding the usual negative consequences of high-carbon and highly subsidized steel that's unfairly traded in a single market.

• (1710)

The Chair: Thank you very much.

Mr. Terry Sheehan: Thank you, Sheryl.

The Chair: Mr. Savard-Tremblay, you have two and a half minutes, please.

[Translation]

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

My question is for the CBSA officials.

During the national supply chain summit in January 2022, there were calls for “an examination of border measures and clarity from CBSA to reduce complexity.” Did the examination take place, or is it under way?

[English]

Ms. Jennifer Lutfallah: Unfortunately, I'm not aware of the study that you're referring to. Perhaps you can give me a bit more detail.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I'm referring to the national supply chain summit, which took place in January 2022. One of the criticisms that emerged was the need for “clarity from CBSA”.

[English]

Ms. Jennifer Lutfallah: We're going to endeavour to provide you with a written response.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Very well. I appreciate that. I take it, then, you aren't aware as to whether an examination of border measures is under way.

[English]

Ms. Jennifer Lutfallah: No, I'm not.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: In other words, the measures are not being examined, assessed, checked or double-checked in any way to ascertain their effectiveness or complexity, among other things.

[English]

Ms. Jennifer Lutfallah: I'm not aware of the study that you're referring to.

[Translation]

Mr. Mike Leahy: Are you referring to a particular sector, such as the maritime sector, or do you mean generally?

Mr. Simon-Pierre Savard-Tremblay: I want to know whether border measures are subject to any ongoing review, whether some sort of oversight mechanism is in place to examine or check them. Do you do any sort of performance review?

Mr. Mike Leahy: We have statistics, performance measures, for all our modes of entry. We can send you the reports.

Mr. Simon-Pierre Savard-Tremblay: In other words, you do a statistics-based impact assessment of the measures.

Mr. Mike Leahy: It's more of an analysis of the services we provide at all the ports of entry in the country.

Mr. Simon-Pierre Savard-Tremblay: Who does the analysis?

Mr. Mike Leahy: The agency.

[English]

If we're talking about border wait times, processing times and service standards at each port of entry—if that's what we're referencing—those are monitored by the—

Ms. Jennifer Lutfallah: Excuse me.

Those are constantly monitored, but I understand you're referring to an actual report. I'm not aware of that report, so I'm not able to provide you with a response to that question.

In terms of looking at the measures we have put in place at the border over the years, yes, those are under constant, continuous examination. We monitor them based on feedback that may come from partners as well as the public with respect to the impact of those rules.

• (1715)

[Translation]

Mr. Simon-Pierre Savard-Tremblay: What I gather is that Transport Canada held a summit at which participants criticized CBSA, but that Transport Canada never passed that criticism on to you. That is what you are telling us.

[English]

Ms. Jennifer Lutfallah: We're going to have to get back to you on this one. I'm sorry.

The Chair: Yes, if you could see whether you can find the report Mr. Savard-Tremblay is referring to and supply it to the committee, it would be appreciated. Thank you.

Mr. Cannings, go ahead for two and a half minutes, please.

Mr. Richard Cannings: Thank you.

I'm not sure who to direct this to.

There is perhaps a general problem that is full of specific different examples when it comes to supply chains crossing borders. It's a lack of harmonization about regulations.

I heard one example from my riding recently. There is a major lead acid battery recycling plant in my riding. All lead acid batteries in cars, trucks and all of that are pretty much 100% recycled and made into new batteries. It's actually quite a wonderful system. The trouble is that when those batteries are being transported within North America, each individual one is tracked. It's quite an operation and adds cost to the companies doing this. However, if they are shipping them out of Canada to, say, Asia, they just list them as auto parts and it's much cheaper. It's cheaper for companies with used batteries to send them to Asia for recycling. We lose all that material and we lose the jobs. Also, it's an environmental risk.

I'm wondering whether there's part of the government somewhere—I don't know if it's CBSA or Transport Canada—looking at those bits of harmonization that are lacking, the things that make things difficult for Canadian companies and the economy in general.

Mrs. Sheryl Groeneweg: Thank you very much for the question.

One of the areas of responsibility I have at ISED is critical minerals, working with NRCan. I believe I know who you're talking about in the situation you're describing. We are pursuing, in a very concerted way, how Canada can become a global, relevant player in critical minerals, including in the recycling component. Mining and processing the minerals is one thing, but there's also recycling, which will become a very important input to the entire system. We are live to this issue, and it's one area where we are trying to figure out the policy direction process to try to address that.

You're absolutely right. We're getting into a market situation more and more in which carbon—high carbon and low carbon—will become a market access issue. Countries are navigating their way through keeping resources to themselves, resources that might be better off being traded so all boats can float higher. There is market inefficiency, and the carbon-decarbonization component is playing into that. Then there are the costs of decarbonizing and dealing with that. Companies want to have a cheaper end result in how they deal with batteries. It's one of the market failures that I would say we have to address in the system.

I'm sorry if that wasn't very direct, but we're absolutely live to it and we understand the problem.

The Chair: Thank you very much.

Mr. Baldinelli, you have five tight minutes.

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

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

I'd like to thank everyone for your discussions on supply chains, which are hugely important to us and to my community in Niagara. I am from a border community, and trade with the U.S. is vitally important. For example, 75% of our trade with the U.S. by truck goes through four main points of entry, those being Windsor, Fort Erie, Sarnia and Queenston, and two of those four are in my riding alone.

Here are some statistics with regard to the importance of our trade: 25% of what the U.S. exports to Canada comes from Canada;

40% of what Canada sells to the U.S. comes from the U.S., and 60% of what the U.S. buys from Canada ends up in U.S. products, which are sold throughout the world.

Ms. Lutfallah and Mr. Dick, you spoke about supporting the supply chain and creating resiliency there. Ms. Lutfallah, you spoke about the need for modernization to support efforts.

There is one project I'm keenly aware of. In December at the Peace Bridge in particular, there was support from the national transportation corridors fund of \$5 million from the federal government and \$5 million was put in by the Peace Bridge itself. About \$20 million of U.S. customs and border protection technology is being established and put on the Canadian side to scan each truck and collect all pertinent shipment and driver information. This is done in Canada while the truck is still in process, so by the time the truck enters the United States, it simply shows up at the booth and gets a go or no-go signal. This will save tremendous amounts of time. That was all done in terms of the U.S. legislation called Securing America's Ports Act. I believe it's the only bridge in Canada that has that technology at this time.

However, with every new technology that we have that works—this is American technology that is being installed, I might add—there are also concerns. One of those concerns is the implementation on May 13 of the new CARM project.

This Liberal government, to be quite frank, does not have a great track record when it comes to implementing new IT projects, be it Phoenix pay or ArriveCAN. For example, there's ArriveCAN. I'm from a tourism community. Forty thousand people in my community work in the tourism sector. At one time ArriveCAN ordered thousands of people into quarantine who had no issues or had crossed the border. It cost \$54 million. To me, ultimately it destroyed any chance of a tourism recovery in 2022.

Concerns have been expressed by organizations such as the Canadian Association of Importers and Exporters with this May 13 implementation date. We're hearing that perhaps only 25% of industry is registered.

Can you tell us what you're seeing in terms of registration for the implementation of CARM?

• (1720)

Ms. Jennifer Lutfallah: Thank you for that question.

With respect to CARM, as I pointed out in my opening remarks, CARM will replace a system that is at very high risk of outage. We have no choice, and I want to underscore that message. We have to modernize that system with respect to duties and taxes.

Now—

Mr. Tony Baldinelli: I am not questioning that. I am just asking what's preventing people from registering. I'm hearing there are low registration numbers at present.

Ms. Jennifer Lutfallah: I will get to that.

I believe last week you had a witness who indicated that we were at only 25% in terms of registration. That was an incorrect number that was provided to the committee. We are at about 57%, and that 57% represents 80% of the importers or transactions into the country, so we are doing well with respect to registration.

We're doing more. We have officers who are doing cold calls to individuals who are importers into our country. We have sessions happening at the ports of entry so that individuals can get registered and so forth. We are pulling out all the stops to get people, the importers, registered in time for May 13.

Mr. Tony Baldinelli: Could I ask this one last question?

Have you tested the system with some of those who have pre-registered? Are there tests that have been completed, and what are those test results?

Ms. Jennifer Lutfallah: There have been tests that have been completed, but I am going to turn it over to Mike because he is the technical expert.

The Chair: Could we have a quick answer, please?

Mr. Mike Leahy: Yes, there is testing. There is certification. I think that last time it was mentioned that the software providers go through a certification. There are 25 of them, and one of them is through it, and there are clients testing right now. We have clients in a CARM environment that are doing their thing right now.

The Chair: Thank you.

We'll go to Ms. Fortier, please, for the last three minutes.

[*Translation*]

Hon. Mona Fortier (Ottawa—Vanier, Lib.): Thank you, Madam Chair. I will be quick.

Something I'm concerned about is making sure that small and medium-sized enterprises, or SMEs, have the tools they need to import and export products. Some of the answers we've heard today pertain to the regulatory process. I think the red tape and administrative processes are cumbersome, and we can always do better. Reviews are under way, in fact.

Ms. Groeneweg, how do you think we can help SMEs quickly? If you could change two things today, what would they be?

• (1725)

[*English*]

Mrs. Sheryl Groeneweg: Thank you.

In some ways, the regulatory question is a product-by-product or sector-by-sector question, so it's a very big thing to deal with.

The domain of life sciences and health products gets very specific in terms of how those two regulatory bodies work—or all regulatory bodies, like Canada-European Union, Canada-United States, etc.

Food, similarly—

Hon. Mona Fortier: Are we on the right track? Do we have the right regulations to help SMEs, or do we need to really focus on those changes?

Mrs. Sheryl Groeneweg: Those are definitely questions that are better placed to other departments. The Treasury Board deals with that. I'm definitely not in a regulatory function where I am.

Hon. Mona Fortier: I was there before. That's why I'm asking through your department.

Mrs. Sheryl Groeneweg: Can we do better? Always. In part, it's because things keep changing. It's how to keep up and be modern as we continue to—

Hon. Mona Fortier: Maybe the agriculture folks have some examples.

[*Translation*]

Mr. Tom Rosser: Madam Chair, I can provide a very quick answer.

I'll give you an example in agri-food. In 2018, a regulatory review was carried out, and two additional processes focused on other sectors were conducted. As Ms. Groeneweg mentioned, we've made progress on certain regulations.

The efficient administration of regulations will help SMEs, but there is still work to do. We now have a regulatory process based on supply chains, as Mr. Dick mentioned.

Hon. Mona Fortier: Mr. Dick, do you have anything to add regarding the process you were talking about earlier? I'm interested in whether it will help businesses, because they are really the ones we want to see thriving.

Mr. Robert Dick: Thank you for your question.

[*English*]

It's too early to say. The consultation period closed on February 6.

I think it speaks to some of the questions posed by other members. It will look at more issues. It will look at supply chain issues.

That input has just been received. In fact, I think some people have been granted extensions, so it's still coming in and we'll have to churn through that, but I would certainly hope so.

We know that the misalignment of regulations, excessive regulations and the means by which regulations are administered create burdens.

The Chair: Thank you so much to all of our witnesses. That was great information we received today. We appreciate your being here.

The meeting is adjourned.

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