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Chair: The Honourable Judy A. Sgro



Standing Committee on International Trade

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• (1635)

[English]

The Chair (The Honourable Judy A. Sgro (Humber River—Black Creek, Lib.)): I call the meeting to order. Welcome to meeting number 104 of the Standing Committee on International Trade.

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

Before we begin, I need to remind all members and other meeting participants in the room of the following important preventative measures.

To prevent disruptive and potentially harmful audio feedback incidents that can cause injuries, all in-person participants are reminded to keep their earpieces away from the microphones at all times.

As indicated in the communiqué from the Speaker to all members on Monday, April 29, the following measures have been taken to help prevent audio feedback incidents.

All earpieces have been replaced by a model that greatly reduces the probability of audio feedback. The new earpieces are black, whereas the former ones were grey. By default, all unused earpieces will be unplugged at the start of a meeting.

When you are not using your earpiece, please place it face down on the middle of the sticker for this purpose that you will find on the table as indicated. Please consult the cards on the table for guidelines to prevent audio feedback incidents.

The room layout has also been adjusted to increase the distance between microphones and reduce the chance of feedback from an ambient earpiece.

These measures are in place so that we can conduct our business without interruption and to protect the health and safety of all participants, including the interpreters.

Thank you all for your co-operation.

We have with us today from KC Recycling, Pete Stamper, chief executive officer. From the Pacific Economic Development Agency of Canada, we have Naina Sloan, vice-president, programs and partners. From the Port Alberni Port Authority, we have Zoran Knezevic, president and chief executive officer, by video conference.

We also have from the Prairies Economic Development Canada, Anoop Kapoor, assistant deputy minister, policy and strategic direction. From the Vancouver Airport Authority, we have Jason Tse, manager, cargo development partnerships, by video conference. And from the Western Grain Elevator Association, we have Wade Sobkowich, executive director, by video conference.

Thank you all very much. We apologize for the delay. We will start with statements of up to five minutes, please.

Mr. Stamper, would you please go first.

Mr. Pete Stamper (Chief Executive Officer, KC Recycling): Thank you, Madam Chair.

First, I'll provide a little background on myself. I'm originally from Detroit. My profession is growing industrial companies into global markets. I have led a construction tool business in Belgium, a medical device company in Sweden and an automotive test manufacturer in Seattle. I have a master's in business from Harvard Business School and a master's of engineering from the University of Michigan. I immigrated to Canada in 2019 and will become a proud Canadian citizen this year.

: KC Recycling is the only lead battery recycler in the Pacific Northwest. The closest alternatives are 2,000 kilometres away in Minneapolis and Los Angeles. Canada has two other recycling plants in Mississauga and Montreal.

Lead batteries are the most recycled product on earth, with over 99% recycled, and new batteries contain 80% recycled content. However, we are closing recycling plants at a rate of one per year and only have 12 remaining in the U.S. and Canada.

KC Recycling produces 40,000 tonnes of lead and 3,000 tonnes of polypropylene annually. As an industry, we export almost all of this recycled material to the U.S. and Asia. Lead batteries are critical to the electrification of Canada and are booming, replacing propane in forklifts, golf carts and floor sweepers. Huge banks of lead batteries provide backup power for critical infrastructure, including hospitals, telecom and solar facilities.

In five years, KC Recycling has nearly doubled production to keep up with the booming demand for lead.

There are three opportunities for policy to support this critical industry.

First and foremost, we need to stop the export of used Canadian batteries. Canada is spending billions of dollars to build a new lithium battery circular economy. Northvolt, E3, Li-Cycle are examples. This is important, and we must continue to do this.

We must also support the existing lead battery circular economy, which took decades to build. Lead is a battery metal. Lead is a critical mineral for electrification. Therefore, used lead batteries are a critical Canadian resource. Used batteries are considered hazardous waste per the Basel Convention. Batteries exported to non-OECD countries are melted in shocking burn pits, which has resulted in childhood lead poisoning around the globe.

Despite this, Vancouver has become a major exporter to Asia, forcing KC Recycling to import over half of our batteries from the United States. The same is happening here in eastern Canada.

I ask that the ECCC reject export permits when we have domestic capacity available. This is actually how Australia has implemented the Basel Convention to protect their industry.

I ask that the CBSA inspect shipments from known exporters to stop the illegal export to non-OECD countries.

I ask you to enforce hazardous waste regulations and close unpermitted exporting warehouses. The exporters are well known; there is only a handful, and they can be addressed today.

Second, we should add lead to Canada's critical minerals list. As you now know, lead is a vital battery metal just like lithium, cobalt, graphite and nickel, which are all on the list. The primary Canadian source of lead is from recycled lead batteries.

Due to the hazardous nature of recycling lead, it is difficult to access traditional sources of funding. Banks and insurance companies run from my company. Having the financial backing of the Canadian government would enable rapid growth and innovation.

Third, we should expand recycled-content legislation to industrial plastic. KC Recycling is a major producer of recycled polypropylene, number five on the little triangle on all plastic products. Unfortunately, many plastics manufacturers will not purchase recycled plastic because virgin sources are less expensive. You have already fixed this issue in plastic packaging by mandating recycled content for pop bottles and plastic bags, which are numbers one and two. However, polypropylene is not a packaging plastic and is mostly used in industrial applications like automotive parts, buckets and sheeting. As a result, polypropylene has the lowest recycling rate of the plastics at about 5%.

I encourage you to expand legislation to these industrial applications.

• (1640)

On behalf of the 75 hard-working employees at KC Recycling, thank you for your time and attention.

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

Next is Ms. Sloan, please, for up to five minutes.

Ms. Naina Sloan (Vice-President, Programs and Partners, Pacific Economic Development Agency of Canada): Madam

Chair and members of the committee, thank you very much for inviting me to appear today.

My name is Naina Sloan, and I am the vice-president of programs and partners at Pacific Economic Development Canada, or PacifiCan.

I am in Ottawa with you today, but I am usually B.C.-based. I would like to acknowledge that PacifiCan's work takes place on the traditional territories of more than 200 first nations, whose contributions enrich our environment, economy, communities and identity.

PacifiCan is a new federal development agency that was established in 2021 to focus on economic development in British Columbia.

[*Translation*]

Along with our sister agency, Prairies Economic Development Canada, or PrairiesCan, PacifiCan was built out of the legacy of Western Economic Diversification.

[*English*]

PacifiCan staff are rooted in the regions they serve from eight locations across B.C.

[*Translation*]

Our work contributes to enduring prosperity for all British Columbians.

[*English*]

Our work contributes to enduring prosperity for all British Columbians. Through investments, pathfinding, convening and advice, we pursue four goals: high-quality jobs, globally successful businesses, competitive industries and an inclusive economy.

Exports are critical to advancing all four of these goals. In 2022, B.C. exported over \$100 billion worth of goods and services internationally, with almost 80% of those goods being exported to the U.S., China and Japan. Service exports from B.C. have been growing and, in 2022, accounted for over 30% of B.C.'s exports.

In B.C., small and medium-sized enterprises, or SMEs, represent 99% of all businesses. However, they accounted for only 26% of our merchandise exports in 2022. Given this reality, we focus on helping small and medium-sized enterprises grow, export and participate in global value chains. This in turn helps create quality jobs and economic benefits in B.C. and Canada.

We support SMEs in three ways.

First, we work with innovative companies directly, providing loan-type supports so that they can expand and improve their productivity and exports.

Second, we invest in industry and other ecosystem organizations, which in turn provide tailored expertise and services.

Third, we work with federal, provincial and local partners, including the trade commissioner service, to pathfind or provide joined-up support where it makes sense.

I would like to give you a few examples.

First is Clarius Mobile Health. Clarius creates cost-effective and portable ultrasound scanners. This technology, which is now hitting several international markets, provides real-time imaging at clinicians' fingertips, thus improving patient care while reducing health care costs.

PacifiCan's first investment in Clarius helped the company gain access to South American and Middle Eastern markets. In fact, it was able to access 10 new international markets and secure \$18 million worth of new sales.

Our second investment with Clarius is just getting started. It will help the company access additional U.S. and Asian markets.

Clarius's success also resulted in the company becoming one of eight Canadian companies to be accepted into the federal global hypergrowth program, which is designed to help medium-sized companies grow and become larger Canadian anchor firms. The program is administered by ISED along with partners, including PacifiCan. It helps companies pursue international expansion.

The second project I will highlight for you is the export navigator program, which helps provide companies with the services they need to become export-ready. We cofund this program with the Province of British Columbia. It's delivered by Small Business BC, which provides tailored services. These supports are complementary, but usually at an earlier stage than those provided by the trade commissioner service.

The program connects participating small businesses with locally based expert advisers, or navigators, who help them prepare to export.

One of the companies the export navigator helped is Okanagan Crush Pad. Through the advice it received from its navigator, it was able to expand its reach and sell into new markets in the U.K. and Scandinavia.

Finally, I'll highlight the integrated marketplace initiative. With significant investment from PacifiCan and the Province of B.C., as well as the participation of partners such as the Vancouver Airport Authority and the ports of Prince Rupert and Vancouver, this initiative works to de-risk the adoption of domestic innovations. By linking talented local companies with large organizations or customers, participating companies gain reference customers in B.C., which can help them achieve sales in key markets abroad. The institutional participants and partners function as test beds and buyers, accel-

erating their adoption of innovation and making them more competitive.

I'll conclude my opening remarks here, and I'll be happy to answer any questions you have.

Thank you.

• (1645)

The Chair: Thank you very much.

We'll move on to Mr. Knezevic for up to five minutes.

Mr. Zoran Knezevic (President and Chief Executive Officer, Port Alberni Port Authority): Thank you, Madam Chair. It's nice to see you again.

Thank you for the opportunity to present our project.

The Port Alberni Port Authority is pursuing a strategic opportunity to develop a new container transshipment hub in the Alberni Inlet to enhance capacity and increase resiliency and environmental benefits throughout the Asia Pacific gateway.

The Port Alberni transshipment hub, or PATH, is envisioned to become a modern, fully automated container terminal that is able to efficiently handle any size of vessel, including new ultra-large container ships of 20,000 TEUs and beyond. This project would create one of the largest container terminals in Canada.

PATH is premised on a hub-and-spoke transshipment model, which has been used successfully throughout Europe and Asia. The primary focus of PATH as the hub is to support the container handling facilities—the spokes—in the Salish Sea area, covering the Lower Mainland and Puget Sound. The dedicated cellular barges will deliver pre-sorted cargo at the right time and at the closest point to the end destination.

In addition, PATH conceptually envisions servicing Vancouver Island's captive market and ever-growing business and population base. PATH also provides an opportunity to service coastal trade.

As envisioned, PATH will truly expand and maximize the use of our marine highway. PATH will service a catchment area of over 13 million people within a 500-kilometre radius and significantly enable growth and development of the Pacific northwest coast through its spokes. It will also unlock better land utilization for working and living. It will revolutionize shipping logistics and trading on the west coast.

In the current logistics paradigm, distribution centres are primarily concentrated in Alberta and situated over 1,000 kilometres away from tidal waters. This spatial disparity leads to congested railways and challenges in efficient cargo movement.

Currently, vast amounts of goods are unnecessarily hauled back and forth by rail or truck and a large number of ships are forced to stay for an extended period of time at anchorages in the Salish Sea area. This adds to congestion, logistical complexities and negative socio-economic impacts for the gateway. PATH presents a viable solution by providing a closer, more efficient distribution point, thereby reducing strain on existing transportation infrastructure.

The Lower Mainland of British Columbia grapples with persistent truck traffic and congestion on its streets. The influx of products, coupled with limited transportation arteries, contributes to gridlock and inefficiencies in the movement of goods. PATH offers a strategic alternative by diverting cargo transportation away from road networks and utilizing our scarcely used marine highway by short-sea shipping goods to the doorstep of the next node in the supply chain.

Vancouver Island, which is home to PATH, boasts a unique demographic landscape, with a population that is close to 900,000. Despite its size, the island faces significant challenges in moving goods on and off its shores. To alleviate these challenges and foster economic growth, Vancouver Island has been designated as a foreign trade zone, offering incentives and benefits to businesses engaged in international trade. Even with that designation, Vancouver Island is still significantly impeded due to its inability to cost-efficiently move goods on and off the island.

PATH can contribute significantly to reducing environmental impacts, mitigating climate change and improving air quality. Additionally, the reduction in wear and tear on transportation infrastructure further enhances environmental sustainability, which preserves natural resources and reduces maintenance costs over the long term.

In terms of quantifiable benefits, PATH strengthens Canada's gateway resilience and stability, while fostering innovation in marine transportation. By enhancing competitiveness and providing more options for port users, PATH facilitates the development and optimal utilization of both new and existing port facilities. Furthermore, it presents an opportunity to capture more of the 30 million TEUs of Pacific trade within its reach and establish a coastwise transportation link, thereby expanding trade opportunities and bolstering economic ties.

In conclusion, overall, PATH represents an evolutionary step in our supply chain into Asia Pacific gateway 2.0. Its multi-faceted benefits underscore its significance as a transformative force in Canadian trade.

• (1650)

By leveraging cutting-edge technology, a strategic location and operating model, PATH not only addresses current supply chain challenges but also paves the way for a more sustainable, efficient and prosperous future for generations to come.

Thank you very much.

The Chair: Thank you.

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

Mr. Anoop Kapoor (Assistant Deputy Minister, Policy and Strategic Direction, Prairies Economic Development Canada): Thank you, Madam Chair and committee members.

I'm pleased to contribute to the committee's study on Canadian businesses in supply chain and global markets from the perspective of my department, Prairies Economic Development Canada, also known as PrairiesCan.

[Translation]

As one of Canada's seven regional development agencies, PrairiesCan's mandate is to grow and diversify the economy of the Prairies.

[English]

We support businesses, innovation and community economic development in Alberta, Saskatchewan and Manitoba, a region that is responsible for about a quarter of Canada's economy.

We take pride in being place-based, which means being right there on the ground working hand in hand with businesses and stakeholders.

• (1655)

[Translation]

With 11 service locations strategically positioned throughout the region, we ensure that our support is tailored to the specific needs of the communities we serve.

[English]

We advance our mandate through our ongoing programs, such as regional economic growth through innovation, or REGI, a program that aims to create well-paying jobs, support business growth and develop regional ecosystems for entrepreneurship and innovation. For instance, through REGI's business scale-up and productivity stream, we support high growth SMEs as they scale up their operations; produce innovative goods, services or technologies; and look to export.

[Translation]

One example of a business that benefited from our investment is Elmer's Manufacturing, an agricultural equipment manufacturer based in rural Manitoba.

[English]

With our support, they expanded and innovated their manufacturing processes, which resulted in a 150% increase in revenue, 200 jobs created and significant growth in exports. Their products are sold in many countries around the world such as the U.S., Australia, the Czech Republic and South Africa.

In addition, we recognize the growing significance of hydrogen production in Alberta. That's why PrairiesCan supported Edmonton Global, an organization focused on making the Edmonton region the choice location for global investments in strengthening the regional hydrogen supply chain and labour market.

In fact, our latest annual departmental results report for 2022-23 shows that our funding programs helped to contribute to the creation of close to 15,000 jobs, more than \$440 million in export sales growth and over \$1.2 billion in revenue growth for the companies we supported. Growth in export sales is an important consideration in selecting the projects that the department supports.

Now here's a bit about the Prairies region. Much of our region's economy is export oriented.

[Translation]

The Prairies are the world's largest potash producer, second-largest uranium producer and fourth-largest crude oil producer.

[English]

We also have the fifth-largest helium deposits and are home to half of Canada's farms, covering over 80% of Canada's farmland, an area equivalent in size to the land mass of Spain.

The Prairies exports oil, natural gas, renewable hydro power, cereals, grains and pulses, services, medicines, technology and more. While our export of western Canadian goods extends primarily to the United States, with 80% of our exports valued at about \$200 billion, and to China at 5.2% and close to \$12.7 billion, our international exports were valued at \$246 billion in 2023. That is more than a third of Canada's overall international exports of goods by value.

Over the past decade, the total value of annual merchandise of exports from the Prairies has increased by 65%, from \$149 billion to \$246 billion in nominal dollar terms.

The bulk of Prairie exports leave the country through oil and gas pipelines and by rail and trucks destined to ports in B.C. and to consumers in the U.S.

In closing, let us recognize the potential of the Prairies as an economic powerhouse on the global stage. With our abundance of natural resources, innovative industries and resilient communities, the Prairies stand ready to supply the world with energy, agricultural commodities, clean technology and more.

Thank you.

The Chair: Thank you very much.

We now move on to Mr. Tse for five minutes.

Mr. Jason Tse (Manager, Cargo Development and Partnerships, Vancouver Airport Authority): Thank you, Madam Chair.

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

I'm pleased to join the committee remotely from my office at the Vancouver International Airport, located on the traditional, unceded and continuously occupied territory of the Musqueam people.

YVR is a strategic trade and infrastructure asset for Canada that plays a crucial role as a reliable gateway to the Indo-Pacific, both for passengers and cargo. In this regard, YVR competes against airports along the U.S. west coast—Seattle, Portland, San Francisco and Los Angeles—to attract airline carriers and investment.

Air cargo has proven its value time and time again, with dramatic examples over the course of the pandemic. Air carriers significantly modified operations to move more goods when passenger travel restrictions were in place. In 2022, when the atmospheric river hit British Columbia, YVR was the only mode of transportation that remained fully operational both during and after the significant rainfall.

The pandemic has also challenged long-held industry assumptions regarding growth, globalization, technology and labour. Today, as our industry has emerged from the pandemic, those changes can be summarized under the heading "more with less".

Passenger and cargo volumes have almost fully recovered, but this demand is being served with fewer aircraft and fewer routes as the industry rebuilds balance sheets and returns to profitability. Cargo volumes are generally a good indicator of economic conditions, but have been challenged recently by high inventory levels held by retailers as consumers shifted spending towards services. While the air cargo market has softened in the past year and all-cargo operators have thus adjusted investment strategies in response, we believe that the long-term fundamentals for air cargo remain strong.

The year 2023 was an excellent year for cargo at YVR despite the overall slowing of the economy and cargo trends. While U.S. airports generally recovered more quickly post-COVID, recent results have been weaker, while YVR's recovery has accelerated. Compared to 2019, YVR is up 5% versus 2% for Los Angeles, while Seattle, Portland and San Francisco are all down. Early numbers indicate an opportunity to reach record levels in 2024.

The strength of YVR's cargo operation and role in Canada's supply chain remains a key focus for us. The investments we are making to evolve YVR into a multimodal hub for trade investment will be transformative for the region and, indeed, all Canadians.

YVR opened two new airside cargo warehouses in 2023, allowing GTA dnata and Cargojet to expand their operations. We also completed a proof of concept for a truck slot booking system with partner Kale Logistics last winter, using digital technology to improve cargo efficiency. Purolator, Aerostream and Menzies are reviewing the technology for potential use.

Construction on the first phase of our new south cargo expansion project also kicked off in 2023. This \$150-million investment will boost YVR's cargo capacity by 160,000 tonnes, representing a \$22-billion increase in Canada's trade potential annually. I would like to express our gratitude for the support that the Government of Canada provided for this project through the national trade corridors fund. However, challenges remain with Canada's trade infrastructure if we are going to seize the opportunities that we see 20 to 30 years from now.

First, YVR agrees with the testimony that the Canadian Chamber of Commerce put forward to this committee in February. Billions of dollars of private and public investment are needed to address Canada's trade infrastructure deficit. While government isn't solely responsible, a federal commitment to major, strategic, long-term investments is key.

Second, we continue to advocate that the federal government reinvest airport rent back into airport infrastructure. Allowing airports to reinvest the \$400 million the federal government currently takes out of the airport system each year would create an annual economic impact of \$612 million, creating nearly 2,400 jobs with an average salary per job of \$79,700 and contributing approximately \$160 million in GDP.

Finally, government must continue investing in industries that create more cargo-eligible goods, such as in advanced manufacturing and pharmaceuticals.

I will conclude my remarks there, and I look forward to the discussion.

Thank you, again, to the committee for studying this important topic and taking the time to hear from stakeholders across the country. I look forward to your questions.

• (1700)

The Chair: Thank you very much.

Our last witness is Mr. Sobkowich for five minutes.

The floor is yours.

Mr. Wade Sobkowich (Executive Director, Western Grain Elevator Association): Thank you.

The Western Grain Elevator Association is a national association of grain companies that handle over 90% of our country's bulk grain shipments. Grain transportation makes up roughly 20% of total railway revenue each year, making the WGEA members some of the largest users of Canada's railways and marine ports. Our

thanks to you, Madam Chair, and the members of the committee for inviting us on this very important topic.

Canada's ability to compete in global markets hinges on our ability to rail product from the interior of our country to tidewater ports. The efficacy of rail service is therefore a critical component to the success of our supply chains. Air travellers in Canada often experience plane cancellations and delays, missed connections, lost luggage, exorbitant charges and lacklustre travel options. Now imagine there was only one airline available at an airport. That's our reality in rail service.

Above all else, financial accountability and enhanced competitive access regulations for the railways for service performance failures is required. Monetary penalties payable to the shipper for poor service would incentivize railways to put plans in place to avoid them. In addition, measures like extended interswitching that inserts competition creates a threat of loss of business that will drive better rail service.

We also need to recognize the importance of marine ports and vessel traffic to the national economy. With a growing crop, we face the challenge of moving more product each year. This is not a situation of trying to find ways to do more with less. In practical terms, we need to find a way to have more vessels ready to load in the port of Vancouver primarily. It's Canada's largest working port designed for commerce and must first and foremost be viewed through that lens.

Instead, we have Bill C-33 that is going to create a regulated system to restrict the presence of vessels in Canada's ports. Regulators and parliamentarians currently see the presence of vessels in ports and the operation of terminal facilities as a negative. On one hand, we're told Canada wants the economic benefits from exports to worldwide markets, but on the other hand, we're told there are too many vessels in ports and that activities associated with normal vessel loading are a problem.

Bill C-33 only addresses the symptom of vessel wait times, ignoring the root cause of inadequate rail service. If the federal government intends on passing legislation that positively impacts supply chains, it must primarily look at railcar supply from railways versus railcar demand from exporters on a week-to-week basis and introduce legislation that disciplines railways to meet that demand. Opportunity for Canada's exports must be set by customers, not by railways.

Labour disruptions for railway and port services are also hampering Canada's ability to reliably deliver to customers. Canada is about to face a strike on both national railways at the same time, and the consequences are going to be devastating. When strikes or lockouts occur at railways and ports, huge swaths of the economy suffer, not just those in the bargaining process. In a competitive environment, customers can find other options to minimize disruptions. Since railways and ports in the grain sector are singular options, the same threat of loss of business is not present. There are no competitive alternatives.

Whether it's wheat and oats for bakeries or pasta and breakfast cereal manufacturers, or canola and soybeans for vegetable oil, our products are the basis for everyday staple foods. Even short disruptions of supply chains can affect product availability and price, something the pandemic has demonstrated the world over. In this respect, the flow of essential goods necessary for the maintenance and preservation of Canada's domestic food and feed supply and global food security is required even when labour disruptions occur. The requirement for a maintenance of services agreement to be in place prior to a labour stoppage would become automatic with Bill C-58. We believe that parliamentarians should explicitly require these agreements to include movement of essential food products.

The national supply chain task force identified that over the next 50 years, investments of \$4.4 trillion in marine and transportation infrastructure will be required to meet the projected growth in population. There is a critical need to step up investment in port infrastructure in Vancouver, especially to address fluidity, particularly with the addition of tanker traffic. There is also an undeniable need for Canada to scrutinize its regulatory and permitting framework, which is unnecessarily rigid, redundant, antiquated and inhibits commercial investments to improve supply chains.

• (1705)

Thank you.

The Chair: Thank you very much.

We'll move on to members.

Mr. Jeneroux, you have six minutes, please.

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

I hopefully will get to three witnesses today. We'll start with KC Recycling, go to the Pacific Economic Development Agency, and then come back to the airport.

First, Mr. Stamper, early congratulations on becoming a Canadian citizen. It's an exciting time. I suspect that you'll get a letter from your member of Parliament congratulating you. If you don't, just come back to this committee. I'm sure many people would be happy to congratulate you again.

Walk me through what you said at the beginning about the life cycle of a battery. I thought that was shocking. I get that you had only five minutes to get that out, but you basically said that a battery, when it's recycled, is shipped off to a different country. I'm assuming that's an Asian country and not the U.S. It's melted in burn pits. Then there's the impact of that on kids and kids' health.

I'll give you a few more minutes to expand on some of that. That sounds pretty serious, if you ask me.

Mr. Pete Stamper: Yes. I'd be happy to show you a video of it as well, if you'd like. What happens is that the last batteries that don't get recycled properly get recycled informally. These are pop-up battery recycling operations in sheds in developing countries.

The video I would show you comes from Dhaka, Bangladesh. It's a news story where they're talking about the industry and filming it. There are 100 battery recycling plants around the city of Dhaka. They literally just throw the batteries into a fire. They blow air in it until it melts down to molten lead. That molten lead is put into a cast and then sold to the same smelters that I sell the lead to, which comes from the batteries recycled in Trail.

Mr. Matt Jeneroux: Are these Canadian batteries being sent?

Mr. Pete Stamper: Sure.

The reason batteries are exported out of North America is that we keep closing plants. They were originally built in cities back before we knew that lead was hazardous. It was only found to be hazardous in the 1970s, when we found out that it was poisoning playgrounds and schools and things like that. They got closed in developed countries. Then there was no capacity being built anywhere here.

That's how they get recycled. Vancouver gets probably 5% of the scrap batteries from the Lower Mainland, and 95% are exported to Asia. Many are exported legally—to Korea, for example—but many are then re-exported or end up in a country like Bangladesh or in Africa. The United Nations says that 50% of the world's children have toxic levels of lead in their blood as a result of informal battery recycling.

Mr. Matt Jeneroux: Wow. I wish we had more time to explore that, Madam Chair.

I'll quickly move on to the airport, because I want to ask you a quick question, Jason. You talked about fewer aircraft and fewer routes and the amount of airport fees. Are you familiar with the supply chain task force report of 2022?

• (1710)

Mr. Jason Tse: Which one are you referring to?

Mr. Matt Jeneroux: It's the national supply chain task force report entitled "Action. Collaboration. Transformation." I would hope that if you're testifying at this committee, you'd be familiar with this.

In the report on page 19, one of the recommendations is:

Waive 50% of airport rent payments on a short-term basis to enable airport authorities to invest in capital improvements that enhance transportation supply chain reliability.

Is that something that you and your organization would support?

Mr. Jason Tse: Yes. We've had an infrastructure deficit in the past. Speaking from the cargo side, again, we compete against other airports along the west coast. To the extent that the other west coast airports along the U.S. are actually infrastructure-constrained at the present time, being located along—

Mr. Matt Jeneroux: I'm just going to jump in here, because I'm trying to get to the others too. You would support the 50% airport reduction fee. Have you seen that implemented yet from the government—yes or no?

Mr. Jason Tse: We have not seen that yet.

Mr. Matt Jeneroux: It was listed as immediate in terms of the timing of the task force report. We had other witnesses at this committee, including the supply chain task force office, indicate that they have also not seen it. Again, I'm hoping that this can be part of the report we submit to the House.

For my last question, I want to go to you, Ms. Sloan. Thank you for your testimony and thank you for being here today.

The Vancouver port strike and labour disruption had a major impact on small and medium-sized businesses. Would you agree?

Ms. Naina Sloan: Yes, we did hear from some of our clients with respect to disruption.

Mr. Matt Jeneroux: In the last 30 seconds I have, another labour disruption of any kind would also be of a significant impact to your small and medium-sized enterprises. I assume the answer would be yes for that as well.

Ms. Naina Sloan: Yes. Any kind of disruption like that can have impacts for small businesses.

The Chair: Thank you very much.

Mr. Miao, go ahead for six minutes, please.

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

Thank you to all the witnesses for being here today, including those online, to share the west coast perspective on this study.

I direct my first question to Ms. Sloan of PacifiCan. Can you tell the committee what programs or investment PacifiCan has made to improve our supply chain resilience over these years?

Ms. Naina Sloan: Maybe I'll talk about a particular program first and then come back to an example.

The business scale-up and productivity program supports high-growth businesses that have the opportunity to grow, that are growing and are producing innovative goods and services or technologies. The program has been operating for a number of years and has supported many companies, almost 100 companies, and provided almost \$200 million worth of funding to companies. BSP focuses on companies with a desire to scale up through export growth, productivity and other types of expansion. The program has achieved significant results in terms of new export sales. The program is sector-agnostic, so it supports companies across a range of sectors, but

there have been some examples of how we have been able to support companies doing work that is related or adjacent to supply chain and supply chain resilience.

The example I noted in my opening remarks, the integrated marketplace initiative, is one of those examples, and we have a number of partners that are airports, ports, etc. The idea with that initiative is to support smaller companies, SMEs, that have innovative products or services that can be tested at airports or ports with supply chain partners, and that testing can then lead to greater efficiency of those organizations as well as opportunities for SMEs. That's one way we support those things.

Mr. Wilson Miao: Thank you for sharing that with us.

What kinds of programs or investments has PacifiCan made to assist B.C. companies in diversifying their markets internationally, or the economy more broadly?

• (1715)

Ms. Naina Sloan: Maybe I'll give another example of a project.

There are many, but one I will highlight is support that PacifiCan provided to AbCellera through this BSP program. AbCellera is in the life sciences and pharmaceuticals business, and it achieved significant export growth—roughly \$1.4 billion of export sales growth—and attracted significant foreign direct investment through the company. PacifiCan supported AbCellera in scaling up its therapeutic antibody discovery partnerships, and did that through marketing, business development support, intellectual property licensing and support for expansion globally. More specifically, the project that we supported helped the company to improve its U.S. and European presence, increasing its visibility and its partnerships with pharmaceutical companies. In the U.S., for example, AbCellera developed the first U.S. FDA-approved antibody treatment for the virus that caused COVID.

That's just an example of one company, again, that is benefiting from support under the BSP program from PacifiCan and diversifying its partnerships, services and products, and having success overseas.

Mr. Wilson Miao: Thank you for that.

The next question I direct to YVR. With this opportunity, I also want to congratulate YVR for being named the best airport in North America through the SKYTRAX world airport awards. This is the only airport that has, 14 times, been named the best airport in North America.

Jason, it's always good to see you here. Early this year, we announced the national trade corridors funding for cargo expansion. In your remarks you mentioned the work that's being started right now. Can you please share with the committee how a program like this will strengthen our current supply chain?

Mr. Jason Tse: As an airport, in terms of our main competitors, as I mentioned earlier, it is those traditional U.S. west coast airports, most notably Seattle, Portland and, to a lesser extent, San Francisco and LAX. Most of these airports reside basically right on the oceanfront or near the shoreline.

From the land development opportunity perspective, it's quite constrained, so we have a pretty unique opportunity in terms of developing some additional cargo infrastructure—both an apron and an airside warehouse over the next several years—to really proactively go after the key trade lane. That's Asia to North America and the Americas in general. We can proactively build our markets here to the economic benefit of our local community and the rest of Canada as well.

Mr. Wilson Miao: Thank you, Jason.

With the last 20 seconds here, can you share with the committee more about what YVR is doing to develop land, especially with the scarcity of industrial land right now in metro Vancouver? How is this going to benefit Canada's supply chain?

Mr. Jason Tse: Yes. That is a challenge for the Lower Mainland in terms of industrial land availability. However, at the airport, we have some ability to unlock some additional lands, both south of the terminal and north of the terminal, and we are working on both of those projects today. Again, work has already started at the airport south side and then, shortly thereafter, development will begin north of the airport as well.

Mr. Wilson Miao: Great. Thank you. My time is up.

The Chair: Mr. Savard-Tremblay, you have six minutes, please.

[*Translation*]

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

Thank you to all the witnesses for being with us.

My question is for the Port Alberni Port Authority representative.

Mr. Knezevic, during the strike in the Port of Vancouver, some players in the economic sector asked the government for special legislation to force people back to work. That request wasn't granted this time, unlike what happened in the Port of Montreal a few years ago, for example. This parliament voted on it. We know that Canada has a sad track record when it comes to forcing workers back to work through special legislation.

How can we make sure that we protect both our supply chains and workers' rights?

• (1720)

[*English*]

Mr. Zoran Knezevic: The best way, in my opinion—as Mr. Sobkowich mentioned—is that certain goods have to be made essential. Our gateway has to maintain its fluidity and be open, so some areas have to be designated as essential. On the other hand, as

well, labour should be allowed to strike and also to exercise their rights.

It's always about the balance, about finding the balance in the industry, but on the gateway, in my opinion it is very important to keep our fluidity of the gateway and find a solution where a port needs to be kept open.

I hope I was able to answer the question.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: As part of another study, at the end of 2023, we heard from a representative of the Port of Montreal longshoremen's union. He said that one of the reasons the strikes happened, specifically in Vancouver and Montreal, was because the real decision makers weren't at the negotiating table. He alluded to the fact that representatives for shipping companies and shipping operators weren't in attendance.

Do you agree with this observation?

[*English*]

Mr. Zoran Knezevic: To a degree, both Montreal and the west coast as well are represented by the Maritime Employers Association. Membership is voluntary; it's not mandatory. Some shippers are part of it, but most of the time they are not. It is a cost to the operator.

I think all the players should be at the table, so yes, I would agree that we should support having shippers at the table as well.

[*Translation*]

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

I'd now like to hear you talk a bit about the significant challenges that will impact port facilities in the next 5 to 10 years.

Do you think Canada is ready to meet those challenges?

[*English*]

Mr. Zoran Knezevic: I agree with what Mr. Sobkowich said about the national supply chain office having identified that we are short a couple of trillion dollars in port infrastructure investment for the future. We are very much behind in having adequate port and transportation infrastructure to move forward. We are falling behind day by day, and we have to look at innovative models. That's exactly what I was proposing: think outside the box, use our marine highway and really focus on investing in port and transportation infrastructure. We still have just one railway going up and down the Fraser Canyon, and if anything happens to that railway, we are in trouble.

We have to have a more serious....maybe that's not the right word. We have to be really focused and identify a way to provide continued funding to enable our port infrastructure and transportation infrastructure, but ports in particular, to move goods on and off our shores. That's the only way we'll be able to grow. I believe that, with our railway saturated as it is right now coming from the west coast, we have an opportunity. The national supply chain office is a good start, but I also believe it needs to have the means to move things forward.

It all comes down to funding. We have to put some serious money behind it and really evolve—and I'm talking especially about the west coast—into the Asia Pacific gateway 2.0, where we include the whole of the west coast as an enabler in moving Canadian goods as we trade with Asia.

The Chair: Thank you very much.

I have Ms. Zarrillo for the remaining few minutes.

• (1725)

Ms. Bonita Zarrillo (Port Moody—Coquitlam, NDP): Thank you so much, Madam Chair.

It has been a very interesting day today, and we unfortunately only have six minutes left. I'm sorry about that, because we could have had each of you for a full hour.

With the fact that I only have six minutes in mind, I just wanted to share with you that all of your quotes and the things you say influence recommendations this committee makes and can influence what the government does.

My first question is to Mr. Stamper, and then hopefully I can speak to Mr. Tse at the Vancouver Airport Authority.

Mr. Stamper, you mentioned there is product going out of the country that we need, and we're bringing in the same product from other places. How does the Australian model work? How do they know their available domestic capacity?

Mr. Pete Stamper: That's an excellent question.

Australia and Japan nearly lost their entire battery recycling industries because, essentially, brokers were buying the batteries and selling them to these lower jurisdictions. The way it is implemented, because batteries are hazardous waste, you must have an export permit to export them. In Australia and Japan, that triggers a public process for comment. Of course, they invite all the recyclers that are left to comment on it, and they say, "I object to that permit because I have capacity to recycle that here."

Ms. Bonita Zarrillo: What's the timing on that? Is it a long process or a short process?

Mr. Pete Stamper: I don't know the answer to that. I know that, in the Canadian process, when we apply for an export permit, it takes maybe two to three months from the time we file to when it's granted.

Ms. Bonita Zarrillo: Does that seem a reasonable time frame?

Mr. Pete Stamper: Yes, it's fine. It would be nicer if it were shorter, but it's a year-long permit, so I think two or three months is fine to then have a year-long permit.

Ms. Bonita Zarrillo: Okay. Thank you so much.

I appreciate Mr. Stamper and the other witnesses who talked today about how to support SMEs.

I wanted to go to Mr. Tse from the Vancouver Airport Authority.

Thank you so much, Jason, for the tour of the expansion I recently went on.

Have the new facilities and enhanced systems at the Vancouver International Airport improved the efficiency and reliability of Canada's international and domestic supply chains?

Mr. Jason Tse: The development I alluded to is currently under way, so it has not been completed yet. Having said that, we did do a proof of concept that looked at some digital solutions to improve the efficiency of our cargo infrastructure assets. One of those was a truck slot booking system, which we tried out with the various players. It can increase throughput and reduce the carbon footprint from some of the trucks. That is something we're continuing to socialize with our community, and hopefully we'll ensure its implementation as we get into the completion of the airport south project as well.

Ms. Bonita Zarrillo: I noted when I visited that there was a lot of talk about high-value goods, and there was conversation about shipping goods by air, especially cherries and crabs.

How does an SME or a smaller player get into competition, or how do they compete with the big players like Amazon that use a lot of the capacity to move goods through airports? How can smaller players compete? Do you have any thoughts on how the government could make that happen?

Mr. Jason Tse: As I alluded to earlier, when we attract additional all-cargo services, the sort of Achilles' heel right now is that we're very dependent upon perishable products, so we need to diversify our export base to, for instance, more advanced manufactured goods. PacifiCan supporting AbCellera in the pharmaceutical space is a great example of that. We visited AbCellera as well. They don't export a lot currently by air, but hopefully, as they move forward, that will build a bigger base for exports by air out of our market. That will attract additional services, and then we can serve the local market and the transiting market through the rest of North America as well.

Ms. Bonita Zarrillo: Thank you.

I'm going to take this opportunity to ask Mr. Kapoor my last question today.

You mentioned the same ideas, that you're trying to support smaller businesses around innovation and more opportunity. I'll ask you if there's anything you'd like to have on the record today that you would like this committee to know about so that we can make sure that your voice and the voices of your clients are heard.

Mr. Anoop Kapoor: Yes, I'd like to indicate that the regional economic growth initiative that we are implementing in our region is a successful program. It has resulted in \$1.3 billion in exports, the support we provided to SMEs. It has also resulted in creating jobs in our region.

• (1730)

Ms. Bonita Zarrillo: Is there anything there that the federal government was involved in to help that growth? Are there any initiatives that happened that were federally driven or that the federal government could have helped to enhance?

Mr. Anoop Kapoor: We're making investments in critical drug initiatives in Edmonton, where we're strengthening the supply chain to increase our capacity to create critical medicines. We're making investments in the hydrogen economy, because the global demand for hydrogen is going to increase significantly. We're developing the supply chain and getting ready.

In the case of Saskatchewan, we're thinking about how to strengthen the supply chain associated with the adoption of small modular reactors as the nuclear industry takes hold, from a greenhouse gas emissions' perspective.

Being there for SMEs in advance of new industries taking a foothold is important so that our SMEs are ready to take on opportunities that come with opening up new sectors or new industries.

Ms. Bonita Zarrillo: Thank you.

The Chair: All right, thank you very much.

Thank you to my colleagues.

Thank you to our witnesses. Accept my apologies again for the late start, but it is what it is. We've appreciated your time and your contribution today.

This meeting is adjourned.

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