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Chair: The Honourable Judy A. Sgro



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• (1110)

[*English*]

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

This is meeting 121 of the Standing Committee on International Trade.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Wednesday, August 21, 2024, the committee is resuming its study on protecting certain Canadian manufacturing sectors, including electric vehicles, aluminum and steel, against related Chinese imports and measures.

We have with us today the Honourable Mary Ng, Minister of Export Promotion, International Trade and Economic Development. From the Department of Foreign Affairs, Trade and Development, we have Rob Stewart, deputy minister, international trade, and Aaron Fowler, associate assistant deputy minister, trade policy and negotiations.

Welcome to you all.

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

Minister Ng, we're very glad to have you with us today. Thank you very much. I turn to floor over to you, please.

Hon. Mary Ng (Minister of Export Promotion, International Trade and Economic Development): Thank you very much, Madam Chair.

Good morning to all the committee members. It's a real pleasure to be here today to assist you with your important work and, through your work at the committee, it's always an honour to speak to Canadians from coast to coast to coast.

Ensuring a level playing field for Canada's auto manufacturing sector and its workers, including the emerging electric vehicle sector and its related supply chains, is a priority for me and for my government. We're at a pivotal moment for global trade as we navigate the transition to a green economy. From technological advances reshaping industries to shifts in global supply chains, the move towards a sustainable zero-emissions future is reshaping our economic landscape. This is a critical inflection point, when the decisions we make will shape the future of our planet and our economy. Electric vehicles and their supply chains are a key piece of that global shift towards a net-zero economy, and this is a strategic sector and one that is critical to Canada and to Canadian workers.

Canada's auto manufacturing industry supports over 500,000 good-paying Canadian jobs, many of which are unionized, and our EV supply chain has the potential to be ranked first in the world. Unfortunately, Canada's EV sector and its workers are facing acute threats from unfair competition from China, which is why our government made the necessary decision to address this threat head-on.

Since 2015 the Government of Canada has invested over \$120 billion in climate action and clean growth. By focusing on innovation and green jobs, and by working with like-minded partners, Canada will build a more resilient, sustainable and competitive economy. Canada has the raw materials, expertise, energy and skilled workforce required to pursue these goals and to help lead the global transition to a net-zero economy.

To meet the challenges and, indeed, to seize the opportunities, the government is working hard to attract investments in EV manufacturing and its related supply chains. These efforts already provided real returns, with major investments by leaders such as Stellantis, GM, Honda, Volkswagen, NextStar and Northvolt, attracting over 44 billion dollars' worth of investment to expand Canada's EV production capacity along the supply chain.

These investments, combined with existing government incentives for people who buy EVs, will play an important role in building Canada's clean economy and in securing long-term opportunities for workers in the sector. These investments will provide generational opportunities for Canadian workers by promoting growth, anchoring supply chains, maintaining Canada's key role in an integrated North American auto sector and supporting a shift to the net-zero economy.

[*Translation*]

However, Canada's competitiveness is at risk of being seriously undermined due to unfair competition from China.

[English]

Chinese manufacturers, which benefit from non-market policies and practices, heavily tilted the playing field in China's favour and led to a significant overcapacity in EV production. China's policies included pervasive subsidization, insufficient labour and environmental standards and other measures that artificially lower production costs. As a result of these unfair advantages, China's global EV exports have grown exponentially, distorting global trade and preventing fair competition. These practices hurt not only our workers and our economies but global trade and security more broadly. They are also undermining the multilateral trading system and the WTO rules, which were not designed for challenges of this nature. This is a matter of concern across the economic sectors that affect us all.

Canada's not alone in responding to China's non-market policies and practices. Several other trading nations have taken measures to defend their industries from Chinese overcapacity. On September 27, the United States increased section 301 tariffs on EVs, steel, aluminum, EV batteries, critical minerals, solar products and other goods imported from China. On October 4, the EU member states voted to impose countervailing duties on Chinese EVs on a definitive basis.

Canada must not become a destination to dump Chinese exports diverted from other markets. During our consultations in July, Canadian industry and our workers confirmed that exceptional measures were required to address this extraordinary threat and to defend our economic security. It's why Canada announced a series of exceptional measures on imports from China to protect our emerging EV sector and the related supply chains. These include a 100% surtax on Chinese EVs, effective October 1; a surtax of 25% on Chinese steel and aluminum, effective tomorrow; a consultation on potential surtaxes on imports, from Chinese batteries to battery parts, semiconductors, solar products and critical mineral products; and Chinese EVs and EV chargers are no longer eligible for Canada's incentive programs.

We fully support the multilateral rules-based system and believe that a strong, multilateral set of rules is the best long-term approach to effectively address trade-distortive measures, and that the WTO has to have an essential role to play in ensuring a level playing field. Canada's goal is to have even stronger international rules that better address these policies and practices, which are at odds with a fair and open market-based trading system.

Madam Chair, we stand firmly with Canadian businesses and workers and will continue to protect them from the challenges posed by unfair trade practices. For too long, past trade policies overlooked the environment, labour rights and the inclusion of SMEs, women-owned businesses, indigenous peoples and others who have historically been under-represented in our economy. We can no longer afford trade policies that ignore climate change and are not inclusive.

We must invest in our communities and celebrate our successes if we're going to emerge as the economic leaders of the 21st century, and I truly believe we are in a strong position to do so. We need to face our challenges head-on and respond with ambition. Confi-

dent countries invest in themselves and their people, and that's exactly what our government is doing. That's what we're focused on.

I'm more optimistic than ever about Canada's ability to meet the moment.

[Translation]

Thank you.

• (1115)

[English]

The Chair: Thank you very much, Minister Ng. We appreciate that.

Moving on to our questioning, we'll go to Mr. Williams for six minutes, please.

Mr. Ryan Williams (Bay of Quinte, CPC): Thank you, Madam Chair.

Thank you, Minister, for being here today.

Minister, with 70% of our trade tied to the U.S. and only 5% with China, we're still running a \$50-billion deficit. The Americans acted on Chinese tariffs in February, while your government delayed until June.

Why did we wait four months?

Hon. Mary Ng: First, let me congratulate my honourable trade critic colleague. It's the first time we're at this committee together. I look forward to getting questions from you. I suspect they'll be tough, but I'm very pleased to be answering them.

You've seen that we've taken strong action and that the tariffs against EVs are aligned with those of the United States. It was really important to also talk to Canadian industry, which we did through consultations with the various sectors that are affected.

As I said in my opening remarks, those tariffs are now in place for imports of Chinese EVs into this country.

Mr. Ryan Williams: Minister, one concern we have is that, when we look at 70% of trade, which is about \$500 billion that goes back and forth across the border, we have a mandate on EVs in Canada. By 2035, there will be a ban on gas combustion engines. Hybrids are included as well. When we look at the Americans, they don't have that ban.

When we look at what's happening between the U.S. and Canada, it seems that the reason we waited four months to look at tariffs—the Americans looked at them in February, and we didn't look at them until June—was due to the fact that we have to rely on imports from China, whether they are critical minerals or EVs, to fulfill the mandate Canada has, which the U.S. doesn't.

Is that true?

Hon. Mary Ng: No. Canada has taken very firm action both to fight climate change and to build a green economy. Having a good ambition to have electric vehicles in this country by 2030 is an achievable target.

At the same time, investing \$120 billion since 2015 to create a green, sustainable economy means that those investments to build out the supply chain from critical minerals to processing to manufacturing the parts, building these EVs in Canada and the end-of-life recycling...and there is some really great work happening in companies in British Columbia.

It's important to do both. Ultimately, it's important to have a plan to fight climate change but also to build the industries, all of those from mining to recycling, processing, batteries—

Mr. Ryan Williams: I'm so sorry, Minister. I only have so much time.

Do you believe the 2035 mandate is needed in order to fulfill that mandate when we buy 80% of our mined critical mineral resources from China?

Hon. Mary Ng: I think it's really important that we do everything we can to attract investment for critical minerals and their processing. Great Canadian mining companies are doing that. Indigenous peoples are part of negotiating and working on those—

Mr. Ryan Williams: Minister, we're not doing that. We buy 80 per cent of our critical minerals from China.

Is the 2035 mandate something you believe in and that Canada needs in order to fulfill our trade mandate?

Hon. Mary Ng: You're making the assumption that we will keep buying to that order of magnitude into 2035. I'm saying to you here that 120 billion dollars' worth of investments in greening our economy will allow Canada to process and extract those critical minerals in a sustainable way, share them with our partners—the United States, Europe, Australia, Korea or Japan—and have a real plan to fight climate change, while also building out those very critical industries from critical minerals to processing, all of the parts, manufacturing and the end of life.

Mr. Ryan Williams: Minister, right now it's taking an average of 10 years to get those critical minerals out of the ground. We haven't even started any of those mines. We're not even mining lithium in Canada right now, which is a critical component of batteries, and if we're not doing that, it means we need that from China.

This week, Oliver Zipse, the CEO of BMW, warned the EU ban on the sale of gasoline and diesel cars from 2035 is no longer realistic. He will see a massive shrinking with such a ban in the European market.

Do you believe the same thing is true in Canada?

• (1120)

Hon. Mary Ng: I believe the plan we have to work with Canadian industries, manufacturers and our skilled people and the technology that will be there to support these industries will make Canada the most competitive place on earth to build out these industries.

You can look at the record of the range of investments we're attracting and the commitment by businesses, companies and investors to build not only in this value chain but also in hydrogen, in electricity, in nuclear—

Mr. Ryan Williams: Thank you so much, Minister. I only have one more minute left.

Once again, we're looking at a mandate that is hurting our industries right now. It is a mandate where we're seeing massive dominance of Chinese-mined minerals, not those from Canada. It's having an effect on our workers. We can look at that relationship with the Americans and the fact that we didn't mirror those tariff rebates right away. We're not even looking right now at the fact that the Americans have already gone further to talk about software and hardware on Chinese-made cars.

The retribution has been, we feel, in softwood lumber, where we saw 3,000 workers lose their jobs in the forestry sector, but more importantly, it is affecting canola farmers. We have 43,000 farms that grow canola, and we're seeing their livelihoods under the gun right now.

Why didn't we take better action to protect that industry, knowing there would be retribution because of tariffs against China?

Hon. Mary Ng: I think it was your party that also agreed we should put in place tariffs.

I would also say to Canada's canola sector, as I've said publicly, that we have the best agri-food sector and the best canola sector in the world. I'm looking forward to continuing to defend our agri-food sector in international fora. I don't think anyone in the world has ever accused Canada, and certainly not the agricultural sector, of not playing by the rules.

The Chair: Thank you very much.

Mr. Sheehan, please go ahead for six minutes.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much, Minister, for your testimony and for your action on various things related to the trade file.

I'm from Sault Ste. Marie, which is known as a steel town. When I was first elected, Algoma Steel was in bankruptcy protection. It was right up on the ropes. Tenaris's tubes plant, where you have been, had two dozen people working there. Today, Algoma Steel, after actions taken by this government and your protection of the steel industry.... In 2016, in our first budget, we put in place trade remedies to stop the dumped steel. When I met with this industry and the United Steelworkers right after being elected, they squarely blamed the previous Conservative government for its lack of action on dumped steel.

I want to fast-forward to your latest actions to strengthen the steel industry and protect Canadian jobs and workers.

Can you please tell us more about the 25% tariff on the dumped steel that is coming from China; the protections for the auto sector, where one-third of the steel goes, 100%; and some of the actions that were taken when Trump put his section 232 tariffs on Canadian steel, and we did our anti-tariffs?

Again, the Conservatives called our anti-tariffs dumb. They weren't dumb. We won.

Please go ahead.

Hon. Mary Ng: Thank you very much.

It was terrific to be at Tenaris when they were making an announcement to expand that plant. Expanding that plant means jobs for people in your community. These are steelworkers—union-paid workers—and these are jobs. They're jobs in Canada.

Whether it is there or whether it is in Hamilton at Dofasco and ArcelorMittal, it is such an important sector that we must protect to create more opportunities for those jobs and those workers.

The 25% tariff on steel and aluminum is a direct response to the overcapacity that we are seeing and experiencing not only here in Canada but, indeed, globally. When I am at international fora like the OECD and we are presented with data that shares the overcapacity of steel on the global marketplace, in part because of deliberate policy for that overproduction or oversubsidization, it distorts the world and it distorts the trading system. We are taking action on those tariffs, and the 25% is going into effect tomorrow.

The other thing we did was implement “a country of melt and pour”, something the steel industry had been asking for so that, again, we have greater transparency about where the steel is coming from. That is another measure that will help support the Canadian steel industry.

I'm always pleased to work with you and with members of the steel caucus because of the strong voices directly connected to those companies that you do so much work to support.

• (1125)

Mr. Terry Sheehan: Thank you very much.

Bloomberg recently stated that Canada is now the premier global destination for attracting FDI, or foreign direct investment, in the EV space. In your opinion, what comprehensive advantages does Canada have that make it such an attractive place to invest?

Hon. Mary Ng: A strong and predictable trading environment is one, with excellent trade agreements not only here in North America but around the world. Companies like Volkswagen, which made significant investments in Canada, made a choice to invest in Canada. What they see is the incredible skills of the Canadian people, whom we invest in, and they see a real action plan to fight climate change. Therefore, by investing in a very important production facility that will build EVs, they can be assured that the rules-based system here in Canada will create that predictability for them.

Another advantage is the incentives that we have also put in place. What you are seeing is deliberate investments and incentives so that we can build out this sector in a really strong way. That is deliberate action the government has taken to fight climate change and build an economy that is green and will work for everyone, and that includes making strategic investments in this sector. These are all factors that went into the various investments that have come in.

Like I said earlier, \$120 billion to create a green economy has been invested through tax credits and a whole range of other measures. We are seeing \$44 billion of investment specifically in the EV supply chain. Companies and their boards make decisions on Canada as a destination for all of the very strong reasons that I just talked about.

It really is about having a plan to fight climate change and to build this sector right here in Canada.

The Chair: You have 20 seconds remaining, sir.

Mr. Terry Sheehan: Thank you very much.

I'll just make a statement. In a study that we're undertaking right now, both the Canadian Steel Producers Association and the United Steelworkers have stated that the work you have done is significantly strengthening the steel industry and creating future opportunities.

Thank you very much for your testimony today and your work.

The Chair: Thank you very much.

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

[*Translation*]

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

I thank the minister and her officials for being with us today.

Everyone here agrees that China is not a trading partner that respects international trade rules. We are aware of all kinds of dumping practices, among other things, but one of the major issues is the use of goods produced by forced labour. For instance, we know about the issue of imports from Xinjiang. According to the government's figures, Canadian authorities have made no seizures—zero—while in the United States, \$700 million worth of goods has been seized thanks to an act, the Uyghur Forced Labour Prevention Act.

However, we know that there was supposed to be a Canadian statute on this. In the March 2023 budget, it was written in black and white that a bill to ban forced labour would be introduced by the government before the end of the year. That didn't happen. In March 2024, the government again committed to introducing forced labour legislation by the end of the year. Today is October 21. There's not much time left before the end of the year.

After breaking its word in 2023, will the government keep its word in 2024?

• (1130)

Hon. Mary Ng: Thank you for the question.

[English]

Look, I think that forced labour and making sure there isn't any in our supply chains is an issue that we must take seriously, and we are. You saw that we made commitments to bring forward legislation, which we are planning to do. It's not quite the end of 2024 yet, but we are committed to doing that.

We have a very strong agreement with America and Mexico with a prohibition in the supply chain. We have a supply chains act, which came into place in January 2024. I think you're going to see that Canada will be the only country and jurisdiction that has both a supply chain act as well as strengthened forced labour provisions.

This issue is actually quite complex, and I launched a consultation just a couple of days ago to make sure that we are working with the sector and all those affected, in putting forward this legislation to meet those strengthened requirements for the Canada-U.S. relationship. I'm confident that we will meet our obligations.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Why was this consultation not held in 2023, given that the government had committed to introducing a bill before the end of the year?

You say that you are currently taking steps, that the door is not closed and that, this time, we could very well see the bill before the end of the year. But why didn't you keep your word last year?

[English]

Hon. Mary Ng: We have been working on it all the way along. It is, in fact, through the course of the work that it became clear to us that we needed to be out there a little more, in much more detail, with a wider group of people because of the complexities of how we would implement this, so it is really important. In fact, to go back to today's study, what we're really talking about is making sure there is a level playing field.

When I talk about Canada being an open trading country but a fair trading country, fair trade means that we price in paying our workers. Fair trade means complying with environmental provisions. That is the kind of fairness we need in the global marketplace. Forced labour and how we eradicate it from our supply chains is something we are taking very seriously, but we also want to get it right. That is the work that my officials and I are doing.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: We know that aluminum production in Xinjiang has grown massively in recent years. Today it accounts for about 10% of the world's supply. However, much of the aluminum produced in Xinjiang is shipped out of the region. That aluminum is then mixed with other metals to make aluminum alloys in other parts of China, including for the automotive industry. However, according to Human Rights Watch, once aluminum is melted and mixed with other materials, it becomes impossible to determine whether it comes from Xinjiang or another part of the world.

Finally, aluminum produced using forced labour enters domestic and global supply chains. Often, auto manufacturers won't know where the aluminum they use comes from.

Does that worry you? In your opinion, is aluminum produced in Xinjiang finding its way into supply chains without manufacturers and consumers knowing?

[English]

Hon. Mary Ng: We should always be concerned when there's forced labour in the supply chain, whether it's in the aluminum sector or anywhere else. Just as we have implemented a system for melt and pour for steel, we are looking at a comparable transparency measure for aluminum. I think that's really important.

In Canada, what is really terrific about our aluminum is that we do all of the production here. With regard to green aluminum, I look at the joint venture that's taking place in Quebec, which you will be very aware of. It's an important Canadian investment—together with the Americans—to make sure that our aluminum supply chain that is so important... It isn't just for autos; it's also for things like the aerospace industry and many other industries that depend on green aluminum.

I'm very proud of the investment work that we have undertaken very intentionally so that we are increasing our capacity to produce green aluminum here in Canada—mostly out of Quebec—to supply the follow-on value chain that will depend on that Canadian aluminum. However, greater transparency is absolutely needed, and we're working on that for Canada's aluminum sector as well.

• (1135)

The Chair: Thank you very much, Minister.

We have a new member for the NDP. Mr. Cannings has moved to another committee.

Welcome, Mr. Desjarlais, to our committee. We get along very well here. We work well together, and we look forward to your being with us as well.

The floor is yours for six minutes, sir.

Mr. Blake Desjarlais (Edmonton Griesbach, NDP): Thank you very much, Madam Chair.

Thank you very much to the minister for being present at my very first Standing Committee on International Trade meeting as international trade critic for the NDP. It's a pleasure to be joining all of my colleagues in this important work.

I know the study on EVs, particularly as it relates to the serious issues that have been brought to the New Democratic Party. Largely, the issues pertain to domestic protection of good union jobs here, but they're also about protecting the integrity of workers across the globe. That includes workers who are being exploited, whom we know of, in explicit cases in China. I'm really pleased to see the work related to these tariffs. I know it's an important piece of this work, and it's something I'm pleased is finally happening.

As you know, I'm a bit dismayed about the length of time it took, but I'm just glad that we're here today and tomorrow. It will have an impact on our businesses here, so I want to thank you for that.

In your opening remarks, you spoke about the importance of the EV production sector here in Canada. You spoke about the relationship between the government and its investment of nearly \$37 billion in the production of EV capacities here in Canada. Of course, that's going to take a tremendous amount of investment and work overseas.

You're also simultaneously looking at trying to shore up supply chains for critical minerals elsewhere, including in Ecuador. Is that correct?

Hon. Mary Ng: What we're always trying to do in the work in Canada is to create resilient supply chains among many trading partners. What I can tell you in terms of the supply chain or the critical minerals agreements that we have right now is that they are with the United States, Europe, Japan and Korea. They are with like-minded countries that will share our values with respect to the environment and to wages for workers.

Mr. Blake Desjarlais: With regard to Ecuador, Minister, the important piece I'd like to focus on is whether Canada should be producing or procuring critical minerals, particularly from countries like Ecuador. This leads to my question, if you can answer it to the

best of your ability: Are you and your ministry currently working on a trade agreement with Ecuador?

Hon. Mary Ng: What my department and I have done is consult widely on what a trade agreement could be like with Ecuador. That consultation has taken place, and we've had good feedback on that.

Maybe I'll answer your question this way: I want to assure you and Canadians that Canada does trade by leading with its values. Those values have to be values that are good for workers and the environment. They also must be inclusive in nature. We expect Canadian companies that are operating anywhere in the world, including in Ecuador, to adhere to global standards, global standards that also have strong ESG provisions in them. However, I'll have to get an update from my officials around the status of the....

Mr. Blake Desjarlais: Maybe Mr. Stewart or Mr. Fowler can comment on the accuracy of this statement.

Is it true or is it false that Canada is participating in a discussion with Ecuador toward a free trade agreement? Is that true or false?

Mr. Aaron Fowler (Associate Assistant Deputy Minister, Trade Policy and Negotiations, Department of Foreign Affairs, Trade and Development): That is true.

Mr. Blake Desjarlais: Thank you. I think that's the important piece and clarity we need for Canadians.

The fact of the matter is that you are in a discussion with Ecuador. Recently, by way of a constitutional referendum, they challenged their own population to question whether or not protection for their forests and natural resources, including the access to protection for water...something that indigenous leaders were just here for. They came, all the way from the rural parts of Ecuador, right to the doorstep of Canada's Parliament here. They're begging, pleading with this government that we listen to the very legitimate and important demands that these nations have.

These are real people who have occupied these traditional territories for millennia, much like in Canada. In Canada, we have a history of plowing over indigenous rights—we talk about this every September 30, for example. When it comes to international trade, I think it's a perspective that indigenous people are becoming more participatory in—and that's a good thing—but it's important that we also call out the very damaging historical frameworks and systemic violence that, largely, stem from free trade agreements, and that's what's happening in Ecuador.

We have brave indigenous women coming forward to Canada's Parliament. They shouldn't even have to do this, Minister, and this is what dismays me the most: They come to our Parliament, saying that they have to ask that Canada not move forward with these discussions unless it can guarantee that Canada will respect their free, prior and informed consent.

Minister, my question is simple: Will we as Canadians change our history in terms of how we interact in the global arena? Will we better regulate our companies, particularly our mining companies? Will we participate in a process with Ecuador that truly protects the rights of indigenous people there, which will or should include full acknowledgement of their free, prior and informed consent, including their right to say no to a project? Is Canada committed to that globally? I'm certain that, in Canada, we have indigenous leaders who question that locally.

● (1140)

Hon. Mary Ng: There's not a lot of time, so I'm happy to continue the answer to the question. IPETCA, the Indigenous Peoples Economic Cooperation and Trade Arrangement, is something that Canada is a leader in working with other nations, and—

Mr. Blake Desjarlais: Can you focus on Ecuador's case? They were just here.

Hon. Mary Ng: You should be reassured, as Canadians are, that, when Canada enters into any dialogue and discussion, it's a dialogue and a discussion and, while that happens, it will always and has to consider the values that are really important to Canada. The value of indigenous...the value and importance of reconciliation and the consideration of that in all that we do, including in commerce and trade, including—

Mr. Blake Desjarlais: Is that a no, then? Will we respect their rights to prior and informed consent?

The Chair: I'm sorry, Mr. Desjarlais, but your time is up.

Mr. Blake Desjarlais: Thank you very much, Madam Chair.

The Chair: Thank you very much.

We move to Mr. Martel for five minutes, please.

[*Translation*]

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

Minister, thank you for being here.

Why have you not opened up new markets for our canola farmers in the last five years, when you knew they were being targeted by China?

[*English*]

Hon. Mary Ng: Indeed, we're very much working on opening up new markets. Take a look at Canada's negotiation with Indonesia, a country in the southeast Asia region made up of 277 million people, and our negotiations with the ASEAN, the Association of Southeast Asian Nations, which is made up of 10 markets. The reason I say that, in terms of your question, is that we are absolutely actively at the table right now in those negotiations, but more than that, I'm taking trade missions, actual businesses into those economies.

Why is it really important? It's exactly as you said: They're new markets—700 million people, the fastest-growing part of the world with the fifth-largest economy, at \$3.8 trillion U.S. We're working very hard, particularly with Canadian businesses, to enter into those new markets.

[*Translation*]

Mr. Richard Martel: Since your government took office, the softwood lumber dispute between Canada and the United States has resurfaced, and you still haven't found common ground. Our forestry industry is currently suffering. As you know, the tariffs have gone from 8% to 14%, and they are projected to reach 30%.

What are you going to do about that?

[*English*]

Hon. Mary Ng: This industry is so important, as I know you well know, because it is so much a part of the community you represent, and those tariffs are completely unjustified.

What I want to say to the forestry sector, to those you represent and to others across the country is that I very much appreciate and thank them for some very intensive dialogues we've been having with them recently, knowing full well that these tariffs are unjustified and we are quite concerned about them. I've been raising this with our American partners and with the USTR. I believe the best way forward continues to be an agreement. These tariffs are making it way too expensive not only for us but certainly for the Americans and their homebuilding industry. Know that it's important to keep doing this work, but not just to get any deal. It has to be a deal that's good for our industry.

● (1145)

[*Translation*]

Mr. Richard Martel: Minister, the Americans don't seem to want to negotiate with Canada.

Does the Liberal government lack leadership? Will delaying the implementation of tariffs on China make our bilateral relations with the Americans even more difficult in the future?

[*English*]

Hon. Mary Ng: I think the record of the government speaks for itself.

We renegotiated NAFTA here. It doesn't matter who is in the White House; we will work with the Americans, and we're ready to work with the Americans.

To your point about our relationship with the United States, we're building critical supply chains in parts of the economy that are really going to matter going forward. You are seeing us take action to align with North American competitiveness on automobiles because we're so integrated. You are seeing us work together in areas like technology and semiconductors. We are at the table right now to make sure we have strong science and technology capabilities between us. These are two countries with democratic values and a strong respect for the international rules-based order, and you're seeing more alignment than ever with a trading partner that is just so important to Canada.

[Translation]

Mr. Richard Martel: Minister, European lumber exports are not subject to import tariffs in the United States, whereas Canadian ones are. It's hard to understand. We're right next door to the United States, and we trade with them all the time.

[English]

Hon. Mary Ng: We need to get to an agreement, and we're working hard on that.

The Chair: Thank you very much.

Mr. Miao, please go ahead for five minutes.

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

I'll be sharing my time with Vance Badawey. I welcome him to our committee.

Before I pass it over to him, Minister, thank you for appearing at our committee again.

With Canada being the largest trading partner of the United States, I, as a member serving the community on the west coast of B.C., know we engage in a lot of cross-border business. What will the impact on the Canadian EV sector be if the federal government does not put a tariff on Chinese EVs, and how will this affect our border trade?

Hon. Mary Ng: I have visited your neck of the woods, and I know how important Richmond is to this relationship between Canada and the United States.

You have seen us take very strong action to make sure that Canada continues to build out this very important sector across the country, not only by building electric vehicles but by building the entire supply chain that is going to create, and is creating, great jobs in Canada.

I'm so pleased to see some really great innovations of late that are taking place in British Columbia, some of which, no doubt, are being looked at very carefully through PacificCan so that we can continue to develop this supply chain to create those jobs all along the value chain and the supply chain for EVs. It's really important that Canada stands up for fair trade and for open trade. It's really important that Canada protects its workers and its industries against the oversubsidization and overcapacity we are seeing, which have an effect on the global trading system in a distortive way. What you're seeing Canada take leadership on here is addressing those very real issues that we are seeing as a pattern across global trade.

I want to thank my colleague for the input he always gives to me from his domestic companies and investors on how important this is.

Mr. Wilson Miao: Thank you.

I'll pass it over.

The Chair: Mr. Badawey, you have two minutes and 30 seconds.

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Madam Chair.

Minister Ng, with global supply chains facing unprecedented challenges, from geopolitical tensions to climate change impacts, Canada's role as a key player in international trade is more important than ever. I know you recognize that, especially with your travels of late.

Given the importance of ensuring resilient and innovative supply chains—particularly for critical sectors like manufacturing, agriculture and technology—can you elaborate on the government's current investments in strengthening these supply chains? Specifically, how are we working with both international partners and local industry to future-proof our trade corridors and ensure that Canada remains competitive in the global market?

I'm going to get a bit deeper with my second question on binational collaboration. Given our critical trading relationship with the United States, what efforts are being made to harmonize supply chain strategies between Canada and the U.S., particularly along key trade corridors like the Great Lakes and St. Lawrence regions?

• (1150)

Hon. Mary Ng: What a wonderful question coming from my honourable colleague.

It's really important work, particularly along the border. You and I have talked about this. I have visited many in and around the Great Lakes region about creating a more dynamic and fluid hub that allows for more of that intermodal trade between our two countries.

To your first question, we are really working through Canada's trade architecture to create resiliency in supply chains. I think everyone has seen, especially most recently during the pandemic, how impacted and how fragile those supply chains can be. Canada is the only G7 country with a comprehensive trade agreement with every other G7 country. That predictability of trade serves Canada well. That's why you're seeing investments come through that are not only between Canada and the U.S., or Europe and Canada. Think about the wonderful announcement that was made in Port Colborne just recently by a Japanese multinational company of \$1.6 billion for an EV battery plant. That's right around your neck of the woods. This is going to create 500 jobs in and around Port Colborne in Niagara and in Ontario.

It is this part of the work and creating the right conditions through our trade architecture that are giving confidence to other investors and other countries to partner with Canada. Through doing that together, we will have greater resiliency across the globe.

The Chair: Thank you very much, Minister. I'm sorry to interrupt, but everybody wants their two minutes.

Two and a half minutes go to Monsieur Savard-Tremblay, please.

[*Translation*]

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

As we know, China has initiated dispute settlement proceedings with the World Trade Organization by requesting that consultations be opened with Canada on the surtaxes imposed by Canada on certain products of Chinese origin.

I would like you to give us an update, Minister. Where do things stand on that front?

[*English*]

Hon. Mary Ng: Thank you for that.

We are certainly disappointed that this is the action China has taken. We know, as I said earlier, that our agri-food sector is among the best in the world, and that our farmers and our producers are always trade compliant.

The particular matter you referred to is at the WTO. We will work with our sector—as I do with the Minister of Agriculture—and at the WTO to defend it vigorously, as we always do.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Of course, we know that a review of the Canada-United States-Mexico Agreement is planned for next year. You will recall that, when the debate and vote on the issue were held in 2020, it was pointed out that the agreement did not give the steel and aluminum sectors the same status or the same protections. Our party initially intended to vote against this agreement, but we reached an agreement with the government following its written promise to closely monitor Chinese dumping in Mexico and its willingness to reopen discussions so that aluminum would be given the same status as steel.

Is this something Canada will request?

• (1155)

[*English*]

Hon. Mary Ng: We are, right now, out talking to Canadians and various sectors on the 2026 review. I think there's an opportunity for us to get into a more robust conversation there.

With respect to your comment about Mexico, Canada is looking at this and paying attention to it very carefully. It's really important that all of us, as trading partners in North America, stand up not only for our obligations that are in the agreement but for actually making sure that the level playing field, which needs to exist for us to be competitive in North America, remains so. I'm happy to have more conversations with you on that piece in particular.

The Chair: Thank you very much, Minister.

Mr. Desjarlais, you have two and a half minutes, please.

Mr. Blake Desjarlais: Thank you very much, Madam Chair.

Thank you again to our witness for being present.

Minister, it's really important that we have the opportunity to ask these very important questions. I know there's limited time, so I apologize that, in order to get clarity, I may interrupt.

I apologize to the interpreters as well for what I understand to be a difficulty with the time constraint.

This is an important piece. It's important that we understand, I think, the need for and purpose of an economy, which are—whether it's a small, local, little community, a province, a federal government or our world economy—to serve people and to make certain that we can share resources with those who need them most. I think this is what Canadians believe we build an economy for, so that we can make sure that, when they go home at the end of the day after putting all the work in, they get a good paycheque, have a good job and are contributing to the social good.

Indigenous communities here in Canada have had bad relationships, to put it frankly, whether it was with the Hudson's Bay Company, the very first monopoly—which wasn't all that long ago because our history is quite new in Canada—or more modern iterations.

You talked about the trade architecture and how important that is to Canada. I suggest that the trade architecture is really weak in a certain area, in regard to indigenous peoples and the impact on indigenous peoples by way of our trade agreements. This is historic. Canada had many movements. We don't have to look all that far in our own past to know that the Save the Rainforest campaign against international mining—which Canadians took up in a historic way—is just one example of how much Canadians deeply value land and people's connection to it.

It's also true that this committee here passed a motion—and I thank my colleagues for that motion—in reference to a study on the trade agreement for Ecuador. Recommendation five actually suggests:

That the Government of Canada ensure that no trade agreement between Canada and Ecuador is concluded without full, transparent and effective consultation with, and no agreement is implemented without the free, prior, and informed consent of, affected Indigenous peoples in Ecuador.

I ask again, because I think it's really important, that you see the consensus that this House, committee and, I think, Canadians have, which is that we must respect indigenous peoples' right to free, prior and informed consent, even above Canada's very narrow trade interests. It's more important to protect our integrity and values than it is to ramrod a policy that would damage indigenous people.

Do you agree it's important that we protect indigenous peoples' free, prior and informed consent in relation to projects domestically, but in your portfolio in particular, when it comes to international trade agreements?

The Chair: I'm sorry, Mr. Desjarlais, but your time is up and there isn't sufficient time for the minister to—

Mr. Blake Desjarlais: Maybe she could respond in writing.

The Chair: Okay.

I'm trying to complete this round so that Ms. Fortier and Mr. Baldinelli get an opportunity. It will be four minutes and then four minutes for Ms. Fortier, but Minister Champagne is here and we need to get moving on.

Mr. Baldinelli, the floor is yours, please.

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

Minister, it took your government four months, after the U.S. imposed tariffs on the Chinese EVs, steel and aluminum, to act. Despite the fact that you announced these tariffs, late last week the government also announced that businesses can now request exemptions from these tariffs on Chinese EVs, steel and aluminum products.

Minister, who asked or lobbied you to make these changes?

Hon. Mary Ng: I think you're talking about remission orders, and I think you would agree that listening to Canadian supply chain partners is really important. Some companies will or could be impacted directly as a result of these tariffs, and if companies—

Mr. Tony Baldinelli: Would that be Volkswagen and Stellantis...?

Hon. Mary Ng: —are impacted by these tariffs, small and medium-sized companies, then there should be a remission order process through which we can help them.

Mr. Tony Baldinelli: Then what's the point of having the tariff in the first place, Minister?

Did Volkswagen and Stellantis request these changes because of your government policy? What's the point of having the tariff in the first place if you're going to allow companies to be exempt from them, essentially, through this remission order?

You have huge investments—half a billion dollars to build the Stellantis plant and \$778 million to build the VW plant. Are you now saying to our steelworkers that these two companies can use steel products in the production of their facilities and in their products?

• (1200)

Hon. Mary Ng: Surely, in your question, you're not saying to me that some construction company that might need to retool their supply chain and might need the time to do it, because they're getting imports from China at the moment, wouldn't need some help in order to rejig their supply chain. That is what remission orders are intended to do. They're there—

Mr. Tony Baldinelli: It's your failed policy, Minister. It takes 15 years to build a mine in this country—

The Chair: Let the minister answer the question, please.

Mr. Tony Baldinelli: Your policy failed on creating the supply chain, and now you're exempting people from the 100% EV rules on steel and aluminum. How do you square that with the Canadian workers who are out there and the jobs that are at risk?

The Chair: The minister is attempting to answer the question.

Minister, the floor is yours.

Hon. Mary Ng: Thank you.

When we do consultations, we talk to a range of businesses, from the large ones to the small ones. What we heard from some—

Mr. Tony Baldinelli: Did you talk to the 300 workers at GM who have been laid off because the company's V6 line is closed down, because GM is no longer going to be moving forward as—

The Chair: Mr. Baldinelli, the minister has the floor.

Mr. Tony Baldinelli: —Ford is with its EV plans?

The Chair: Let her answer the question.

Hon. Mary Ng: I'll finish the first answer.

When we talk to people, they include some from businesses in that supply chain who might be importing steel right now from China. In an effort to make sure they are not penalized, it's to help those in the supply chain who will take time to reshuffle their supply chain. That's what the remission order is intended to do. That is the answer to your first question.

Listening to Canadian businesses and making sure the actions we've taken—

Mr. Tony Baldinelli: It's about their workers.

Hon. Mary Ng: —will not impact these other smaller businesses in the supply chain are what the remission orders are there for. I'm glad we're actually helping businesses along the supply chain, because that is what we're here to do. We're here to implement tariffs—

Mr. Tony Baldinelli: Implement a tariff, and then take it off.

Hon. Mary Ng: —strongly and not take them off but help those in the supply chain, like a construction company or a manufacturer, that actually might need them right now to give them some time to shift their supply chain away from product that is not produced with the right labour standards and environmental standards.

The Chair: Thank you, Minister.

Ms. Fortier, please go ahead for four minutes.

[Translation]

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

Good afternoon, Minister. Thank you for being here today with your officials.

In your opening remarks, you said that we need to be more competitive domestically and internationally and that the Government of Canada is putting in place measures to propel economic growth and ensure the full participation of all Canadians in this economy.

Given the current geopolitical and economic climate, our committee is looking at ways to ensure the full participation of women in the economy, among other things.

In 2018, the Government of Canada created a women entrepreneurship fund. Initially, when the women entrepreneurship strategy was put in place, the investment was \$2 billion. That investment is now at nearly \$7 billion.

I'd like to ask you two questions that are related not only to the study we're doing today, but also to the study aimed at finding ways to ensure the full participation of women in the economy.

First, based on your conversations with stakeholders and businesswomen you've met, is the government doing anything else to support women?

Second, what impact do you see these programs having on the rate of return for Canadian women entrepreneurs when it comes to international trade?

[English]

Hon. Mary Ng: Women make up 50% of our society, but for far too long, there haven't been enough women business leaders or women entrepreneurs participating in our economy. That means not having the kind of productivity that we are absolutely able to have in Canada.

Putting forward a women's entrepreneurship strategy, a \$7-billion investment since 2018, aims to do one thing: grow Canadian businesses and women entrepreneurs in businesses domestically here in Canada but also, as they grow, in those international markets.

What does that mean to the Canadian economy? The return on investment is \$150 billion. If you add more women to the Canadian economy, you're going to add \$150 billion to the Canadian economy. That means more jobs and more prosperity in communities.

If we do this globally.... This is the argument we always make with like-minded colleagues. Canada is part of the inclusive trade action group that is growing a network of like-minded countries and colleagues as we trade to grow and to be very deliberate in creating more opportunities for women entrepreneurs and seize the opportunity for \$12 trillion for the global economy.

It is really important that we invest so that women's businesses can get access to capital and supports, like mentorship supports, and that we measure the progress. We have gone from 14% participation of women-owned businesses to 17% participation now.

In the trade missions I have taken to many different markets, from Africa to Europe, the United States and Asia, we have had dedicated women-led trade missions. I don't have the statistic in front of me, so I'd be happy to follow up. However, since the trade mission to Japan that took place a couple of years ago, we are seeing actual commercial deals result from that very mission.

Investments in the trade accelerator program help these women understand what it takes to grow their businesses in the international market. The ecosystem and organizations like the Asia Pacific Foundation have led some of these trade missions so that they can get into the market and grow.

However, as I always say as an economic minister, that ain't enough. It's not enough to just invest \$7 billion so that women can grow the economy. You need affordable early learning and child care so that a woman can be more productive in their business and

in their work. We have an 18-month parental leave, which we legislated many years ago. I talk to business owners all around the world, and the women who own businesses and the women leaders in those countries marvel at Canada's leadership with an 18-month parental leave so that women can be moms and own their businesses and be incredibly productive in the way that they choose to.

Then we passed pay equity. The thing is that women-owned businesses are never going to need that legislation. Do you know why? It's because women pay equally, no matter whether you're a man or a woman, in their businesses. While we have that legislation, which is terrific, I hope sometime in the years to come we will need it less and less.

• (1205)

The Chair: Thank you very much, Minister Ng.

I'm sorry, but we're short on time here today. There's a lot of information and a lot of questions.

Thank you very much to you and your officials.

I will suspend momentarily. If Minister Champagne and his officials can quickly come to the table, we would appreciate it.

• (1205)

(Pause)

• (1205)

• (1210)

The Chair: Members, if everyone could please take their seats, we'll begin the second part of our program today.

We very much appreciated having Minister Ng here. Now we welcome the Honourable François-Philippe Champagne, Minister of Innovation, Science and Industry.

We also have some familiar faces from the Department of Industry, including Charles Vincent, senior assistant deputy minister, industry sector; and Benoit Tessier, director general, automotive, transportation, digital and industry skills branch.

Welcome to you all.

Minister Champagne, I will give you the floor for up to five minutes, after which you should be prepared to answer questions from the committee.

Hon. François-Philippe Champagne (Minister of Innovation, Science and Industry): Thank you very much, Madam Chair and colleagues. It's a distinct pleasure to come back to the trade committee. That was my first post as minister, so I feel privileged to be with each and every one of you.

I know some of you are regulars—they tend to come to all of my appearances—so it's great to be well surrounded by friends.

[Translation]

I appreciate the opportunity to address this committee today on a topic that is key to the success of our economy.

[English]

I'm here today, Madam Chair, to speak about a uniquely Canadian success story: our auto sector.

Canada's automotive industry supports nearly 550,000 direct and indirect jobs in our country. Last year, it contributed something close to \$18 billion to Canada's GDP, and it's one of the country's largest export industries.

For all of these reasons and more, our government is fiercely committed to supporting Canada's auto sector and the ongoing transition towards electrification.

[Translation]

Canada has a tremendous opportunity to seize this moment and leverage the transition to electric vehicles not only to create good jobs for decades to come and to spur innovation, but also to fight climate change. This transition is under way, and now is the time to act and seize the opportunities for future generations, as we have been able to do over the past few years. We cannot afford to continue to debate whether climate change even exists when the rest of the world is rapidly moving toward electrification.

[English]

In fact, Canada has everything it needs to lead in the global EV transition, and we should be proud as Canadians. We have a very strong automotive manufacturing ecosystem. Last week, I was in Brampton, with Mr. Sidhu, looking at the auto parts manufacturer. We have world-class talent and environmental standards, abundant sources of renewable energy, all the critical minerals to build the cars and batteries and unprecedented access to markets. That's why we have been able to build, right here in Canada, an end-to-end EV supply chain, which Bloomberg—imagine—has ranked first in the world, ahead of China.

Canadians have every right to be proud, and they're probably asking how we did it. Since 2020, through relentless efforts, we attracted investment in EVs and battery manufacturing as well as battery material processing through a number of initiatives. The first was to focus investment attraction—and a number of you contributed to that—through the strategic innovation fund and also the clean technology manufacturing and EV supply chain investment tax credits.

[Translation]

Our government is also making upstream investments, including through Canada's critical minerals strategy, to support projects and strengthen Canada's battery supply chain.

These significant investments are all likely to increase the supply of electric vehicles here in Canada and further encourage the transition of the automotive sector.

What Canada has accomplished in the past few years in the automotive sector is remarkable, and it is thanks to the talent, expertise and know-how of auto workers across the country.

[English]

However, we cannot and must not be naive. These investments, as well as Canada's automotive industry as a whole, are facing competition from Chinese producers, who benefit from non-market policies and practices. These policies and practices include unfair and pervasive subsidies, a lack of rigorous labour and environmental standards, and other measures to artificially lower production costs.

[Translation]

It is for these reasons that our government has been consulting on potential measures to address China's unfair trade practices in the EV sector.

Our analysis and the results of these consultations have only reinforced existing concerns about Chinese policies and practices. These practices harm the Canadian auto industry and our workers, while negatively impacting our transition to electric vehicles.

• (1215)

[English]

That's why our government recently announced the imposition of a 100% surtax on imports of EVs from China. The surtax will do three things. It will protect Canada's automotive industry from unfair Chinese trade practices, preserve our deeply integrated North American automotive supply chains and prevent the diversion of electric vehicle imports from China resulting from actions taken by third countries. In addition, our government announced its intention to examine concerns raised regarding unfair Chinese competition in other critical sectors, including batteries and battery parts, solar products, critical minerals and semiconductors. Last, but not least, we also announced action in response to concerns that were raised regarding unfair Chinese competition in the steel and aluminum sector.

Madam Chair, our government will always stand up for Canadian businesses and our Canadian workers, while defending them from the harmful effects of unfair trade policies. In conclusion, ensuring fair and open trade is and has always been a priority for our government. It will remain a key aspect of our commitment to protecting Canadian interests while, at the same time, maintaining strong relationships with our key trading partners.

Let's remember that, when everyone plays by the same rules, we—normally—win because we have the best and most talented workers in this country.

Thank you very much, and I look forward to questions from colleagues.

The Chair: Thank you very much, Minister.

We move to our speaking order.

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

Mr. Rick Perkins (South Shore—St. Margarets, CPC): Thank you, Madam Chair.

Thank you, Minister, for appearing. It's always nice to see you.

I recently had a meeting with the Volkswagen executives in Germany about their plans in Canada. I asked them where they were getting the critical minerals, and they said, "Canada". However, that's their intent because, ultimately, they said that it's not currently available. They said, "Not all our material at the moment will come from Canada."

As we know, more than 80% or 90% of the cathodes and anodes for EV batteries are made in Asia—in China, primarily. Can you explain to me whether that's the reason that, a month after your government imposed tariffs on Chinese-made EVs, you provided a way for companies to actually get around them with the remission order?

What that is, for people who are watching, is an order that allows people to actually not pay that duty. Is that for Volkswagen and Stellantis because they cannot produce or get those materials in Canada?

Hon. François-Philippe Champagne: Mr. Perkins, it's always a pleasure to see you. I was missing you during the last week.

I think what we need in critical minerals are speed and scale. Certainly we've been working extremely hard to make sure that we will have more scale when it comes to critical minerals. The recent focus of Teck in the critical mineral sector is good news. Recently Rio Tinto announced that they intend to invest billions of dollars with respect to lithium and other critical minerals.

You will know that we have the only refinery of cobalt in all of North America. We already have an industry of graphite in Quebec, and Nemaska Lithium is going to be one of the first refineries in the country. There are others in the country, so I think what we need now is to make sure that we match the demand and the offer, and I welcome these kinds of investments because they're going to provide scale.

To your other question on the exemption, if I may, for folks who are watching at home, it is quite standard, when you have tariffs

that are imposed, that you have what you call remission order exemptions to support small and medium-sized businesses in very exceptional cases. However, having been in touch with the leaders of Volkswagen and Stellantis about their plants, this is not an issue that we discussed. Their focus is on making sure that their plant will be opening and that they can supply the North American market.

Mr. Rick Perkins: Will they be eligible for the remission orders?

Hon. François-Philippe Champagne: Listen. I have not seen all the details, but I can tell you that none of them have been asking me for any kind of exemption when it comes to that.

Mr. Rick Perkins: You went through potential new critical mineral production. Minister, your government has, for two years, said that it would expedite the process for mining, but I haven't seen any change to that and, according to the Mining Association of Canada, it takes 15 years to go through the approval process.

Are we going to have 15 years of bureaucracy and delay on critical minerals, which means 15 years of parts from China for these plants?

● (1220)

Hon. François-Philippe Champagne: I know, Mr. Perkins, that you would have read the federal budget very carefully. I know you're a man who likes to study documents carefully. You would have seen that we have even created a group to expedite the permitting.

However, you don't need to take it from me. Take it from the CEO of Rio Tinto. Investing billions of dollars to make sure that we provide scale, when it comes to critical minerals, is the best message we can send. It's a big vote of confidence. By the way, the investment that Rio Tinto proposes to make in Canada is the largest in the history of Rio Tinto since they bought Alcan, which Monsieur Martel will know well because he has a plant in his riding. I used to have one in my riding.

I just met with the CEO of Teck. Just to comfort you, the CEO of Teck said that, when they did their transaction, the cash balance they have on their balance sheet is to go to just the critical minerals.

Mr. Rick Perkins: I appreciate that, Minister, but it appears that the answer is no, that there's nothing that's really changed in the process.

To go on, Northvolt—a \$7-billion EV battery plant in Montreal—delayed construction for a strategic review. For those who don't know what that means in the business world, that means, “We're looking at whether or not to go ahead or to sell it.” That's generally what a strategic review means. Umicore—a \$2.7-billion component plant in Kingston, Ontario—halted construction. Ford's \$1.8-billion EV expansion in Oakville was scrapped to make pickup trucks. Ford lost \$1.3 billion in the first quarter of this year on EVs. They estimate they're going to lose \$5 billion this year.

Globally, Stellantis, Ford and Volkswagen, in areas where there isn't massive government subsidies, are scaling back their plants. They're scaling back their plants because the sale of EVs dropped dramatically in Europe—by over 50% in Germany. In Canada we're only at 11%. Are you and is your government still going to proceed with these plants when it's clear that people in the market aren't buying EVs and, in Germany alone, there are 100,000 EVs in inventory that can't be sold?

Hon. François-Philippe Champagne: Mr. Perkins, I think you should rejoice. Canada has attracted the single largest investment in Canada's history by one single company, Honda, at \$19 billion. Volkswagen has decided that their largest gigafactory outside of Germany will be in Canada. You have seen Stellantis choosing Canada for the EV plant.

For Northvolt, you should be happy, Mr. Perkins. I know you look at the balance sheet. We have not disbursed one dollar of federal money. You should be rejoicing. I hope you're going to put that in your ten percenter to your constituents and say, “Thanks to Minister Champagne and the good work we did, we have structured a deal whereby the federal government has not disbursed one dollar yet on this plant.” Obviously, we want it to work. We want to make sure that we see generational opportunities.

When you have Bloomberg, which ranked Canada first in the world for the battery supply chain, ahead of China.... I'm sure you're going to put that in your ten percenter as well to rejoice for Canadians.

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

We have Mr. Sidhu, please, for six minutes.

Mr. Maninder Sidhu (Brampton East, Lib.): Thank you, Minister Champagne, for taking the time to be with us here at committee today.

Minister, last week you visited Brampton East, and we went to an automotive plant that employs roughly 300 employees directly tied to the automotive manufacturing sector.

For those who are watching, can you highlight the work that our government is doing—that you've been doing—to attract record-breaking automotive investments and how that will help the plant in my riding to succeed and maybe even to grow?

Hon. François-Philippe Champagne: I appreciate the question. Thank you again, Mr. Sidhu.

We had a great visit last week when we visited an auto parts manufacturer, because, Madam Chair, for folks who watch at home, it's not just about these big investments. It's the whole supply chain resiliency that we're bringing.

It's quite extraordinary that, when I started as Minister of Industry—my colleagues and the officials would know—we were looking at pretty much the demise of the auto sector in Canada. I took that up front and said, instead of seeing that as a challenge, let's see that as an opportunity.

Thanks to the work we've done.... I mean, who would have said that you would ever have Volkswagen put a plant in Canada? When I started, people said, “Minister, they've never been in Canada. Why would you call them?” I said, “Because if you want new investment you have to call people.” By the way, Volkswagen was a cold call. I'll put that in a book one day, but I'll give you a free chapter today.

It's actually amazing what Canadians have achieved. People see that there are five things that attract investment. First, it's all about talent. Everyone in the world recognizes that we have the best talent in the world. The second thing they realize is that we have a very strong ecosystem, from aerospace, from automotive, from energy and from biomanufacturing. The third thing is around critical minerals, and proximity is everything, Mr. Perkins and colleagues: proximity to resources, markets and assembly lines. The fourth thing is around renewable energy, because you want to decarbonize, as they want to do. The fifth thing is access to markets. Canada is the only G7 country today that has a free trade agreement with all other G7 nations.

When you're talking about and seeing the world as it is today, what I call the four Ds, that's the lens people use: decarbonization, digitization, demography and disruption. In a world like that, Canada stands out as a place where you find stability, predictability and the rule of law. When you have generational investments like.... You mentioned Volkswagen. We can mention Stellantis. We mentioned Honda—I said that before—and this is the largest single investment by a company in Canada's history. This is telling, because this is a big vote of confidence for workers, industry and everything that this country stands for in the 21st century.

I'm very bullish. I think we need to talk about opportunities and possibilities. When you talk to global CEOs.... I was mentioning this to Mr. Perkins. When you have the CEO of Rio Tinto betting billions in Canada, that must tell you something. It's that people see something in this country that will help us make sure we win in the economy of the 21st century.

• (1225)

Mr. Maninder Sidhu: Absolutely.

Minister, we hear from some members of the opposition who say Canada is broken, but we're number three in the world for foreign direct investment, after the U.S. and Brazil. Companies are coming to Canada and investing billions of dollars to support our economy and to support our workers.

Could you speak to some of the advantages that we have in place? For example, there's the \$10-a-day child care program and the flexibility in paternity and maternity leave that we've given to parents. We can't match some of the subsidies that other countries may offer, but we have so much more to offer on the table. Can you speak to that?

Hon. François-Philippe Champagne: Yes...and thank you, Mr. Sidhu.

Listen—history will tell. What I can say is that what you've said is true. I think people see something here, and I say it starts with talent. We have brought more women into the workforce and we bring more people. We've been training people to seize these generational opportunities.

You're right to say that Canada really stands out when people are comparing different jurisdictions. First of all, they see a country that has potential market access, like I said, to, for example, the United States and Mexico. They also see a place that has all the critical minerals, not only for the batteries but for the semiconductors. I'll make you a prediction: I think critical minerals are going to be in the 21st century what oil was in the 20th century. This is going to be key to ensuring prosperity, because people see that you need critical minerals to make batteries and semiconductors.

To your point, it's not only in the auto sector. I want to say this because our Conservative colleagues will love this as well. Look at Dow. We have attracted the largest single investment in Dow's history—I think for more than 100 years—in Fort Saskatchewan, Alberta. BHP is the largest mining company in the world. In Jansen, Saskatchewan, in potash, phase one was the largest project in more than 150 years of history or thereabouts, and phase two was the second-largest. You've seen BHP investing \$22 billion in Canada.

Those are big investments. You have Dow as one of the biggest investments. You have BHP as one of the biggest investments, and you have Honda, which is also one of the biggest investments.

To your point, it's true: Canada stands out. We have seen record levels of investment. I think our policies are working, because you have international companies that could allocate capital wherever they want, and they've chosen to come here. For me, I think Canada is the strategic partner of the 21st century, and we've seen that time and time again with big investments.

Mr. Maninder Sidhu: Absolutely. In terms of our critical minerals, you've hit the nail on the head. We have every single mineral needed to make an electric vehicle here in Canada. We're the only country in the western hemisphere that has that.

When I was at the Canada Guyana Chamber of Commerce over the weekend, some of these conversations were around that, saying, you know, we're seeing so much here in Canada that we can invest in. As you know, Guyana is growing very fast as well, and businesses from Guyana are looking at Canada and asking how they tap

into this market as well. There are plenty of opportunities here in Canada.

Thank you, Minister, for taking the time to be here today.

Hon. François-Philippe Champagne: Thank you.

The Chair: Thank you.

Next is Mr. Savard-Tremblay for six minutes.

[*Translation*]

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

Good afternoon, Minister. Thank you for being here with your faithful companions today.

We've had a number of meetings on this study. We heard from representatives of Electric Mobility Canada, among others, who told us about green calls for tender. They said it was an option to consider. I imagine that's a request you sometimes hear from the industry people you talk to.

If the Americans went that route, it would probably enable us to slip through the cracks of the buy America provisions and buy American acts of this world.

Do you think Ottawa could take this path?

• (1230)

Hon. François-Philippe Champagne: I don't know the details, but I know Mr. Breton, from Electric Mobility Canada, well because he was with us when we made investments. I'm ready to listen to him.

Again, I'm not very familiar with the specific initiative you're talking about. However, I think any initiative that can encourage the adoption of electric vehicles and even make it possible to go to markets like the United States is worthwhile. It's certainly something to explore.

Mr. Simon-Pierre Savard-Tremblay: Essentially, the idea would be to base calls for tenders on environmental criteria, for public contracts. Would that be a possibility?

We know that trade agreements are always a bit complicated and that not everything can be done. However, according to some studies, including one from the Université de Sherbrooke, this option would pass the legal test.

Hon. François-Philippe Champagne: It's quite interesting. As you saw earlier when I talked about the four dimensions that are important to me, decarbonization is at the top.

Of course, adjustments may need to be made. Your Conservative colleagues asked questions about that earlier. When you do the same thing for 100 years and then switch from a combustion engine to an electric motor, there are definitely adjustments to be made in terms of markets, consumer habits and manufacturing. However, I agree with you, Mr. Savard-Tremblay. I know we're on the same page on that. The goal is clear: Electrification is here to stay. We see it in Europe and we see it at home.

Adjustments will have to be made in the short term. I often remind our Conservative colleagues that it took Tesla 17 years to become profitable. So it's normal for there to be short-term adjustments, at Northvolt or elsewhere. Be that as it may, I think the end goal is clear to everyone.

Mr. Simon-Pierre Savard-Tremblay: Although our relationship with the Americans is sometimes a bit complex, there is still a desire to establish a kind of North American battery ecosystem. We feel the urgency of breaking our dependence on China, which has almost a monopoly on batteries, despite the initiatives put in place. In his case, we can talk about a virtual monopoly.

As for the Americans, we know that they sometimes give us friendly nudges. Often, it would simply be a matter of adding the word "North" in front of "American" in their statutes. That would be helpful. In the U.S. Inflation Reduction Act, for example, there are tax credits that apply to all of North America, but there are others that apply just to the United States. What is the status of the dialogue on that?

We know that CUSMA, the Canada-United States-Mexico Agreement, will soon be reviewed. What will the government's priorities be for electrification as part of this review?

Hon. François-Philippe Champagne: First of all, I must say that I like the idea you raised of sort of a buy North American policy. This is something I often mentioned when I was Minister of International Trade, and even when I was Minister of Foreign Affairs. Based on industry logic, in integrated supply chains, it's normal to see things in a continental context.

As co-chair of what we called team Canada in our engagement strategy with the United States, I can tell you that the first element is always security. We're talking about the Arctic and the north.

The second element is supply chain resilience. That's something you're looking at here. After the COVID-19 pandemic, global supply chains became more regional. An American CEO once told me what he liked about Canada: If things are bad, you can truck goods; if things are really bad, you can haul them in the trunk of your car. The proximity of the two countries is therefore an important factor.

The third element is what I call a North American growth plan. We have the advantage of being next door to one of the largest economies in the world. Today, we are more integrated than ever. Just think of the Albany-Bromont corridor for semiconductors. When we started this discussion, I wanted to draw on what happened between Detroit and Windsor for the auto sector. I thought we could do the same thing between Quebec and Albany for semiconductors. So we have this new corridor.

In the biomanufacturing sector, there is Moderna in Laval, and we are connected to Boston.

Just as there is a Detroit-Windsor corridor in the auto sector, there is also a corridor on the western side in the energy sector.

You talked about supply chain resilience. Today, economic security is national security. Based on our discussions with our American neighbours, they clearly understand the importance of Canada in North America as a whole.

Mr. Simon-Pierre Savard-Tremblay: I know you talk to people in the electrification sector. Many companies are saying that, because of the U.S. Inflation Reduction Act, they're going to have to open a plant in the states if they're going to survive. Not everyone can afford to do that, so we could see companies relocating to the states. Some could be forced to pack up and move to the U.S.

Hon. François-Philippe Champagne: I've heard the criticisms from the Conservative Party about the mining sector. What we've done, on our end, is bring big contract givers such as Volkswagen, Northvolt, Stellantis, Ford and GM here. For instance, EcoPro BM and GM-Posco are building facilities in Bécancour. You can start on either side, but I think the idea is that the presence of contract givers benefits the whole ecosystem.

Bombardier comes to mind. Think back to when Quebec's aerospace cluster was developing, Mr. Savard-Tremblay. Small and medium-sized businesses would have struggled to exist in that ecosystem had there not been Bombardier, followed by Airbus and now Boeing. When you bring the big players here, I believe it helps to build the whole supply chain. Canada's small and medium-sized businesses will be the ones to benefit for generations to come.

● (1235)

Mr. Simon-Pierre Savard-Tremblay: Twelve seconds is all I have, so I don't have time to ask another question.

That said, thank you for mentioning Bombardier, but it has to be allowed to bid on federal contracts.

[English]

The Chair: Mr. Desjarlais, go ahead for six minutes, please.

Mr. Blake Desjarlais: Thank you very much, Madam Chair.

Thank you very much, Minister, for being present with us today. My questions will largely focus on critical mineral supply chain resilience here in Canada, but also on trying to build those inroads.

The Prime Minister has historically made mention to first nations people that the most important relationship he has is that with indigenous peoples. What we see and what we hear from indigenous chiefs in nations across the country is that work related to the critical minerals strategy lacked engagement.

Your office has published documentation related to the fact that you intend to engage with indigenous people on a critical minerals indigenous engagement strategy. Where are you at with that strategy and have you consulted anyone yet?

Hon. François-Philippe Champagne: Yes, I would say that I believe that economic empowerment is part of the reconciliation.

I appeared in front of many first nations, most recently with the Premier of the Northwest Territories, where I think there were 50 people in the room from different parts of the territories, making sure they can participate, as you said, Monsieur Desjarlais, very well in this new economic boom, because you know everyone wants to come to Canada.

I must say that we have presented.... I would say to look at Teck, for example, in British Columbia. They've been working with first nation communities. The mining companies that I talk—

Mr. Blake Desjarlais: What's the strategy? You've committed to a strategy, and that's what indigenous nations want to know.

In order to get predictability and clarity.... I know, Minister, that you know how important that is to economic prosperity for Canada. For indigenous communities, it's all the same. They need predictability. They need to understand the objectives of the government. They need to know where the goalposts are, just like you've established for Stellantis, for example, and for other companies. The way you've incentivized companies to come to Canada—great. That's something that I want to mention is good work, but it's leaving behind indigenous people. These are their words.

To your statement that you've committed to a critical minerals indigenous engagement strategy, what is the strategy? What's the title of the strategy?

Hon. François-Philippe Champagne: I would say, Monsieur Desjarlais, that maybe the people who have talked to me have perhaps a more positive take on that, because I do know that, in respect of a number of these projects, first nation communities have been consulting—

Mr. Blake Desjarlais: What's the strategy?

Hon. François-Philippe Champagne: The strategy is to work alongside indigenous communities every step of the way, but—

Mr. Blake Desjarlais: Is it written down anywhere? Is it on your office desk?

Hon. François-Philippe Champagne: Well, it's even more than that.

Mr. Blake Desjarlais: You've said your office has committed to the critical minerals indigenous engagement strategy.

Hon. François-Philippe Champagne: That is a good thing.

Mr. Blake Desjarlais: Where is it, though?

Hon. François-Philippe Champagne: I'm saying that it's in action.

Mr. Blake Desjarlais: What's "in action"?

Hon. François-Philippe Champagne: I would say to look at the engagement that we have, for example, now with Northvolt and the first nation communities. Look at what's going on with Volkswagen in St. Thomas.

Mr. Blake Desjarlais: These partnership agreements, Minister, with all due respect, are good, but I'm speaking about the framework that you and your officials use in dealing with indigenous peoples when it comes to critical minerals. It's the strategy that you're talking about.

Let's say I'm an indigenous community from northern Alberta, and I'm interested in a project or I'm not interested in a project. You've spoken about what happens to indigenous communities when they are interested in a project. They are good-news stories. However, when an indigenous community isn't in favour of a project, that's when the issue of strategy and your engagement strategy become really important.

As you know, not all that long ago, in the Wet'suwet'en territory, it was the largest situation of the Liberal government being in conflict with indigenous nations. That almost jeopardized the ability for massive investments to take place in Canada.

These are serious issues. If we can't take seriously the actual work of understanding indigenous peoples, their rights and their affiliation, connection and benefit to the land, then we're never going to get to a point where reconciliation takes place. Wouldn't you agree?

Hon. François-Philippe Champagne: I love your passion, and I share it.

My experience with indigenous communities.... Trust me, those who disagree know my number as well. I get calls. People have my phone number.

Mr. Blake Desjarlais: They want to know the framework. They want to know what the principles are. Even if you had one page, I'd be happy to review it.

Hon. François-Philippe Champagne: I appreciate that.

We have put in our process.... For folks who are watching at home—because I know there are many—it is part of our process to consult with indigenous nations when we sign these partnership agreements. I would say in most cases—

• (1240)

Mr. Blake Desjarlais: I understand the partnership agreements.

It's really important for these indigenous nations that I'm working with, who are in relationships, to know what your strategy is. You've committed publicly. I'm looking at your document right here about your commitment to a critical minerals indigenous engagement strategy that will help guide this work. Where is the strategy?

The Chair: Would you please allow the minister to answer the question? I think it would be helpful.

Mr. Blake Desjarlais: Madam Speaker, he's had a lot of time to answer this very easy question.

Hon. François-Philippe Champagne: Really? I think if we look at how long you spoke and how long I spoke, you won, but that's okay.

Mr. Blake Desjarlais: You still have more time now.

Hon. François-Philippe Champagne: I'm happy, and life is a long journey. I'm happy to engage with you after committee as well.

Mr. Blake Desjarlais: Indigenous peoples have waited a long time for this.

Hon. François-Philippe Champagne: Like I said, I hope folks don't get the wrong impression. We are engaging with first nations.

Mr. Desjarlais, the ones I talk to are very happy. Things are happening on the ground. I'm saying that we have taken those who are not satisfied very seriously. We have engaged. The process is working.

Mr. Blake Desjarlais: I have a question for the member.

The Chair: You've given the minister several questions, but you cut him off each time. I believe he's trying to answer.

Mr. Blake Desjarlais: I need your assistance, Chair, as an impartial chair—

The Chair: Yes, sir.

Mr. Blake Desjarlais: —with my very important question that Canadians and indigenous people deserve to have answered. Is there an indigenous engagement strategy?

The Chair: I believe the minister has answered that question, maybe not as directly as you chose to—

Mr. Blake Desjarlais: What did he say? I didn't get the answer.

The Chair: —present it.

Hon. François-Philippe Champagne: It's in our process. Madam Chair, that's why I can't.... I wish I could speak. I appreciate the member is as passionate as I am, and it's okay.

It's embedded in our process. It's beyond a strategy. It's part of the process, like mechanics. It's part of the process. We consult systematically every time, and it's working.

I speak to the Assembly of First Nations. I speak to the Inuit communities where they are. I've been speaking with the Métis nations. I do speak to a lot of people, Mr. Desjarlais. Trust me. They know me.

Mr. Blake Desjarlais: The answer is that there's no strategy. I understand.

Thank you, Madam Chair.

The Chair: Thank you very much.

Hon. François-Philippe Champagne: No, it's part of the process. The strategy is embedded in the process.

I love your passion.

The Chair: Thank you, Minister.

Mr. Martel, go ahead, please, for five minutes.

[*Translation*]

Mr. Richard Martel: Thank you, Madam Chair.

Minister, the government committed to ensuring that all new light-duty vehicles sold in Canada are zero-emission vehicles by 2035. Can you really deliver on that commitment without destroying Canada's auto sector, which is currently struggling to compete globally?

Hon. François-Philippe Champagne: Let me start by saying what a pleasure it is to speak with you, Mr. Martel. You and I share a strong love for your region.

I will say that the commitment is a good thing. I'm paying attention to what's happening around the world with what I call the four D's: decarbonization, digitization, demographics and disruptions. When it comes to decarbonization, your region and you, as an MP, are big winners, Mr. Martel. Look at Rio Tinto. Now the green aluminum being produced in Saguenay is being used to manufacture U.S.-made BMWs. Audi just announced that it was going to use the aluminum as well. I think it's in our best interest, then, to pursue the commitment the government has made. I'm thinking of you and the people in your region. Showing leadership in the area of decarbonization is a win-win.

In fact, the people at Rio Tinto tell me that I talk so much about their green aluminum that their orders are going through the roof. They joke that I need to give them a chance to make it before selling it. That shows you how well things are going. Global buyers are turning to Saguenay for its green aluminum.

There's no doubt that commitments like the one you mentioned support the industry's decarbonization.

Mr. Richard Martel: Minister, the auto sector here could potentially suffer because of that change.

Hon. François-Philippe Champagne: You know how much I respect and like you. I think our decarbonization measure is actually doing the opposite. It's why we've been able to attract investments from Volkswagen, Honda and the like. In Honda's case, we are talking about the biggest investment in the company's 75-year history, and it is choosing to make that investment in Canada. It also creates jobs for the women and men in your region who work in aluminum or steel and those who work for auto industry partners.

Had we not pursued decarbonization, had we not shown leadership in the area, our industry would've paid the price, Mr. Martel. We should be leaders, as far as I'm concerned.

Mr. Richard Martel: Minister, when it comes to Canada's commitment to become a leader in the energy transition, it's critically important to think about the sustainability of resources. I imagine you don't disagree with that.

What do you think of tendering processes in the public or private sector that take into account the lowest bid? They put bidders not required to adhere to high environmental standards like Canada's at an advantage.

• (1245)

Hon. François-Philippe Champagne: I'll tell you my view on tendering processes. For me, value always comes first. There's definitely a difference between value and price. As you mentioned, we need to avoid a race to the bottom.

One of the reasons we introduced the tariffs the committee is currently studying is precisely to protect our steel and aluminum workers. We know we have high labour and environmental standards. I think Quebeckers and Canadians want us not only to buy those products, but also to ensure that they are made in countries with high standards like ours. That is why people in your region, in Saguenay, have had access to quality jobs for generations. Ultimately, that's what we want to prioritize.

Mr. Richard Martel: Practically speaking, we don't have a national supply chain for electric vehicles yet. Why isn't there a genuine plan to develop our resources and reduce our reliance on Chinese imports?

Hon. François-Philippe Champagne: Keep in mind that the transition to electric vehicles follows a century of doing things the same way—making vehicles with gasoline engines. I think we're doing pretty well. Bloomberg ranks us above China on the battery supply chain. That's a good thing, and it was even before I gave the outlet an interview, imagine.

We've also attracted people in copper foil manufacturing, and cathode and anode production. They talk about Bécancour in Tokyo and Seoul now. We've brought Quebec into the auto industry. Mr. Martel, I'm sure that in your heart and soul, you are a proud Quebecker, just as I am. This is a major advancement. When was the last time Quebec entered a 21st industry like this one? It probably goes back to the aerospace sector.

All the better. It creates jobs not only for the people in your region, but also for the people in the steel sector in Ontario. Michelin's investment in Nova Scotia comes to mind, as do the battery investments in British Columbia.

We should celebrate the fact that Canada is positioned as a global leader in the electric vehicle sector.

Mr. Richard Martel: Minister, we still don't have a supply chain—

[*English*]

The Chair: You have six seconds remaining, Mr. Martel.

Mr. Richard Martel: How many? Was it six?

Forget it.

[*Translation*]

Thank you, Minister.

[*English*]

The Chair: Okay. I'm sorry about that.

Mr. Badawey, you have five minutes.

Mr. Vance Badawey: Thank you, Madam Chair.

Minister, as you know, Niagara is now an internationally recognized strategic trade corridor. Throughout this country, we recog-

nize that trade corridors must further evolve as well as remain competitive and resilient, like Niagara has throughout the last few years. We have pivoted to attract that new economy and built resiliency by building on our strengths, including a multimodal network with the Welland Canal, which is part of the St. Lawrence Seaway, as well as rail, road and air.

I would like for you to speak a bit about the manufacturing sector and how critical it is for both domestic and international trade. How does it rely on efficient, sustainable and future-proofed supply chains?

With that, specific to innovation and technology, which is where you are every day, what role do innovation, particularly digital infrastructure, advanced technologies and the other capacities needed within supply chains to evolve and be resilient play in modernizing our supply chains and ensuring that they are adaptive to future challenges?

Hon. François-Philippe Champagne: First of all, I have to say, for the record and for those watching, that the rebirth of the region is largely thanks to you, Mr. Badawey. As a mayor and in your time as a community leader, you've been making sure that the region shines. We see it as a rebirth, and it's thanks to you, speaking of the Welland Canal, and your role as one of the St. Lawrence mayors and what you've been doing with our U.S. friends. I remember being with you and the mayor of Chicago. People praise you all over. For all the people at home, you've been a catalyst for that.

I want to thank you, because this is not just me. This is us as parliamentarians, and there's a big role for parliamentarians to foster these relationships. You've been an example of that, and I commend you on behalf of all of us here.

You're right. Innovation is going to be a big part of that if we want to remain at the forefront. It goes back to the question from your colleague about the battery ecosystem and reshoring. The reason the supply chain is so key is that we've seen a reshoring of key industries on the continent, including friendshoring and nearshoring.

We've been great beneficiaries of that trend. We've seen investments coming, but you're right that we need to make sure we have these trade corridors well established and well maintained, because they are key to supply chain resilience. When I go to the United States, as I've said before, security always comes immediately after supply chain resiliency. Post-COVID, people see this as a key competitive advantage and even a national security issue, so the work you've been doing is tremendous.

You talked about innovation. Let me tell you that we've been talking a lot in this country about productivity and prosperity. Artificial intelligence will be the holy grail for increasing our productivity and prosperity. That's why we have the first national strategies on AI and quantum technologies. We need to work together. That might be something for the committee.

I said that at the INDU committee as well, Madam Chair. How do we foster adoption among small and medium-sized businesses? There's untapped potential there, and we need to make sure small and medium-sized businesses will seize it. When they see the power of, for example, using the data, putting AI in their systems, and robotics and automation, in all of the investments we've seen, there will be a lot of opportunity for small and medium-sized businesses.

In closing, what you've done, Mr. Badawey, is exactly what we need to do in every region of the country. We need to make sure the region is front and centre. We have big announcements to make together shortly.

I'll save that, Madam Chair, because if I say everything today, you might not invite me back. I'll save that for a future meeting. We'll have big announcements that will show the work we've done.

• (1250)

The Chair: You have 30 seconds remaining.

Mr. Vance Badawey: Thank you, Minister.

Finally, I want to go back to the investments in infrastructure. We recognize, especially binationally, that we've committed significant funds to modernizing our key logistics and our logistics hubs with respect to the infrastructure investments we've been making in roads, bridges and railways that support cross-border trade.

How important is it to you to continue on, for example, with the NTCF funding and funding arrangements like that to keep those trade corridors resilient?

The Chair: You have three seconds.

Some hon. members: Oh, oh!

Hon. François-Philippe Champagne: I believe in upgrading our trade corridors, Madam Chair.

The Chair: That's wonderful.

It's very difficult. I want to make sure everybody gets their time.

We'll go to Mr. Savard-Tremblay next, please.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Yes, Madam Chair, it is difficult when a member has only a few seconds left.

Minister, we talked about the Canada-U.S.-Mexico agreement briefly. Specifically, we talked about the electrification of transportation and that whole sector. Is there anything else you'd like to say about that?

On a practical level, what are you planning to ask or fight for on that front?

Hon. François-Philippe Champagne: The big thing that we were able to achieve together was bringing Quebec into the auto industry. I encourage members to go visit the new GM-Posco plant in

Bécancour, which is almost done. Volta also comes to mind. It announced that it would be investing hundreds of millions of dollars in a new facility in Granby.

Given your perspective, I think it's really positive to see that Quebec has entered the auto industry in a big way. We've attracted investors to Canada, yes, but we've been able to encourage investments not just in Quebec and Ontario, but also in such places as Nova Scotia and British Columbia. The supply chain is fairly big. It includes critical minerals. Alberta comes to mind, but they're found all over the country. The fact that Quebec now has its place in the auto sector is good news, in my view.

Mr. Simon-Pierre Savard-Tremblay: Absolutely.

Let's get back to the additional tariffs on electric vehicles imported from China. It's clear that the government announced the surtax, but I'm not sure whether it's in place yet. It was a questionable move for the government to announce the surtax even before the Americans put a similar surtax in place. It could have hurt Canada, but luckily, the U.S. followed with a similar announcement. We found out that the American embassy was putting pressure on Canada. Nevertheless, had the U.S. not announced a similar measure in turn, had North America not taken more or less a bloc stance on the surtax, it could have been quite a problem for Canada.

We spoke with Richard Ouellet, a full professor in international economic law at Université Laval. He worried that China would retaliate by restricting access to critical minerals, which are essential to make telephones and vehicles. That was in September. We'll have to see where things stand now. Do you currently share that concern?

• (1255)

Hon. François-Philippe Champagne: I think you painted an accurate picture of the situation. We have to stand up for our industry and our workers, and that's what we did. The U.S. and Mexico took measures. With Canada being part of the North American economic region and having always protected that economic space, it was clearly in Canada's interest to impose the tariffs.

We are keeping a close eye on things, as you mentioned. Nevertheless, the fact that we've been able to increase the number of companies in Canada with the capacity to refine the critical minerals we need is a good thing. Think of Nemaska Lithium in our neck of the woods, or Nouveau Monde Graphite. Recently, Rio Tinto has also been talking about making some major investments. As I always say, volume and speed are what we need. I think this is going to help Canada's auto sector.

[English]

The Chair: Mr. Desjarlais, please go ahead for two and a half minutes.

Mr. Blake Desjarlais: Thank you very much, Madam Chair.

Thank you very much again, Minister, for being present for these very important questions.

I'll reframe again how important this is, this project you've undertaken, which is an incredible ambition that Canada is attempting—to increase its supply chain resilience across the globe, but particularly domestically, in the production of critical minerals. We have to do everything possible to prevent the mistakes of the past. Indigenous people are still reeling, including from this government. There has been billions of dollars in payout settlements for breaches of trust—basic breaches of trust—to the very important constitutional right of indigenous people, which is to free, prior and informed consent.

Quite frankly, Minister, if I'm an indigenous community.... There are 600 of them across the country that are within 100 kilometres of sites that have critical minerals. Indigenous people's land is very wealthy. Our country is very wealthy. However, if we continue to ignore indigenous people, that could put into serious jeopardy the likelihood or the success of these projects.

Could you walk me through what the consultation process is for an indigenous community when having to deal with your government in relation to a project that they may say no to?

Hon. François-Philippe Champagne: Thank you for asking. You're quite right. I agree that there is enormous wealth in a number of indigenous nations' territories.

For the proponents I speak to, they all recognize that the way to do projects today is to work with first nations and indigenous communities across the nation. They all understand that. Those are some of the best projects. Those that take the commitment seriously and engage and have a sharing of benefits arrangement in place succeed. The work that we've done, and your work as well, has really created this awareness. People who come here understand that they need to do that. I have many examples where I talk to CEOs, and they understand that and welcome that. They not only understand it, but also welcome it because that's where the workforce is as well.

The days when you needed people to fly in and fly out.... If people can engage the community and can create opportunity and possibilities for the young people there, that's what they want. We've changed the paradigm, from my perspective, I would say, Mr. Desjarlais, and people welcome that because they realize that this is the way to do it in this new way of doing things. It's a better way of doing it, and people want to engage with first nation communities. That's the feedback I get.

Obviously, if there are areas where you feel there is a lack of engagement, bring it to my attention. We'll certainly make sure that we engage with you to find solutions, definitely.

The Chair: Thank you very much.

I'm trying to complete this round with Mr. Williams for three minutes and then Mr. Badawey for three minutes.

Mr. Ryan Williams: Thank you, Madam Chair.

Minister, thank you, sir.

We have a mandate in Canada for EV production in 2035. Is that something that you still agree with and that you're pushing for?

Hon. François-Philippe Champagne: I would put it the other way. If we didn't have a mandate, I'm not sure we would have attracted these generational investments because they see what's happening in Europe. They've seen what's happened in Canada. That's how we've been able to land some of these large investments. They realize that Canada is serious when it comes to the transition towards EV vehicles.

Mr. Ryan Williams: I don't know if you saw the article—I know you met with him before—but the BMW CEO, Oliver Zipse, made it clear last week that they need the mandate extended in Europe, that it's not sustainable. He's saying that right now it's unrealistic and that to have that mandate could harm the industry.

Are you hearing that from the CEOs here in Canada?

Hon. François-Philippe Champagne: Listen, there have been different.... I've read the article, by the way, and there have been different representations. I would think that Canada.... Because of the type of investments we have attracted, the fact that critical minerals are here and the fact that we have a number of projects that are going to provide speed and scale, I think the concerns that you hear in North America—or at least in Canada—are slightly different from what you may hear in Europe.

I would say that our supply chain—and I'll finish there—is probably more complete when it comes to EVs than what you find in other jurisdictions. I mean, the article in Bloomberg was saying that we're ahead of China when it comes to the supply chain for EV vehicles for the next 30 years.

• (1300)

Mr. Ryan Williams: You mentioned your four Ds, and one is diversification. Are we not creating a narrow corridor for those companies? I mean, they can look at hybrid hydrogen. They can allow the free market to allow those vehicles to be sold, whatever consumers want.

Isn't it better to remove those mandates and ensure that we free up the critical minerals, make sure that the supply chains are more resilient and make sure that we're working with our allies instead of relying on China to ensure that we protect those 500,000 jobs in the auto sector?

Hon. François-Philippe Champagne: The last D is disruption, just to be clear. The others are decarbonization, digitization and demography.

Mr. Ryan Williams: I know. I'm only picking one, but diversification—

Hon. François-Philippe Champagne: That's okay. You can add one.

I think—to your point—that we see the transition. Like I said, when you've been doing the same thing for 100 years and you change the technology in the way that we're doing, you have short-term adjustments. I keep saying that Tesla took 17 years to be profitable. However, I think there's no doubt that people would say that electrification is there. Now, the speed at which we're going to achieve that....

That's why you see these generational investments that we've seen also in critical minerals. I'll refer back to the Rio Tinto investment, which is, I think, the largest one since it bought Alcan. You see big mining companies and big players that realize that they need to get in to make sure that we have the supply so that we're not reliant, as you said, on China.

Is there a short-term adjustment? There definitely is, but what I hear is that people are quite happy. That's why they came to Canada. Proximity to the resources market and assembly line is critical. You have critical minerals in other places, but—

Mr. Ryan Williams: My last question on that—

The Chair: I'm sorry. Your time is up.

Mr. Miao, you have three minutes.

Mr. Wilson Miao: Thank you, Madam Chair.

Minister, would you agree that, with all the federal investment initiatives happening right now, Canada is well positioned to become the leader in the EV sector for years to come?

Hon. François-Philippe Champagne: I would totally agree. I am very bullish, and I think that what we've done is put Canada on a path for prosperity that is historic.

Mr. Wilson Miao: What type of work is the government doing to increase the EV manufacturing level to meet the demands? Also, what kinds of actions are being taken to ensure that EV sales in Canada are affordable for Canadians?

Hon. François-Philippe Champagne: First of all, I want to thank you and all the members of the committee, Mrs. Fortier, Mr. Sheehan, Mr. Sidhu. I mean, obviously, I'm answering the question today, but this is a whole-of-Canada effort. What we did, Madam Chair, was kind of put our focus and determination towards attract-

ing these investments. I mean, we went out of our way to contact these companies and attract them to Canada, and now we're seeing the benefits. Workers see the benefits because, you know, now you're putting Canada on a path for prosperity in the auto sector for generations to come.

Again, people ask why we did that, and it's because we had the momentum. You know, these investments were coming to North America. Either you seize them or you lose them; it's that simple. As we know, this is a completely new industry, and now what we need to do with you and members of the committee is make sure that we build the whole supply chain as much as we can in Canada and in North America to make sure that we capture as much of that value as possible. You know, 40% of the value of an electric vehicle is the battery. That's why we put a lot of emphasis on making sure we have all the critical elements to build the batteries to make sure that we capture as much of that value here in Canada as possible.

Again, I want to say that the best way to win is always to praise our workers because, at the end of the day.... I remember my discussions with the CEOs. I always ask them, "Where are your best performing plants?" As a good lawyer, Madam Chair, I always have the answer, so I know that they'll say "in Canada". Well, I tell them that's a good start, because if their best performing plant is in Canada, we should build upon that. That's where, then, you talk about renewable energy, critical minerals, access to markets, ecosystems and stability. That's what we've achieved.

I just hope that Canadians at home are rejoicing. We have achieved something great for our country. When was the last time we built an industry that would bring prosperity across the nation for generations to come? We should be celebrating these workers who have made us succeed and compete in the 21st century.

The Chair: You have 19 seconds remaining, sir.

Mr. Wilson Miao: I'll have to thank you, Minister Champagne, for all the work you're doing for Canadians.

That's all. Thank you.

The Chair: Thank you, Minister, very much—and your officials—for being here. I think we may have to invite you back soon because it seems like we have a never-ending abundance of questions. Thank you very much.

The meeting is adjourned.

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