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• (1545)

[English]

The Chair (Mr. Ali Ehsassi (Willowdale, Lib.)): Welcome to meeting number 31 of the Standing Committee on Foreign Affairs and International Development.

Today's meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022. Members are attending in person in the room and remotely using the Zoom application.

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

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike, and please mute yourself when you are not speaking.

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

As a reminder, all comments should be addressed through the chair.

Pursuant to Standing Order 108(2) and the motions adopted by the committee on Friday, July 15, 2022, and Wednesday, September 21, 2022, the committee has resumed its study of the export of Russian Gazprom turbines.

It is now my pleasure to welcome the witness from Siemens Energy Canada Limited. We have with us Mr. Wohlschlegel, the managing director.

Welcome, sir. You have five minutes for your opening remarks, and then we will go to questions from the members.

Hon. Michael Chong (Wellington—Halton Hills, CPC): Mr. Chair, on a very short point of order, I'd like to express my disappointment with the late cancellation of the Canadian Gas Association to this meeting. My understanding is that they gave notification to you, Mr. Chair, of cancelling their appearance late Friday afternoon. I'm very disappointed that they did so at such a late date after we had spent a lot of time organizing this meeting. I'm hoping, Mr. Chair, that you can convey that disappointment, at least for me and perhaps other members of this committee. I think it's a sign of disrespect for a parliamentary committee and for the 11 members on this committee who were waiting to hear their testimony.

Thank you, Mr. Chair.

The Chair: I think all members share in that disappointment. Is that correct?

Some hon. members: Agreed.

The Chair: Absolutely. We will make it known, Mr. Chong. Thank you.

Mr. Wohlschlegel, the floor is yours. You have five minutes. Approximately a minute before your five minutes are up, I will provide you with a signal so we can ensure that you don't go over time. After your five minutes, we will then open it up to questions from the members.

Please proceed. The floor is yours.

Mr. Arne Wohlschlegel (Managing Director, Siemens Energy Canada Limited): Thank you, Chair, and thank you to the committee for the opportunity to share the perspective of Siemens Energy Canada on this study.

Our parent company, Siemens Energy, is a global leader in energy technology, with locations in over 90 countries. Here in Canada, we service the entire energy value chain, from power generation and transmission to fully integrated systems for industry. The Canadian portfolio includes conventional and renewable energy technology, such as gas and steam turbines, power generators, transformers and wind power technology. We are also thinking forward to Canada's net-zero commitments, working with our clients on decarbonizing parts of the economy. Our company has a 100-year legacy in Canada and is dedicated to keeping the lights on across the country. We are also active in the emerging Canadian LNG sector.

One of the service lines operated by Siemens Energy Canada is maintenance of specialized critical infrastructure for pipelines, known as aeroderivative gas turbines, or AGTs. Turbine owners typically have long-term programs to maintain the safe operation of the unit. Companies operating pipelines around the world ship these turbines to the state-of-the-art Siemens Energy Canada AGT facility in Montreal. It's the only service shop in the world that works on these specialized parts.

In February 2022, Siemens Energy was in the middle of performing maintenance activities on a turbine owned by Gazprom. When Russia began its illegal war in Ukraine, the Government of Canada announced sanctions in response to these actions, including against Gazprom. Siemens Energy Canada immediately ceased all work on the turbine, froze the movement of the turbine, stored it at our facility, and informed the RCMP, as required.

Siemens Energy opposes Russia's unfounded military aggression in Ukraine. We support the position of the coalition of governments working to end Russia's war, including through sanctions. We abide by all sanctions imposed against Russia and have refused all new business in the Russian Federation.

In May the Government of Germany notified Siemens Energy headquarters that Gazprom was insisting that the continued sanctioning of the return of the AGT would prevent the continued operation of the pipeline this fall. At that time, the Government of Germany advised that non-functionality of the pipeline threatened a failure of energy security in Europe. It was this extraordinary humanitarian circumstance that led us to alert Global Affairs Canada, and this circumstance alone that led us to the filing of an application regarding potential return of the turbine.

We recognized the seriousness of the situation. These were unprecedented global events, but in the end, we are engineers, not diplomats. We are not in a position to balance the geopolitical situation between the Canadian sanctions regime and the energy security of Europe. Siemens Energy Canada is a good corporate citizen. We recognized that we were not the appropriate party to balance the extraordinary geopolitical issues at stake. We were in effect the service shop holding the impounded parts.

Since the practical question was whether Siemens Energy Canada should ship out the AGT, we filed an application to the government pursuant to the sanctions rules, so that the officials could take that decision.

On July 9, 2022, Global Affairs issued a permit pursuant to the Special Economic Measures (Russia) Permit Authorization Order made under the Special Economic Measures Act. Shortly after the permit was issued, we began the authorized process for the return of the AGT to Germany. The turbine was returned to Germany in July 2022, and it remains there today.

Our role throughout was to provide information to the Government of Canada. We were not involved in the Government of Canada's discussion with the Government of Germany, the assessment of Russian strategic intentions, or any decision-making process. These were not our decisions to make. Strict adherence to our regulatory obligations is a cornerstone of our company. At all times, we operated in accordance with the sanctions regime.

• (1550)

Thank you for this opportunity. Siemens Energy Canada remains eager to work with Canadian industry on energy projects from coast to coast.

I'm available for your questions. Thank you.

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

We will now open it to the members for questions.

I understand that, Mr. Chong, you are first.

Hon. Michael Chong: Thank you, Mr. Wohlschlegel, for coming to our meeting today.

The turbine that had been under maintenance in Montreal was delivered to Germany in July of this past summer, but Gazprom has refused to take possession of it. Furthermore, last month, Nord Stream 1 was shut down.

My question is, considering these events, does your company take any position about whether the permit to export these turbines should be maintained?

Mr. Arne Wohlschlegel: Feel free to address me by my first name, Arne. I know that my last name is a little complicated.

To answer your question, I do not think this was our decision to make. We informed the government about this new political situation at stake that we couldn't balance, and we really filed the permit only to get guidance from Global Affairs.

Hon. Michael Chong: You filed the permit at the direction of the German government? Is that what you're telling us? Or you filed the permit...?

Mr. Arne Wohlschlegel: We filed the permit at the direction of the German....

Let me go back.

When sanctions were put in place in March, we immediately stopped all the work on the turbine. It was only months later, about May, when the German government instructed Siemens Energy headquarters and the Canadian government that an energy crisis was unfolding—that was public news—that we started filing for a permit to export the AGT to the customer.

Hon. Michael Chong: Is it your view that the permit is still required, seeing as Nord Stream 1 is shut down and seeing as Gazprom has refused to take possession of the turbine?

Mr. Arne Wohlschlegel: This is not for me to decide.

Hon. Michael Chong: Okay.

With what entity does Siemens Canada have a contractual relationship for the turbine? Which entity of Gazprom is it? Can you tell us that?

Mr. Arne Wohlschlegel: The contract with the customer is through our affiliate in the U.K., Siemens Energy U.K. We are in the situation that we subsupply to Siemens in the U.K., to the—

Hon. Michael Chong: Okay.

Who is Siemens U.K. under contract with?

• (1555)

Mr. Arne Wohlschlegel: It's with a subsidiary of Gazprom.

Hon. Michael Chong: Okay. Thank you.

Are there any penalties in the maintenance contract, either between Gazprom and the Siemens subsidiary in the U.K. or in the contract with the Canadian subsidiary?

Mr. Arne Wohlschlegel: I can't comment on the penalties that are laid out in the long-term program maintenance contract.

Hon. Michael Chong: Some people have suggested that while this was going on last summer, the turbines didn't really need to be maintained and there was enough capacity and enough life left in the existing turbines in the Nord Stream pipeline to continue operations.

What is your company's view of those suggestions?

Mr. Arne Wohlschlegel: We built these turbines, these energy technology products. I'm not sure if you're familiar with the technicalities of the turbine. It's basically rotating equipment that is similar to an aircraft engine. These turbines have to undergo scheduled maintenance in order to continue operation. We differentiate between scheduled and unscheduled maintenance. Scheduled maintenance can occur, let's say, every 25,000 hours of operation. That means about three to four years if you consider that a pipeline compressor would operate 8,000 hours a year, let's say every hour of the day.

Again, the maintenance can occur only at our Siemens AGT Montreal facility.

Hon. Michael Chong: Were the turbines on the existing Nord Stream pipeline beyond those hours?

Mr. Arne Wohlschlegel: They were scheduled to be around those hours, every—

Hon. Michael Chong: This is the last question that I have for you: What's your understanding of the relationship between Gazprom and the Kremlin? In other words, what is the relationship between Gazprom and the Russian government? Obviously, the relationship that Siemens has with the German government isn't the same kind of relationship as Gazprom has with the Russian government, with the Kremlin. What is your company's understanding of that relationship?

Mr. Arne Wohlschlegel: Well, I don't want to comment on the relationship the government has with Gazprom, but for us, it's a sanctioned party. It means we had to stop all the work we were doing with the asset we had in our shop at the time, and then we actually started filing for the permits so we could get the proper guidance from Global Affairs Canada.

Hon. Michael Chong: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Chong.

We next go to Ms. Bendayan.

[*Translation*]

Ms. Rachel Bendayan (Outremont, Lib.): Thank you, Mr. Chair.

I'd also like to thank the witnesses.

I'd like to begin by saying that I'm particularly proud of the experts at Siemens Energy Canada, which has facilities in Montreal. I know that Ms. Damoff, who represents Oakville North—Burlington, is also proud of those in her riding.

[*English*]

I see that we have some technical difficulties on the translation. I believe you're probably more comfortable in English, sir, so I'll ask you a few questions in English today.

I'll begin with a comment you made in your introduction, which I found very interesting. It was that your role was to provide information to the government, not political advice. I'd like to use the time with you here today to seek some more technical information. I understand that you're an engineer as well.

On September 26, there were explosions in the Nord Stream 1 and Nord Stream 2 pipelines. I understand that Nord Stream 1 was completely disabled by the explosion. Can you give us a sense of what the damage was to Nord Stream 1 versus Nord Stream 2?

[*Translation*]

Mr. Arne Wohlschlegel: Thank you for your question.

[*English*]

I prefer to do this in English. You are correct.

I cannot comment on any damage that was done to any pipelines, whether Nord Stream 1 or Nord Stream 2.

Ms. Rachel Bendayan: Perhaps I might ask, then, sir, if the turbine would be useful at this point for Nord Stream 1, given the current circumstances and the fact that damage was caused to that pipeline to the point that I understand it's unusable.

• (1600)

Mr. Arne Wohlschlegel: As long as the pipeline is not operable, the gas turbines would not provide any use.

Ms. Rachel Bendayan: The turbines in question were meant for which pipeline, Nord Stream 1 or Nord Stream 2?

Mr. Arne Wohlschlegel: Nord Stream 1.

Ms. Rachel Bendayan: As a result, would they be useful elsewhere, or are turbines made specifically for a specific pipeline?

Mr. Arne Wohlschlegel: For the air derivative gas turbines, we use them for various purposes.

Power generation is one of them. Industrial applications is another, and when I talk about industrial applications, a gas turbine is basically used as a mechanical driver for compressors, and those compressors can be utilized in compression stations in pipelines to forward natural gas, for instance. It could also be utilized in LNG facilities, where you have a process of refrigerating natural gas, and that also involves compressors.

We're distinguishing between mechanical drive applications and applications where the gas turbine is coupled to a generator. It is not easy to repurpose one asset from a pipeline operation, let's say, to a power generation application, because of technicalities of software. There are modifications that are required to the asset to make that happen, and we're talking about really highly complex technical energy engineering assets.

This whole aircraft engine.... As you know, it's a high-technology piece. It has sophisticated materials. It spins at high rpms—up to 9,000 rpms—and is precise up to thousandths of a millimetre. One engine alone, if attached to a generator, could produce electricity for about 100,000 homes, just to give you an idea. It's highly complex, and it's not easy to take a unit from one application and put it into another one.

Ms. Rachel Bendayan: I understand, and thank you for getting into some of that complexity.

What I'm trying to understand, then, is this. If Nord Stream 1 was punctured to the extent that has been reported—and I believe we've all seen the public reports regarding the extent of the damage to Nord Stream 1—can you let us know what the use is of this particular turbine at this point?

Mr. Arne Wohlschlegel: At this point, if a pipeline is not functional, then a compression station cannot operate. I cannot speculate about the future.

Ms. Rachel Bendayan: I understand. Where is the turbine now?

Mr. Arne Wohlschlegel: It's still in Germany.

Ms. Rachel Bendayan: What is it doing in Germany?

Mr. Arne Wohlschlegel: The turbine is sitting there, basically.

Ms. Rachel Bendayan: It is not being used, and it is not useful, if I understand correctly.

Mr. Arne Wohlschlegel: It's not being used.

Ms. Rachel Bendayan: Thank you very much.

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

We next go to Mr. Lemire.

[Translation]

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chair.

I'd also like to thank you for your welcome.

In this study, the question that remains is how far Russia will go to test the resolve of Europe and its NATO allies. As my colleague Stéphane Bergeron pointed out at the last meeting, we expected more support for Ukraine if this waiver were granted.

Given that Canada is clearly not in a position to supply natural gas to Europe in time for winter, and that turbine repairs won't force

Gazprom to send enough gas to Europe this winter, what role does Canada play in, or should be playing, to support Ukraine and Europe and allow them to move forward?

[English]

Mr. Arne Wohlschlegel: We are an energy technology company. We are involved in the operations at AGT. We maintain the turbines. We cannot speculate on what alternative energy solutions need to be put in place to support Europe through the winter.

[Translation]

Mr. Sébastien Lemire: Do you consider Gazprom to be a reliable business partner?

[English]

Mr. Arne Wohlschlegel: I cannot comment on that question.

• (1605)

[Translation]

Mr. Sébastien Lemire: Were you paid to do the repairs, even though the turbines aren't being used?

[English]

Mr. Arne Wohlschlegel: Could you repeat that question?

[Translation]

Mr. Sébastien Lemire: Were you paid to do the repairs, even though Gazprom isn't using the turbines?

[English]

Mr. Arne Wohlschlegel: We continued the work on the gas turbine only after we received permission from Global Affairs Canada. Like I said in my opening statement, we could not balance the geopolitical issues at stake.

[Translation]

Mr. Sébastien Lemire: Is your contract a pre-arranged contract where you had to do the repairs for several years, or did you have a contract to do the work you were paid for?

[English]

Mr. Arne Wohlschlegel: Thank you for your question.

Particularly for pipeline compression stations, as we require maintenance every three to four years, as I mentioned earlier, we typically engage in long-term maintenance contracts. For this project, a long-term maintenance contract was signed in 2012. This was by an entity called Dresser-Rand, which utilized Rolls-Royce engines.

Just for background, Siemens purchased Rolls-Royce back in 2014, and there was another acquisition of Dresser-Rand in 2017. Those repair orders were part of a long-term maintenance contract that was signed in 2012.

[Translation]

Mr. Sébastien Lemire: Okay.

According to the Lobbyists Registry, you met with the government several times over the summer.

In the interest of understanding the context in which these meetings were held, can you give us more details on the issues you discussed with the government? Did you have any concerns about anything other than repairing the turbines?

[English]

Mr. Arne Wohlschlegel: We had registered some meetings. There was a meeting that took place in April. That was an energy round table that was hosted by the German ambassador. There were guests from the German government present. We talked about LNG, hydrogen and critical minerals. As an energy technology company, we often get invited to these round tables, so we participated, and we registered it because we had members of the Canadian government present.

[Translation]

Mr. Sébastien Lemire: Why is it that the only facility in the world that can maintain these turbines is the one in Montreal? Couldn't any other country offer this service, not even Germany or Russia?

[English]

Mr. Arne Wohlschlegel: This particular type of gas turbine, the A65, can be repaired only at AGT Montreal. There is another aeroderivative type of engine that's called the A35. It's a smaller one. It's not applicable. It's not useful for this application, but it's a type of turbine that could be repaired in other locations.

Germany also has turbine manufacturing centres, but it has a different type of turbine technology. It really derived from...

As I mentioned earlier, it was an acquisition of Rolls-Royce at the time. It's very highly specialized. We're talking about tooling test centres. Every turbine needs to be tested after maintenance is completed. It's the skill set of the people. The people in Montreal are highly skilled, and they're working on this equipment. There's no other facility. We don't have any other facility in the world that could do this type of work.

[Translation]

Mr. Sébastien Lemire: Has the Government of Canada contacted you about a possible reinstatement of sanctions?

[English]

Mr. Arne Wohlschlegel: I'm sorry. I don't understand the question.

The Chair: Your time is up.

[Translation]

Mr. Sébastien Lemire: It's an interpretation issue.

[English]

He didn't answer the question.

The Chair: Fair enough. Yes. Keep it brief.

[Translation]

Mr. Sébastien Lemire: Has the Government of Canada contacted you about a possible reinstatement of sanctions? Did it tell you that previous sanctions against Russia could be reinstated?

• (1610)

[English]

Mr. Arne Wohlschlegel: No, it has not.

[Translation]

Mr. Sébastien Lemire: Thank you.

[English]

The Chair: Thank you.

Next we'll go to Ms. McPherson. You have six minutes.

Ms. Heather McPherson (Edmonton Strathcona, NDP): Thank you, Mr. Chair.

Thank you very much for being here today and answering our questions. I know it's sometimes not very easy to be a witness, especially a sole witness, at committee.

The big question I have right now is this. In July, when we found out about the waiving of the sanctions, we were all very concerned. We worried about what that meant to Canada's sanctions regime, and how the world and Russia would look at us waiving and weakening our sanctions regime.

Since then, from my perspective, it's become very clear that Russia has no intention of using this turbine and that, in fact, the weaponization of energy is part of Putin's plan for this illegal war.

What I'm curious about and what I can't quite understand is why the sanctions and the waiver haven't been cancelled. Do you have any idea? Have you had any conversations with government? Have there been any conversations about why that has not happened yet?

Mr. Arne Wohlschlegel: It goes back to what I said earlier. This is not our decision to make. We're really looking at governments to instruct us.

Ms. Heather McPherson: At this point, as a representative for Siemens, can you see any point in the sanctions still being in place?

Are you still working on the remaining five turbines? Are you still doing those repairs? Are you still planning on sending them back?

Mr. Arne Wohlschlegel: We are not working on any remaining turbines and there is no intention from the customer, I understand, that it would take place.

Ms. Heather McPherson: The other question I have for you is this. You talked a bit about meetings you had with government officials earlier on. I want to make sure I'm very clear on that.

Did Siemens Canada lobby Minister Joly, her office or her staff, or any other cabinet member or their respective staff, in order to push for the granting of this waiver?

Mr. Arne Wohlschlegel: No, we did not. We did not lobby.

Ms. Heather McPherson: Did you use a lobbying firm at all for that?

Mr. Arne Wohlschlegel: We also did not use a lobbying firm.

Ms. Heather McPherson: Thank you.

Right now, we're in a situation where we have a product that's not being used and that was repaired, to the detriment of our sanctions regime. It's not being used. Russia has now said it will not take that turbine. The Russians have made it very clear that they will not.

From your perspective, as a representative of Siemens, do you still believe the waiver was the right decision?

Mr. Arne Wohlschlegel: I want to go back to what I said earlier. It is not our decision. We cannot speculate on the future. We produce energy technology. We build products that provide electricity to people. It is not our decision to comment on. It's not up to us.

Ms. Heather McPherson: I'm trying to get around that difficulty.

Would there be any detriment to the Siemens company if those remaining five turbines were not, in fact, returned?

Mr. Arne Wohlschlegel: Compared to our annual revenue that we make at Siemens Energy Canada Limited, we're talking about a fraction of a per cent. It's not about money here.

Ms. Heather McPherson: For Siemens, what you would lose is a fraction of a per cent if you were not able to meet those contractual obligations that you had with Gazprom. Is that correct?

Mr. Arne Wohlschlegel: That's correct. It was the energy security topic that led us to alert the government and to file for this application so that politicians and the government could take that decision.

Ms. Heather McPherson: Have there been any decisions made with Siemens, Siemens U.K. and all the other arms to stop working with Gazprom? Has there been any discussion about ceasing that relationship completely?

Mr. Arne Wohlschlegel: Like I said, the turbine is not going anywhere. It's still sitting in Germany. The contract is technically on hold.

• (1615)

Ms. Heather McPherson: Is there any move to cancel the contract? "On hold" means it's ready to be started up again at the whim of Putin, one would think.

Mr. Arne Wohlschlegel: I'd like to add—it goes back to what I mentioned in my opening statement—that in August we announced an exit from all businesses in the Russian Federation. I think, as of yesterday, you could see in the news that we have ended a joint venture, for instance, that we still had with a Russian company around turbine maintenance. We continue to make progress there and exit our operations from Russia.

Ms. Heather McPherson: You have not cancelled the contract with Gazprom.

Mr. Arne Wohlschlegel: That's correct. The contract is still active.

Ms. Heather McPherson: Thank you.

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

Now we go to the second round of questions.

Mr. Hoback, you have five minutes, sir.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

I want to thank the witness. It's always awkward to be here by yourself with lots of questions.

I'm new to the committee, so I'm just trying to figure it out.

The location of this turbine is Germany right now. When it's functioning and operating, would it be located in Russia, or would it be...?

Mr. Arne Wohlschlegel: That's correct. The final location would be a compression station in Russia.

Mr. Randy Hoback: Then why would you ship it to Germany? Why wouldn't you just ship it straight to Russia?

Mr. Arne Wohlschlegel: We followed the instructions that were given under the permit application.

Mr. Randy Hoback: Would it be the German government's request that you ship it to Germany, or would that be the Canadian government asking that you ship only to Germany?

Mr. Arne Wohlschlegel: We received the permit application from Global Affairs Canada. It's our understanding that it was the instruction from the Canadian government.

Mr. Randy Hoback: It was to go to Germany.

It's not fair to ask you, but one would assume that it would have been the German government instructing the Canadian government to ship it to Germany and not....

Mr. Arne Wohlschlegel: I can only speculate.

Mr. Randy Hoback: That's fair enough.

Give me a rough value of what these turbines are worth. What's the dollar value? Is it millions or hundreds of millions?

Mr. Arne Wohlschlegel: It's millions.

Mr. Randy Hoback: In the tens or twenties?

Mr. Arne Wohlschlegel: Yes.

Mr. Randy Hoback: Do you use EDC financing for any of this stuff, or EDC insurance for any of your shipments overseas?

Mr. Arne Wohlschlegel: For Siemens Energy Canada, no.

Mr. Randy Hoback: How about out of the U.K.?

Mr. Arne Wohlschlegel: I really have no full knowledge of all of the energy.... We have Siemens Energy entities in over 90 countries. I'm not 100% certain if we use EDC financing in other jurisdictions.

Mr. Randy Hoback: You have five turbines sitting there right now to be redone. Is that a rotating mechanism that you have? Would it normally be in place? Would you just be rotating one in and one out all of the time?

Mr. Arne Wohlschlegel: To explain how this works, as I mentioned earlier, every three to four years turbines need to be overhauled. At the compression station that's connected to a pipeline, there are multiple turbines installed, and they get rotated out for maintenance. It's very common to have a rotation of turbines from the compression site to the AGT facility in Montreal for overhaul and back.

Mr. Randy Hoback: I'm kind of curious, because, growing up on the farm, a regular maintenance period on a combine, for example, would be x number of hours where you would grease it and everything else. There's always a time in harvest where you're going really hard, and you push it for another 20%, 30% or 40%.

What maintenance grace period would there be in those turbines that are sitting right now in Russia? How much more can they get out of them before they would actually have to shut them down?

Mr. Arne Wohlschlegel: That's a good comment. It's very difficult to predict. Turbines, though, if they aren't maintained, will eventually fail. It's important to conduct scheduled maintenance. There's always a risk of unscheduled outages if maintenance is not performed.

Mr. Randy Hoback: If one were to fail in this situation, where would they get the parts? If you're not supplying it, what would they do?

Mr. Arne Wohlschlegel: I cannot speculate where parts would come from in this situation.

Mr. Randy Hoback: How involved was the German government with regard to the lobbying here in Canada?

I understand you claim you weren't lobbying here, but I'm sure Siemens in Germany was actively either lobbying themselves, or talking directly, with the government in Germany, looking at its energy needs. I'm sure Germany was actively lobbying here.

How did that pull your organization into the lobbying efforts here?

Mr. Arne Wohlschlegel: We were notified by our headquarters that the German government had reached out to Siemens Energy Global headquarters to inquire about the turbines.

Mr. Randy Hoback: [*Inaudible—Editor*] the German government would have done an assessment on the [*Inaudible—Editor*] and realized there's a problem here. Would that have been information the Russians would have given the Germans?

They could have said, "Hey, you're going to have a huge problem getting gas," at a meeting. "Guess what? You're not giving us the turbines, so [*Inaudible—Editor*]"

• (1620)

Mr. Arne Wohlschlegel: I don't know the answer.

Mr. Randy Hoback: Again, you have maintenance, and you have a grace period.

Why the "urgent" status? Why do we have to do this right now? You're going to have five sitting there. You're not doing any work on them. There's no urgent status on replacing anything going forward. Why did we feel at the time that it was so urgent to put it back into the stream, one might say?

Obviously, they didn't get there. Barring the leakages we had a few weeks ago, they were running the old turbines until x number of hours.

Why the urgency? Why not just let them go with what they had?

Mr. Arne Wohlschlegel: It's also hard to speculate on the timing. We understood the critical piece was not having enough gas supplies during the winter in Europe. That drove timelines.

Mr. Randy Hoback: Where do you see—

The Chair: Mr. Hoback, I'm afraid you're over your five minutes. Thank you.

We next go to Mr. Zuberi, for five minutes.

Mr. Sameer Zuberi (Pierrefonds—Dollard, Lib.): I would like to thank you for being here and fielding all of our questions.

I would like to begin with the security of the pipelines, in particular Nord Stream 1 and Nord Stream 2. From a technical perspective, I was wondering about the vulnerabilities that are there.

Can you speak to that, and how this recent sabotage impacts that assessment?

Mr. Arne Wohlschlegel: I cannot comment. I have nothing to add there.

Mr. Sameer Zuberi: I understand your situation and—

Mr. Arne Wohlschlegel: We are a technology provider. We focus on aeroderivative gas turbines. We know how they are connected to the compression station, but we're not pipeline operators.

Mr. Sameer Zuberi: I understand.

I appreciate your situation and position. I heard throughout your testimony that you would rather not speculate on certain matters. We appreciate that.

With respect to Gazprom's relationship with your company, has it evolved in the last six months? If so, how?

Mr. Arne Wohlschlegel: Siemens Energy Canada Limited has no direct relationship with Gazprom, as I mentioned earlier. Siemens Energy U.K. basically owns the contract with Gazprom.

Mr. Sameer Zuberi: With U.K., to your knowledge, is there any evolution in that relationship?

Mr. Arne Wohlschlegel: It's hard for me to comment on that, as well. I'm sorry.

Mr. Sameer Zuberi: I appreciate that.

In terms of the sabotage that occurred on September 26 to Nord Stream 1 and Nord Stream 2, how will that impact our allies in Europe? Which countries, in particular, are impacted, and to what degree?

Mr. Arne Wohlschlegel: This is also a question for Europe or the European government, I would say. The information that was conveyed to us is that the energy security would affect multiple countries in Europe.

Mr. Sameer Zuberi: I'm assuming you can't go into further details about that.

I'd like to offer a colleague who is present the time to ask a question. I'm going through my questions and I understand that you can't necessarily speak to them all.

Ms. Bradford, do you have anything you'd like to share?

Ms. Valerie Bradford (Kitchener South—Hespeler, Lib.): No, thank you.

I'm just subbing, so I wasn't really prepared for questions, but I thank you for checking with me.

Mr. Sameer Zuberi: I'd like to allow you to please share any thoughts that you haven't shared thus far that you think might be useful for us in this committee.

• (1625)

Mr. Arne Wohlschlegel: Thank you. I'll use that opportunity.

I want to go back to who we are. We are an energy technology company that works with the energy industry in Canada. We are a proud Canadian company.

I look at the events, and sometimes it's difficult to explain this, but our focus right now is really on transitioning the energy sector for our customers so they can achieve their net-zero targets. This is an exciting time for us. We work across the entire energy sector, from renewable to conventional power generation and to industrial with industrial customers. We continue to support the energy industry here in Canada with its technology needs.

Mr. Sameer Zuberi: Thank you. I'll share my remaining time with my colleague, Ms. Damoff.

Ms. Pam Damoff (Oakville North—Burlington, Lib.): Thank you so much. I'm virtual.

I'm new to this committee, but I'm certainly not new to Siemens. I'm very proud to have a number of Siemens employees living in my riding. You have your head office in Oakville, Ontario. I'm proud to represent you.

My question is whether or not similar turbines manufactured by other companies could be substituted for a Siemens turbine to be used in Nord Stream 1.

Mr. Arne Wohlschlegel: It is not easy to replace turbines. I explained this. It really depends on the technicalities of the pipeline. Certain technical parameters need to be met, and for that you need to have a special fit. It's a very long design period to design compression stations and design the size of the turbine.

Replacing existing technology with something else is a large undertaking that you could probably compare to a new build. Those are very expensive and very time-consuming or lengthy activities.

I hope that answered the question.

Ms. Pam Damoff: It does. I think what you're saying is that both from a time perspective and a—

The Chair: We're over the five-minute period. My apologies.

We go to Mr. Lemire next. You have two and a half minutes.

[*Translation*]

Mr. Sébastien Lemire: Thank you, Mr. Chair.

Was Canada aware, prior to imposing its arsenal of sanctions on Russia, that some of them were aimed at turbines that were potentially scheduled for maintenance in advance?

[*English*]

Mr. Arne Wohlschlegel: I'm sorry. Could you repeat the question?

[*Translation*]

Mr. Sébastien Lemire: When Canada imposed economic sanctions on Russia, was it aware that you had contracts with them?

[*English*]

Mr. Arne Wohlschlegel: We informed the RCMP immediately after the sanctions regime was put in place. I would assume that knowledge was shared with the government.

[*Translation*]

Mr. Sébastien Lemire: Was the German government also aware of this?

[*English*]

Mr. Arne Wohlschlegel: It was escalated to us only in May, about two months after the sanctions were put in place. As I mentioned in my opening statement, once we learned about the sanctions, we immediately froze the asset and stored it. The work continued in July, after we received the permit from Global Affairs.

[*Translation*]

Mr. Sébastien Lemire: It seems that Gazprom refused to accept the repaired turbine and sent it back to Germany, because the company wanted additional documents proving that the turbine was not subject to sanctions.

Did you raise this issue with the government over the summer?

Is this a question you've already received an answer to?

• (1630)

[*English*]

Mr. Arne Wohlschlegel: The turbines are still sitting in Germany, because the customer is refusing to accept them. They're saying that import.... We can't ship them out, because we don't have any import documents from the customer. That's the situation right now.

The Chair: Thank you, Mr. Lemire.

We now go to Ms. McPherson.

You also have two and a half minutes.

Ms. Heather McPherson: Thank you, Mr. Chair.

One thing you've been talking about is the reason Siemens Canada acted so expeditiously and quickly. It was because of the energy crisis and energy security across Europe. I guess, perhaps, I had less faith in Vladimir Putin than others did.

Was there ever any reason for Siemens Canada to believe that, in fact, the pipeline would continue to go forward if the turbines were provided? Did you have any inside information on that?

Mr. Arne Wohlschlegel: One thing to clarify is that I speak for Siemens Energy Canada, because we are a separate, independent company. Siemens Canada was not involved. We had no inside information here.

Ms. Heather McPherson: You made a decision based on the need for energy security with no understanding or expectation that returning the turbine would in fact provide any sort of solution to the energy security challenges.

Mr. Arne Wohlschlegel: It was our understanding that the turbine played an integral part in the operation of Gazprom's Nord Stream 1 pipeline.

Ms. Heather McPherson: You would have given it back, expecting it would be used in the pipeline, and that would have been the solution.

Did you have no information that would have given you pause to think that, probably, Putin was going to weaponize energy?

Mr. Arne Wohlschlegel: This is the part where we had to engage the governments and receive guidance on what to do next.

Ms. Heather McPherson: Far be it from me to advise an energy company, but it seems that continuing a contract with Gazprom would be a challenge. You may want to consider some of that.

Quickly, are there any other aspects of the Canadian sanctions regime that have had impacts on your organization?

Mr. Arne Wohlschlegel: Currently, Siemens Energy Canada Limited—Siemens Energy, in total—follows a strict adherence to the law and the sanctions that are in place. I don't know what sanctions impact which projects around the globe, but we have a rigorous system that detects any sanctions in place. In fact, it's connected to our systems, so we would be alerted. We pride ourselves on strict compliance with sanctions regimes. That's automated in our processes.

Ms. Heather McPherson: Thank you.

The Chair: Thank you, Ms. McPherson.

Mr. Wohlschlegel, you indicated at the start that you would be available only until 4:30. However, as you recognize, because of the vote in the chamber, we didn't get started until around 3:40. Would you be available for another 10 minutes, so we could provide other members the opportunity to ask you questions as well?

Mr. Arne Wohlschlegel: Sure, I am.

The Chair: Thank you very much. We're very grateful for that.

Now we go to Mr. Chong, for five minutes.

• (1635)

Hon. Michael Chong: Thanks. I'll be splitting my time with Mr. Genuis.

I think the Department of Foreign Affairs should cancel the remaining export permits for the remaining five gas turbines in Montreal. What would Siemens Canada's position be if that were to happen?

Mr. Arne Wohlschlegel: If the permit is cancelled, we would not continue any future work.

Hon. Michael Chong: Would you voice opposition, or support, or would you remain silent if that were to happen?

Mr. Arne Wohlschlegel: I can't speculate. What we understand is that, currently, there is no work continuing.

Hon. Michael Chong: There's no work continuing, but you applied for the permit. It was your decision to apply for the permit, so presumably you have a position if the Government of Canada were to revoke the permit for the remaining five turbines.

If Siemens doesn't have a position, it seems to me, Mr. Chair, that there's a pretty easy political solution to the problem, which is for the Government of Canada to revoke the permits for the remaining five turbines. If Siemens doesn't have a position on the revocation of the permitting for these five remaining turbines, then the Government of Canada has an easy path forward to do exactly that.

Mr. Arne Wohlschlegel: I'm not sure if that was a question.

Hon. Michael Chong: What you're telling me, then, is that Siemens Canada—Siemens globally—has no position, whether or not the Government of Canada were to revoke the permits for the remaining five turbines in Montreal.

Mr. Arne Wohlschlegel: It's hard for us to speculate on how the future will look.

Hon. Michael Chong: It's not speculative. I'm asking you a very simple question, which is whether you have a position on the revocation of the permits for the remaining five turbines?

Mr. Arne Wohlschlegel: Maybe I should say that we don't have a position.

Hon. Michael Chong: Okay. Thank you. That's clear.

Thank you, Mr. Chair.

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Thank you, Mr. Chair.

In court filings, the Government of Canada said that one of its reasons for granting this waiver was the impact on jobs in Canada. Did you make any representations to the government, claiming that denying the request for an exemption would impact jobs at your facility?

Mr. Arne Wohlschlegel: As part of the permit process, we communicated information on our facilities in Canada and also on the number of employees at the facility for the AGT, but we never stated that any jobs would be at risk.

Mr. Garnett Genuis: Okay. That's a very important point. You never stated that jobs would be at risk.

Is it the case that jobs would be at risk in Montreal if the government chose not to grant this permit?

Mr. Arne Wohlschlegel: Like I said earlier in my statement, this was only one of many contracts that we perform at this facility, so it's a small portion of the work that we do there.

Mr. Garnett Genuis: If the government were to have said that granting this exemption would protect jobs, you would say that's incorrect. You would say that those jobs are secure, regardless. You would say that the jobs at these facilities are secure, regardless of the government's decision on this issue.

Mr. Arne Wohlschlegel: It's always difficult to predict the future, but right now we didn't say that.

Mr. Garnett Genuis: You didn't say that the jobs are at risk. The jobs are not at risk as a result of this decision, one way or the other.

Essentially, I'm asking you to repeat your point, but it seems like you've been clear.

For the record, you're nodding.

I'm interested by the fact that you said you didn't lobby the government with respect to this issue, but we have, in the lobbyist registry, a record of you meeting with deputy ministers in April—not you personally, but Siemens—and with the Prime Minister in August. You've met with the government at that senior level, yet you have not in any way lobbied them with respect to a decision around this issue.

Mr. Arne Wohlschlegel: I, personally, had two meetings.

One was in April, which I mentioned earlier. That was the round table that was facilitated by Ambassador Sparwasser, and she invited German and Canadian government officials. We talked about LNG, critical infrastructure, mining and hydrogen.

The second meeting, in August, was when the chancellor and his delegation visited Toronto, Montreal and Newfoundland. We, as an energy technology company, were invited and present. We are very interested in the green energy technology developments in Newfoundland, so we had engagements. Actually, he came to our booth and talked to us about hydrogen. That's why we registered—

• (1640)

Mr. Garnett Genuis: The point is that you were talking about completely different things.

Mr. Arne Wohlschlegel: At no point did I talk about the turbine with him.

Mr. Garnett Genuis: I think that's very clear.

I think that's my time. I'll take more if I can have it.

The Chair: Thank you. Yes, you're considerably over, Mr. Genuis.

We next go to Mr. Oliphant for the last question.

You have five minutes.

Hon. Robert Oliphant (Don Valley West, Lib.): Thank you, Mr. Chair.

I want to thank the witness for attending today. Also, thank you for your corporate social responsibility, both in your compliance with the Canadian sanctions regime and with your ongoing work in energy security in Canada and around the world. I want to get that out there.

I hate the fact that I am probably the oldest in the room—that is something I am coming to grips with—but it means that I've been through sanctions many, many times. I remember sanctions in the 1960s, which were often blanket sanctions. What we learned from sanctions regimes around the world is that sanctions should be targeted to hurt the people who need to be hurt and not the people who are not at fault in any conflict or anything. Targeted sanctions are what we have moved to from blanket sanctions, because we learned in countries like Zimbabwe that those hurt poor people.

Our sanctions against the Putin regime in Russia—and against many Russians and Belarusians—are meant to target the people who have illegally invaded Ukraine and not to target Germans and others in Europe who would not have energy needs fulfilled. With our regime, we are attempting to pinpoint and be as laser-like as possible when doing that.

With regard to the turbines going back or not going back to Germany, would a turbine going to Gazprom impact Germans, Europeans or Russians?

Mr. Arne Wohlschlegel: I think I have to go back to what I said earlier.

We saw an energy security issue, as it was addressed by the governments. That made us file for the permit, so that we could export the turbine to the customer. It is difficult for us to say who would be hurt by those sanctions. We just follow the sanctions regime that was put in place. We understood that we were limited with regard to the ability to deliver the turbine. All of the work stopped on our side until we had permission to proceed.

Hon. Robert Oliphant: I recognize that, perhaps, employees at Siemens would not be impacted immediately, but if this work continued forever, would there be an impact on employees at Siemens?

Mr. Arne Wohlschlegel: Clearly there are impacts on energy security in Europe, as we see right now. I understand this is real, but again, we are a turbine manufacturing and service centre. We overhauled the turbine. We made it ready for shipment. We can't speculate or comment on what impacts or what results it would create. We follow the guidance here from the governments on how to proceed.

• (1645)

Hon. Robert Oliphant: Thank you very much.

The Chair: At this point, Mr. Wohlschlegel, I'd like to thank you very much for your testimony and for participating in this session, which is devoted to the study of the Gazprom turbines. Thank you.

Members, if everyone agrees, should we adjourn this meeting?

Ms. Heather McPherson: Mr. Chair, I would actually like to put forward a motion before you adjourn the meeting, if I could.

The Chair: Can it wait until the next meeting? It was just a bang away.

Can it wait or can it not?

Ms. Heather McPherson: Mr. Chair, I want to bring up a motion that I circulated already.

It's just that I think we need this Foreign Affairs committee to look at what's happening in Haiti and expedite the motion that was brought forward by a member from the government party and also by Mr. Bergeron from the Bloc Québécois.

I know we have this on our calendar. It is so pressing. It is so important that we look at this. I was hopeful that we could move the study on the situation in Haiti up slightly, if possible. We do have some potential spots on our calendar. There are other things we can move back.

This is quite urgent. That's what I want to talk to—

Hon. Robert Oliphant: On a point of order, I didn't understand what motion we're talking about. That wasn't clear.

The Chair: Yes. Could you be more specific about the wording of your motion?

Ms. Heather McPherson: Yes, I will read the motion in. Just give me one moment here. Thank you.

It is that, given the urgent and deteriorating situation in Haiti and the actions of the Government of Canada in recent days, the committee hold its two meetings on Haiti earlier than planned, and that these meetings happen before Friday, November 4, 2022.

Hon. Robert Oliphant: I was just asking for what the Haiti—

The Chair: Mr. Oliphant, hold on just one second.

You were just tabling this right now. Is that right?

Ms. Heather McPherson: I would like to have some—

The Chair: No one has received 48 hours' notice.

Ms. Heather McPherson: Then I will table it.

If we agreed, we could—

Hon. Michael Chong: On the schedule, Mr. Chair, I hope the Canadian Gas Association shows Parliament and this committee some respect and makes an appearance as it was requested to.

The Chair: Are you asking that we write them back?

Hon. Michael Chong: I'm asking that they appear in front of our committee as they were requested to. Hopefully, next time, they show up, as opposed to cancelling late on a Friday afternoon, which is immensely disrespectful to you, Mr. Chair, and to the rest of the members of this committee.

Thank you.

The Chair: Absolutely. This point is well taken.

We were about to adjourn this committee.

Mr. Genuis.

Mr. Garnett Genuis: Mr. Chair, I think it would be good for us to have some discussions off-line about Ms. McPherson's proposal. Obviously, I think it's a worthy situation.

While I have the floor, I just want to give a verbal notice. This is going to take 10 seconds; it's just so it's down. It's a verbal notice of a motion that the committee report to the House that it calls on the Government of Canada to immediately revoke the waiver of Russian sanctions granted for the export of Gazprom turbines.

Thank you.

The Chair: Thank you.

On that point, the meeting stands adjourned.

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