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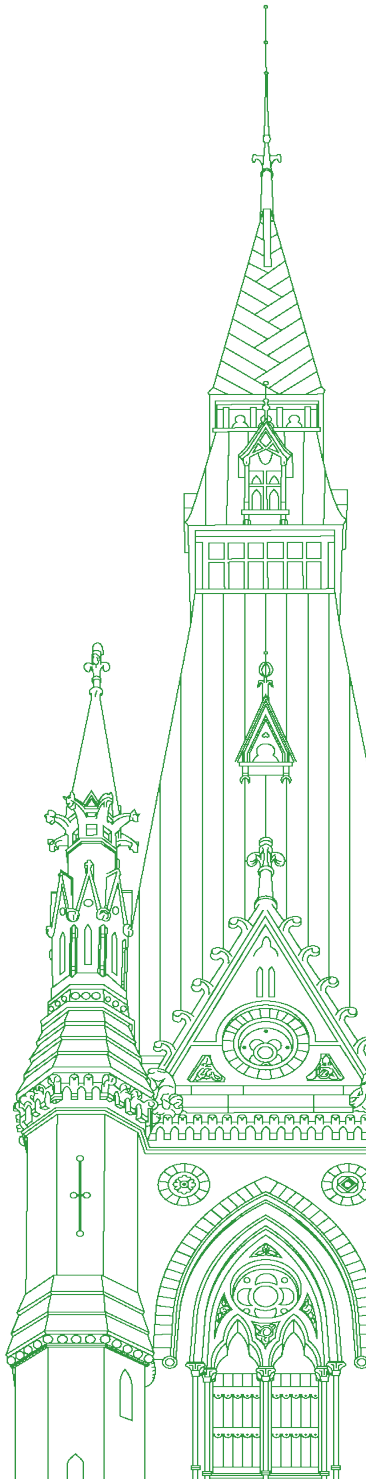

Chair: Mr. Joël Lightbound

Standing Committee on Industry and Technology

Tuesday, February 15, 2022

● (1540)

[*Translation*]

The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)): I welcome you all to this meeting of the House of Commons Standing Committee on Industry and Technology. I call the meeting to order.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Wednesday, January 26, 2022, the committee is meeting to study the sourcing and processing of critical minerals.

Today's meeting is taking place in a hybrid format, pursuant to the House order of Thursday, November 25, 2021. Members are attending in person, or remotely using the Zoom application. I urge all our colleagues attending in person in Ottawa to observe the health regulations in effect.

On behalf of the committee, I want to thank the witnesses who are with us today. I know that some of you answered our call at the very last minute, and we are grateful that you did so.

With us today is David Billedeau, Senior Director, Natural Resources, Environment and Sustainability at the Canadian Chamber of Commerce. We also welcome Patrick Gervais, Vice-President, Marketing and Communications at Lion Electric, and Martin Ferron, Mayor of the Town of Malartic and Prefect of the Regional County of La Vallée-de-l'Or.

We are grateful to you for joining us. Without further delay, let me invite you to give your presentations. You each have five minutes, starting with Mr. Billedeau.

[*English*]

Mr. David Billedeau (Senior Director, Natural Resources, Environment and Sustainability, Canadian Chamber of Commerce): Mr. Chair and honourable Members, thank you for the opportunity to attend today's discussion on critical minerals in Canada. As noted during the introduction, my name is David Billedeau. I serve as the senior director of natural resources, environment and sustainability at the Canadian Chamber of Commerce.

The Canadian Chamber of Commerce recently launched its Critical Minerals Council, which is co-chaired by Teck Resources and Toyota Canada and brings together 20 members from upstream and downstream corporations, academic institutions, industry, and indigenous associations. Together council members are focused on enhancing touchpoints between domestic mining and manufacturing companies, economic and environmental ambitions, and indigenous and industry stakeholders. In so doing, we hope to encourage the sustainable development of critical mineral supply chains in Canada and provide markets with the resources required to transition to a low-carbon future.

According to the International Energy Agency, the average electric vehicle can require six times the amount of minerals a conventional car does, as well as materials like nickel, cobalt, and lithium, which a conventional vehicle typically doesn't require. As another example, a wind plant needs up to nine times more mineral resources than does a gas-fired plant. In other words, the transition to a net-zero future hinges on the availability of critical minerals. Similarly, critical minerals are essential for food security, as the continued production and supply of minerals like potash are vital for crop production and quality. With this increasing demand in mind, the Canadian Chamber believes that an effective critical minerals strategy will unlock significant opportunities for Canada, which I would like to briefly highlight for you today.

First, growing domestic supply chains will reduce Canadian dependence on imports. According to the Centre for Strategic and International Studies, China provides more than 85% of the world's rare earths and is a primary global supplier of minerals that are essential for digital and green energy infrastructure. Our economic and environmental ambitions should not hinge on importing critical minerals from any one country, particularly when we have abundant reserves here at home. We must develop our supply chains, work with allies to advance shared interests and resiliency, and create domestic strategic mineral stockpiles.

Second, Canada has growing international market opportunities. To match domestic critical minerals production with increasing global demand, it's important to focus attention on facilitating resource development here in Canada, where it takes an average of over 15 years to move mining projects from discovery to first production. This lead time will impact Canada's decarbonization efforts while limiting international market opportunities. Accordingly, we must work with a spectrum of stakeholders to determine how to responsibly expedite development, including by securing venture capital for early-stage projects.

Third, our critical minerals strategy can create transformative economic opportunities that facilitate indigenous partnerships, reconciliation and self-government. Moreover, through collaboration with indigenous communities, universities and industry, the Government of Canada has an opportunity to de-risk investments that will address the social and physical infrastructure deficits in remote communities. With these opportunities in mind, we encourage the Government of Canada to deploy a critical minerals strategy that creates a cost-competitive business environment with regulatory certainty; develops domestic processing capabilities by facilitating new investments, refurbishing existing infrastructure and partnering with local communities; and provides an accurate critical minerals inventory and forecast for demand over the next 15 years.

Executing an effective critical minerals strategy is key to reinforcing Canada's global brand as a secure and sustainable supplier as well as supporting domestic and international low-carbon transitions and food security.

Thanks again for your time and consideration. I look forward to the discussion today.

● (1545)

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

I'll now move to Mr. Gervais, from Lion Électrique.

The floor is yours.

[*Translation*]

Mr. Patrick Gervais (Vice-President, Marketing and Communications, Lion Electric): Mr. Chair, honourable committee members, thank you for inviting me here today.

Lion Electric manufactures all-electric heavy-duty vehicles. We are particularly known for our school buses, but we also manufacture minibuses for use as shuttles and specialized transit, as well as heavy vehicles, meaning trucks from class 5 to class 8 for different purposes, such as bucket trucks and refuse trucks.

Lion Electric contributes to the battery ecosystem in a number of ways. The batteries we use are the heart of our vehicles. Last year, we announced our intention to build a battery manufacturing facility at Mirabel, which will begin operations in the second half of 2022. The plant will have an annual production of 5 gigawatt-hours, making it possible to power around 14,000 heavy vehicles for use in Canada and the United States. The plant will be highly automated.

As you know, Lion Electric batteries have three major components: the first is the cell, the second is the module, and the third is the battery pack. We will be manufacturing modules and battery packs, but we will have to acquire the cells.

Our objective is to advance the development of the battery ecosystem in Canada. We have a number of advantages in the country, such as our natural resources and our production of green energy. We also have unmatched business intelligence. We are leaders in North America, if not the world, in terms of development, particularly because of all our natural resources. It is quite extraordinary.

However, cells are our weak link. We at Lion Electric want that capability to be developed here, in Quebec and Canada, so that we become a world leader in that respect. To do so, and to be in a position to exploit all our critical minerals, we need a supplier of cells. At the moment, we have to turn to foreign companies, mostly located in Asia and Europe. If it were possible for us to have us a cell manufacturer here, we would likely be one of the largest purchasers of cells in Canada, perhaps even in North America. It is important for us to strengthen this part of the supply chain, particularly with respect to the critical minerals, so that we can be masters in our own house.

The electrification industry is currently booming. It is a race. It is expanding in all countries and the competition is fierce.

The ability to have local sources goes hand-in-hand with our mission, which is to reduce greenhouse gases, GHGs. Clearly, it would also help us to become less dependent on imports and to avoid possible problems in the supply chain.

In our view, it is critical to keep our expertise here. To do so, we must develop all our skills. I feel that we are in a position to expand our strategic capabilities. Our country is strong in innovation. Of course, the demand for expertise in the local Canadian market is actually not huge. That is why, with the help of innovators and business strategists, we will be able to create new ways of doing things that will set us apart on the international stage.

At the moment, we at Lion Electric are working with more than 500 suppliers. Most of the components in our vehicles come from Canadian suppliers. For us, this is extremely important, especially in terms of our growth in North America and on international markets.

Our challenge is to navigate the links in the supply chain so that we can be sure that we always have all the components that are critical for our vehicles. We are still seeing price fluctuations, which will certainly continue in 2022. That is why it is important to strengthen our supply chain so that we can have local suppliers and, above all, so that we can advance the development of the battery ecosystem.

● (1550)

We need regulations and incentives that will not only encourage foreign companies to come and set up here, but will also provide a stimulus for our companies here to develop new products and to innovate. Going for the lowest bidder kills innovation, in our opinion. We definitely want industries to develop and innovate, but we also want regulations that will encourage the development of products here in Canada.

The Chair: Mr. Gervais, could I ask you to wrap up? We have already gone beyond the allotted time.

Mr. Patrick Gervais: My apologies.

The really important factor for us is the ecosystem. The field of batteries is critical if we want to become independent and have all the products vertically integrated in terms of the development and electrification of medium-duty to heavy-duty transportation in Canada.

The Chair: Thank you, Mr. Gervais.

The floor now goes to Mr. Ferron for five minutes.

Mr. Martin Ferron (Mayor and Prefect, La Vallée-de-l'Or Regional County, Town of Malartic): Thank you, Mr. Chair.

Thank you for allowing me to share with you the realities of a mining community, my town of Malartic, in Abitibi-Témiscamingue.

Natural resources form part of our country's great wealth. Here in Malartic, we have a number of different natural resources. We may be known for our gold mines in Abitibi-Témiscamingue, but that is not all we have. We also have multi-metal mines, and mines for rare earths and lithium. Recently, the Australian company Sayona Mining Limited acquired a second lithium deposit.

In Abitibi-Témiscamingue, what concerns the community greatly is not just that foreign companies are buying our companies, it's also that they are buying innovating companies in what we call *la filière minière*, the mining industry. These innovating companies have developed expertise in various areas, such as the treatment of mine effluents, mining waste that has to be treated and cleaned, and the development and processing of certain products. They have developed expertise and knowledge that is well-known around the world in a number of respects, and we are fortunate to have them at home. These are critical companies that allow the mining industry to develop at top speed and to acquire new processes in terms of developing smart mines.

Technology is also making its way into the mines. It's no longer about men and women working with picks and shovels. Not at all; technology is everywhere and it was created here in our regions, either in Abitibi-Témiscamingue, in our case, or in the Nord-du-Québec. Those companies merit specific attention in terms of developing strategic metals and the mining industry that will be created around them.

It is also important to recognize the vitality of communities as this sector is developed. Those who occupy and live in the territory must be considered. The industry must not be centralized in major centres; it must also develop around these companies and these mines. They will bring the wealth and they will also allow economic diversification through secondary and tertiary processing of the products. This has become an indispensable tool in the development and the vitality of the so-called remote regions, which may be far from the major centres but which are so important. It is essential in preventing those regions from losing their vitality.

Today, it is also critical to include the First Nations in issues such as strategic metals and opening mines. They live all over Canada and certainly here in Abitibi-Témiscamingue and the Nord-du-Québec. They have to be included even before that, at the consultation stage. In the past, unfortunately, First Nations were often overlooked. Today, they are highly aware, and rightfully so. They are also asking to be partners and to be consulted. They also want the opportunity for development because of the natural riches. Those riches certainly make the companies a lot of money but they can also provide the First Nations with opportunities for development, for employment and for training. Mining companies have already come to a number of excellent agreements with the Algonquin First Nations here and the Cree in the Nord-du-Québec. Communication between First Nations and the mining companies that want to look for natural resources on their ancestral lands is an indispensable tool in their development.

The same goes for the host communities, such as we are in Malartic. A cohabitation agreement has been established with one of the biggest mining operations in Canada, located just on the border of the municipality. It allows dialogue with the municipality on principles of sustainable development and social acceptability. That should be done in advance, not after a mine opens, as was the case with us. We had the experience of living with a mine downtown.

Ways have to be found of acknowledging the community and helping it to develop. That will create wealth all around. The community that is going to be built around the battery industry in the coming years, must be helped, including all the expertise that will flow from it. For example, the Université du Québec en Abitibi-Témiscamingue has research chairs that specialize in mining. They are specifically focusing on treating waste, which is a major environmental issue. Mines can be extremely polluting, as we have seen in the past. Today, modern strategies and techniques have been designed to reduce their impact on the environment to a great extent or to make up for them. There is always innovation along those lines.

● (1555)

The country and its regions develop because of new technologies, not just by occupying and developing the land. Companies that wish to come and set up here should first take steps to work with the host communities, the First Nations, and the mining industry that is already established here. It has extraordinary expertise that will help them to develop in the future.

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

We have enough time today for two rounds of questions, and we will start with Mr. Généreux for six minutes.

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Thank you, Mr. Chair, and thanks also to the witnesses for joining us today.

Mr. Ferron, does the critical mineral sector where you are have any particular requests for the federal government and the Quebec government? Are you already receiving assistance from them?

● (1600)

Mr. Martin Ferron: It depends on the company but the mining sector does receive grants. Some of the companies that have developed a lot of expertise in very specific areas, like exports, receive export assistance in order to share their knowledge in other countries.

Some small companies are very specialized, in the treatment of mining waste and contaminants, for example, or in really advanced multimedia strategies for managing mining operations and cutting-edge technologies. It is a concern to see that these small companies, which are jewels in our crown, can be quickly bought up by foreign companies that take over control of them or move them away. That is somewhat of a concern for development in our regions.

Mr. Bernard Généreux: How did the community perceive the purchase of one of your companies by an Australian company, a few months ago or last year?

Mr. Martin Ferron: You are referring to Sayona. I don't feel that the fact that it's Australian is a problem. However, I am concerned that perhaps they may not be familiar with our realities or with the First Nations in our region. Are they going to know the proper approach to take with the municipalities that their activities are going to impact, in terms of the economy, the environment and the human resources? When a mine opens in a region, it “strips” a number of local companies and businesses. They are already suffering from a shortage of labour, and it will only get worse.

So there are a number of challenges of which foreign companies should be aware. However, I feel that people can have more confidence in a company from Australia, which is part of the Commonwealth, than in a company from another country that could be more of a problem.

Mr. Bernard Généreux: You have China in mind, I believe. Thank you, Mr. Ferron.

Mr. Gervais, you talked about cells, which are components of batteries. If I understood correctly, the plant that you are going to open soon in Mirabel will assemble the batteries, not manufacture their components. Is that correct?

Mr. Patrick Gervais: We will assemble two of the three components, but we will buy the third, the cell, which is the critical component. At the moment, we buy them from companies in Asia or Europe, but we are in talks with some companies that intend to set up here in Canada. If that becomes a reality, Lion Electric will clearly be one of its major customers.

At the moment, they are lithium-ion batteries. We use the 16850 cells but we are going to be using the 21700s, which are more or less the same as Tesla uses and which look like AAA batteries. In addition, solid-state batteries may well be arriving soon.

Technologies are evolving very quickly. Fortunately, we are independent of that. We can adapt, no matter what the technology.

Mr. Bernard Généreux: Mr. Gervais, if I understood what you said correctly, we have everything you need in Canada to be able to create an entire battery.

At some time in the future, do you see Canada being in a position to develop the cells as well, the one thing we are missing in order to build an entire battery?

Do you have an idea of what might be possible?

Mr. Patrick Gervais: I think so.

Companies like StromVolt or Britishvolt, that are intending to come and set up here, could produce cells in Canada. Either or both of them could provide us with everything we need.

I am also the Chair of Accélérer, an organization established to speed up the development of the supply chain for electrification, not just for road transportation but for all transportation.

As I see it, having an organization with the ability to process all critical minerals into cells is clearly the only missing link that prevents Canada from becoming a pioneer and a leader.

● (1605)

Mr. Bernard Généreux: Some mines may not be in Canada, such as the Neo Lithium mine in Argentina that was recently sold. That mine produces a type of lithium that could be processed in Canada, I believe.

What do you think about the fact that Canada does not oppose the sale of Canadian assets? Even though the mine is not in Canada, we need it for the transformation to electricity.

Mr. Patrick Gervais: We advocate for the development of Canadian companies. We want Canadian companies to stay here. We want companies to become Canadian-owned, but we also want to develop the supply chain here, locally, in Canada.

Mr. Bernard Généreux: Thank you.

The Chair: Thank you, Mr. Généreux.

Mr. Fillmore has the floor for six minutes.

[*English*]

Mr. Andy Fillmore (Halifax, Lib.): Thank you, Chair. Should the connection drop, I apologize. My Internet connection has just become unstable in the last couple of moments here, so if I should disappear, another member will step in and use the time.

I think I have six minutes. I'd like to divide it equally, if I could, between two of our witnesses today, whom I thank very much for their time: Mr. Billedeau and Mr. Gervais. I'll start with Mr. Billedeau.

Mr. Billedeau, as you've said, critical minerals are an absolutely key component of the green transition around the world. The government is eager to position Canada and Canadian businesses such that we can make the most of this massive opportunity. It's a global competition. The race is on.

From your position at the Chamber of Commerce, what's the raw news that you hear from your members about what is needed to ensure that Canada remains competitive with regard to critical minerals?

Mr. David Billedeau: I think that's quite the loaded question, and I thank you for it.

A number of issues have been well documented over the years within the Canadian mining sector. Primarily, the industry faces three key issues that need to be resolved for Canada to really advance its critical mineral strategy.

First, it's both very difficult and very costly to identify critical mineral deposits, which are often located in remote regions, so Canada's natural resources industry remains relatively underdeveloped, as there is limited exploratory work being conducted.

Second, while southern parts of Canada have been mined for a number of years, the real opportunity for Canada to become a major critical mineral supplier globally requires development of these remote northern regions of the country, where there is a considerable lack of supporting infrastructure.

Last, underscoring all of these issues, the mining sector of course faces economic challenges: The immense capital cost of extraction, coupled with volatility of resource prices, creates significant challenges for creating conditions conducive to investment.

I think we have to think strategically. We have to couple a lot of Canada's strategic plans, including coupling our critical minerals strategy with our net-zero strategy to deploy decarbonizing green technologies across Canada, particularly in northern Canada, to become a global player on the world stage.

Mr. Andy Fillmore: Thank you for that.

I want to shift to environment for a moment. When demand for natural resources surges, we have to keep sustainability front of mind. It's important in that rush to capitalize on the opportunity that we keep a grip on the environmental impact of the extraction and processing.

What role do you think Canada can play in making sure that sustainability is front of mind while also remaining competitive? What role can we play, and what are you hearing from your members on that front?

Mr. David Billedeau: It's important to note that sustainability and economic competitiveness are tethered: you can't compete without a strong sustainability program in this sector. Looking through a global lens, it's clear that the Canadian mining industry practises the highest environmental standards and harbours a meaningful commitment to sustainable development and production. I hope that addresses part of your question.

I'll maybe just build on my prior comment. To further improve the environmental performance in the sector, the chamber believes that connecting the critical minerals strategy and net-zero strategy unlocks a lot of potential. In particular, the chamber and our members would like to see the deployment of different decarbonizing technologies, inclusive of small modular reactors, hydrogen, and renewables such as solar and wind, as these technologies are vital not only for Canada's transition to net zero, but they're also vital to powering the sustainable operations of critical mineral supply chains. An effective coupling of these two strategies will not only reduce the environmental impact of mining, it also holds the potential for reducing operating costs, which in turn would support continued investment in the space.

● (1610)

Mr. Andy Fillmore: Thank you very much. That's extremely concise and very, very helpful.

I'm going to switch to Monsieur Gervais now.

Monsieur Gervais, I'm very happy that you're here. My background is in city planning, so transit and community building. Our government has put a lot of emphasis on greening our cities through EVs and more public transit, and your company is combining both of these things.

Planners talk a lot about modal split or modal share, switching the mode from, for example, internal combustion engine personal vehicles to ZEV personal vehicles, and shifting people out of vehicles entirely and into transit—in this case, electric transit.

I wonder if you have any reflections or predictions on the projected market demand for people switching from gas internal combustion to electric personal vehicles and also the continued growth of the use of transit in Canada.

Mr. Patrick Gervais: Thank you, Mr. Fillmore. I'm really happy to be here too.

We're at a stage right now where it's not if the transition towards electric is going happen, but how it's going to happen. It's happening as we speak right now. We see more and more individuals moving toward electrification of transportation for electric cars, but we also see it in public transportation, school transportation and heavy-duty transportation. We have companies like CN, which purchased 50 trucks from Lion. We have companies like Day & Ross that are doing transportation. We have a lot of companies that are moving toward electrification.

To me, as of today, everything that does under 400 kilometres should be all electric, because the technology is available now. It's a question of managing change.

There are four things that I say about the success of transitioning towards electrification. First is legislation. The government needs to engage by having zero-emission dates, such as 2030 or 2035, but it needs to be clear. I always like to reference the ACT rule in California.

Second is incentives. However, incentives won't be there forever. Within five to seven years from now, electric vehicles, even heavy-duty ones, will be at the same price as a combustion engine vehicle, but the savings will be huge. It's also a viable business model.

The third one is supply chains. We need to lower our prices.

The fourth one is speed. We need to act fast if we want to keep Canada as a leader. We have everything here to develop that technology in terms of knowledge, and we have other companies, like New Flyer, Nova Bus and AddÉnergie.

We have everything. We have all the critical minerals there. We just need to make it happen.

Mr. Andy Fillmore: Thank you very much. I see the red card.

Thank you both for your remarks.

The Chair: We've gone way over time, but that was quite interesting and I didn't want to stop Monsieur Gervais.

Thanks a lot.

[*Translation*]

Mr. Lemire, you have the floor for six minutes.

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

Thank you for being here, Mr. Gervais. My first question is for you.

We know that Lion Electric is a strong symbol in the forefront of the Quebec and Canadian economy.

Your president, Marc Bédard, said in an interview that priority should be given to buying locally, that Canada loses out when the minerals extracted to produce the cells are exported to Asia for processing and then returned to North America. He added, “It's the worst of all worlds.”

Can you tell us more about the way you see things and your fears?

Mr. Patrick Gervais: Of course, we believe that all local economic development must be encouraged. This goes hand in hand with our mission. Because of all the transportation involved, exporting critical minerals and then re-importing them for use in North America, particularly in Canada, is counterproductive to our mission, which is to reduce GHGs. Being able to reduce GHGs matters to us. We have shown that Canadians and Quebeckers are very innovative. We can develop technologies that will allow us to be independent and vertically integrated.

We are ready. We just need good will. I think that everyone has this will, both in politics and in business. As I have already said, it remains to be seen how quickly this will be put into practice.

● (1615)

Mr. Sébastien Lemire: However, this is a recent development.

In addition to heavy vehicles, some of the companies here manufacture batteries, charging stations, software, and sensors for autonomous vehicles. It will be possible to integrate into the supply chain a whole ecosystem that is growing rapidly.

Are you satisfied with our current funding model for supporting the emergence of these companies? Earlier, you talked about regulations and incentives to stimulate the production or entry of these companies into the market.

Mr. Patrick Gervais: Certainly, the creation of a dedicated electrification system or fund would make things much easier. Ultimately, it would be used to finance various projects and businesses. We, ourselves, advocate for the establishment of an electrification fund. There are a lot of innovation programs. A number of technologies can fit into these funds. We really insist on the need for an electrification fund so that electrification is accelerated and all the necessary expertise is available to help these companies develop better.

Mr. Sébastien Lemire: For battery or electric vehicle manufacturers who are determined to source responsibly, Quebec becomes an obvious choice. You made this point earlier.

What useful tools could the federal government provide for you to take action? What role do you want to play in this supply chain?

Mr. Patrick Gervais: I always say that the supply chain is twofold and that each part must be developed. The supply chain must be developed through innovation and technology. We, the big manufacturers, will always be able to position ourselves. Indeed, we will always be able to have assembly plants that will be established in countries abroad.

For example, we are currently building a plant in the United States. Our goal, again, is to reduce GHGs, but also to meet the local sourcing demands that are happening in other countries. If we're working in Canada with various Canadian companies or with companies that are setting up shop here, we're going to be doing engineering development and reinventing the way we do things. Our products, the parts, the components, will be much more competitive, both in terms of price and supply. This will allow these companies to distinguish themselves on the international scene.

In my opinion, this is what will allow us to distinguish ourselves and, as far as the supply chain is concerned, to develop various products.

Mr. Sébastien Lemire: Do you have any concerns about the supply of critical minerals? Obviously, I'm thinking here of lithium. Are you concerned that we will run out of it? As we know, it is one of the strategic minerals and it is not easily accessible at the moment.

Is this a short, medium, or long-term concern for you?

Mr. Patrick Gervais: I understand from talking to people in the mining companies that supply is not an issue. I don't think that's the real issue. What we need to do is make sure that the mining companies are well funded so that they can develop their products. Right now, even if they wanted to meet all the demand for Canadian products, this market would not be big enough. So it is still necessary to export.

At the moment, I'm not worried about the supply of minerals. There just needs to be more demand so that we can develop products and keep our minerals here.

That being said, we must absolutely keep them. From our perspective as Canadian companies, that's a certainty.

Mr. Sébastien Lemire: With the Build Back Better Act, the US government seems to be moving towards protectionist measures or closing the country's borders.

Are you concerned about not having access to the US market? Is this what is driving you to open a plant in the US? What is your perception of our relationship with the US?

Mr. Patrick Gervais: We have a very good relationship with the US. However, if we want to be competitive, we have no choice but to establish ourselves in the US to sell our products.

I think we need to do the same thing in Canada. We need to develop an industrialization policy, a kind of “Buy Canadian Act,” to encourage local development.

As I said earlier, if we reduce the percentage of American parts in the United States, we will be able to develop expertise in Canada. We also need to make sure that the companies we work with can export to the United States for integration into different kinds of vehicles.

● (1620)

Mr. Sébastien Lemire: Then the most important thing is local processing.

Thank you, Mr. Gervais.

The Chair: We now go to Mr. Masse for six minutes.

[*English*]

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you to the witnesses for being here.

I'm going to continue with Mr. Gervais, because that line of questioning was along the line of the one I want to go, especially if we are thinking that we don't have enough of a domestic market to warrant investment to do the production here and that we're going to export primarily to the United States. Do you have an idea of what percentage that would be?

I've been very lucky to have a committee that's been very gracious over the last number of weeks as my border has been under siege here in Windsor, Ontario, and I can't tell you what fallout from that is still happening right now. What's the point of trying to do some of this when we're utterly allowing our entry points to the United States to be destroyed right now? My concern is not just with regard to competing with the west and the east in terms of Europe and Asia, but also, right now, that we're undermining our market access to the United States.

For Mr. Gervais, and then for Mr. Billedeau, I'd like your comments on that, because I can tell you that some people think that while the border is open now, it was never really closed during COVID. There were actually 5,000 vehicles a day and 4,000 trucks that were always crossing. The only time it was closed during COVID was during the illegal blockade that took place. That is the only time the Ambassador Bridge basically shut down its portal.

We are building new capacity, but now I have Democrats and Republicans who are on the warpath to get rid of any type of potential expansion of investment in Canada. How do we deal with that? That's a very real thing that's taking place. You have legislation with Build Back Better, and now we have a whole bunch of motivated congressional and Senate people who are after that too. I'm trying to get some redundancy into the system with a truck ferry, but what do you think about the current risk that's going on?

We can talk about this, but putting out batteries and trying to ship them to Europe and China is not really our primary market. It's going to be the United States, but right now, if we don't do anything significant to protect our borders, decisions are being made, I can tell you that. I'm on the phone with them every day.

That's for Mr. Gervais first, and then Mr. Billedeau.

Thank you, Mr. Chair.

Mr. Patrick Gervais: Yes, Mr. Masse, you're totally right. I can't tell you the amount of the percentage. I'm not too aware of the numbers, but I can tell you that, yes, on the different borders, the U.S. market is the big market. We're thinking more about North America.

When I was talking with New World Graphite, they were saying that, for them, it's a North American market. It was the same thing when I had discussions with StromVolt, which is looking not to go into Europe but into the North American market. The Canada-U.S. market is huge, so there is a possibility to work there, but as time goes by, we see more protectionist legislation being put in place. We had discussions in California, where they wanted to have a “buy California” act, and it was, “Come on, you have to stop these things, because we cannot have manufacturing plants all over every state.”

As a country, again, for me, it's the fight on the percentage of parts that need to be in different vehicles. Then, on our end, we have to make sure that we also apply some manufacturing “incentives”, I would say, for Canadian companies to place ourselves, to create a local demand and to develop our expertise, our innovation and to be more competitive. I have always been talking about innovation. We are an innovative country—

Mr. Brian Masse: I'm going to switch over to Mr. Billedeau, because I've taken up too much time.

Mr. Patrick Gervais: Yes, I'm sorry.

Mr. Brian Masse: I appreciate that and what you're doing.

Mr. Billedeau, we're known as the secondary market for a lot of European expansion. Those companies right now are looking at Mexico instead of Canada because they're watching our border fail at the moment. The whole point of investing in Canada has been our access to U.S. markets, which we're destroying at this moment. That's also an issue. People don't catch onto that, but that's the reality for European investment. I see it down here every day.

Mr. David Billedeau: I couldn't agree more that maintaining our economic competitiveness and access to the U.S. market is vital for Canada's economic prosperity. To that end and perhaps unsurprisingly, the chamber doesn't support protectionist measures between Canada and the U.S., our largest trading partner, since such policies could have significant unintended consequences.

With respect to critical minerals and Canada's strategy in this space, I mentioned during my opening remarks that we should explore some sort of strategic stockpiling, similar to what the U.S. has, to get a petroleum preserve that can support Canada weathering any type of short-term supply disruption in this space. But more broadly, in order to ensure that collaboration between Canada and the U.S. continues, we have to work on areas of agreement. A joint action plan on critical minerals between Canada and the U.S. was signed about two years ago, and it is the chamber's view that under this agreement Canada has significant opportunities to be a major continental player in supplying minerals for clean-tech energy supply chain resiliency and digital components vital for cybersecurity. We need to work with our allies in this space, and part of the calculus here is ensuring that vital trade corridors remain open and that there's trust amongst our closest trading partners.

● (1625)

[*Translation*]

The Chair: Thank you, Mr. Billedeau.

[*English*]

Thank you, Mr. Masse. That's all the time we have.

We will go to Madam Gray for five minutes.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): That's great. Thank you, Mr. Chair.

Thank you to all of the witnesses for being here today.

My first questions are for Mr. Billedeau of the Canadian Chamber of Commerce.

Mr. Billedeau, I want to go back to a statement put out by the chamber in September 2021 expressing concern that there hasn't been enough talk about how our national security depends on critical minerals, which I fully agree with. Would you be able to expand on where you see the largest threats to our national security as a result of not having a plan around this?

Mr. David Billedeau: I would, certainly, and thank you for the question.

As I noted in my last comment, Canada indeed has this major opportunity to grow as a reliable partner in supplying critical minerals vital to North American development of clean-tech energy supply chains and digital components vital for cybersecurity. In many of these areas, both Canada and the U.S. currently source required critical minerals as well as finished products from China, which presents significant risks, in the chamber's view, to our shared economic security and environmental priorities. With that in mind, it's the chamber's view that we need to work with our North American partners to accelerate collaboration under the joint action plan on critical minerals and explore the use of incentives and regulatory measures to support the extraction, processing, stockpiling and export of critical minerals, which Canada has an abundance of.

Mrs. Tracy Gray: That's great. Thank you.

Mr. Billedeau, has the chamber been consulted on any strategy being developed by the federal government, and have you received any indication of when a strategy might be completed?

Mr. David Billedeau: I don't have any knowledge of the timeline for the Government of Canada's critical minerals strategy. I can note that we are engaged with members of NRCan on an ongoing basis, but at this time I'm not aware of the level of consultations specific to a critical minerals strategy.

Mrs. Tracy Gray: What do you believe the federal government can do to improve engagement with stakeholders on the critical minerals file?

Mr. David Billedeau: I think that's an important question. I think there are two components to the answer: One, there has to be ongoing consultation, and, two, there has to be ongoing consultation with a number of different stakeholders along the supply chain including indigenous stakeholders. Our strategy for critical minerals should not be just exploration and extraction. It should be engaging with stakeholders along the value chain, including for those intermediary processes and manufacturing processes, to determine potential opportunities and touchpoints where the Government of Canada can provide value and support.

Mrs. Tracy Gray: Thank you.

Just so that this is really clear to me, you're not aware of any direct consultation by the department or the minister reaching out to organizations like yours?

Mr. David Billedeau: I am not aware of the Canadian Chamber participating in any consultation on a strategic plan for critical minerals at this time.

Mrs. Tracy Gray: That's good to know. Thank you.

While we're waiting for this strategy to be developed by the government, what are Canada and the members you represent at the chamber losing out on by not having a strategy in place?

● (1630)

Mr. David Billedeau: Perhaps to answer that question, I'll quickly articulate the opportunities across Canada in this space. Each region of our country has reserves of different critical minerals that can support regional sustainable economic development. Saskatchewan has abundant reserves of potash and uranium. Quebec has notable lithium, vanadium and a number of other minerals. There are rare earth elements in the Northwest Territories and uranium and manganese in Nunavut. We have mines on the east coast and smelters on the west coast. Unlocking cohesive development of critical mineral supply chain from extraction to manufacturing and closed-loop recycling presents opportunities to all of Canada. That is the space the private sector is particularly looking for government leadership on in the years ahead.

Mrs. Tracy Gray: Thank you.

I have one last quick question here. In your opinion, is there any redundancy or unnecessary regulations impeding the ability of the sector to grow?

Mr. David Billedeau: I don't have anything specific to point to at this time. I would note that our engagement with natural resources companies on this topic is relatively new. We just kicked off our critical minerals council earlier this month. I can commit to following up as we continue to engage with stakeholders.

Mrs. Tracy Gray: I'm sorry to interrupt you. I'm out time here, but if you could table that information to this committee, that would be much appreciated.

Thank you.

Mr. David Billedeau: Of course.

Thank you.

The Chair: Thank you, Mr. Billedeau and Madame Gray.

We'll now turn to Madame Lapointe for five minutes.

[*Translation*]

Ms. Viviane Lapointe (Sudbury, Lib.): Thank you, Mr. Chair.

[*English*]

My first question is for Mr. Billedeau. It will explore a bit further some of the questions that my committee colleague Ms. Gray was asking about engagement.

In the natural resources committee, of which I'm a member, we're currently studying emission caps in the oil and gas sector. These discussions have led to looking at the future of energy in Canada. Yesterday we heard from a witness that the battery is going to be the central part of the new energy system. They went on to state that our metals and minerals sector positions Canada to be a leader in the development of EV parts, batteries and more. In your opinion, what do businesses need to see from a policy standpoint when it comes to critical minerals development? What should be the responsibilities of those businesses, as private stakeholders, within the development of our critical mineral strategy?

Mr. David Billedeau: Battery production is at the core of a lot of critical minerals discussions. I think there are a few things to note in response to your question. First, in order to spur battery production in Canada—and maybe I'll touch on that more in a moment—there needs to be funding to support capital expenditures in this space, but there also has to be the required infrastructure across the country to support consumer adoption of new technologies. Our automotive manufacturing industry builds where they sell. We have five OEMs operating out of Ontario producing about 1.4 million consumer cars annually, the majority of which are shipped to the United States. For Canada to increase its share of EV use amongst Canadians, there needs to be supporting infrastructure, charging infrastructure readily available coast to coast.

I saw that Flavio Volpe of the Automotive Parts Manufacturers' Association recently appeared before the committee. I suspect that some of what I say here may have been mentioned previously, but I think that within the auto sector, which is quickly electrifying their fleet of products while also decarbonizing their operations, there exists ample opportunity for battery production in this space. Canada has a unique opportunity here. Localized mineral supply will make our automotive manufacturing industry more competitive while supporting EV development by reducing logistical costs and further sourcing critical minerals in alignment with the regional-value-content requirements of the USMCA, the new NAFTA, which provides a competitive advantage to serving North American markets.

There are advantages to building EV batteries here in Canada, but we have to develop those extraction supply chains to source critical minerals to do so, and we also have to form financial partnerships to offset the significant capital expenditures required to set up EV production facilities.

● (1635)

Ms. Viviane Lapointe: I have a follow-up question, but I will tell you that in the panel you referenced, the two emerging themes we heard were “local, local, local” and to consider the entire supply chain. The follow-up question I have for you is this. As we turn to an economic recovery from the pandemic and towards a clean energy future, what are the key elements that should be included in a Canadian critical mine strategy?

Mr. David Billedeau: I will note that the chamber is actively engaged in consulting on Canada's net-zero strategy. The chamber's view on the transition to net zero and decarbonization is one of accepting multiple pathways to decarbonization. I mentioned in my prior remarks that Canada has to deploy a number of decarbonization technologies that are vital to the sustainable operations of the mining sector, inclusive of small modular reactors, hydrogen, and renewables like solar and wind. From a federal perspective, I think the chamber would like to see a joint net-zero and critical mineral strategy that leverages these different technologies and creates space for Canadian leadership in the decarbonization of the mining sector.

Ms. Viviane Lapointe: Thank you.

Oh, I have no more time. Thank you.

The Chair: You would have two seconds.

[*Translation*]

Thank you, Ms. Lapointe.

Mr. Lemire, you have the floor for two and a half minutes.

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

I am pleased to address my elected colleague from Abitibi-Témiscamingue, Martin Ferron. I am pleased to see you here, Mr. Ferron.

The last budget of the Parliament of Canada proposed $9.6 million in funding over three years to create a centre of excellence for critical battery minerals. At the last committee meeting, I proposed that we recommend that this centre be located in Abitibi-Témiscamingue.

Indeed, we already have the Research Institute of Mines and Environment, a collaboration between the Université du Québec en Abitibi-Témiscamingue, UQAT, and Polytechnique. We also have the Elements08 Strategic Metals Excellence Centre, a collaboration between UQAT, the Cégep de l'Abitibi-Témiscamingue, and the Centre technologique des résidus industriels, or CTRI. In addition, there are mining innovation zones that we hope will be created in the future. We must also take into account the culture of collaboration of local businesses, suppliers, the mining community and expertise.

In short, do you believe that Abitibi-Témiscamingue is the ideal place to host this centre of excellence on critical battery minerals?

Mr. Martin Ferron: That's for sure. Your geographic location and mine might suggest that we have a favourable bias on this issue. That said, Abitibi-Témiscamingue is a fertile ground in the mining sector and a very fertile ground in the innovation and research sector.

Elements08, the new program at the Université du Québec en Abitibi-Témiscamingue, comes with players, professionals, highly qualified personnel, who will meet the needs of consumers. I am talking about companies that will need new technologies and new specializations to stand out in the market. Because of its university, its CEGEP and its specialized research chair, Abitibi-Témiscamingue will be of interest to companies wanting to create innovation. The funding and the presence of specialists on site will make it possible to provide these companies with expertise that is not available elsewhere.

This expertise is coupled with a strong mining industry and mineral wealth consisting of a variety of strategic metals. We are talking about rare earths, lithium and nickel, among others. A little further away, in the Laurentians, there is graphite. We have a series of metals, specialists, and an industrial sector that prove that Abitibi-Témiscamingue is a fertile ground for the development of secondary and tertiary processing. We can even talk about first processing, at the base, but in its continuity.

Mr. Sébastien Lemire: Tell us about the importance of this processing that is close to the resource whether it involves the chemical aspect or the production of cells.

Is Abitibi-Témiscamingue able to ensure this processing near the resource?

Mr. Martin Ferron: Absolutely. Today, of course, information technology means that distances no longer exist. In addition, the rail network, which serves us well, makes it easier to transport materials once they have been processed.

There is talk of environmental footprints and decarbonation, but in this perspective, the industry needs to become more innovative. It has to transform in smaller areas, controlling the environment, the materials and their discharges, in concentrated and environmentally well-managed parks. There are mechanical processing stages, but the others are chemical and physical.

In my view, many operations need to be concentrated in more strategic locations. We can go even further by pointing out that investment companies now want to partner with environmentally responsible companies, whether it is in their operations, their sales, their processing or their partnerships with communities. I'm talking about First Nations communities and other communities.

For all these reasons, I believe that it is beneficial to establish oneself in an area like Abitibi-Témiscamingue, which is a fertile ground conducive to all stages of processing and research.

● (1640)

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

The Chair: Thank you, gentlemen.

We can feel your pride. Your beautiful region, Abitibi-Témiscamingue, is well represented today on the Standing Committee on Industry and Technology. It was very interesting.

I will now give the floor to Mr. Masse for two and a half minutes.

[*English*]

Mr. Brian Masse: Thank you, Mr. Chair. That was interesting.

I'm going to move over to Mr. Billedeau, because he said something really interesting with regard to strategic reserves.

We used to have one in Canada for oil and gas, and that was Petro-Canada. It was the market intervenor we had at that time. That's what the strategic reserve in the United States is, to provide a guarantee not just for military and those issues related to civil society and ensuring those supports are there, but also to push down on market forces when they're seen as unfair practices or interfering with inflation and so forth.

How would you suggest this one should work for us here? It's a really interesting idea, and I'm curious to hear a little more on that.

Mr. David Billedeau: Thank you for finding one of my points of interest. It's great to hear that.

Canada is experiencing supply disruptions right now. I think that to have an effective critical minerals strategy, we need to recognize that the usage and requirements for critical minerals in our energy production and manufacturing operations are only going to go up in the years ahead. In that regard, to limit short-term supply chain disruptions, there exists an opportunity here to study the use of stockpiling. To do so, I think there's an opportunity for the government to partner with industry and other stakeholders to determine mineral input requirements to different critical pieces of infrastructure across the country and critical pieces of our economy and determine appropriate levels of reserves and minerals that have to be stockpiled.

That would require a lot of consultation, but I think the benefits of doing so are all too clear at the current time.

Mr. Brian Masse: With that, could there be, for example, a set-aside for research and development, or something along that line? I see the advancement we have going here, and I see also the advantage to what you're saying: ensuring that our R and D isn't going to be compromised at any point, because we'd have the elements there.

Mr. David Billedeau: Precisely.

I will note that as part of our critical minerals council initiative, we are working with a number of academic institutions to study this very subject. Again, these are very early days, but I look forward to providing the committee, and government more broadly, with the results of our research in this space.

The Chair: Thank you, Mr. Billedeau.

We'll now move to Mr. Fast for five minutes.

Hon. Ed Fast (Abbotsford, CPC): Thank you very much.

I'd like to first direct my questions to Mr. Gervais.

You mentioned that you need a cell supplier from outside of Canada. Is that correct?

Mr. Patrick Gervais: As we speak right now, yes. There are no cell producers in Canada.

Hon. Ed Fast: Are there any proposals to set up a manufacturer for those cells here in Canada?

Mr. Patrick Gervais: There are a couple of companies who have showed interest for sure, yes.

Hon. Ed Fast: Showing interest is one thing, but actually being serious about setting up a manufacturing facility in Canada is another matter. Is there anything standing in the way of these companies making that investment in Canada?

● (1645)

Mr. Patrick Gervais: I'm not into all of the details, but we have had discussions with some of them which are very serious. These are really expensive investments that need to be done, so you need someone who has the expertise to be able to produce these cells and then also have the right capital to make sure the project sees the day.

Hon. Ed Fast: To be very clear, are these lithium-ion batteries that you're putting into your buses, or is this a different type of technology?

Mr. Patrick Gervais: Right now, it's lithium-ion. Yes, that's correct.

Hon. Ed Fast: All right, so lithium plays a major role in the manufacture of those batteries.

Mr. Patrick Gervais: Yes, lithium plays a major role.

Hon. Ed Fast: What countries are you securing those cells from right now?

Mr. Patrick Gervais: Mostly Asia and Europe.

Hon. Ed Fast: When you say Asia, can you be more specific?

Mr. Patrick Gervais: It's in Korea.

Hon. Ed Fast: Can you explain a bit which one of the three elements of the batteries...? You mentioned cells, you mentioned the battery packs and you mentioned modules. Just explain what each one of them is so we know what you're talking about.

Mr. Patrick Gervais: Sure.

A cell is what critical minerals are transformed into. Then you put the cells into the modules. I can't remember, but I think it's 360 cells that we're going to put in the module, and then we're going to put them in the packs—about 11 modules in a pack, I think.

It has given us the opportunity of controlling our own pro format of the batteries in making our own batteries, so that we are going to be able to fit them, because we purpose-build vehicles. That's really important for purpose-built vehicles. Some vehicles are made to be electric. By developing our pro format batteries, it gives us the opportunity to—

Hon. Ed Fast: That provides me with the information I needed.

Mr. Patrick Gervais: Yes.

Hon. Ed Fast: As these cells are being produced and they require lithium, there's no way we could have a made-in-Canada industry right now if we don't have a source of lithium, correct?

Mr. Patrick Gervais: Yes, I think that's correct. We need some lithium that comes from Canada.

Hon. Ed Fast: Are you proposing to manufacture these cells yourselves or will you be contracting out that service?

Mr. Patrick Gervais: No. We're going to be contracting out that service. We're not going to be building cells.

Hon. Ed Fast: Okay.

If I could go to you, Mr. Billedeau, can you just very quickly highlight for me what a critical minerals strategy would look like? I know that the council has yet to engage on this, but it would be helpful if you could already identify, very roughly, what are the key elements of a critical mineral strategy that have to be part of the process moving forward to ensure that we have a sustainable industry in Canada.

Mr. David Billedeau: I think the chamber's expectation and hope for Canada's critical minerals strategy is one that identifies the challenges and opportunities across the supply chain in Canada, from extraction to intermediate processing and to manufacturing and closed-loop resource recovery.

I think it's the chamber's view that Canada can compete in all of these areas and that there are opportunities in all of these areas, but there have to be significant consultation and engagement with relevant stakeholders to identify the challenges to investment and to unlocking the potential in each area.

Hon. Ed Fast: Can you explain what you mean by "closed loop"? I think some of us understand, but it would be interesting to know exactly how you would define that and what that entails.

Mr. David Billedeau: Of course, and the chamber is very much interested in examining the opportunities of closed-loop systems throughout the life cycle of critical minerals. This closed-loop concept, of course, supports Canada's environmental ambitions.

On the upstream extraction side of the equation, there exist closed-loop opportunities to recover minerals from waste and tailings. In effect, Canada can support the development of systems that extract all possible value from deposits that have already been mined, creating a closed-loop system that has very little waste, if any.

On the downstream manufacturing side of the supply chain, there are closed-loop opportunities that can support value-added recycling programs that offer both environmental and economic benefits. A clear example here would be that as EVs—electric vehicles—gain market share, there may be opportunities for closed-loop battery recycling programs that repurpose or reintegrate batteries into the supply chain, limiting waste and creating economic opportunities at the same time.

● (1650)

Hon. Ed Fast: Thank you.

The Chair: Thank you, Mr. Billedeau and Mr. Fast.

We will now move to Mr. Gaheer for five minutes for our last round of questions.

Mr. Iqwinder Gaheer (Mississauga—Malton, Lib.): Thank you, Chair.

Thank you to the witnesses for making time to be here.

My questions are for Mr. Billedeau.

I know that we speak to Mr. Perrin Beatty frequently, but it's nice to speak to you, Mr. Billedeau.

You mentioned that it takes 15 years to go from plan to mine, so this is a multipart question: Does that include the timeline of finding where the mineral deposits are and the exploration, or is it apart from that, and why does it take so long?

Mr. David Billedeau: I will have to confirm and get back to the chair and the clerk of the committee on the answer to the first part of your question, but at the current time, it's my belief that the 15-year average is with reference to critical minerals being discovered as part of exploration and mines actually creating first production.

To the second part of your question, on what the impediments are, again, unfortunately, I will have to note that our engagement with our members of the critical minerals council is at its very early stages. I'll be reporting back to the committee on any regulatory or funding issues that slow production in the space.

Mr. Iqwinder Gaheer: Great.

What measures could be put in place by the federal government to encourage the exploration and extraction of the minerals?

Mr. David Billedeau: Again, I'll have to engage with my critical minerals council colleagues to adequately respond to your question. I will ask for patience in that respect while I do so after the meeting.

Mr. Iqwinder Gaheer: Does anyone else want to take that question?

The Chair: Go ahead, Monsieur Ferron.

[*Translation*]

Mr. Martin Ferron: Thank you.

Having worked in the mining industry for nearly 25 years, including some time as an equipment manufacturer, I have a keen interest in this field.

There can be a gap of five to ten years between the discovery of a mineral deposit with mining potential and the start of mining operations.

With respect to the search for deposits, the Quebec ministère de l'Énergie et des Ressources naturelles has already mapped out areas that have mining potential, possible exploration areas. The areas are owned by companies; for example, mineral staking or mineral claims are already owned by mining companies, either junior mining companies or exploration mining companies. Of course, special strategic metals tax credits for mining would provide a boost to exploration of these potential deposits, regardless of location in the country.

I hope I have answered your question. That's the way we see it. In the past, there were flow-through shares offered for exploration in Quebec, which had very good results.

[*English*]

Mr. Iqwinder Gaheer: Great. Thank you. That does answer it.

You're speaking about the timeline from plan to mine. Can we speak about going from mine to value-added product? How long would that take? What are the impediments to that timeline?

[*Translation*]

The Chair: Mr. Ferron, I think the question is for you.

● (1655)

Mr. Martin Ferron: Here again, we are talking about strategic metals, for which there are different sectors. Now, strategic metals are not my speciality. However, I am familiar with the mining of gold, copper and some other less strategic minerals, that is, more traditional minerals.

The strategic minerals sector is still developing, and does not yet exist in Canada, hence the importance of areas of expertise and research in universities or with certain equipment manufacturers that are being prepared.

To speed up the process, money, tax credits and government support are needed. If you want to get a full sector up and running faster, funding is key.

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

[*English*]

Thank you, MP Gaheer. That's all the time you have.

[*Translation*]

Today, I have been very generous with your speaking time, and I will continue to be so by giving Mr. Généreux about three minutes to ask a few questions that he did not have time to ask.

However, I expect everyone to be very productive at the subcommittee meeting that follows, because we have reduced the time for proceedings.

Mr. Généreux has the floor for three minutes.

Mr. Bernard Généreux: Thank you, Mr. Chair, for your generosity.

Mr. Ferron, I consider northern Canada, including northern Quebec, of course, to be the "Klondike" of the world in terms of rare earths and our wide variety of mines, some of which are in production, while others have the potential to be. It is extraordinary.

We have already talked about this: setting up a mine in Quebec would take seven to ten years. It must be the same elsewhere in Canada.

With regard to the important metals we are talking about, for example, lithium—I believe phosphate was also mentioned—do you believe that we can reduce the time it takes to set up mines while obviously respecting all the First Nations on your territories?

Mr. Martin Ferron: Yes, we must immediately consult those responsible for the areas affected, the host areas for the mining companies that will come to exploit their natural resources. This must be done beforehand, but always on a continuous basis.

Furthermore, when a mine is going to be exploited, regardless of its location, it is important to ensure that good practices are known throughout the mining sector. It is extremely important to have a positive image of this sector. It was once very negative, but it must be positive. This will speed up its financing and its operation. It is true that seven to ten years is a long time. However, some companies have managed to speed up the process in recent years. I am thinking, for example, of Mine Canadian Malartic. The company had an underground mine to develop. It will be in production within two years. It will have taken five years to make a mine fully operational for mining.

It is always possible to shorten the time needed to start operating a new mine, but it takes a lot of money.

Mr. Bernard Généreux: You also talked about mineral deposits. It is important to know that the Canadian North is divided into mineral deposits.

Is this an issue for the development of all these lands?

Mr. Martin Ferron: The Quebec government has made several changes to the regulation of mineral deposits in recent years. Companies must invest in their mineral deposits in order not to lose their exploration or mining rights on these claims if they do not undertake activities to develop their mineral deposits.

Mr. Bernard Généreux: Excuse me.

In mining terms, what does "invest in their mineral deposits" mean?

Mr. Martin Ferron: To engage in exploration.

Mr. Bernard Généreux: Okay.

Mr. Martin Ferron: This means exploring, surveying, working to find new natural resources.

Mr. Bernard Généreux: Okay, I understand.

Thank you very much, Mr. Chair.

The Chair: Thank you, Mr. Généreux.

Mr. Ferron, Mr. Gervais and Mr. Billedeau, on behalf of the committee, I thank you for your time this afternoon.

This concludes this committee meeting.

The meeting is adjourned.