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Chair

The Honourable Mark Eyking

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• (1530)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Welcome to the trade committee. Today we're going to continue with our study on Canada's support for small and medium-sized businesses on international trade.

We have guests with us. We are waiting for one guest. Mr. Fowler from Manna International is on the way, I've heard, so we'll get started, and he can do his presentation when he comes in.

Welcome, witnesses. If this is your first time in front of a committee, let me tell you that we try to keep your presentations to five minutes or so, but whatever it takes to do it, that's fine. Usually I start with the witnesses on video conference, because sometimes we have technical difficulties. Give me a thumbs-up if you can hear me okay.

Okay. We have with us, from the Chambre de commerce de l'Est de Montréal, Madam Fréchette and Madam Mandelbaum.

Bonjour and welcome. You have the floor.

[Translation]

Mrs. Christine Fréchette (President and Chief Executive Officer, Chambre de commerce de l'Est de Montréal): Good afternoon.

Thank you for this wonderful invitation. It is very much appreciated. First, I would like to point out that Mrs. Mandelbaum, who is with me, is the Director of Export Assistance for the Chambre de commerce de l'Est de Montréal. I am the President and CEO.

I would like to say a few words about the Chambre de commerce de l'Est de Montréal. Our organization covers a vast area located on the eastern half of the Island of Montreal. We cover half the Island and our area has 32,000 businesses. Our organization has 1,200 members working in 125 sectors of activity. More than 80% of our members are small and medium-sized businesses. Therefore, we are very familiar with the reality of SMEs. The Chambre de commerce de l'Est de Montréal hosts an ORPEX, or regional export promotion organization, which has four export specialists on staff. It is a real asset in terms of support for businesses that want to export. The Port of Montreal, which is the gateway for maritime shipping, especially with Europe and the Americas, makes our area a very strategic one. In short, we have a very strategic asset in our area.

How can the government foster export opportunities for SMEs, particularly with respect to CETA and the TPP? We have four suggestions.

We believe it is essential for the government to include in its efforts front-line service providers such as regional export promotion organizations, and that it work closely with them. These organizations have a special relationship with exporters, especially SMEs. Their close ties are particularly useful because SMEs often prefer that the organizations supporting them use a highly individualized approach. Additionally, our organization works with more than 200 exporting businesses every year, year after year. We have offered this service for 18 years. We can most definitely develop a relationship with the area's businesses and gain a sound understanding of their dynamics.

First, we simply want to tell you to make greater use of our organization. We have resources and we are on the ground. This is an advantage and an asset that the government can use to raise awareness among businesses and to inform them of the potential benefits of free trade agreements.

Second, it is important for the government to have a greater presence on the ground in order to reach out to SMEs. In the east end of Montreal, the Government of Canada's presence in the business community is insufficient. This lack of representation can be addressed in two ways. For example, we could ask that the businesses in the Montreal area that Government of Canada representatives cannot help, due to a lack of resources, be referred to organizations such as ours. Based on my personal experience, I can tell you that this has not happened very often. We have received few referrals from and had little contact with Government of Canada representatives concerning our export services. I think that there is a place for such referrals.

Third, the federal government could definitely increase its export services presence in the area. We can be a part of the solution and the government could also decide to increase its presence.

More tools, content and concrete information could be provided to SMEs. We invite the government to consider this option. In fact, our organization relays this information to businesses on its website, in its newsletters and with social media posts. These are different ways of reaching businesses. In that regard, the more information and documentation we receive from the Government of Canada, the more we can share them with businesses.

The fourth important element would be for the government to participate in events organized by organizations such as ours including training, team meetings, brainstorming sessions and presentations about government programs. We organize about fifty events a year, and we are quite open to having a greater Canadian government presence at these events.

• (1535)

We actually had an event a few months ago with the U.S. Consul General at the U.S. consulate to inform companies about how to export to the United States. That is the type of activity that we are very willing to organize with the Canadian government as well.

How much time do I have left, if any?

[English]

The Chair: You have another minute if you need it.

[Translation]

Mrs. Christine Fréchette: Okay, great.

Naturally, the signing of free trade agreements has a positive effect on businesses' trade relations by providing an economic advantage and making trade with the signatory countries appealing.

[English]

The Chair: We have no translation.

Hold on for just one minute.

[Translation]

Mrs. Raphaëlle Mandelbaum (Director, Export Assistance, Chambre de commerce de l'Est de Montréal): We hear it, but we can also hear the simultaneous interpretation.

Mrs. Christine Fréchette: May we continue?

[English]

The Chair: Yes, we can hear you.

[Translation]

Mrs. Christine Fréchette: Okay, that's good.

I was saying that the signing of free trade agreements definitely has a positive effect on businesses in the signatory countries.

These free trade agreements create a very clear financial interest for businesses. However, many barriers constrain SMEs' ability to take advantage of the government support and to benefit from these free trade agreements. It is important to be aware of these constraints so we can better support SMEs.

Although the number of free trade agreements has increased, we see that they occasionally cover markets that are not a priority or that are not well known by small and medium-sized businesses. Therefore, it is important to create a greater awareness of the

countries with which we sign agreements and the business opportunities they provide.

The usual reflex of a small or medium-sized business that is beginning to export is to look to more familiar markets that are less risky and more geographically or culturally aligned. More mature SMEs that are already exporters will consider exporting to less familiar destinations outside the United States, France or England. We have to bear that in mind.

If we look at it from the SMEs' perspective, we realize that exporting is not necessarily a priority. We try to explain why it is important to export. However, sometimes the potential for growth in Canada has not been reached and the businesses feel the need to further work on the Canadian and even U.S. markets. We must be able to enhance the potential and further promote it on the Canadian scene.

The issues related to the recruitment of labour also lead to significant constraints at times. Increasingly, a number of businesses and SMEs are not operating at full capacity because there is a labour shortage. They sometimes curtail operations. In this context, it may seem impossible to open new markets abroad just because the business cannot consider increasing production. This could continue for some time unless we change our immigration rules and let in more immigrants who could be hired by our businesses.

There is also the factor of internal abilities and skills, which could quickly become an issue for SMEs, particularly when it comes to language.

Another issue is technical, tax and regulatory knowledge and knowledge of programs that the company could access for help. From our perspective, there is a lack of clarity regarding the different roles of such federal entities as Canada Economic Development, the Business Development Bank of Canada and Export Development Canada. It is sometimes not very easy for businesses to know who does what. This needs to be clarified for businesses.

To summarize, signing free trade agreements is a very important step that will encourage our businesses to export. However, other measures must be implemented to develop the true potential for our SMEs abroad. This means relying on more organizations such as ours, which are in direct contact with businesses every day. The Canadian government must have a greater presence in the area in order to be in contact with businesses. It must also develop information tools that can be used with businesses. Finally, the government must be available to share information and promote its programs to businesses.

Thank you.

We would be happy to answer any questions.

•(1540)

[English]

The Chair: Thank you, Madam Fréchette. That was a very good presentation with some good suggestions for the government.

I welcome Mr. Fowler. You made it just in time. It's good to see you.

We're going to Mr. Stepien from Iaftrate Machine Works Ltd.

Go ahead, sir. You have the floor.

Mr. Gary Stepien (Finance Manager, Iaftrate Machine Works Ltd.): Good afternoon, Mr. Chair.

Thank you for allowing Iaftrate Machine Works to provide input into this study of federal support for the international trade activities of small and medium-sized firms.

I will cover our experience in international trade under the existing NAFTA, the challenge of providing machined products on a global basis and the possibility of utilizing the trade commissioner service to identify potential foreign customers that meet our unique production requirements.

As a custom machine shop, we do not manufacture our own line of products. Instead, we invest in sophisticated computer-controlled lathes and mills that are operated by semi-skilled operators and skilled tradesmen to produce products designed by our customers.

Approximately 30% of our sales do constitute international trade as automotive products under the current NAFTA. These products are components that are assembled into a driveline module by a major automotive parts supplier and then sold to one of the most popular sport utility brands in North America.

Automotive vehicle platforms typically have a seven-year production cycle. We are now into the second platform for this product line. This is an example of a successful long-term contract based upon compliance with the terms of an international trade agreement because it meets the following business requirements for us: long production runs to spread the cost of machine set-up over significant volume, stable and specified lead times for both raw material and production schedules, relatively short shipping distances, the ability to control the shipping environment to minimize the risk of the finished machined product rusting during transit, and the ability to discuss engineering and design changes in English during normal business hours.

However, approximately 70% of our business is complicated by the challenge of short production runs of custom-designed products that require significant machine set-up time and subsequent tear down after the product is complete. This type of work is further complicated by unique steel requirements, heat treating and specialized testing to prove compliance with engineering specifications.

Providing custom machined products requires the coordinating of schedules for steel production, raw material shipping, machine set-up, production scheduling, heat treat scheduling, off-site hardness testing, final machining, and the shipping of the finished product in a controlled environment to minimize the risk of rust.

To conclude, these requirements can be managed with long, known production schedules; however, the shorter the lead time, the easier it is for any one of the above elements to seriously impact the ability to meet a customer's deadline. We do not want to be responsible for shutting down a customer's production line. This is precisely our concern with trying to take advantage of any non-North American trade agreement. Distance, language barriers and significantly different time zones make it extremely difficult to justify the risk of accepting production contracts that have a large risk of error when we are not able to control all the various organizations involved in the entire process.

There is no question that we support international trade. However, we must be able to manage the process to ensure our customer receives the level of service we have promised.

One possibility for identifying potential customers in Europe or Asia that would meet our requirements for long and stable production forecasts would be to utilize the trade commissioner service, which has offices around the world and is connected to the local community. We have used the trade commissioner service in the past to investigate the possibility of expanding our customer base in the U.S. They may be able to identify international opportunities through their local networks that could provide manageable risk. Naturally, we have to feel confident that our machined products are not at risk during transit.

Thank you for your time.

•(1545)

The Chair: Thank you, sir.

We're going to Mr. Fowler from Manna International Inc.

Go ahead, sir. You have the floor.

Mr. Gerald Fowler (President and Owner, Manna International Inc.): Thank you for the privilege of coming to talk.

My apologies for my outfit. Air Canada is protecting my blue suit, white shirt and blue tie incredibly well. In fact, they're in a secret location and no one really knows where they are, so we have to put up with my current Air Canada-approved outfit.

Voices: Oh, oh!

A voice: It's casual day.

Mr. Gerald Fowler: That's right. It's casual day.

Thanks again for allowing me to come. I'm new to this environment. It's very different for me. I thought maybe for the five minutes allotted I'd give a brief background of my history in exporting, to provide some context and perspective and also maybe some credibility.

I noticed from your mandate that you are to study ways that government can help small and medium-sized enterprises to export, so I'll target my presentation to that end, trusting that mandate extends not only from encouraging or generating interest in exports, but also enabling companies to realize that potential.

Again, I thought the best return on investment of your valuable time is if I give maximum time for questions, as opposed to my jumping up and down saying what I've done.

Please forgive me if this sounds like, "Look what I did." I'm very blessed and very fortunate. I just want to give you an accurate background of where we're from.

We've been exporting products since 1980. In fact, 100% of our revenues are involved with exporting. We started with maple syrup and then moved to certified organic soybeans, which we moved to Japan and Europe. In 1996, we started moving non-genetically modified soybeans into Europe, first by vessel out of the Great Lakes, but then by containers since 2004.

As part of that, working with the biggest soy milk producer in Europe, we became the first in the world to ship fully traceable, guaranteed non-GMO soybeans to meet the EU standards. Because of that, we were invited to speak at a variety of international conferences on the subject and were able to raise the Canadian flag. Canada, therefore, became the preferred supplying country of this type of soybean in the international food sector, a position that Canada still holds firmly today.

I use that as an example to emphasize to you people that you have the potential to affect that type of stuff. As you already know, there is incredible importance in the value of small to medium-sized enterprise and the exporting values for Canada. We started doing this because a door was open to us in Europe. We were able to step through that door, and we were thankful it worked well.

Because of that, there are elevators, groups of farmers in southwestern Ontario, that are now exporting that would never have exported before. Just to emphasize the potential for small to medium-sized enterprise in the Canadian marketplace, all this is from an office with two people in Sault Ste. Marie, hundreds of miles away from the nearest soybean.

Because of that privileged position, someone—I don't know who it was, actually—put our name forward and we were fortunate to be recognized as the 1999 recipient of the northern region's leadership award for excellence in export development. We were then invited on numerous trade missions, predominantly by the Ontario Ministry of Agriculture. With that interest, as well as interests in ministries helping orphans, widows, refugees and human trafficking issues, I've been blessed to travel to 42 different countries to do business there.

In addition to agricultural trade missions, I was involved in the Soo in another export development project. I taught international business at Sault College for their first graduate class and subsequently ran a year-long government-funded program with the graduates of that course, developing export development business plans and reports for local businesses to try to encourage exporting up north. That led to being asked by FedNor to develop and lead a 10- to 14-day trade mission to Ecuador and Chile for forestry experts and professionals, as well as business people, to see if our Canadian forestry expertise had potential.

As a follow-up to that, we started looking at export clubs in Sault Ste. Marie where, in conjunction with FedNor, we started doing export breakfasts. That was a relatively informal time of talking with a wide variety of local businesses that were interested in exporting

and didn't know where to go next with that, and they were just asking questions. We just sat around and talked about "I wouldn't do that if I were you", "This would be a good idea", or "Be careful of this", that sort of stuff. It worked well.

In 2006, we received Sault Ste. Marie's Community Capacity Building Award and were also asked by then mayor, John Rowsell, to accompany him and a number of local businesses to Sault Ste. Marie's sister city in Portugal, due to the lack of expertise they had in exporting, and potentially help new export business to develop.

● (1550)

During that trip, I had the distinct privilege of meeting Mr. Terry Sheehan and his lovely wife. They were also on that trade mission.

As well as exporting soybeans, we're now focusing on the next phase of European market development, which is traceability. Traceability moved from—I'm trying to give you the Reader's Digest version—organic non-GMO. The new terminology, the new fascination for the European market place is called sustainability. The trouble is getting a definition of that, but that is defined by increasing yields and decreasing use of chemicals—an oxymoron for most farmers—but it is possible.

We're trying to find even more market share for Canadian soybeans by getting Canadian soybeans a bit more sustainable for the appetite that Europe is expressing with regard to sustainability.

At this point, I'm going to stop embarrassingly tooting my own horn in order to make the most time available for questions.

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

That's a very interesting story. Most of the times you hear that to increase exports, it's mostly federally government led. Yours is locally driven, very organically driven, right in your own community.

That's a good job by you and your community. It's good to hear from you today.

Now we will turn to the dialogue with the MPs.

Witnesses and MPs, let's try to keep the questions and answers short. That way, we can have a good dialogue.

We're starting off with the Conservatives, for five minutes.

Mr. Hoback, you have the floor.

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

Thank you to all the witnesses. It's great to be back here at trade committee.

I'm going to start off with you, Gary Stepien.

I find it very interesting. You have a very good understanding of the strengths of your business and where you could add value in the international markets and where you can't.

How did you get to that point? At what point did you sit back and see where you can do this and where you cannot? Was there anybody that offered you that assistance? I think a lot of younger companies haven't done that yet. They just think they can export, but they haven't really analyzed whether they should.

Mr. Gary Stepien: We know what our capabilities are, and our business is generated by quotes. We respond to quotes. We ended up getting a quote that we knew we could handle based on our capability, our experience and the accuracy that we operate in.

The thing is that each generation of vehicles is getting more and more precise in quality. For instance, drivelines create vibration. Vehicles are now going more toward aluminum bodies, so the weight of the vehicle no longer compensates for the vibration of the driveline. Now we have special balancing equipment to make sure that when the product is made, it's within the right vibration characteristics.

It's a case of understanding your capabilities.

• (1555)

Mr. Randy Hoback: You're taking those strengths and your capabilities and asking how you can apply them maybe into Europe.

How are you doing that?

Mr. Gary Stepien: Our international trade is basically under NAFTA. We would love to have trade with Europe, with Asia.

The issue is how we get into those markets, and if we get into those markets, how we make sure that our product doesn't rust on the way. That's a huge issue in our industry. Our products are internal components to a module. The module, once it's made, is sealed, so rust isn't an issue.

But it's the fact that—

Mr. Randy Hoback: It's a logistical issue that you have to work with.

Mr. Gary Stepien: These components that we make aren't subject to rusting. They need to get to our customers' production line to be installed before they rust.

Mr. Randy Hoback: That's a good point.

When I worked with Flexi-Coil and Case New Holland, we were shipping a lot of machinery over to Australia. We had the same issues with stuff being manufactured in Saskatchewan, putting it on a train and crossing the ocean. By belonging to STEP, we compared ways of doing things, and we realized there was something we could do to eliminate rust in our painting process. It's that combination of...

You have your coffee room meetings and your clubs, and that's kind of what STEP was in Saskatchewan. It gave us that information.

I'll go over to you, Mr. Fowler.

You talked about maple syrup, where you started and you've grown from there. I think that's fascinating. Obviously, something drew you to the soybean market. Was one of your visits on maple syrup and all of a sudden they wanted soybeans? How did that end up happening?

Mr. Gerald Fowler: It's a long story, again a very fascinating one, but maybe not for this platform.

The challenge is there are some marketplaces that have a shelf life over here, but there are other ones that need to go elsewhere.

This particular case was doing some consulting for locals, a manufacturing facility for maple syrup. Their situation wasn't relative to the farm-gate mentality, where typically maple syrup is sold wherever. We had to do it in bulk, because in Austria, they mix maple syrup with lemon juice and cayenne pepper, and they use it as a food substitute. They were looking for bulk, basically.

This particular year, that couldn't happen. We put the deal together anyway from somewhere else, and we built a reputation. International business is done by relationship. Relationship is key.

Mr. Randy Hoback: So, by being out in the marketplace....

Mr. Gerald Fowler: Yes, we built a relationship with the guy we were working with shipping certified organic grains to Europe, and he said that that someone had called him. They were looking for someone in Canada to work with, and he said, "You have to work with this guy because he does business differently."

He contacted me. His name was Vandemoortele. I met him in his office and he didn't measure up to who I thought I was going to talk. I was trying to make business, not feeling very comfortable, and I asked, "How's business?" He said, "Pretty good, we broke two billion this year." I had an image of a small guy in a small office somewhere, and I asked, "Was that billion with a 'buh', or million with a 'muh'?" He said, "With a 'buh', and I thought, "I'm in the wrong place." His very next question was, "What do you know about soybeans?" I said, "Nothing, but I'll learn." He said, "Well, I've heard that about you."

That relationship building is absolutely critical in the international trade world. Unless you're out there, unless you talk to them, unless you build a relationship, it's going to fall off the rails pretty quickly.

Mr. Randy Hoback: It's funny that you say that. I was talking about the trade commissioners in Japan. They said exactly the same thing. To get into the trading houses there, you build that relationship and then all of a sudden the market price is not a factor as much.

Mr. Gerald Fowler: In those places you have to be very careful. That's where trade commissions are great and come in really well. They help you understand the culture in a different country.

The Chair: Thank you, Mr. Fowler. I didn't mean to cut you off, but we're over time.

That was a very good dialogue and a very impressive story.

We're going over to the Liberals.

Mr. Dhaliwal, you have the floor for five minutes.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Mr. Chair, and thank you to the presenters.

I will continue with Mr. Hoback's line of questioning.

Mr. Fowler, we were hearing from the chamber of commerce that the government is not doing enough, or they're not in touch with the businesses when it comes to retail. In fact, last night I met with the minister responsible for small business, Mary Ng, and she was telling me that she's working very hard to go from city to city, town to town, to bring awareness and have consultations. Do you have the same feeling as the chamber of commerce from Quebec?

• (1600)

Mr. Gerald Fowler: Yes, I think the challenge is that we can encourage companies to get involved in exporting, but we also need to enable them to get into exporting, and that's the next step. I think sometimes the wheels have fallen off in the past because we encourage them, and the trouble is we generate potential, but in the business world, generating potential doesn't cut it. I needed to convert potential to cash for me to survive; it's that transfer of potential to cash that's my challenge. That's why I think we need to be careful with new companies coming in, because the excitement of the international marketplace is there, but unless they're sustainable by having some income source and not just going after the potential, they're going to die on the vine, so we need to enable them as well as encourage them.

Mr. Sukh Dhaliwal: When you talk about potential, in fact, there's a market demand now. When you started in the 1980s, there wasn't demand over there, and the awareness wasn't there. I was travelling to India recently, and they are asking for pulses from Saskatchewan, Manitoba and Alberta. They can't even meet that demand right now.

Mr. Gerald Fowler: Red lentils, for example.

Mr. Sukh Dhaliwal: How would you tell those farmers sitting in Saskatchewan, Alberta and Manitoba that they should be able to avail themselves of that opportunity and convert that potential into money?

Mr. Gerald Fowler: The challenge in the agricultural sector is there are multiple layers, and the farmers are going to grow it for them, but they're not going to export it. Typically, you need something that's called an elevator—it's a distribution hub in reverse—and they're going to take the stuff in from the farmers. They're going to pay the farmers. It's those elevators that are actually going to export, because they have enough critical mass, enough volume to ship it, and they have the ability and potential to ship it. There are multiple layers.

You almost have to sell the elevator, as opposed to the farmer, because the elevator's the one that's going to contract the farmer. The farmer's the one who's going to grow it for them, but typically, an average farmer doesn't have enough volume to satisfy the needs that you're talking about or have enough critical mass to put a shipping program together to line containers up. There's a big challenge out of Saskatchewan, for example, in that area, getting containers to ship out. Most of that stuff is going to go out by container. Getting containers to Saskatchewan and to the east coast is a bit of a challenge. It's logistical.

Mr. Sukh Dhaliwal: To the chamber of commerce, are there particular things that the minister responsible for small business can do, particularly to help chambers of commerce like yours to address your needs?

[Translation]

Mrs. Raphaëlle Mandelbaum: As Mrs. Fréchette explained, we work with exporters every day and will continue to do so. There could be a stronger link between our day-to-day work and the federal government.

A search of the government's website will turn up tools. However, an entrepreneur does not have the time to sift through the site and understand the differences between existing programs. The federal government has many programs.

We are a matchmaker of sorts. We simplify and summarize all the information, then we direct businesses to the right programs and the right trade missions, if we have advance knowledge of the government's plans.

We need a more direct and closer link to the trade commissioners in Quebec. We know a few of them, but not all. Our clients could benefit from a greater availability and an enhanced presence of representatives.

[English]

The Chair: Thank you.

The time is up, Mr. Dhaliwal.

We're going to the NDP and Ms. Ramsey for five minutes.

Ms. Tracey Ramsey (Essex, NDP): Thank you.

Thank you, everyone, for appearing.

I'm certain that some of the soybeans from Essex County make their way to market through you, Mr. Fowler. We're quite known for them.

We've heard a consistent theme about a lack of communication from the federal government about the programs that exist. You've mentioned several of them here today that you've found on your own and have access to. We hear consistently from SMEs that they don't know where to go.

What you've done, Mr. Fowler, is quite positive and unique, but it shouldn't be that it's in isolation. It shouldn't be that it's a community that's trying to find solutions on their own. There should be government support and a very clear path on how to access, what the programs are and what they offer.

The other thing is the trade agreements themselves. Madam Fréchette was talking about trade agreements. I think one of the fundamental flaws that we have is that SMEs aren't at the table in negotiations. On the opportunities that exist in trade agreements, the big players are already there. It really is for the SMEs. I hope that, going forward in future trade agreements, SMEs have a particular focus. I know there's been an attempt in some of the more recent ones to have a chapter to at least have the beginning of a conversation. I think it needs to be more extensive if we're to see those opportunities realized.

The question that I would have for all of you is: What would you incorporate into trade negotiations to address the issues of SMEs to ensure the best possible language and outcome for them? I know it's a bit of a big-picture question, but what do you envision that looking like?

I'll start with the chamber.

Ms. Fréchette.

• (1605)

[*Translation*]

Mrs. Christine Fréchette: As you mentioned, it would be very interesting to have SMEs around the table before free trade agreements are signed. Engaging in dialogue with SMEs and the associations that work closely with them is certainly one way to determine which countries to engage in free trade agreements.

Once a free trade agreement is signed, the government should also be able to explain to SMEs and businesses the content of the agreement. Our organization did that after the Trans-Pacific Partnership Agreement was signed. We took the initiative. We had to navigate various government entities to find out who to contact. When the government signs a new agreement, it should automatically have a more technical briefing, beyond the usual departmental one, to properly inform businesses of the impact of the free trade agreement on them.

Those are certainly tools that could be developed and that we could distribute to chambers of commerce. First, there could be consultations, and once the free trade agreement is signed there could be information sessions. Those are certainly solutions to be considered.

My colleague might be able to suggest other measures.

Mrs. Raphaëlle Mandelbaum: No, that is a good overview of the situation.

Mrs. Christine Fréchette: That essentially sums up the situation.

[*English*]

Ms. Tracey Ramsey: Thank you.

Mr. Gerald Fowler: The challenge is that they are the domain of larger businesses, typically, and the energy that I think is latent in Canada's economy is in small and medium-sized entities that are involved in more niche markets. I can't compete with the Cargills, ADMs and Bunge of the world—I can't do that. The only way I can come in is underneath their radar in a niche market.

The challenge for niche markets is it's like driving a car. When you drive a car at 60 miles an hour, you have a focal point that's relevant to your stopping and changing direction at 60 miles an hour. In a niche market, if you drive that same car at 120 miles an hour, you have to force yourself to look farther down the road and be more aware of what's going on, because it takes longer to react.

The other challenge for niche markets is they move quickly. The ability to give organizations and entities the ability to move quickly is a challenge. If it takes too long to get everything processed, the market's closed.

Ms. Tracey Ramsey: Mr. Stepien.

Mr. Gary Stepien: I think you also have to appreciate the impact of supply chains. Even though 30% of our business is in the automotive industry, we are part of a supply chain that feeds into another supply chain that feeds into another one. A trade agreement is a great opportunity to get into a new area with a more level playing field, but we need to understand how the supply chains

operate in that area. We need to somehow figure out where we fit in. That's been the challenge we've always faced.

• (1610)

The Chair: Thank you. That wraps up the time.

I'll go to the Liberals. Mr. Sheehan, you're good to go for five minutes.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you.

Thanks to all our presenters as well.

Gerry, it's good to see you and your lovely wife, Elizabeth, too. I'd like to extend the welcome to her, too.

Getting back on track, Gerry, you mentioned these breakfast club meetings that you used to attend. You were invited by FedNor to chat with some new entrepreneurs, new inventors who had created a new widget. We're back at it, pushing that innovation agenda here in Canada. What's the biggest thing stopping those inventors of the widget or the new entrepreneurs from getting into the export market in Asia, where you are, and in Europe?

Mr. Gerald Fowler: There are all sorts of things, various ones. I think the challenge, in many ways, is qualifying the entrepreneurs. Entrepreneurialism is the fundamental, let's say, the foundational bit, but they also have to be culturally relevant. They have to be innovative. They have to be a little bit more multi-talented people because there are a lot of aspects they're going to deal with. Most of them in small to medium-sized enterprises aren't going to have a full complement of expertise there. They're going to go, and to get funding, dutifully so, they'll be asked to do a five-year pro forma balance sheet, a pro forma profit and loss, and they won't have the expertise to do that.

I think one challenge is to get those people who have wonderful widgets that have market potential—if they could identify the market potential first—from this point.... To get them from here to there is going to take a team of expertise. Sometimes those people don't have that. They need mentors, perhaps, but they need some sort of an escalator, almost, where they can say, "I want to get involved in exporting", and there are services available that they can step on and that take them through all the various processes they have to go through: cultural expertise, shipping, logistics, pricing.

We are facing an issue—present tense—in Europe. There are other risks involved with exporting that aren't involved in typical business. There's exchange risk. There's cultural risk. There's political risk. There are all sorts of other risks, which are another factor that needs to come into that equation to protect them from stepping over the edge, basically.

They need some sort of expertise they can lean into.

Mr. Terry Sheehan: Perhaps more programming could be available to entrepreneurs. If they don't have it, they could purchase it, if you will, from the private or public sectors.

Mr. Gerald Fowler: The challenge is that, with all due respect to widget makers, they have a lovely product and they want to move it, to do something with it. The first step is something that's going to cost them a lot of money, and so they spend a lot of money on that and then they say, "Well, I need a business plan." Then they spend a lot of money to get someone else to make a business plan because they don't have the expertise to do that, and all of a sudden they choke on how much their income is, and they just put the widget on the shelf. I mean, being local, I think there are some wonderful widgets sitting on shelves in Sault Ste. Marie that never got to market because no one helped them get them there.

Mr. Terry Sheehan: You mentioned mentors. In the fall economic statement, \$13 million is set aside to try to develop that. In the fall economic statement, they also talk about the trade and transportation corridor and investing almost \$1 billion into transportation networks.

How important is that to the export market?

Mr. Gerald Fowler: It's critical. We're having trouble. Ontario may fall out of the soybean business to Europe because of costs. Europe is becoming a bit more protectionist, and so they are trying to buy their products in Europe. They can buy in local currency. The shipping is a lot easier. Whereas if they are going to buy with the U. S., because we're CBOT-based, logistics and shipping are absolutely huge. The practicalities are huge.

I was approached by someone locally who said they wanted to get into the soybean business and could they sell to us? No. From Sault Ste. Marie I have to ship it to Europe. It isn't going to work.

Logistics is huge. In Essex County it works better because they are closer to the hubs.

So rail.... We were shipping by vessel out of Goderich, and that was working well, but then for the food sector, we need a bit more protection so we have to do it by container.

Mr. Terry Sheehan: That's really important.

Do I have any more time?

The Chair: You have 20 seconds so either you make a statement or a very quick question and answer.

•(1615)

Mr. Terry Sheehan: Thanks again to everybody. I would be playing a bit of a homer when I thank Gerry.

The Chair: You got a lot of praise. All that praise for you, Mr. Sheehan, is on record too.

We have finished the first round. We're going to the second round, starting with the Liberals for the first five minutes.

Mr. Hébert, you have the floor.

[*Translation*]

Mr. Richard Hébert (Lac-Saint-Jean, Lib.): Thank you very much, Mr. Chair.

I would like to thank all the witnesses who appeared today. Your comments were very interesting, especially those of the Chambre de commerce de l'Est de Montréal, which I found to be positive and invigorating.

Ms. Fréchette, you have a clear and precise view of the situation. You are already know that exporting is extremely important, especially since you told me that the Montreal Port Authority is a member of your organization.

In 2018, there was a 9% increase in traffic at the Port of Montreal, a direct result of agreements we signed in previous years, and in particular the Canada-European Union Comprehensive Economic Trade Agreement, or CETA. In total, Canada signed 14 agreements with 51 countries representing 62% of the global economy. Our markets are now open to 1.5 billion new customers, a fact you are surely aware of.

You spoke about the fact that the government could be more effective and that it could increase its presence on the ground. You also invited the government to refer SMEs to your services and to participate in joint activities. By the way, you can call me as I am always available.

Only 12% of our small businesses are exporters. We must grow that number. I have three questions for you. First, Mrs. Fréchette and Mrs. Mandelbaum, do our department's services provide enough assistance to small businesses that wish to export? Next, could you give us specific examples of small businesses that have received assistance from our government in your region? Finally, what barriers do small and new businesses face when they are considering exporting?

Mrs. Raphaëlle Mandelbaum: Have the services provided by the government benefited our clients? Yes, they have benefited some of them. Not everyone knows a trade commissioner. We talk to our clients about federal services to help them, such as support services, and some use those services. It is my understanding that the Quebec team of trade commissioners is small and that it cannot help everyone. We cannot look after every Quebec firm that knocks at our door and provide them with a list of customers in countries with trade commissioners. I think that the number of Quebec exporters that receive assistance from trade commissioners is still low.

The timing of trade commissioners' involvement in the business is another important aspect. Our chamber of commerce has a team that promotes exports, and we are not the only ones in Quebec. For those who do not know this, there are about twenty of these teams across the province that provide these services across Quebec.

Our job is to get businesses ready to export. Once they are ready, the trade commissioner can do a market study and introduce them to potential partners in a given market. It is my understanding that it is not the trade commissioner's job to establish the strategy or ensure the logistical success or regulatory compliance of the businesses.

That is why we suggested earlier that the federal government work more closely with us, as we are the ones preparing businesses to export. Some of them contact trade commissioners when they are not yet ready, and then they are not deemed a priority either because they are not ready or because of the sector in which they operate. In these cases, we are prepared to help them.

As other witnesses mentioned, there is a multitude of barriers. We understand why Canada enters into free trade agreements. That said, a business's day-to-day reality is altogether different. Just because an agreement was recently signed with Korea, companies are not suddenly going to go halfway around the world and spend a week in Korea. For example, we have clients who do business with Brazil or Saudi Arabia even though Canada does not have a free trade agreement with these countries, because they believe they are relevant markets. Now that the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership, or the CPTPP, has been signed, an agreement that includes Chile and Peru, will these clients look to Chile and Peru rather than Brazil? I am not sure that it is warranted by the market size.

There are a great deal of barriers. Businesses do not necessarily have the requisite capabilities and skills within their organizations. You could have the best invention in the world, but there are many barriers that could prevent you from achieving the desired results in a given market. The main factors to consider are logistics, being surrounded by good partners, and in the case of sanitary products, for example, obtaining the required certificates. These businesses need support, they need to know how to get the help they require and what resources are available to them.

• (1620)

Mrs. Christine Fréchette: We could also encourage exporters to diversify their markets by providing incentives, for example.

[English]

The Chair: Go ahead and finish your thoughts.

[Translation]

Mrs. Christine Fréchette: Okay. Thank you.

In the current climate, it is important to encourage our SMEs to diversify their export markets. The government could provide incentives to foster diversification primarily in an effort to somewhat counter the usual response of turning to the North American market. Perhaps such measures already exist. This would certainly be a good message to send. We have heard it from Canadian federal leaders. With regard to these measures, there may be incentives for businesses that could be considered.

As we stated in our earlier remarks about barriers, the availability of Canadian government representatives is sometimes inadequate. Our organization could step up, identify the best candidates among businesses that may not yet be exporting and help them become exporters. In our opinion, this type of assistance is encouraging for businesses and provides them with more information about opportunities if they take advantage of export measures. They can be put in contact with several stakeholders, such as federal and Quebec government representatives, among others.

We are at the heart of a network or an ecosystem that brings together many stakeholders. We are familiar with government

assistance programs and we can also network with other companies that have taken the same approach. In a way, we are a very useful tool that leverages the Canadian government's intervention.

In closing, I will add that when a free trade agreement is signed, we have to look at it as the starting point and not just the ultimate goal. Few businesses have the ability to unravel the text of a free trade agreement, and when they do it can still be difficult. These agreements use very technical terms. When an agreement is signed, the content must be put into layman's terms. We must use the tools available to explain to SMEs what was agreed to. It is very important that SMEs understand the agreement. It is an ongoing effort.

Fortunately, the impact is felt fairly quickly. That was our experience following exchanges with the Montreal Port Authority. There was a huge increase in trade flows, and others have been initiated in recent months. That is a good sign. However, what we are hearing is that these recent flows have generated more imports than exports.

[English]

The Chair: Thank you very much.

We're going to move to the Conservatives now.

Mr. Carrie, you have the floor.

Mr. Colin Carrie (Oshawa, CPC): Thank you very much, Mr. Chair, and I'd like to thank the witnesses for being here.

During the constituency week, I had a round table in Oshawa, focusing on trade opportunities. We have the new CETA. We have the new CPTPP. We had representatives of EDC, Global Affairs, manufacturers and agricultural interests there.

I think the chamber of commerce representatives hit the nail on the head when they say, "Who does what? No one knows." Businesses are very anxious to expand and export, but they really don't know how to go about it. I brought these people in to see if we could make some connections. I don't know how it's going to land. We're going to follow up, and things like that.

I wanted to talk to you, Mr. Fowler, because some of the food manufacturers, especially with meat and cheese, think there is a huge market in Europe. There is interest over there, but they can't quite figure out how to get there. They said there are some Ontario programs, but they weren't really able to connect with the federal side of things. The Government of Canada does have the agri-marketing program. I don't know if you know very much about that, or if it's ever used.

• (1625)

Mr. Gerald Fowler: I haven't looked at anything.

Mr. Colin Carrie: I was wondering what advice you could give these companies. Obviously, you've been successful at getting into that market. What advice would you give them, when they want to approach government to actually get the ball rolling?

Mr. Gerald Fowler: I have a couple of things, actually.

I'll go back to your first point about the confusion. In the sales business, the challenge is not what you say, but what people hear. The other challenge is that people buy benefits, not features. We have the tendency to list the features and we have to translate those features into benefits. I buy something with a benefit to me. It's a personalized feature. That's the challenge in some of the sectors because you've got different features and different benefits that apply to different groups.

The majority of our business—what we get paid for and what we live off of—comes from Europe. We've been involved in business for 30-some years now in Europe. The challenge in Europe is understanding the marketplace. It's a bit complex. Using trade commissioners to delve into the nuances—not the specifics necessarily, but the nuances—is best done by just going knocking on doors, to be honest. You put in the shoe leather and find a couple of companies that maybe meet your thing. Go and learn. Go in without something you want to get across....

On the first number of trips I did to Europe, I was just learning. I didn't try to sell anything because I didn't know what they wanted to buy. I wanted to listen. I learned more with my ears open and my mouth closed. There's a time to do that. In Japan, it used to be that you didn't talk about business. It was rude to talk about business until they brought it up. There were a couple of trips to Japan when all we were talking about was the weather and all sorts of different things. It was easy to talk about weather in Japan.

Get to know the people and the nuances—not necessarily what's on the surface—because they're the people who have your cheque in their pocket. You want to know what turns their crank and what's important to them.

Are there any barriers to getting into a country? There may be. Europe has a far more in-depth understanding of the value of food than we tend to have in North America. You have to understand those nuances because they'll come back and bite you. In their minds, they're not nuances; they're absolute. Learn what those are and just talk to them. You just learn and listen.

Mr. Colin Carrie: Thank you very much for that.

This question is for the chamber.

You made the comment that companies need to be aware. Governments need to be available for activities on the ground. You talk to the American consulate quite often, but sometimes you don't have the Canadian reps. This was identified as a weakness, but I think the bureaucracy is trying to get out there.

Does the chamber have resources for businesses that want to start exporting? When we did the multicultural trade here, I invited some representatives—Peter brought it up—from the Canadian-Italian chamber of commerce and the Canada-Poland Chamber of Commerce. Do we point directly to the chambers of commerce to connect and get things started?

The Chair: Give a short answer, please.

Mr. Colin Carrie: She can go longer.

[*Translation*]

Mrs. Christine Fréchette: Our chamber of commerce has tools to support businesses that want to start exporting their goods.

Mrs. Raphaëlle Mandelbaum: Half of the businesses that we support are just starting out. We provide them with tools. We listen to what they need, help them develop a strategy and put in place everything they need to start exporting their goods.

You mentioned the Italian-Canadian Chamber of Commerce and others. That exists in Quebec, or it did. It was not working very well and it was closed. It was a sort of hub for all European Chambers of Commerce, but it no longer exists.

• (1630)

Mrs. Christine Fréchette: We propose different approaches to businesses that are getting into exporting. It could be networking with a business already in place in the export country, or establishing a joint venture. We can also help them locate distributors for their products. We explore different approaches with the exporter.

After studying the business's situation, we determine whether it is ready to export its products. Sometimes, it may believe it is ready, but still have more work to do. We then help it determine the export markets for its products and how to export them. There are different approaches that can be taken.

[*English*]

Mr. Colin Carrie: Thank you.

The Chair: Thank you.

We're going to the Liberals now. Madam Ludwig, you have five minutes.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Thanks to all of you for your presentations today.

I'll start my questions with you, Mr. Fowler.

I also taught international trade. My background for you would be this: Did you ever hire any of your graduates?

Mr. Gerald Fowler: No. They all, or 90% of them, went into exporting businesses, but not locally. Some went overseas and some went to other parts of Canada.

Ms. Karen Ludwig: When you were teaching, did you teach any of the FITT courses?

Mr. Gerald Fowler: No. It was a bit of a variable, because the school asked me to teach it but it didn't have any structure. We actually just sat around. We went through a textbook they gave us, but we tended to study more on the practical experience side. We didn't do anything overly structured.

I don't think I taught it very well, to be honest with you.

Voices: Oh, oh!

Ms. Karen Ludwig: I'm sure you did. I think you're probably just very, very humble.

We hear from a number of small businesses on the challenges of really accessing and becoming more aware of the services. I probably am more biased than most, but I do think that our post-secondary students are really an untapped market. They often can do the homework and the research and the reports that small business owners and operators don't have the expertise on; they don't know what they don't know.

Mr. Gerald Fowler: That's right. We ended up with that group, with about 10 or 12 in the class, because the majority of them were fascinated by exporting. They wanted to stay involved, but there was nothing local to do there, practically speaking. So we set up this organization where we provided those services free, because it was government-funded, for local organizations that were interested in exporting but didn't have the means to get from the starting gate to the finish line. We would provide those services for them on a custom basis.

I think the challenge is that exporting isn't a cookie-cutter thing. The principles stay the same, but the application of those principles varies from industry to industry, sector to sector, and actually country to country.

Ms. Karen Ludwig: Great. Thank you.

My next question is for the chamber of commerce.

I really appreciated your input today. I've always found that in the teaching business, and also from being a business owner, the closer we get to the ground level, the more people can relate to those who are offering information. As we have heard at the committee, a lot of small businesses don't know anything about trade commissioner services or EDC or BDC. We have heard from Startup Canada and others.

I'm wondering, ladies, if you could let us know how you are making your members aware of services or workshops that are out there.

I don't think you can actually see this, but this is a workshop I was at yesterday. It gave a list of links. If we were to provide you with that type of information, would that be of value and how could you disseminate that to your members?

[*Translation*]

Mrs. Raphaëlle Mandelbaum: Of course. We will take any information available that you can share with us.

We are quite active, and I'm on the federal government's website every day. Our last newsletter, published last week, featured the federal government's new page on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. We refer our clients directly to federal government services.

There is also the Canada Tariff Finder tool, which was created two years ago and which we have shared with our clients. When we meet with them we obviously talk about the services offered by the federal government. For example, we help businesses fill out applications for grants under the CanExport program. We do these kinds of things every day.

• (1635)

Mrs. Christine Fréchette: We would be happy to do more if new tools become available.

[*English*]

Ms. Karen Ludwig: Great. Thank you.

Do I have more time?

The Chair: [*Inaudible—Editor*] whatever you want to do.

Ms. Karen Ludwig: I can give that to Peter.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Am I up next?

The Chair: I'll give it to you when it's your turn. How's that?

We'll move to Mr. Allison.

Mr. Dean Allison (Niagara West, CPC): Thirty seconds: That will get your question in there.

Thanks to the witnesses for being here today.

I have just a quick question for you, Gary. Thanks for coming here. You are from Niagara, from Thorold, right? Great.

Talk to me about this. I know this isn't on tariffs, but I want to know where you guys are today in your company in terms of tariffs and surtaxes. Are you guys working through that? Are you guys struggling with that?

Mr. Gary Stepien: We're down eight people.

Mr. Dean Allison: As a result?

Mr. Gary Stepien: It's because our customers are struggling, shipping into the States. We're down eight people.

Mr. Dean Allison: Eight people out of how many?

Mr. Gary Stepien: We started with 60. Now we're at 52.

Mr. Dean Allison: Okay.

Has the thought of the new USMCA or CUSMA, or whatever we want to call it today, provided any certainty, or is it really just the tariff issue that's kicking your butts?

Mr. Gary Stepien: Well, it's the tariff issue, because even though we have the remission now, for whatever reason our customers are struggling. They've seriously cut back on their purchases from us, because they're facing issues selling into the American market that they have never faced before. Whether it's an image issue, a Buy America thing or whatever, I don't know, but we're down eight people.

Mr. Dean Allison: Yes. I guess the Buy America supplements that Mr. Trump has been talking about may, you feel, affect us again, rather like a double hit.

Mr. Gary Stepien: He has raised the patriotism card, I guess, if you want to call it that, and it's hard to fight that one.

Mr. Dean Allison: Yes. Thank you for sharing that.

Gerald, I'm going to come back to you. I want to finish on what Terry was talking about, your programming. That seems to always be the issue. In Niagara I think we have about 1,000 manufacturers, but the average size of most of them is fewer than 10 people, so I think Gary's company would be larger than most.

This always is about resources and all those things. There are many programs out there. I am encouraged to hear, even if it's informally, because I have a soft spot for business people—I think “just doing it” sometimes is better than reading a textbook, because things change.... You talk about that constantly. It depends on the market, so one program may not work.

Just talk a bit more. Are you still mentoring and still doing those things?

Mr. Gerald Fowler: No, the wheels fell off that particular program, sadly, for all sorts of reasons.

The challenge is a big challenge. To generate the potential that is latent in the marketplace, you need to engage people who are practitioners rather than, with all due respect, the theoretical ones, and the challenge is how to get them involved.

In some circumstances, if a number of people show up at a meeting, it's a success. As an entrepreneur, I need to make cash out of it. If there were incentives for some of the people who are experienced in exporting to come alongside and just say, “You should try this, but be careful about this....”

There are so many facets. How do you finance the first deal? EDC has stuff out there, but it's not cheap, and to get there, understandably so, is a very slippery process. It's a bit of a tough way to get some of the funding in place.

I think if we can marry a lot of these different entities together, we can have a lot of success in the Canadian marketplace.

Mr. Dean Allison: I get it. If you have a 10-person firm, there are people doing many different jobs. HR is probably shared, maybe with finance, or whatever, so it's difficult to say.... You're trying to keep your business intact. You're probably dealing with the bank, trying to figure out financing and capitalization. How on earth do you figure out another market? That's a whole other and different process that involves capital, usually, because you have to spend money to go to Europe or to whatever market. Even if it's the U.S., you have to spend money to find those markets.

Mr. Gerald Fowler: I'll tell you a sad fact. I bank in the States. They say, where we live, you can tell the Canadians, because they have a gallon of milk under one arm, a turkey under the other arm, and they smell like gasoline—

Voices: Oh, oh!

Mr. Gerald Fowler: —because everyone goes across the river to get [*Inaudible—Editor*] in Sault Ste. Marie.

I bank across the river, because doing business with the Canadian banks was impossible. I mean it was incredibly difficult, not impossible. I was fighting with a Canadian bank—a couple of them, actually—and then I went across the river and they offered me 10 times what I was asking.

I just said, “Can we do it by the end of the week?” They said, “Oh, yes, for sure.”

I think application of the needs, if there were means for that end, would be huge for the exporter, because the challenge is that they have to learn about different financial models.

The challenge in international business, too, is that it's the person behind the signature, not the signature, that is important. The signature on a deal means nothing; there are no teeth in it—no practical teeth, anyway—in an international situation, so you really need to know the person behind the signature more than the actual signature itself, contrary to the situation in North America.

That, then, is another thing. How do you finance the first deal? How do you put it together? How do you make sure you're not going to be damaged in the process and lose all the collateral you have by taking that first deal?

• (1640)

Mr. Dean Allison: Thanks.

The Chair: Thank you for that good question, Mr. Allison. That wraps up your time.

We're going to the NDP now.

Ms. Ramsey, you have the floor for three minutes.

Ms. Tracey Ramsey: Thank you.

All of you have mentioned barriers, and that's something we certainly hear from a lot of different groups, but from the SMEs in particular.

Can you speak to which barriers you think are unique to SMEs when it comes to trade?

I'll start with the chamber of commerce.

[*Translation*]

Mrs. Christine Fréchette: One barrier unique to SMEs is the lack of resources.

Large businesses have all kinds of divisions and services, human resources, and the ability to hire consultants to fill any in-house gaps.

However, as we heard a few minutes ago, the people who work for SMEs are often called upon to wear many hats. In an SME, the positions of director of human resources, vice-president of business development and manager of operations can all be held by a single person.

This certainly makes it harder to take on the added challenges associated with exports. The external financial resources available can be a major advantage for an SME that is deciding whether or not to get into exports. Businesses must also consider that exports are part of a broad, comprehensive process. Businesses cannot simply try exporting to a new country because a new free trade agreement was signed. There must be consistency, and it is more difficult for SMEs to have comprehensive strategic plans that are reconfirmed every year or every three years. All of these aspects make the process more challenging for SMEs.

I can also talk about fact-finding missions abroad to better understand an export market. It is more difficult for SMEs to do this, because they have fewer resources and the tariffs can be higher for smalls business than for large ones.

If the tariffs could be adjusted based on the size of the business, SMEs could have greater access to fact-finding missions on an export market.

My colleague may have more to add.

Mrs. Raphaëlle Mandelbaum: So far, our discussions have focused on SMEs, which certainly account for the large majority of businesses in Canada. When a business with 10 employees gets into the export business and the boss leaves for a week to check out the market in India, this person is away from the business for a whole week.

In the past few years, I've found that people have been giving up on fact-finding missions to focus on their everyday North American activities.

This is a barrier to exporting. I received a document from your services, in the newsletter you sent out two days ago. It was a survey asking businesses to share their main barriers. It covers everything we just talked about, such as knowledge, internal resources, financial capacity, knowledge of logistics and standards, and legal knowledge. Essentially, you have to surround yourself with the right people.

• (1645)

Mrs. Christine Fréchette: We are hearing more and more about recruitment challenges. For the past year and a half, we have been hearing reports of how difficult it is to recruit skilled labour. As a result, many SMEs are slowing down.

If a business does not have workers, a talent pool and, especially, immigrants who want to work in Canada, it is limited in how much it can grow, especially in foreign markets.

[English]

Ms. Tracey Ramsey: Thank you.

The Chair: Thank you.

We're going to Mr. Fonseca. That extra minute Ms. Ludwig had Tracey used it up—

Some hon. members: Oh, oh!

The Chair: —so you have five minutes. It was good dialogue.

Mr. Peter Fonseca: I want to thank the witnesses. Your focus has been so much on the people on the ground, on the nuances, as Mr. Fowler was saying, on some of the struggles, on the barriers and on the many hats that we see that small and medium-sized businesses wear. One thing I always like to say is that people buy from people, and behind that signature is a person and an understanding of that person.

We heard from Madam Fréchette on where the government could maybe have a different approach. Maybe it's a matter of the trade commissioner service doing that groundwork, being that sales force and being the marketing arm for many of the 3,200 businesses that you represent. That way, when an opportunity presents itself—and I think Canada is in an enviable position with the trade agreements

that we have now globally—we have a real opportunity to capitalize on those.

Many of the people at the trade commissioner service would have all of that knowledge. They would know if the double-digit tariffs had just come off lobster or whatever the product is. They would be able to communicate that, to get in touch with the different companies here in Canada, our SMEs, and to make those connections globally so that the business could start.

When I say “those connections” I mean those people-to-people connections. Is that the kind of direction you'd be looking for? I ask this of all the witnesses, but I'll start with Madam Fréchette and Madam Mandelbaum.

[Translation]

Mrs. Christine Fréchette: Can you repeat the question? We missed something.

[English]

Mr. Peter Fonseca: It's for small and medium-sized enterprises to be really able to access the trade commissioner service as a sales and marketing force that has done the groundwork. They have done that work, and small and medium-sized businesses don't have the resources to be able to do it. Of course, they would be working through chambers of commerce like yourselves to facilitate that, to be able to get those connections set up and start the business dialogue so that trade can happen.

[Translation]

Mrs. Christine Fréchette: Thank you.

On occasion, we have round tables or information sessions during which trade representatives come to the Chambre de commerce de l'Est de Montréal to talk about the opportunities and benefits of exporting to a given country. When foreign trade commissioners come to Montreal, we like to be informed in advance, because we can set up an activity for these trade commissioners to meet with business people who are partners and clients of our export assistance service. We occasionally organize this type of event throughout the year. We would be able to hold more, especially for our Canadian trade commissioners. I think we've had more events with Quebec trade commissioners, but there is a great opportunity to hold them with Canadian commissioners as well.

[English]

Mr. Peter Fonseca: Mr. Fowler or Mr. Stepien, what are your thoughts in terms of a better connection between government and business to be able to make those people-to-people connections that you believe are the way that we can facilitate more trade?

Mr. Gerald Fowler: We've used them in the past. The challenge comes when you go into a niche market. They probably won't have the expertise for that because of the capacity they have to cover. They won't have a lot of experience or a lot of ability in small markets. In the bigger markets, they will, but it depends on the person. We get some really good ones out there, and there are others who are not quite as good, but they are great. They do a really good job, especially for your first set of inquiries to see if there are any tariffs involved, what the culture is like, what the marketplace is like and what's going on in the current scene.

We had a wonderful deal going on with Ecuador only to find out that their inflation was out of control and we couldn't actually make the deal work because of the inflation. They are great for those broad perspectives. When it comes to the practicality of exporting though, they can identify the potential, but I come back to the point that we need to convert the potential to cash, and that's where it needs a different set of resources, potentially.

• (1650)

Mr. Peter Fonseca: Gary, what's your experience?

Mr. Gary Stepien: Actually, we participated in a trade commissioner event in Buffalo a couple of years ago. They called it a matchmaking thing. It was kind of like speed dating. You had half an hour with different people that they matched you up with. In our case, we didn't have exactly the type of service they wanted, but with the amount of work that went into it, it was really a quality production. It was just unfortunate that we didn't have exactly what

the Americans were looking for, but we actually toured some of the facilities down in Pennsylvania. It was very good.

The Chair: That wraps up your time, Mr. Fonseca.

That wraps up our dialogue with the MPs, and that wraps up our meeting here this afternoon.

Witnesses, thank you very much. There were very different topics and different perspectives, but good dialogue. Thank you very much to the ladies from Montreal for being on video conference and to the gentlemen for being here.

We'll suspend the meeting while we prepare to go in camera for a short time.

Thank you very much.

[Proceedings continue in camera]

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