



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

45th PARLIAMENT, 1st SESSION

Standing Committee on International Trade

EVIDENCE

NUMBER 009

Monday, October 27, 2025

Chair: Judy A. Sgro



Standing Committee on International Trade

Monday, October 27, 2025

• (1530)

[English]

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

Welcome, everyone, to meeting number nine of the Standing Committee on International Trade.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, September 18, 2025, the committee is resuming its study of Canada and the forthcoming CUSMA review.

We have with us today, from Canadian Manufacturers and Exporters, Ryan Greer, senior vice-president, public affairs and national policy. From Direct Sellers Association of Canada, we have Peter Maddox, president. We are expecting to have online shortly, from the MRC de Thérèse-De Blainville, Kamal El-Batal.

We have Mr. Naqvi online as well today.

Welcome to all. As you know, you can have opening remarks of up to five minutes.

Mr. Maddox, would you open it up, please.

Peter Maddox (President, Direct Sellers Association of Canada): Thank you to the chair and committee.

DSA Canada was founded in 1954, and we have over 60 direct selling and supplier member companies, including well-known brands such as Mary Kay, Arbonne, Avon, Tocara and Immunotec.

We represent a diverse industry that is driven by an integrated North American market. We are also a member of the World Federation of Direct Selling Associations, a global organization that helps lead industry ethical standards in over 50 markets.

Each year, direct selling in Canada accounts for over \$3 billion in retail sales and contributes \$1.5 billion in personal revenue to the approximately one million Canadians who participate as independent sales consultants, 84% of whom are women. These consultants also build business skills and provide a service to their communities. Across Canada, the U.S. and Mexico, total sales are over \$60 billion annually.

The industry we represent is unique in many ways. These distinct features make us an ideal case study of the challenges of trade uncertainty and the need for strong trading relationships.

First, DSA Canada's stakeholders include large multinational consumer goods companies, small regional businesses as well as the micro-entrepreneurs who comprise our sales force. Further, our

members sell everything from foods to natural health supplements, cosmetics, clothing, jewellery and kitchenware—all products that are impacted by trade challenges. Finally, our members are located in Canada, the U.S., Latin America, Asia and Europe, and they all choose to do business in this country.

For these reasons, the future of CUSMA is vital to the ongoing health of our member companies and entrepreneurs across Canada.

While we will provide specific detail in our upcoming written submission, I would today like to discuss key concerns and ideas for negotiations with continental partners.

First, I want to highlight the value of an equitable de minimis duties exemption for many North American businesses. The ability to ship small quantities of legitimate products directly to consumers across North America creates amazing opportunities to grow a customer base. Since the U.S. removed their de minimis duties exemption in late August, all of our Canadian-based members have changed business approaches by halting U.S. expansion, exiting the U.S., moving warehousing to the U.S., or simply spending precious time and money on completing new customs obligations, each of which is detrimental to the Canadian economy.

According to the Canadian Federation of Independent Business, nearly one-third of a Canadian SMEs expect to be negatively affected by the loss of the U.S. de minimis exemption.

We ask for the maintenance of a de minimis exemption in Canada and efforts towards the restoration of an equivalent value, CUSMA-specific exemption in the U.S. to serve its original purpose of enabling the pursuit of small-scale, yet additive, commercial success.

Second, article 15.10.1 of the current CUSMA specifically defines direct selling as an integral part of small and medium-sized business, and the agreement provides provisions for protecting consumers and ensuring the voice of entrepreneurship in policy. We ask that this content and its commitment continue to be included in a renegotiated CUSMA so that our industry and all entrepreneurs can thrive and contribute to regional trade.

Third, to help itself at this uncertain time and to unlock investment funds that business is apprehensive to engage, Canada must commit to cutting red tape and improving pathways to market, as prioritized by the Prime Minister.

As an example, a streamlined natural health product approval process can greatly enhance Canadian innovation and competitiveness and help reduce the challenge created by personal importation of unapproved products.

Canada should use this difficult trade window as an impetus to re-engineer processes for internal improvement and nation building.

Direct selling is not only a significant contributor to the North American economy, but also the embodiment of modern entrepreneurship. By preserving the existing language defining our industry, as well as taking the opportunity to update policies that affect success, government can further strengthen this impact.

Our largely female-driven industry has been a vital part of communities for many years and will play an ongoing role in the prosperous low-barrier and low-tariff partnership amongst our three nations.

DSA Canada appreciates this committee's consideration and stands ready to provide additional information as needed.

Thank you.

• (1535)

The Chair: Thank you very much.

We'll move now to Mr. Greer, please, for up to five minutes.

Ryan Greer (Senior Vice-President, Public Affairs and National Policy, Canadian Manufacturers and Exporters): Thank you, Chair and committee members, for inviting Canadian Manufacturers and Exporters to appear today as part of this study. For the last 154 years, CME has been the voice of Canadian manufacturing, helping Canada's industrial economy grow, compete and create prosperity in communities across the country. Our sector employs 1.8 million Canadians, generates nearly \$850 billion in annual sales and produces two-thirds of Canada's value-added exports.

The driving idea behind NAFTA and later CUSMA is that Canada, the United States and Mexico can achieve stronger growth and global competitiveness by removing barriers, integrating production and treating North America as one platform rather than three separate markets. This is no longer a shared belief, and has led to U.S. policies that are making North America's industrial base less reliable and less competitive. As a result, Canada will face a difficult negotiating environment in the upcoming review. We must approach it not with defensiveness, but with purpose, to try to better position CUSMA as a vehicle to address our shared economic and geopolitical challenges while preserving the core benefits that have fuelled continental manufacturing growth.

Over the last few weeks, CME has surveyed 250 manufacturers from across the country on the future of the agreement. We found that 96% of manufacturers support extending the agreement during the 2026 review, and only 3% oppose. Seventy-five per cent indicate that a non-renewal in 2026 would negatively impact their business, and only 2% say that it would have no impact. Opinions are

divided on Canada accepting a baseline tariff. Eighteen per cent of manufacturers say that any baseline tariff would make their business uncompetitive, and 13% say that they could manage a tariff of up to 2.5%. Twenty-five per cent say that they could manage a tariff of up to 5%. Another 24% say that they could manage a tariff of up to 10%, and only 2% of manufacturers say that they would remain competitive with a tariff rate above 15%. Notwithstanding the reputational and economic damage caused by U.S. actions, a full 88% of manufacturers support increased economic integration in North America.

These findings make it clear that even in the face of capricious U.S. trade actions, manufacturers want Canada to pursue a pragmatic, solutions-driven approach to Canada-U.S. trade.

With these results in mind, I'd like to very briefly share some of CME's priorities heading into the review. The first and most urgent priority is to find relief from the unjustified section 232 tariffs. Thousands of workers have already lost, or are at risk of losing, their jobs because of these tariffs. We hope we can secure section 232 relief through bilateral discussions as soon as possible.

The second priority is to preserve Canada's U.S. market access and the continuity of existing manufacturing supply chains. As obvious as it sounds, preserving production networks that have been built up over decades is essential to encouraging regional investment and keeping high-value manufacturing jobs in North America.

The third priority is to strengthen our shared approach to safeguarding the North American market from unfair trading practices by non-market economies. Canada, the U.S. and Mexico face common threats from subsidized and dumped imports, particularly from China. We should continue to align on measures to protect North American producers. I want to pause on this point. Despite the damaging actions that have been taken toward Canada, we need to remember that a long-term, whole-of-government, bipartisan consensus largely exists in the U.S. around the issues of economic and national security vis-à-vis China.

Fourth, we need to enhance North American co-operation in energy and critical minerals. We know that this is important to the U.S. A renewed agreement could create an opportunity to align on such issues as permitting, investment incentives and stockpiling to strengthen continental supply chains and reduce reliance on non-allied sources.

Fifth, strengthen the North American defence industrial base. As Canada increases its defence spending, there will be an opportunity for Canada to not just enhance our own sovereign capabilities but also strengthen our shared North American defence industrial base.

Sixth, rationally assess Canada's own trade irritants and reliability. Canada should re-examine our approach to protected sectors, supply chain reliability and other border irritants on issues that we know are important to the U.S.

Seventh, we think there's an opportunity to activate underused CUSMA committees and working groups. Mechanisms in the agreement, such as the competitiveness committee and the good regulatory practices committee, remain largely dormant. They could be used to develop faster, real-time strategic responses to the emerging economic and geopolitical challenges facing our countries.

Lastly, we believe Canada can push to help enhance the compliance mechanisms to address irritants and improve the agreement's functioning. Canada should support stronger, more transparent enforcement tools that ensure that all parties meet their obligations.

In conclusion, we recognize that Canada's ability to preserve our trade agreement with a partner that views trade as zero-sum will undoubtedly require a number of difficult high-stakes discussions, decisions and trade-offs.

• (1540)

As we did during the last negotiation, CME will use our seat at the table to help ensure that the interests of Canadian manufacturers and their workers are represented in our efforts to preserve North America as the best place in the world to make things.

Thanks, and I look forward to your questions.

The Chair: Thank you very much.

Our third witness has not connected at this point, so we will go to questions from our members. If he connects later, we'll interrupt the proceedings.

Mr. McKenzie, please go ahead for six minutes.

David McKenzie (Calgary Signal Hill, CPC): Thank you, Madam Chair.

Mr. Greer, could I ask you about the CBSA assessment and revenue management, or CARM, system? Do you hear very much from your members about its implementation and ongoing use at this time?

Ryan Greer: Yes. We heard concerns prior to implementation and since implementation.

I think most notable, for this committee's work, is that we know that U.S. users are facing some problems. This is an irritant that I'm sure will be raised by the U.S. during this process. I know part of

their concern is around the availability of import and export data. We can expect to be asked to address that, from the U.S. side. Surely, working closely with exporters to address it on the Canadian side is important.

David McKenzie: Generally speaking, for small business people, it is a difficult system to access, and it's often unwieldy. Would that be fair, in terms of feedback you get from your membership?

Ryan Greer: We've had varying feedback. I wouldn't try to summarize it in just one sentence. Some have had problems, and others have had less so.

In short, for SMEs, on these kinds of changes, we heard a lot of anxiety prior to implementation for a bunch of obvious reasons, and we think efforts to double down on engaging with industry and hearing feedback and correcting for it should be top priorities for CBSA.

David McKenzie: I believe you said something very similar to "China's neo-mercantilist approach to international trade in the North American marketplace" is something to be concerned about.

I had to look that up. I wonder if you could explain that statement and what your members see as the risk from China's participation, or indeed, from an increased trade relationship between Canada and China.

Ryan Greer: In general, it's a long-term trend since China's accession to the WTO, which has not led them to adopt pure market-based reforms and to integrate fairly into a multilateral trading system. Instead, it has been a very strategic sector-by-sector approach to try to increase production, oversubsidize specific industries and dump them on world markets to try to undermine production of those goods and services in other countries.

In general, while organizations like ours are not in favour of tariffs or of trying to protect domestic producers, we are a trade-exposed industry, and our members compete on that basis.

When you have "trading partners" who are not abiding by the same rules and are seeking not just to sell to those who wish to buy but also to actively undermine global markets, it's not only something we should be concerned about on behalf of Canadian manufacturers but also something that we know there's a bipartisan focus on in the U.S. We hope it's an area where Canada and the U.S. can align on our approach, dealing with and managing goods that are being dumped on the market in that manner.

David McKenzie: That makes me think of something you said in your opening remarks about the benefit of a closer, more integrated market. It allows for the protection together against unfair trade practices. That's really what we're talking about when it comes to China. Is it not?

Ryan Greer: Yes. This needs to be the focus.

Canada does a lot of business with China. We sell a lot to China. Canadian manufacturers rely on a number of Chinese inputs that cannot be accessed in Canada or in the North American Market, so it is not completely one or the other. However, there are specific sectors and activities where we know China is undertaking these unfair activities. Those are where we think there's opportunity to continue to align with the U.S., in particular, and with Mexico to protect the North American market.

With that said, in fairness to Canadian negotiators and others, Canada has followed the U.S. suit, even prior to President Trump's election, with specific measures around steel and EVs. Our reward for doing so is to be punished by China and to be punished by the Americans.

An important message that Canada needs to send to our American allies is that if they want us to act in a way that is consistent with the interests of all of our shared manufacturers and their workers, they also—the Americans—need to act in a way that is consistent with those behaviours. Unfortunately, we haven't had the support or the reaction we would have liked from Americans for following suit or, in some cases, for going further on these policies.

● (1545)

David McKenzie: Mr. Greer, do your members hear from their business partners, either their suppliers or their customers in the States, that they're as concerned about some of the developments in our trading relationship as Canadians are?

Ryan Greer: At the moment, everybody in the manufacturing supply chain is concerned with the current state of Canada-U.S. trade, and even with the broader geopolitical global trading environment, which is shifting, obviously, much more towards regional blocs and towards economic and national security considerations.

Broadly, all of our members—certainly all their supply chain members—are hearing a lot about the challenges of the current unjustified tariffs, the impact that's having both directly and indirectly on their businesses and their employees and what it portends for the future, because nobody, at this point, wants to make any significant long-term investments.

They say that nobody wins a trade war. I think that some of our regional competitors, in this instance, are probably winning.

David McKenzie: That brings me to a point of great concern: When business senses uncertainty, capital stays on the sideline.

There's often talk in the House of Commons, to which we're adjacent, about public investment, but your members would invest a great deal of capital in their business plans, operations, expansions and the opportunities they see, and this uncertainty must be a tremendous burden right now.

Ryan Greer: Yes, it is. Long-term investments are being postponed or not considered at all. It's going to compound the produc-

tivity problem that our sector has and Canada in particular has when these investments aren't taking place.

I think the opportunity, although we don't control the decision-making coming out of Washington, D.C., is that we do control our own domestic policy environment. We hope the urgency which seemed quite present several months ago remains present through the federal budget in a few short days from now and beyond to improve the domestic policy environment and to do everything we possibly can to incentivize businesses to invest in their workers, invest in their facilities and invest in their products to compete better domestically in North America and abroad.

The Chair: Thank you very much.

We're moving to Mr. Fonseca, please, for six minutes.

Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Madam Chair.

Thank you, Mr. Greer and Mr. Maddox, for joining us today and for your testimony.

Mr. Greer, I want to ask you about your membership.

How many organizations belong to the Canadian Manufacturers and Exporters? How many people would you represent across our country?

Ryan Greer: There are roughly 1,000 members, although we have a lot of other indirect members. Of those, that mirrors roughly the shape of the Canadian economy. Roughly 90% of our members would be small and medium-sized manufacturers and 10% would be large, with many multinationals with operations in Canada, the U.S. and Mexico in some cases.

Peter Fonseca: With all of their employees, that would be in the hundreds of thousands.

Ryan Greer: Yes, that is correct.

Peter Fonseca: It would be hundreds of thousands in aerospace, automotive, advanced manufacturing, pretty much the gamut, all sectors.

Ryan Greer: Yes, every vertical: steel producers and forgers, energy manufacturers.... We represent every vertical of the manufacturing industry in the country.

Peter Fonseca: When the government is now looking at projects of national interest, where would your members like to see the focus?

Would they like to see some of those investments in border infrastructure or in the harmonization around regs at the border? What are your members looking for in that mid- to long-term range?

Ryan Greer: It's really an all-of-the-above type of approach. We need to build more of everything. Certainly, trade-enabling infrastructure has the virtue of making all of our members who use it more productive. It is one of the best ways that you can invest a public infrastructure dollar.

In terms of private investment, we were strongly supportive of Bill C-5 and the Major Projects Office. However, it's the what's next. We want to see that office take on more projects. We want to see more projects get on the list, but we also want to know, for all of those small and medium-sized manufacturers that may not be part of some of these larger supply chains, what can be done to modernize and improve the regulatory environment in which they operate.

We think an all-of-the-above approach is really going to be necessary to unlock capital in such a risky environment.

Peter Fonseca: Let's look at those SMEs. On the tariffs' impact on business just across the board—steel, aluminum, lumber—do you see incentives where the government would be able to support to help SMEs weather this storm?

• (1550)

Ryan Greer: I think the government has taken some good steps. Certainly, the EI work-sharing program is something that several of our SME members and some of our larger members have had to access or are continuing to access.

We're waiting to see how some of the regional investment incentives roll out, and we're certainly watching the strategic response fund to see how that can be accessed.

Broadly, I think the government has done its best on remissions, which has been tremendously difficult and challenging. We've had some issues around timing and the challenges of going through the remissions process. It can still be very burdensome and take quite some time for manufacturers.

The most important factor for the government to consider going forward is remaining flexible. That is the most important thing. As we've seen, the U.S. is threatening to increase tariffs. We've seen an expansion of the 232 derivatives list. We have some manufacturers who were completely CUSMA exempt up until a month and a half ago and then found everything they were exporting to the U.S. was subject to a 50% tariff.

We need to make sure that federal responses, programming and remissions processes are as flexible and adaptable as the current environment is. We think that's the first step to trying to manage the situation.

More broadly, as I mentioned earlier, we need to see a continuation or even an acceleration of some more broad-based measures to support business competitiveness and productivity. We can't keep everybody whole in an environment like this. What we can do is try to support investment and opportunity for as many businesses and workers as possible through looking at regulatory tax, interprovincial trade and some of those types of things.

Peter Fonseca: Thanks.

As we approach the CUSMA review, the Prime Minister set up the PM Canada-U.S. council. There is also a trade council that has been set up.

Is what we have in place today providing the right opportunities as a feedback loop so that your members can get information to our negotiators and to government to be able to make whatever decisions they need to make in real time? Are we getting that informa-

tion the way that we need it so that we're able to be at our best when we are going through this CUSMA review?

Ryan Greer: From our perspective, we haven't had any issues communicating risks and opportunities through to the government.

As we transition to the CUSMA review process, last time around, we—and I use the royal we because it was before I joined the organization—were one of a few national trade associations that had weekly and, in some cases, daily engagement with trade negotiators on what was on the table and how Canada was approaching it. We are hopeful that this type of approach continues again so that there can be a systematic, very formal way to understand what's going on.

At the moment on the bilateral side, it's a bit more difficult to tell how those negotiations are going and what's on the table. We understand that there are probably some legitimate reasons for that.

We will continue to feed through to the government. I think how they structure that process as we get into the formal CUSMA review will be very important.

Peter Fonseca: Thank you, Mr. Greer.

Mr. Maddox, just quickly—

The Chair: You have 17 seconds.

Peter Fonseca: I know, time, time....

The Chair: Time is always a problem.

Mr. Bonin, welcome to the committee.

[*Translation*]

Patrick Bonin (Repentigny, BQ): Thank you, Madam Chair.

Good afternoon, colleagues. I'm pleased to be here today replacing my colleague.

Mr. Greer, I'd like to come back to the Canada US Trade Council, which was announced in January 2025 and which you sit on. Have you been involved in anything the board has done recently?

[*English*]

Ryan Greer: To clarify, CME does not sit on the Canada US Trade Council. We directly engage with all participating departments, ministries and staff on an ongoing basis, but we're not directly a member of that council.

[*Translation*]

Patrick Bonin: Okay, so the council consulted you on the matter. What sort of consultation took place?

[English]

Ryan Greer: We have had some engagement with the council through our staff, our president and CEO at various fora, yes.

• (1555)

[Translation]

Patrick Bonin: What kind of consultation took place?

[English]

Ryan Greer: They did some engagement prior to the change in government, so under Prime Minister Trudeau. I know there was some work done at some events in Toronto as well as some informal outreach and conversations with our president and CEO and the council.

[Translation]

Patrick Bonin: Have you had any consultations since the new government came to power?

[English]

Ryan Greer: I haven't myself directly, no.

[Translation]

Patrick Bonin: What about your association in general?

[English]

Ryan Greer: Not to my full awareness, no.

[Translation]

Patrick Bonin: You have contacts with American organizations similar to yours. What are you hearing from them?

[English]

Ryan Greer: Yes. We work very closely with the U.S. National Association of Manufacturers. They're our equivalent there. We're on calls with them on a near weekly basis. Their leadership has been to Ottawa a couple of times in the last 12 months. We've also spent time with them in D.C. and on Capitol Hill.

In short, we've heard from them what I think many of you have heard from those in D.C. It is a bit of a scattershot approach to try to figure out who has influence at any given moment around the administration. They struggle with some of those same challenges in trying to communicate the virtue and values of North American manufacturing to the administration.

They also have members, some of whom strategically can benefit from some certain tariffs or protectionist measures.

In general and in broad strokes, they have been continuing to advocate on Capitol Hill and with the administration for the future of CUSMA. Roughly three-quarters of Canadian exports to the U.S. are inputs, and those inputs are what help fuel U.S. manufacturing.

We will continue to work with them through the CUSMA process to ensure that we're aligned on how we're approaching governments.

I would add that we work very closely with our counterparts in Mexico, as well. In fact, we had all three associations in Ottawa at almost this time last year to have discussions about the future of

CUSMA and how it has benefited all of our organizations and their members.

[Translation]

Patrick Bonin: The figures I've seen are from June 2025. You say that approximately 16% of Canadians who responded to the survey indicated that they had relocated some of their production to the United States to deal with rising costs and uncertainty related to U.S. tariffs. Do you have more recent figures on that? To your knowledge, is it a trend that has accelerated or intensified?

[English]

Ryan Greer: We don't have any updated figures since the ones that you just quoted.

Anecdotally, for those who do have facilities in the U.S., you can sort of flex production on either side of the border. There's obviously been an incentive to move around the tariff wall whenever they can.

Anecdotally, we've heard that's continued, although I don't have any specific figures around the percentage of members who have said they've been able to do that.

[Translation]

Patrick Bonin: South of the border, or at least on the U.S. President's part, there has been some backtracking when it comes to the environment.

Are there any concerns among your members who have made investments, who have taken strategic positions on the energy transition and who are now facing unfair competition? Are there any important environmental considerations that should be part of the current CUSMA negotiations?

[English]

Ryan Greer: To be honest, we haven't heard much, but I think part of that is because all of the gravity and the focus has been on tariffs and the impact on tariffs.

Prior to President Trump's election and the threat of an eventual imposition of tariffs, there was a tremendous amount of focus around investment incentives in clean technology and how that was taking investment south of the border. We've heard some concerns, even around continued clean-tech investment, given some of the incentives under the big beautiful bill, around writeoffs and other tax incentives favouring manufacturing businesses.

The large majority of our members' focus has just been on tariff relief, how we can get out from under the tariffs and how we can get back to doing what we do best, which is building things together to compete with the rest of the world.

The Chair: Thank you very much.

We're going to Mr. Jeneroux for five minutes, please.

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

Thank you, Peter and Ryan, for joining us today.

I'm going to ask Ryan some questions.

You mentioned what I thought was an interesting statistic right off the bat that 96% of your members agreed to extending CUSMA. Is that in reference to the agreement as it exists today in full? Was that the question that was posed to them?

● (1600)

Ryan Greer: Yes, we basically asked about extending the agreement as it exists, not any hypotheticals about what could be in a revised agreement or a renegotiated agreement.

Matt Jeneroux: That's interesting. Thank you.

On the diversification of the trading partners, we hear a lot about that at this committee and we talk a lot about what that means. From some of your testimony, I gather that it's not just a let's diversify in a trading agreement somewhere else it's what the local environment looks like.

I'm hoping you can touch on some of that, and perhaps what we can do and suggest from this committee.

Ryan Greer: Sure.

In general, our members are supportive of efforts to diversify Canada's export markets. Many of them are actively trying to do so right now, to try to backfill for some of the losses they've had for sales into the U.S. However, diversification is not a solution to our U.S. problem. The only solution to our U.S. problem is to solve our U.S. problem.

North American manufacturing supply chains are so deeply integrated, Most of what we're selling are inputs into U.S. manufacturing processes that are flung back across the border as another value-added part to a Canadian process. There aren't a lot of Swedish automakers crying out for Canadian auto parts.

While we're supportive of efforts to diversify, we want to make sure that manufacturers don't get lost. I think there's some more opportunity when it comes to commodities and other bulk exports. It can be very difficult to reach, manage and service in a market that isn't the United States.

I think that one thing we hope doesn't get lost in the diversification issue is that part of what's going to give manufacturers or any other business access to another market is not just the ability to sell there, but to be cost competitive there. Canada can be a high-cost jurisdiction to do business. That is offset by our geography, proximity to and access to the the U.S. market.

Any effort to diversify Canadian trade, again, which we think is worth trying to do, will need to be accompanied by a strong policy push to try to lower the cost of producing goods in Canada. That's going to mean investments in trade-enabling infrastructure. That's going to mean a more competitive and rationalized tax environment. It's going to mean a big push to lower red tape and regulatory burden from all levels of government. That's going to make our goods more competitive in Canada, in North America, but also in some of those export markets where we hope to grow.

Matt Jeneroux: That's wonderful.

I do want to get to a de minimis question, but before I do, you mentioned that 16% of businesses have relocated production down

to the United States. Are they suggesting this is lost for good? Is this a temporary measure? What's the thought process of some of these businesses that have done that?

Ryan Greer: Just to clarify, the 16% was from a survey we did earlier in the summer. That was of members who had some level of production capacity already in the U.S. It wouldn't be uncommon for companies that have production in all three markets to adjust as needed based on a number of factors.

What we were trying to gauge is based on the immediate threats and tariff barriers, how we were seeing.

In short, we don't have sub-questions on that 16%. Anecdotally, what we've heard is in the short term there was the thought that some of that production could be retained; it could come back to Canada. These are large facilities that have the ability to manage.

Our concern over the long term is that if there are permanent re-allocations of capital or investment in facilities to fit up it will be much harder to repatriate some of that production. In the short term, we're not as concerned. In the long term, the longer the uncertainty persists we have concerns about repatriating that production.

Matt Jeneroux: Do you think Canada should respond to the elimination of the de minimis measure?

Ryan Greer: We don't have a strong point of view on that given most of our members are not selling small shipments or measures. It's industrial inputs at a larger scale, so we have no real strong view on that one.

The Chair: Thank you very much.

We'll go to Mr. Lavoie for five minutes.

● (1605)

[*Translation*]

Steve Lavoie (Beauport—Limoilou, Lib.): Thank you, Madam Chair.

Mr. Greer, I'm very familiar with manufacturing. I've had the opportunity to work in banks, particularly in Beauce, my Conservative colleague's region, where there are a lot of manufacturers. I often worked with manufacturers during those four years in Beauce.

I'd like to comment on the survey you mentioned earlier. Its purpose was to determine whether companies were ready to accept 5% or 10% tariffs. I'm a bit surprised that the answer isn't zero. I don't know of a company that's ready to pay tariffs, because the smallest percentage is important to them.

That said, manufacturers have to invest large amounts of money in their assembly lines. Those are large sums that are necessary to stay competitive and increase productivity.

Earlier, you made seven or eight very commendable and important requests. However, we're in exceptional circumstances. We've asked the same question to every single person who has appeared before this committee. Some have more than 50 years of experience and have never seen a situation like this.

As I was saying, I used to be a banker, so I know that predictability is extremely important for companies that invest a lot of money and for bankers. In that context, our neighbour to the south isn't offering us any predictability for the next three years, and we can't count on it anymore. What's your point of view? What's your advice? Given that this predictability may not come back in the medium or long term, what's necessary to help manufacturers get through this crisis and continue growing to remain competitive?

[English]

Ryan Greer: On the first point around accepting a tariff, I'll use more precise language. The exact question we asked was, "At what level of tariff would your business no longer be competitive?" We weren't asking about acceptability; we were just asking, based on how their business is functioning and operating, at what level of tariff it would be competitive. That's not an easy question for them to answer, so I'm happy to clarify that.

In the business environment, if this level of unpredictability continues over the medium and long term, and certainly that is a possibility, there are a few things. One, as I've referenced before, there needs to be a great deal more urgency under the policies that Canada does control. We are hopeful. There was a big push and a lot of noise around interprovincial trade barriers and mutual recognition in the first half of this year. We understand a lot of that work is still continuing bilaterally between the provinces. I haven't seen or heard as much urgently communicated about how they're rushing to knock down these barriers. We're hopeful that work continues on an accelerated basis.

As I've mentioned before in terms of unpredictability, there are ways around tax incentives, regulatory burden and red tape that we think could really help incentivize investment and help lower some of the risk in other areas where manufacturers will continue to see it on the trade front.

In broad strokes, the most important thing we can do is to try to reach a good deal—not any deal, but a good deal—with the U.S. both bilaterally and, of course, through the CUSMA process.

I know there have been some who have advocated a patient approach and letting the political process south of the border play out. I would imagine those are coming from sectors that are less directly affected than manufacturing has been. Some 60,000 jobs were lost between January and August in the manufacturing sector, and I expect we'll see an increase in that number here in the weeks ahead.

Our view is that we should do everything in our power that is reasonable and fair to not let that uncertainty persist, at least as it relates to the current tariffs and the CUSMA agreement for as long as you were speculating.

[Translation]

Steeve Lavoie: Unfortunately, Mr. Greer, unpredictability is one of the things we don't control. I'm happy that you're satisfied with the removal of interprovincial barriers for manufacturing trade.

Mr. Maddox, we're still in women's month. I've heard that you promote SMEs and independent entrepreneurs, particularly women and youth. Why?

[English]

Peter Maddox: Absolutely. Historically, a lot of women have come into entrepreneurship through our industry. Some of them stay there. In other cases, they get a taste for entrepreneurship and they go on to open their own stores, create their own products or build their own businesses. We call it an on-ramp to entrepreneurship. It's a very important stepping stone to give those women a taste of getting into that and then moving on to something that can continue to create even more dividends for the Canadian economy.

• (1610)

[Translation]

Steeve Lavoie: Thank you.

[English]

The Chair: Thank you very much.

We'll go to Mr. Bonin for two and a half minutes, please.

[Translation]

Patrick Bonin: Thank you, Madam Chair.

Mr. Greer, according to the Wilson Center's Canada Institute and the Centre for Canadian Studies, if there is no signature to extend the Canada-United States-Mexico Agreement over a long period, President Trump may want the first joint review to lead to further annual joint reviews. According to them, that would enable the United States to regularly get concessions from Canada and Mexico.

If the United States refuses to extend the agreement for several years, are you concerned that these annual reviews will become the norm and lead to more uncertainty?

[English]

Ryan Greer: Yes, I think that's a concern.

The preferred outcome of the CUSMA process, from our perspective, would be that parties agree to renew the agreement in 2026, even if that involves some very hard discussions and trade-offs, to try to get more certainty. I don't think this rolling annual sort of review and re-evaluation process in which parties could try to solicit or extract new concessions is good for manufacturing investment and uncertainty. We would expect that to be borne out in how our members would invest in their business and, frankly, how manufacturers in the U.S. would also make decisions.

Whether you agree with it or not, I think the working theory by many of the people pushing the pro-tariff policy in Washington, D.C. is that if there is long-term certainty that tariffs will persist, then manufacturers will make investments to get behind that tariff wall. If there is not long-term certainty that it will remain, then manufacturers will not be incentivized to make those investments in the U.S.

I expect that uncertainty would not just impact manufacturers in this country. It would severely impact manufacturers in the U.S. and Mexico as well.

[*Translation*]

Patrick Bonin: You talked a little bit about the harmonization of standards. Can you talk a bit more about your recommendations on the matter, for example in the aeronautical sector, the agriculture sector or the aerospace sector?

[*English*]

Ryan Greer: There's nothing specific except to say that there was a chapter negotiated in CUSMA around good regulatory practices that has not been used.

You may recall that there used to be the Regulatory Cooperation Council, which did some work I participated in among other industry folks where Canadian and American regulators would gather in Ottawa and D.C. and address very specific sectoral ways to align.

Frankly, just restarting a process for those discussions to happen on a more proactive and ongoing basis would be beneficial. I'm not sure it will be realistic in the short term, but if we can get some sort of certainty around CUSMA, we believe that chapter could be used to start productively having discussions again about running in the opposite direction, which is how we can make it more cost competitive to manufacture and build things in North America to compete against the rest of the world, instead of what we're doing now, which is, of course, introducing more cost and uncertainty.

The Chair: Thank you very much.

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

Adam Chambers (Simcoe North, CPC): Thank you, Madam Chair.

Mr. Maddox, I have at least one question for you.

On the de minimis rules that I believe you mentioned in your opening, is that your members selling items underneath the value to Americans? How do those rules affect your members?

Peter Maddox: De minimis affects going both ways over the border. We have members that are U.S.-based companies. Even though the individual seller of that product is in Canada, the product is shipped from a distribution centre somewhere in the U.S. into Canada, so they take advantage of Canada's current de minimis rules. They're obviously very supportive of that happening. When they sell to that consumer in Canada, there's someone in Canada—a little entrepreneur—who is making some commission off that sale.

In the other direction, we obviously have Canadian companies that ship into the U.S. market and have taken advantage of that CUSMA exemption in the past.

Interestingly, going back to the last time we negotiated NAFTA 2.0, as we were calling it then, the U.S. wanted everybody to go up to \$800 as a de minimis level. They wanted a high de minimis level for everybody. Now they've taken it back to zero, which is quite a change.

Obviously, if our members that are in Canada now want to ship into the U.S., they have to collect duties on every single delivery that's going down there. There's quite a lot of paperwork to look at. CUSMA compliance can get you around that, but CUSMA compliance is not a silver bullet that works for everybody. A lot of our members are global companies, so they have products that are manufactured with ingredients from various different markets. CUSMA compliance really doesn't come into play there either.

• (1615)

Adam Chambers: Would you say it's important, as part of the negotiation, to deal with the de minimis rule? You would like it to go back to what it was, I assume.

Peter Maddox: We would like to have an equivalent rule between the three CUSMA nations.

Adam Chambers: You don't want ours to go down, though, do you?

Peter Maddox: No. I mean, it's difficult; us having a CUSMA exemption and them not is punishing Canadian companies, because now U.S. companies get an advantage coming into the Canadian market that they don't get going into the U.S. market. Ideally, it's an equivalent. Beyond that, it may be a full-on hope that we're going to negotiate that with the U.S., but I think it's definitely worth a try.

Adam Chambers: Thank you very much.

I'll now turn it over to my colleague Jacob.

Jacob Mantle (York—Durham, CPC): Mr. Greer, has the Canadian government, in the process of the current CUSMA public consultation, directly and proactively reached out to Canadian Manufacturers and Exporters to seek your opinion on this review?

Ryan Greer: We've had several discussions with the department and with staff. I think some of that has been at our request, but some of it has been at their request.

Jacob Mantle: When were those discussions?

Ryan Greer: They were mostly over the last three to four months in preparation for the current review, but we had started engaging with the government around the 2026 review as long as 12 to 18 months ago.

Jacob Mantle: Understood.

You mentioned in your remarks that the longer this process goes on, the worse it is for your members because of the sectoral tariffs that are currently in place on steel, aluminum and autos. How much longer can your members wait for a deal?

Ryan Greer: You know, it varies depending on whether you're directly or indirectly impacted. We're having calls every day with members, certainly those who have been hit by 232s, including some who just in the last month and a half have been hit by the new derivative 232 tariffs. We know that the Department of Commerce is sort of undertaking that process again this fall, so there will be more members caught up in that.

For those for whom all of a sudden 50% of their business is being hit with a 50% tariff, it's been fairly hard and devastating. Some are being hit less directly. Their U.S. customers are ordering less simply because their business is soft because of tariffs. Even if everything they ship south is CUSMA exempt, they have a little more runway, but even for them they're all trying to do long-term planning in the best interest of their business and their employees. It's incredibly difficult.

We were in a scenario where it looked like 232 relief was imminent, or there may have been deals this summer and heading through the summer and into the fall, and even as recently as this week's APEC summit. The manufacturing sector has been hanging on and hoping for relief sooner rather than later. We know that these are very difficult, challenging and complex negotiations, to say the least, but we are very hopeful that we can get some 232 relief as soon as possible.

Jacob Mantle: Would you consider it urgent for your members to get deals on sectoral tariffs?

Ryan Greer: Yes.

Jacob Mantle: I have 30 seconds left here.

You mentioned briefly the remission process. I noted that in one of your studies, over 56% of your members couldn't figure out if they were eligible for remission under the current process. Is that process working for your members or is it not?

Ryan Greer: It's been challenging, although I will say that when that survey took place at the beginning of the summer, the remissions process was very new to many of our members. They had never had to participate in it. The government was struggling, I think, with certain resourcing to handle the volume.

Broadly, there are still some challenges with very onerous requests and follow-up requests for additional information, and then slow turnaround timelines for the actual remission. We think there is still room to improve on both of those things.

The Chair: Thank you very much.

We'll go to Madam Lapointe.

[Translation]

Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Thank you very much, Madam Chair.

I'd like to welcome all the witnesses.

Mr. Maddox, you talked earlier about women accounting for 84%. How many members do you have?

[English]

Peter Maddox: Our members are the companies these people work for. We have 60 member companies. They represent a large

percentage of the direct selling companies that operate in Canada. Each of those member companies may have as many as 20,000 to 30,000 people who are in communities all across Canada. For instance, there's the Mary Kay lady who would be in every small town in Canada. That's where the percentage of women I was discussing comes from. Realistically, a lot of the products sold through the direct selling channel are products that are marketed toward females. That's why that mix has come about, but shout-out to the 16% of men working in the direct selling space as well.

Yes, even though our membership is the direct selling companies, we do feel a responsibility, obviously, to operate in the best interest and work in the best interest of the people who are working for them as independent sales consultants.

• (1620)

[Translation]

Linda Lapointe: You also talked about the fact that it gave interested people entrepreneurship experience and sometimes helped them start their businesses.

Is there potential for growth in cross-border e-commerce?

[English]

Peter Maddox: If you're talking about online sales, social media and those sorts of things, obviously our membership jump on social media a lot and utilize social media tools to market their products and talk about the companies that they're working with.

One of the beauties of social media, but it's also one of the challenges, is that it doesn't recognize international borders. That has been very good for many of our independent sellers because they are able to.... Someone might be in Manitoba and have friends in North Dakota, and they can introduce them to a product. That person in North Dakota buys the product, and the person in Canada makes the commission on it. This shows you that, in the direct selling world and in the social media world, there really are no borders. That speaks to some of the challenges that our members are facing with these current trade discussions. There's a push for harder borders, and electronic media and online sales don't tend to recognize that.

[Translation]

Linda Lapointe: Would you recommend any specific changes to the CUSMA chapter on digital trade?

[English]

Peter Maddox: In general, we've been pretty pleased with how things have operated under the current agreement. Not being a trade guru to the level of Mr. Greer, I don't know every clause in it, but we have not had complaints over the last six or seven years with the current CUSMA.

What I would turn back to is the point that I think Canada is in a position.... Our industry is typically one of entrepreneurs. As long as consumers are protected and as long as people are protected, we want the government, to some degree, to get out of the way and let our entrepreneurs do what they're doing.

I would like to speak to the really great opportunity for Canada to lower some of those barriers to investment, whether that's getting products regulated.... I talked a little bit about Health Canada in my opening remarks and about whether there is an opportunity to create avenues whereby people can get products regulated and get them to market more quickly. That can incent Canadian companies to start manufacturing in Canada and selling products in Canada as well.

As I mentioned, for us, it's about how we lower barriers rather than how we change the rules.

[Translation]

Linda Lapointe: In terms of those rules, should consumer protection practices be harmonized across the three countries? Is there a risk of unfair competition related to the resale of American products that don't meet Canadian standards?

[English]

Peter Maddox: Harmonization is good in theory, but be careful what you wish for with harmonization because sometimes it harmonizes to a code or to a level that our particular country might not be comfortable with.

There is the regulation of natural health products, for instance. Canada has a high level of regulation for health products. We love that. It speaks to the success of our companies in Canada and the level of ethics that they work to. The U.S. tends to have a lower level of regulation for health products. We want to keep it at that level we have. Obviously, if there was a way to bring the U.S. up to that level, that would be good.

I think, based on risk, there are ways that we can lower the regulatory barriers for companies so that we focus on either higher-risk products or higher-risk operations, and then free up those lower-risk products to be sold more quickly, often while they're on trend. If a company wants to introduce a natural health product, sometimes it can take them, in Canada, 12 to 18 months to get that approved at a regulatory level. In that time, the ingredients in that product might not be on trend anymore for people in the natural health space. Meanwhile, they've been selling it in the U.S. and Mexico for the last 12 to 18 months, so that's definitely a challenge that we would like to see overcome.

• (1625)

The Chair: Thank you very much.

Thank you to our witnesses. We appreciate your information. We also recognize the challenges that you're facing. Canada is working very hard, and your committee is working very hard and listening very closely.

I will suspend for a few minutes while we bring in our other witnesses, please.

• (1625)

(Pause)

• (1630)

The Chair: I call this meeting back to order.

With us this afternoon, from the Canadian Federation of Independent Business, we have Corinne Pohlmann, executive vice-president, advocacy; and Michelle Auger, director, trade and marketplace competitiveness, national affairs. From Scierie Clermond Hamel ltée, we have David Hamel, operations manager. By video conference from Québec International, we have Carl Viel, president and chief executive officer; and Émile Émond, senior economist.

I'm glad to see that everybody is online and ready to go.

Ms. Pohlmann, would you like to go first, please?

Corinne Pohlmann (Executive Vice-President, Advocacy, Canadian Federation of Independent Business): Sure.

Good afternoon. My name is Corinne Pohlmann. I'm the executive vice-president for the Canadian Federation of Independent Business. I'm joined by my colleague, Michelle, who is the director of trade and marketplace competitiveness.

We'd like to thank you for giving us the opportunity to be here today.

As many of you may know, CFIB is a non-partisan, not-for-profit organization representing more than 100,000 small and medium-sized companies across Canada and across every industry and region of the country.

We are here to share a small business perspective on North American trade as we approach the first joint review of CUSMA.

The cost of doing business, as you must know, is at an all-time high due to rising taxes, rent, insurance and other operating expenses, as well as increasing regulatory and compliance burdens. The ongoing trade uncertainty between Canada and the U.S. has created another layer of instability. For many small firms, the tariffs have meant higher costs and tighter margins, which is why it's really no surprise that two-thirds of our members believe that Canada should be moving quickly with the Canada-United States-Mexico Agreement review.

Prior to the trade war, just over half of small businesses were directly engaged in trade with the United States, and thousands more were engaged indirectly through suppliers or clients.

Given the uncertainty, cost pressures, supply chain disruptions and other impacts on small businesses, 92% of Canadian small businesses believe Canada should strengthen its trade ties with other countries besides China and the United States. In fact, we've already seen about one-third of small businesses either fully or partially pivoting away from the United States as a trading partner. However, we must be realistic. Most still conduct some trade with the United States, and so it remains important for Canada and the U.S. to have a stable relationship, which is best done through an agreement like the Canada-United States-Mexico Agreement.

Now, the CUSMA agreement provides a valuable framework that can help smaller businesses navigate and maintain stability across North American markets. However, a number of challenges continue to limit the ability of small firms to take advantage of the agreement.

For example, many small firms are struggling to navigate through the ongoing tariffs. There is a lack of clarity around when and how additional duties apply, and to which products, leaving many businesses unable to plan with confidence.

Beyond tariffs, the cost of shipping goods and currency fluctuations pose additional barriers. While business owners understand that trade involves certain costs, many do not anticipate the numerous barriers that create unnecessary bottlenecks and extra costs in the process.

Now I'm going to turn it over to my colleague, Michelle, for some of the details on some of those barriers.

Michelle Auger (Director, Trade and Marketplace Competitiveness, National Affairs, Canadian Federation of Independent Business): Thanks, Corinne.

While tariffs and direct costs continue to pose significant challenges for small businesses, many are also struggling with non-tariff barriers that limit their ability to trade effectively with the U.S. and Mexico.

Barriers such as the complex licensing rules, complex customs procedures, regulatory differences and other administrative requirements often make it difficult for small businesses to fully benefit from CUSMA. There's a need for better coordination amongst all government departments, agencies and those involved in trade. Businesses often face overlapping requirements, unclear communication and a lack of responsiveness when seeking clarification on cross-border issues. For small firms, even those short delays or a lack of guidance can have major financial consequences.

Another challenge lies in the rules of origin and ensuring that products are CUSMA compliant. For many SMEs, determining and proving origin is an extremely technical process that can vary depending on the product's composition and supplier documentation. All of this adds uncertainty for small businesses that are importing components or raw materials before they're exporting that final product. The result is that many SMEs simply avoid cross-border trade altogether because of the risk of non-compliance or the administrative burden involved.

Also, SMEs are struggling with the rollout of CBSA's new CARM portal. Its financial guarantee requirements are often inac-

cessible for many smaller firms, and the platform itself remains difficult to navigate.

The loss of the U.S. de minimis threshold has also been particularly difficult for small exporters, which essentially removes an important cost and paperwork advantage that helped facilitate low-value shipments into the U.S.

Labour mobility is a key concern. While CUSMA was meant to ease some of the temporary movement of professionals across the borders, many small firms continue to encounter inconsistent interpretations of the rules at ports of entry. The uncertainty adds time, cost and risk for many SMEs trying to send staff and service providers to their U.S. clients.

In short, reducing regulatory misalignment, simplifying border processes and improving communication among government and businesses would go a long way in helping SMEs succeed in North American trade.

Historically, we've seen that trade agreements really reflect more of the priorities of large firms, while small businesses, which make up 98% of all Canadian businesses, have been under-represented. While CUSMA takes an important step forward by including a dedicated SME chapter that called for information-sharing platforms, an SME committee and digital trade supports, there's still a lot of room to do more to help small businesses navigate trade in North America.

As we approach the review, we urge that a small business lens be applied across all relevant chapters of the agreement so there is a focus on the needs of small businesses, not just in one key chapter of the agreement but throughout the entire agreement. Chapters such as rules of origin, custom administration, trade facilitation and digital trade are just a few that could include the small business lens to really help small businesses navigate the agreement.

We thank you for your time today. We look forward to answering any questions you may have.

• (1635)

The Chair: Thank you very much.

Mr. Hamel, go ahead, please, for up to five minutes.

[*Translation*]

David Hamel (Operation Manager, Scierie Clermond Hamel Ltd.): Thank you, Madam Chair.

I'd like to thank all the committee members for giving me the opportunity to talk to them about our reality and what we're actually experiencing, day after day, in the softwood lumber industry.

My name is David Hamel. I'm the operation manager at Clermond Hamel Ltd., a family business that has been based in Saint-Éphrem-de-Beauce for over 135 years now. My sister France, my brother Nicolas and I are part of the fifth generation to work there. Our story begins in 1890 with my great-great-grandfather, who operated a small sawmill powered by water from the river. Today, we've become a large, modern sawmill producing 150 million board feet of wood per year. One hundred per cent of our wood comes from private forests.

We produce wood that can be found in homes, businesses and infrastructure across the country. That represents approximately 4,000 trucks of finished products every year, not including chips, sawdust, shavings and bark, which account for just as much. We employ over 140 people, many of whom have been there for over 30, 40 and even 50 years. They're passionate workers who care deeply about their profession and the region. Around 100 indirect jobs also depend on our activity.

Over the years, we've consistently invested in technology, automation and training to always stay the best and be the leaders in our field.

We're currently going through an extremely difficult period. Since August 9, tariffs imposed by the United States on Canadian softwood lumber have skyrocketed. We've gone from 14% to over 35%. Since October 14, an additional 10% has been added. In concrete terms, we're now paying 45% in tariffs to export our wood. I said "we" because, in the softwood lumber sector, it's the exporter who pays the anti-dumping and countervailing duties and the Trump tax.

The result was that a company like ours, which was still making a profit in July, went into deficit overnight. Before those increases, half of our production went to the United States. Today, we export barely 5% of our production, so we've turned inward to the Canadian market. All of our competitors have done the same thing, and the result is that the Canadian market is being inundated with wood. Prices are falling, and it's getting worse every week. In three months, the price of two-by-fours in Canada has gone from \$2.91 to \$2.60, down by 12%, while our costs continue to rise.

In Canada, forestry accounts for a total of 495,000 direct and indirect jobs, a GDP of \$34 billion and exports of \$45 billion. In Canada, our sawmills are some of the highest performing in North America. Almost 95% of them are already highly modernized and equipped with the latest technology. We don't need loans to become more productive, we already are, and that would only make it worse. What we need is a bit of breathing room at a time when the pressure is getting unbearable.

That's where the government can really improve things. It has to make us independent from the United States. It should give us back the money from the retaliatory tariffs that it imposed this year. It's also important to stop saying that there's a housing shortage in Canada and ensure that homes are built with wood, while rewarding those who use wood in their construction. All construction and renovation of public buildings should use wood. Another way to help us would be to reduce costs at the source, including harvesting, transportation and energy costs, which would enable sawmills to have a better supply cost. The government could also negotiate a

different agreement with the United States on mills that source 100% from private forests, as was the case between 2006 and 2015, since the supply costs are higher than those for public forests.

Softwood lumber isn't just an export product; it's a source of national pride, a unique know-how and the economic heart of many regions like ours. If nothing is done, a part of our industrial history is at risk of disappearing, along with the jobs of the thousands of workers who will have given everything for their craft.

The bottom line is that we're not going to be able to hold on for very long while suffering financial losses, and we need help quickly. The Canadian market is being inundated with wood, so prices are dropping every week. The current market also isn't enough to consume all the wood produced, so it's important to stimulate wood consumption, and quickly.

The time to act is now.

• (1640)

[English]

The Chair: Thank you very much.

Mr. Viel, go ahead, please, for up to five minutes.

[Translation]

Carl Viel (President and Chief Executive Officer, Québec International): Madam Chair, ladies and gentlemen, dear committee members, thank you for the invitation and the opportunity to speak to you this afternoon. I'm joined by Émile Émond, senior economist at Québec International.

As a leading partner of regional economic development agencies, Québec International facilitates and supports business growth and accelerates their success in Quebec, Canada and internationally, all with a focus on sustainability and diversity.

As the economic development agency for the Quebec City region, we support businesses in attracting and retaining international workers and students, we prospect for foreign investment and we support technological entrepreneurship, export and marketing, and the development of sectors of strength, all for the benefit of our ecosystem.

In 2024, in a context marked by uncertainty and a slowdown in the Quebec economy, our team supported 177 projects and more than 1,800 businesses and organizations, generating \$1.34 billion in economic spinoffs in investments in the region, the third consecutive year above the billion-dollar mark.

As the regional export promotion organization, or ORPEX, for the national capital region, Québec International offers local, front-line services to SMEs to facilitate their international market development efforts.

For over 150 years, the supply chain has been interconnected between Canada and the United States. With North American free trade agreements, it is common for raw materials from one country to be processed and assembled in another and then sold in a third.

Today, U.S. tariffs are at their highest level since the 1930s. This situation has a tangible impact on the approximately 800 exporters in the Quebec City region, particularly those directly affected by these tariff measures. In response, Québec International, in collaboration with several partners, has organized events specifically focused on market diversification.

In June 2025, 92% of Canadian exports to the United States still crossed the border without being subject to tariffs, largely due to the Canada-United States-Mexico Agreement, or CUSMA.

The U.S. market is crucial for Quebec City businesses. There is every reason to believe that the United States will remain their main international trading partner, given its geographical proximity and the size of its market. The market access made possible by CUSMA is beneficial for the development of local businesses. It also serves as a strong argument for attracting foreign subsidiaries to the region, which contribute to our economic development.

However, in the current context, diversification is no longer a luxury: it is a necessity. To successfully develop new markets with other international partners and within Canada, SMEs need support, sometimes financial, but above all, personalized guidance. Successfully penetrating a market outside Quebec takes time—about two years—and requires significant resources and effort.

It is therefore essential to support organizations such as Québec International that assist these companies. With our contacts, network and knowledge of different markets, we can provide adequate support to companies, particularly SMEs, to help them succeed.

Our activities generate significant benefits for the regional economy. In 2024, our foreign market development team supported 15 new exporting companies, and the various export and marketing activities generated economic benefits of \$26 million.

Here are a few priorities. First, the government needs to train and support businesses, particularly in their market diversification. To do so, it must intensify support for organizations such as ORPEX and Québec International to equip SMEs in their market diversification and strategic use of the CUSMA. Second, the government needs to give SMEs a voice. That means including all sectors and, above all, including the perspective of Quebec SMEs during consultations to ensure that their needs are considered during the joint review of CUSMA—

• (1645)

[English]

The Chair: Excuse me, Mr. Viel. My apologies for having to interrupt, but the members have many questions. I'm sure you'll be able to get the remainder of your testimony in with those questions.

Thank you very much.

Mr. Groleau, please.

[Translation]

Jason Groleau (Beauce, CPC): Madam Chair, witnesses, good afternoon.

Mr. Hamel, the Clermond Hamel sawmill is a leader in the forestry sector in Quebec. It's a company in the most beautiful region of Canada, obviously Beauce, which I love to repeat. It's specifically in Saint-Éphrem, a proud little village in my region where there are a lot of businesses. I'd like to mention that you and your family are involved in your community and have generously contributed to it for decades. Congratulations, Mr. Hamel.

Now I'd like to talk about American tariffs, which have reached 45% in your field. That's significant. What are the immediate consequences for your company? You mentioned this, but who pays those tariffs?

David Hamel: I would like to clarify something.

Many people think that duties are paid by the Americans, but in our field, exporters are always the ones who pay the duties. When one of our trucks transports lumber across the border, we are the ones who write the cheque at customs. We're basically paying a 45% tax. Roughly speaking, for a truck carrying around \$20,000 worth of lumber, \$9,000 is thrown into the wind.

Jason Groleau: I imagine your profit margin isn't 45%.

David Hamel: No, far from it.

Jason Groleau: The fact is that you're selling at a loss right now.

David Hamel: That's right. The Canadian market is currently adjusting to the exchange rate with the American market. If the price goes up in the American market, it will go up somewhat in the Canadian market based on the exchange rate. However, that doesn't take tariffs into account. If lumber sells for \$500 U.S. per 1,000 board feet, for example, it will be a little more expensive in Canadian dollars because of the exchange rate, but it won't be enough to offset the duties.

Jason Groleau: Basically, you're losing money.

You said that your company used to export 50% of its production, but that is now down to 5%. I imagine that many companies in Canada are in the same position. You're now saturating the Canadian market. What effect does that have on it?

David Hamel: It means that the price drops every week. Right now, we know that the Canadian market can handle a little more, but winter is coming. We're very concerned about what's going to happen this winter, because construction slows down a lot during the cold season in Canada. We've often turned to the U.S. market in the past, but we won't be able to do that this time, and there is no way we are going to pay 45% tariffs to sell lumber.

Jason Groleau: You said you didn't need loans to become more productive. What did you mean by that?

David Hamel: This is a very interesting topic. Sawmills have greatly automated over the years. Canadians are world leaders. In Quebec, we have the best sawmill machinery manufacturers.

However, even if we receive money to become even more productive, we'll simply produce more lumber and flood the market even more. Where we need help is in finding tricks to lower our production costs. Adding a sawline is not going to get us there. Yes, it will lower our production costs, but we'll just produce more lumber. I mentioned energy, for example. Why is diesel more expensive in Quebec than elsewhere in Canada? Perhaps we could get forest fibre more efficiently using electricity. In our business, we use a lot of diesel. You have to transport the lumber from the forest to the mill and then from the mill to the customer. As I often say, it's a very large product, but it's not worth much.

● (1650)

Jason Groleau: Mr. Hamel, you said that we needed to stimulate the use of Canadian lumber in the construction of Canadian buildings. That's an extraordinary thing to say. What did you mean by that?

David Hamel: During the downturn we went through between 2008 and 2015, I believe, the government put programs in place to help the forestry industry, at least in Quebec. I don't know if it was the same elsewhere in Canada, but the government made it mandatory to use wood to build things like schools and hospitals. That is something that needs to be put back in place. Maybe it already has and I'm unaware, but I just wanted to point that out.

Now, in Quebec, we are allowed to build wooden buildings up to 18 storeys high. It's the same in Ontario and British Columbia, while the limit is 12 storeys in the other provinces. Also, if we could manufacture modules in advance, buildings could be put up in record time. Wood has a lot of advantages, but it will definitely take some enticement.

Jason Groleau: Then it's easy to produce. You don't have a production problem.

David Hamel: That's right. Stimulating the lumber market would just require help to train the companies that are used to building a certain way. If that happened, we could put up buildings very quickly. In a week, we could have a new building in place.

Jason Groleau: You said that the forestry industry creates 490,000 direct and indirect jobs in Canada. The steel sector creates 25,000 jobs and the aluminum sector creates 10,000.

We hear the Liberal government talk a lot about steel, autos and aluminum. Why isn't it talking about lumber? Why isn't it talking about forestry?

David Hamel: It's hard for me to say, but I think it's really focused on the big cities and not so much on the small towns.

Jason Groleau: The rural regions are cast aside.

David Hamel: That's my impression, but I can't really say.

Jason Groleau: Thank you.

[English]

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

Thank you.

Mr. Lavoie, go ahead, please.

[Translation]

Steeve Lavoie: Thank you, Madam Chair.

Mr. Viel, we both come from Quebec City and we worked together when I was in my former position at the chamber of commerce. You likely remember that, for four years, I kept saying that governments should provide predictability to businesses. A year later, I often say that it is hard to provide businesses with predictability. In the current context, what is your view on the lack of predictability?

The government has also announced that it wants to double Canada's exports to places other than the United States, including by increasing exports to Europe. What's your opinion?

Carl Viel: Thank you. I'll answer the second part of your question first.

It's very important to help businesses diversify. It is a long process, but worth the effort. It's a bit like the investment principle that you shouldn't put all your eggs in one basket or invest all your savings in the same stock. However, as others mentioned earlier today, supply chains are so integrated between Canada and the United States that it will take more time and more effort to develop exports to other countries.

There is also another aspect that is sometimes underestimated, which is the fact that the costs of internal trade from east to west or from west to east within Canada are much higher than the costs of exporting south of the border. Therefore, we also need to improve the distribution network across Canada.

Regarding the first part of your question, predictability is very important. Since companies are making medium and long-term investments, they want to know how things are going to evolve. As a result, we need to support predictability and give businesses an idea of where they're headed in the coming years.

● (1655)

Steeve Lavoie: Thank you, Mr. Viel.

Mr. Hamel, I know your industry very well. I was a logger until I was 25. I come from a logging family and I have family who work in the bush. I also worked at the National Bank, where I was vice president of commercial accounts. The bank funded companies like yours. I know what you're going through.

You want investments from the Government of Canada. Therefore, you are probably interested in Build Canada Homes. The government talks about investing billions of dollars in construction, it talks about making generational investments and it talks about “buy Canadian”. These are all strong government measures that probably interest you.

David Hamel: That's true, but I wonder how it will materialize. We often hear about the housing shortage, but will contractors get help? Yes, there is a housing shortage and houses will be built with wood, but can contractors take on all the risks, given the current costs? Will they be sure that the units will be rented?

I think some things need to be clarified in order to get housing construction started, ramped up and fast-tracked to stimulate the lumber market and push the market to use all the lumber produced in Canada.

Steeve Lavoie: What you just said is absolutely true. We see that with Build Canada Homes, an agency that aims to increase the housing supply. We've had joint programs, particularly the affordable housing fund, if I'm not mistaken. The government has invested \$1.5 billion in the fund to help finance businesses. You were talking earlier about modular housing that can be built quickly. In Rimouski, I saw a modular building put up in 10 months. We can really see the investments that are being made.

As I understand it, you see this initiative as a good decision. We have to keep pushing in that direction. You see that as part of the solution. Am I correct?

David Hamel: Yes.

Steeve Lavoie: We also need to remove interprovincial barriers.

David Hamel: Yes.

There aren't a lot of barriers in the lumber industry, but transportation is so expensive that we are still limited. We transport lumber to Ontario and New Brunswick, but those are the only two places.

Steeve Lavoie: Proximity is all.

David Hamel: The United States is an hour's drive from the plant. It obviously used to be a very attractive market. However, I think it's better to use our own lumber and let the United States run low rather than insisting on selling our lumber to them. That would be the smarter decision. The United States will end up buying and paying for our lumber anyway, eventually.

Steeve Lavoie: Okay. Thank you, gentlemen.

[*English*]

The Chair: You have 40 seconds remaining.

[*Translation*]

Steeve Lavoie: Okay, Madam Chair. I'm sorry. I thought I had five minutes.

Ms. Pohlmann, the government wants to eliminate interprovincial trade barriers. How will that affect small and medium-sized businesses? What impact will it have on them? We're talking about saving \$200 billion for investments in Canada.

Michelle Auger: I'll answer the question.

We see a lot of opportunities right now when it comes to reducing interprovincial barriers. However, we would like a lot more concrete action to be taken and much more quickly. Things are moving slowly, but we're seeing some provinces starting to enter into agreements among themselves.

[*English*]

The Chair: Thank you very much. I have to move on.

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

[*Translation*]

Patrick Bonin: Thank you, Madam Chair.

Mr. Viel, do you feel that Quebec SMEs are consulted and involved enough in the review of CUSMA right now? Were you contacted directly to express your comments and concerns?

Carl Viel: The consultation was conducted through stakeholders that include the Fédération des chambres de commerce du Québec and Manufacturiers et Exportateurs du Québec. We also took part in the consultation and gave our support. Consultations and surveys were conducted to gather the opinions of Quebec SMEs. That's the first thing that came out of the consultations.

The second thing that came out of them is that our SMEs are often headed up by individual men and women, and we need to be able to support and help them through the process. Part of our daily work is to keep them informed and support them so that they can continue to be as effective as possible.

• (1700)

Patrick Bonin: Are there any other improvements to the consultation process that you would like to see?

Carl Viel: It's not necessarily about the consultation process, but about points that were brought up a little earlier. The suspension of the de minimis exemption in the United States has had an impact on some companies since tariffs were imposed on exports, which was not the case before. Prior to the suspension of the de minimis exemption, the U.S. did not impose duties on imports of goods valued at or below \$800 U.S. I think that's an important point.

A second point was mentioned earlier in a presentation, namely that we must ensure that professional mobility is streamlined in the review of the Canada-United States-Mexico Free Trade Agreement. During Mr. Trump's first term, we saw that companies that wanted to send some of their employees to the United States ran into problems. I think those are things to consider.

A third point that we would also like to bring to your attention in terms of reviewing the agreement is the tendering component. There's something we've noticed, and I'll draw a parallel. We have an agreement with Europe, the Comprehensive Economic and Trade Agreement. We've noticed that Canadian companies have not performed as well as European companies internationally. We didn't take advantage of the possibility of issuing calls for tenders. I think that's something to consider when conducting consultations. The tendering component should be adjusted in the review of the agreement.

Patrick Bonin: Do you think the government is currently doing enough to take measures and make efforts to develop new markets abroad?

Carl Viel: Luckily enough, in Canada, we have several agreements with a number of partners in Europe and Asia. However, as we mentioned, we are so used to working on a north-south axis and our supply chains are so integrated that it makes it easier for us to export our products down south. By diversifying their export markets, companies could get together and win contracts much more quickly. It would be a longer and more complicated process, so it would take time. Have we maximized our agreements with the other partners? We probably still have some leeway. There are still a lot of opportunities ahead of us and we need to continue along that path. We need to help businesses diversify their export markets in various ways.

Over the next month, we will be expanding our missions in a variety of countries. I'll give you a basic example. We are working with business leaders in the French market, who will help our business owners communicate properly with their executives. Although we speak the same language, we don't always use the same terms and we don't always have the same working methods. It's important to take the time to help our businesses. They're not going to reach new markets or get new contracts overnight.

Patrick Bonin: Thank you, Mr. Viel.

Mr. Hamel, thank you for being here. Indeed, this situation is worrisome for you, and I thank you for putting it into context. Compared to other sectors such as aluminum, steel or automotive, do you feel that forestry and sawmills are currently sufficiently supported by federal government measures? Should more measures be put in place?

David Hamel: Right now, we feel rather abandoned. Yes, Mr. Carney just made an announcement, and I think we just got some information, but it's still quite nebulous. It's not clear.

Patrick Bonin: You haven't received a penny yet.

David Hamel: That's right. In the news, we heard Mr. Carney talk about negotiations on steel, aluminum and automobiles, but not on wood. We told ourselves that it wouldn't change anything for us, regardless of what was going to happen in Washington. That's how we feel in the forestry sector. We know that Mr. Carney has announced funding, but we don't yet know how it will be invested.

Patrick Bonin: We don't know either, and we're as anxious as you are to get the answer. Rest assured.

[English]

The Chair: You have 15 seconds remaining, sir.

Patrick Bonin: I have 15 seconds.

[Translation]

Would a measure like the wage subsidy introduced during the COVID-19 pandemic be useful in the short term to support affected businesses?

David Hamel: I was told that there would probably be better days in summer 2026. However, we need to keep our businesses alive until summer 2026. This can't continue if we keep incurring losses as we are now. Either way, we need help quickly to get us to summer 2026.

• (1705)

[English]

The Chair: Thank you very much.

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

Jacob Mantle: Thank you, Madam Chair.

Ms. Pohlmann and Ms. Auger, my questions will be directed to you.

In your comments, you mentioned that two-thirds of your members were hoping for a speedy review of CUSMA. I think the number was 68% in your report. We were all hoping for a deal by July 21 and then by August 1. Now I understand there may not be any deals until the new year, if we can take the ambassador's word just this afternoon on that.

Is the government proceeding fast enough for your members?

Corinne Pohlmann: Unpredictability, which has been talked about a lot here, is huge. There are small businesses struggling dramatically right now. The faster we can go to get some certainty—I think that's the key piece of this—the better.

Yes, it is disappointing. We are where we are. Some of this, I have to say, is out of the control of our government, given that we're dealing with a U.S. president who can be unpredictable. Hopefully, we'll see some progress coming soon and some predictability coming soon, whatever that looks like.

Yes, we'd like to see it move more quickly, for sure.

Jacob Mantle: Is it fair to say, Ms. Pohlmann, that a deal for your members is urgent?

Corinne Pohlmann: Absolutely.

Jacob Mantle: You also mentioned in your comments that the cost of doing business has never been higher. I understand that one of the additional costs your members have been paying, and in fact, disproportionately paying, as small and medium-sized businesses, is a retaliatory surtax.

Do you have any estimation or rough numbers for the committee regarding how much surtax your members have paid to the Canadian government?

Corinne Pohlmann: We don't necessarily have a number, but we do know that it's among the most impactful of the tariffs that were imposed over the course of the last eight months. When we look at the tariffs that had the biggest impact on our members both ways, they were right up there with the steel and aluminum tariffs, and it was the Canadian counter-tariffs that were having the broadest impact among business owners.

Whereas sectoral tariffs are very specific to certain industries, the Canadian counter-tariffs were very broadly based and hit a much larger component of the small business sector. That's why that has such a massive impact on so many businesses.

Jacob Mantle: Right, and do you have any insight into what the government is doing with that money it collected from your members?

Corinne Pohlmann: No, we don't. We know very little about where that's going.

One of our biggest pieces of advice has been to return that money as quickly as possible and not make it complicated. Make it as simple as possible.

Many of those small businesses feel that they have put a lot of money into those tariffs, and they'd like to see some of that returned as they try to struggle through the machinations of what's going on right now. No, other than there are some programs through the regional development agencies under the regional tariff response initiative, which was meant to be specifically for small companies. We're finding that the RDAs are all doing different types of programs. They all have different criteria and, for many of them, the criteria actually don't even include small businesses.

For example, in British Columbia, you need to have at least 10 employees. If you have fewer than 10 employees, you're not able to access it. If you're in Quebec, you have to be in manufacturing, and you need to have had at least \$2 million in revenues in the previous year, which excludes most smaller manufacturers in Quebec.

It's really not necessarily working, I think, in the way that it was intended.

Jacob Mantle: Do you think it would be helpful for this committee to seek further transparency on those surtaxes that were collected and what the government is going to do with them?

Corinne Pohlmann: Absolutely. Understanding where the money is and where it's going to go would be helpful.

Jacob Mantle: Excellent.

I have a last question for you.

You mentioned the customs and revenue management system, a fairly infamous program now at this committee. In fact, it's so infamous that the U.S. trade representative has listed it as a trade irritant in his latest report. Would you consider it a trade irritant for your members?

Michelle Auger: Yes, it certainly is.

When we look at border delays on the Canadian side, technological delays are what is the highest on the import side. Anything related to the technical system, which is CARM, is really what is slowing down the imports right now for a lot of small businesses.

While CARM is hindering their ability to import goods, it's also the RPP in the financial requirements that has shifted onto the small business owner, increasing their cost of doing business.

The Chair: You have 20 seconds remaining.

Jacob Mantle: I understand that many small and medium-sized businesses and importers have thousands of dollars in surplus security currently with the CBSA because of the changes to the system with CARM. In my last 20 seconds, should the government refund that surplus deposited money?

● (1710)

Michelle Auger: Yes. In fact, we navigated through this just last week with a small business owner who had something like \$15,000 on his CARM account and couldn't get the money back. While he tried calling the help desk and managing it on his own, he was not getting anywhere. We helped him navigate that process and, knock on wood, he'll get that cheque back soon. The refund is one of the key issues with the portal.

Jacob Mantle: Thank you.

The Chair: Good for you.

Madam Lapointe, please, you have five minutes.

[*Translation*]

Linda Lapointe: Thank you very much, Madam Chair.

I would like to welcome the witnesses to the committee.

Mr. Hamel, congratulations on being part of the fifth generation of your company. There aren't that many Quebec companies that can boast about having managed to reach the fifth generation. I wish you continued prosperity. I know it's not easy.

You said earlier that you would like the United States to miss our wood a bit. Based on your experience, how long do you think it could take before they start missing our wood? Plus, a major hurricane is coming, which will surely increase demand.

David Hamel: That's a good question. I'm not an economist, but I think they'll end up missing our wood in about two or three months.

Linda Lapointe: Okay. Thank you. We'll make them wait, but it shouldn't be too long for you.

David Hamel: There's a lot of construction needed in Canada.

Linda Lapointe: That's right.

Mr. Viel, you spoke earlier about trade missions. Which markets do you see as promising? We have a number of free trade agreements in different places, including in Asia, Europe and South America with Mercosur. I'd like to know more about that.

Carl Viel: For our part, the market we're turning to right now because of our geography is Europe, naturally. There are two benefits to this: first, the ease of travel and, second, the ease of being able to work in this market. We find this same ease elsewhere, too, through Canadian embassies. We're fortunate in Quebec to have delegations that help our businesses get in touch quickly with potential buyers or distributors.

The other thing we consider important is the opportunity we have to do business with certain francophone countries. In May 2026, we will be organizing our third Rendez-vous d'affaires de la francophonie, precisely to forge ties with francophone partners. Let's also not forget that we have a francophone community spread across Canada, so I would say that we need to keep working on this to help our businesses be able to export more effectively from one end of Canada to the other.

We also note the measures that have recently been put in place by the federal and provincial governments to reduce barriers between the various provinces. Mr. Hamel referred to a point that I also mentioned, which is to find ways to help businesses that want to export within Canada lower their export costs.

I would add that we also have to think that, for our businesses and entrepreneurs located in Quebec who want to move to Asia, for example, it's much longer and the wait times are lengthy compared to a business based in Vancouver. As a result, we have to take into account the fact that there are additional trips and that the ways of doing business are different. If we think of Asia or Africa in particular, these are continents where work needs to be done. In that regard, we also have to help our entrepreneurs make sure that they protect themselves against risks and that they are paid when they do business and enter into agreements or sales.

These are all factors to consider. I would also add that we've already seen some companies start doing business in certain markets without first protecting their intellectual property. Preparation at the front end is very important to facilitate business for our entrepreneurs.

As I said earlier, diversity is a source of stability. It's the opportunity we have to enter into trade agreements with several countries and continents.

• (1715)

Linda Lapointe: Thank you for talking about the French language, because that's what one of my next questions was going to be about. You mentioned a trade mission to French-speaking countries. As you no doubt know, the French language is growing most rapidly in Africa. Will you therefore be including west Africa or north Africa in this mission?

Also, with regard to advance preparation, do you have any specific advice for entrepreneurs who want to export?

[English]

The Chair: You can give a brief answer, sir.

[Translation]

Carl Viel: The answer to your first question is yes, because we see the African market as a growing market. There are a number of markets or countries through which we can access it. We can talk about that again because, yes, a lot of preparation is needed beforehand to help our companies do business successfully with these countries.

[English]

The Chair: Thank you very much.

We'll go to Mr. Bonin for two and a half minutes, please.

[Translation]

Patrick Bonin: Thank you, Madam Chair.

Mr. Hamel, I was talking earlier about subsidies similar to those granted during the COVID-19 pandemic to help employers in the short term. I understand that, during the winter slowdown, it would be important for you to have something in place.

The Bloc Québécois has proposed a number of measures for forestry. Among other things, we proposed a wood charter to force the use of wood in building construction, which would be imposed by the federal government. With regard to the National Building Code and Build Canada Homes, we are also considering an obligation to choose Canadian and Quebec wood. Do you think these measures would be worthwhile in the short term?

David Hamel: These are very good measures, but I think they haven't been publicized enough. People would have to see ads to be better informed about these measures. The world has every advantage to build with wood, because it is a renewable and environmentally friendly material.

Patrick Bonin: Are you familiar with the softwood lumber dispute settlement? We find it to be extremely slow and inefficient. Do you agree?

David Hamel: Yes. The last agreement was in 2015. We sometimes hear that we might receive money, but at other times we don't know. So far, we haven't received any money in connection with this latest conflict.

Patrick Bonin: Do you have any recommendations for the federal government to improve this situation?

David Hamel: I don't know how those negotiations work. Right now, I think it's very difficult. U.S. industries are pushing their government to impose tariffs on us because they say we're not selling our wood at a high enough price. We need to stick together and sell our wood at a higher price. That would be one of the first steps.

Patrick Bonin: I understand that the tariffs currently on Quebec forestry industry sales in the United States would even cause us to lose market share to European producers who export to the United States. Is that correct?

David Hamel: We're neighbours with the United States, and we currently pay a total of 45% in tariffs. I'm not sure about the figure I'm going to give, but I believe Europe pays 10% or 15%. As a result, it's clear that Europe already has an advantage over us when it comes to entering the American market.

Furthermore, as I was saying, even if it means making a compromise with the U.S. government, those tariffs shouldn't apply to anyone who harvests private forests. That would already be a good part of the solution to the problem and would allow a large number of producers to sell wood to the United States.

[English]

The Chair: Thank you very much.

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

[Translation]

Jason Groleau: Thank you, Madam Chair.

Mr. Hamel, we were talking about rural areas and the lack of investment in the forestry sector by the Liberal government. However, we should look at the rural areas because, unless I'm mistaken, not a lot of wood trucks leave downtown Toronto or downtown Montreal.

Earlier, we were talking about cash flow. The program called the regional tariff response initiative, which you mentioned, is used to improve productivity. The other option would be a loan. If we do nothing, how many businesses will be able to weather this crisis? You said it would be better next year, but what's happening in the regions today?

David Hamel: The closures have already started. One was just announced in Ontario. There have already been a few in Quebec, but it's only just starting. The wave of closures will come in November and December because that's when we won't be able to continue our activities.

• (1720)

Jason Groleau: We were talking about the cost of logs. I have woodlots, and I go out to the woods on weekends. I want to reassure everyone that it's only fallen trees.

However, the cost of logs remains the same; it hasn't gone down for the person who brings you the log. However, the price of two-by-fours has gone down by 30¢ for the seller, hasn't it?

David Hamel: Yes, that's right.

We can't lower the price we pay for the raw material, because it costs too much to remove the wood from the forest and bring it to the plant. Since we do business with private forest producers, if we offer prices that are too low, they will sometimes prefer to let the trees grow rather than cut them down and not get a good price for them. You have to remember that some producers have been watching their trees grow on their land for 50 years, so they want to get a good price for their fibre.

Jason Groleau: When we talk about fibre, we're also talking about the carbon tax emitted by industries. Would eliminating this tax help you manage costs?

David Hamel: Yes, it would be a substantial help, because in Canada, we are really among those who pay the most for the use of fossil fuels. I'm not talking about electricity here.

Jason Groleau: Roughly what percentage does that represent for your company?

David Hamel: Are you talking about the price difference?

Jason Groleau: Yes.

David Hamel: That's a 30¢ difference on the price we're paying for diesel. I didn't do it as a percentage.

Jason Groleau: That's a major difference, so it could help you.

David Hamel: That would indeed be the case, especially given how many litres we use. And it's not just us. The truckers who transport fibre and deliver wood, as well as all everyone who works in Quebec's forests, would also benefit from the elimination of this tax.

Jason Groleau: It must be difficult right now not to have any predictability, given the fluctuation in costs. How are you coping?

David Hamel: Some people admire us for continuing to forge ahead, but it's the only thing we know how to do, so we continue to forge ahead in this sector and cross our fingers that things will get better in the future.

Jason Groleau: We're going to get a little into the technical side, because it's important.

If you're given money to help you, it could become a trap: the Americans might perceive it as a subsidy. If there were subsidies, should they go to the sawmill or the company that takes the wood out of the forest? I want to show the difference between the two.

David Hamel: It must not be seen as subsidies. However, I would say that, no matter what we do, it seems as though they will always find an excuse for—

Jason Groleau: That's what I meant. Could you explain that quickly, please?

David Hamel: Basically, in the context of anti-dumping and countervailing duties, our industry would be subsidized. Because of that, we have tariffs put on us. Even though we, at the border, in private forests, don't have subsidized wood, we're subject to the same duties as everyone else.

Jason Groleau: Let's go back to the use of Canadian wood in Canadian construction. I think that's a wonderful idea. However, you say you don't have enough information on that. What solutions are you proposing? What do you absolutely need?

David Hamel: It takes—

[English]

The Chair: You can give a brief answer, Mr. Hamel.

[Translation]

David Hamel: It takes advertising and training for our entrepreneurs.

Jason Groleau: Thank you very much.

[English]

The Chair: Mr. Fonseca, go ahead, please.

Peter Fonseca: Thank you, Madam Chair.

Thank you to our witnesses.

This question is for the CFIB.

I see that almost half of your members find that the U.S. is not a reliable trading partner at this time. I thank your members, because many of them have now looked to find domestic suppliers—over 32% have found domestic suppliers—and that is a good thing for Canada. I know they're looking for that certainty that everybody's looking for, that stability and predictability.

I also see that 92% want to diversify. They believe in diversification. I'm going to get into that a bit.

Through our trade commissioner offices around the world, have your members been able to avail themselves of that opportunity to expand, to scale up, in terms of their business?

Corinne Pohlmann: I would say that our members are not aware of the trade commissioner office. First and foremost, it's not something they even know exists, or very few of our members do. We have surveyed them multiple times over the years, and I think that less than 5% even know what the trade commissioner service does. That's the first problem.

The second problem is that even if they do know what it is, they don't necessarily feel it's for them. Often, when you go to the trade commissioner service, you need to be a certain type of industry or a certain type of development, and if you're not in that category, the type of assistance they provide is not available to you.

The third problem is that we often hear, if somebody's just starting out in trade, they are being told they should go to their provincial trade commissioners, not the federal level. I've had that even come back from some of the folks at the trade commissioner service.

While I believe the trade commissioner service can be quite helpful, I'm not sure it's necessarily targeting those smaller companies or being as helpful as we think it could be to those smaller companies.

• (1725)

Peter Fonseca: We have to find a way, then, to better communicate with those companies and to show them the opportunities that exist around the world with many of our trade agreements.

That's where I want to go next, to CETA.

Mr. Viel, I think we have to get you together with Mr. Hamel. I was just looking at our lumber trade with Europe. Back in 2022, there was \$356 million with the United Kingdom, \$101 million with Germany and \$100 million or so with France. That may be an opportunity.

I was talking to the shippers last week, and they said that, out of the port of Montreal, they've seen an increase, almost double the number, of containers now that are going to Europe over the last number of months. Therefore, we're seeing a great deal more trade happening with Europe, and that may be an opportunity.

I know we're trying to increase our amount of trade outside of the United States from \$300 billion to \$600 billion.

Mr. Hamel, would that be an opportunity for your company?

[*Translation*]

David Hamel: We haven't yet looked at the possibility of developing the European market because we know very well that Europe exports to the United States. It makes no sense for us to export to Europe while Europe exports to the United States.

[*English*]

Peter Fonseca: What we're exporting here, in terms of the wood that I said we are exporting, may be from different suppliers. However, that may be something, when speaking with Mr. Viel and with our trade commissioner offices, that I'd encourage you to see if there is opportunity in the European market for your company. This, I believe, would be a good thing.

In terms of the approach to the United States for our CUSMA review, I do know that the CFIB wants something quickly, but you also want the best deal. That is what I've read in some of your reports. You don't want just any deal, not to jump into anything. You want to take a pragmatic approach, an approach where we can get the best deal. Do you think that is the approach that team Canada should be taking?

Corinne Pohlmann: Certainly, the best deal is what everybody wants to get out of this; there's no doubt about it. However, if it's going to take longer, then the supports for companies need to be there, supports for companies like Mr. Hamel's and for a lot of our members, who feel like they are coming to the end of what they can afford to do without some sort of break. I don't know that they're feeling like they're getting those supports right now.

If we are going to be waiting for the best deal, then I think we need to make sure we're balancing that with making sure that those companies that are on the verge of having to make some difficult decisions feel like there is something in there for them as well.

The Chair: I'm sorry, but the time is up.

Thank you very much to our witnesses: It was very valuable information. Thank you for taking the time to come to the committee. We very much appreciate it.

The meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>