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# Standing Committee on Industry and Technology

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Chair: Ben Carr





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• (1100)

[English]

**The Chair (Ben Carr (Winnipeg South Centre, Lib.)):** Good morning, everybody. I hope you had a nice weekend.

We are here today for the 10th meeting of the committee on industry and technology.

As per the deliberations of the committee last week, this is the first of three meetings on the state of the auto sector.

The witnesses we have with us today are all in the room. From the Canadian Automobile Dealers Association, we have Huw Williams, who is the national spokesperson, alongside Charles Bernard, chief economist. From the Global Automakers of Canada, we have David Adams, the president and chief executive officer. From the Canadian Vehicle Manufacturers' Association, we have Brian Kingston, the president and chief executive officer.

Witnesses, just as a quick reminder, if you're using your headset—which, if you're not fluent in French, you will need when members are speaking in French—and if you have it plugged in and it's not on your ear, please make sure that you place it on the sticker in front of you. This is to protect the health and well-being of our interpreters.

The way that today's proceedings will work is the same as in a regular committee meeting. We will afford Mr. Williams, Mr. Kingston and Mr. Adams up to five minutes each for their introductory remarks, followed by a line of questioning related to the number of seats around the table for all recognized political parties.

Colleagues, I will probably suspend about midway through in order to provide a bit of a break for folks. We are not turning over panels. The individuals with us today are the four who will be with us for the duration of the two hours.

With that, Mr. Williams, I'll turn it over to you for your introductory remarks for up of five minutes. The floor is yours.

**Huw Williams (National Spokesperson, Canadian Automobile Dealers Association):** Thank you, Mr. Chair. I so appreciate the invitation to be here.

Good morning. *Bonjour.*

I'm here with Charles Bernard. Charles is the chief economist for our association and is very proud to hold that role. We brought him in from Montreal today because we're going to have two hours to unpack the economy, and he'll be an excellent resource for you as we go through that.

As most of you know, I feel I'm in a committee room full of lots of friends, because you know the auto industry, and I've met with most of you in one capacity or another to talk about the car business.

The Canadian Automobile Dealers Association has 3,400 franchised car dealer members across the country that directly employ 178,000 Canadians. We are a major employer in this country. We pay approximately \$6 billion in federal, provincial and municipal taxes and contribute \$28 billion to Canada's GDP.

This year alone, our members will sell some 1.9 million new vehicles to Canadian families and businesses, and they will sell 1.3 million used vehicles and write 31 million service orders. Let that sink in for one second. With 31 million service orders, we literally drive the economy of this country. We do the service and repair for emergency services and police services. Even the military depends on our members. We were named an essential service during COVID to keep the country rolling because doctors, nurses and hospital workers couldn't get to work without our members.

As you know, the auto industry is in one of the most turbulent and complex periods of time we've ever had in our history, and that's saying a lot. We've had a lot of turbulence in our industry over the years. The Prime Minister has called it a trade rupture, but on the showroom floors, we call it an affordability crisis, as we're facing mounting costs that seem to be multiplying on all kinds of different levels.

The trading framework that is the foundation of our business is becoming increasingly chaotic because of the U.S. administration. During this president's first administration, we ran a very high-profile campaign in Canada and the U.S. tied in with our American partners, the National Automobile Dealers Association, to deliver the message on both sides of the border that tariffs are bad for the economies of both countries, bad for the auto industry in both countries and bad for dealers, and, most importantly, that they are terrible for consumers in Canada and the U.S.

This past July, we led a trade mission down to Washington, D.C.—thank you to the embassy and the different trade offices that accommodated us—to meet with over 30 congressional leaders, senior senators plugged into the Trump administration and the auto sector down there and senior members of the administration. Again, we went to deliver the message that Canadian car dealers and our customers are, in fact, the largest consumers of U.S. exported vehicles in the world. In many ways, they're shooting themselves in the foot by putting tariffs on their largest customer.

If you look at the three countries—Germany, Mexico and China—that are the next largest export markets for the U.S. auto industry, we're larger than those three combined. Our message is resonating that this is not the right thing to do in the U.S.

We can tell you, because we're on the front lines of the affordability challenge, that our members are concerned about affordability and their customers are concerned about affordability. A recent study by Deloitte showed that 67% of Canadians expect to pay \$500 per month for their vehicle. However, the fact is the average payment for a lease in this country is \$770 and the average payment for a loan is \$880. It's substantially higher than what customers' expectations are. This is only going to get worse as all of these trade issues and tariffs on steel aluminum, copper, other inputs and autos work their way through the system.

Our message today is we have to get our own market in place to be effective. We have to make sure this is a competitive place to invest and a competitive place to sell vehicles.

If we talk about the federal EV mandate, that's one of the major impediments our dealers are worried about. The federal government's most recent decision to pause those mandates and the 2026 targets is a good first step. We're appreciative of that. Now is the time to take it the next step further and eliminate those mandates. Importantly, we already have a backstop of greenhouse gas emissions targets that are set out by Environment and Climate Change Canada regulations that achieve the same thing but are technologically neutral.

I would also say, if we were getting rid of inefficient taxes, the so-called luxury tax should be eliminated in this country. As I mentioned, in terms of affordability, the average vehicle in this country is now north of \$60,000, and it's not uncommon for workers, electricians and people in the construction space to buy work trucks that are in excess of \$100,000. These are not luxury vehicles.

• (1105)

We already have a perfect tax system, the GST, where, as you pay more for any good, you pay more tax. That's the way it should be.

I can tell you, with CRA in disarray—I'm not the one saying it; it's the Auditor General and it's the Canadian public—now is the time to clean house and get rid of that inefficient tax.

In fact, we had a dealer who had not sold a vehicle over \$100,000. He had an auditor come to his office and he told him that he hadn't sold that kind of car yet, so it should be a short order. He told the auditor he could give them a list of their sales and

that they're all south of \$100,000. It took them three days to work through the process to verify that. It's not an efficient tax.

I would also say that in terms of the regulatory framework, our CADA president put out a framework that talked about the need to be able to harmonize with other jurisdictions with which we have free trade agreements in order to get niche products into the country. Where we have a framework with joint safety and emissions, we should accept vehicles from other jurisdictions where we have free trade agreements. Notably that would include Europe, South Korea and Japan.

Thank you for your time.

**The Chair:** Thank you very much, Mr. Williams.

Mr. Kingston, welcome. You have five minutes.

**Brian Kingston (President & Chief Executive Officer, Canadian Vehicle Manufacturers' Association):** Mr. Chair and honourable members, thank you for the invitation to appear here today.

The Canadian Vehicle Manufacturers' Association, or CVMA, is the industry association representing Canada's leading manufacturers of light- and heavy-duty motor vehicles. Our membership includes Ford, General Motors and Stellantis.

CVMA members have been operating in Canada for over 100 years. They're responsible for most of the auto production in this country, having built over 100 million vehicles since 1945. Those are the earliest records we have, but of course production goes back further than that.

They're also the largest employers in the auto manufacturing sector, supporting over 20,000 direct jobs, the majority of which are unionized. Simply put, the auto industry and its supply chain would not exist today if it were not for the commitments of Ford, General Motors and Stellantis in Canada.

Now due to U.S. trade actions, the automotive industry is under unprecedented stress. Tariffs of 25% applied on finished vehicles built in Canada fundamentally challenge the existence and future of the industry. Over 90% of production is destined for the U.S. There is no industry without U.S. access. Diversification is not an option as markets in Europe and Asia are better served by assembly plants in those regions.

The future of the industry and the hundreds of thousands of jobs it supports depend on securing our trade relationship with the United States. Because of that, our top priority is to remove the U.S. section 232 tariffs. These tariffs and Canada's retaliatory measures are doing enormous damage to the integrated supply chain. In the first 10 months of this year, automakers will pay \$10.6 billion U.S. in tariffs on the vehicles they import from Canada and Mexico. That doesn't include, of course, the additional tariffs on steel and aluminum. According to the Center for Automotive Research, U.S. tariffs alone will cost the U.S. industry \$188 billion U.S. over the next three years.

We're now in a situation where it is more cost-effective to manufacture a vehicle in Japan or Germany and export it to the U.S., as opposed to manufacturing in North America for North America. It doesn't make sense.

Once the U.S. tariffs are removed, the renewal of the CUSMA needs to be a priority for the federal government. The CUSMA is the foundation of the integrated North American automotive industry. It provides certainty. It reinforces the long-established integration of the supply chain necessary for our competitiveness and it ultimately facilitates regulatory alignment of vehicle technical regulations. The uncertainty that continues to hang over the industry, and the broader Canadian economy, around the future of Canada's relationship with the U.S. is making it nearly impossible for companies to commit to capital in Canada.

Clearly, securing these outcomes that I've just outlined is not guaranteed and not all within our control. As the Prime Minister has said recently, "In a rapidly changing and uncertain world, Canada's new government is focused on what we can control." We agree.

There are things in Canada's control that can be implemented today to strengthen the industry and bolster our competitiveness as a manufacturing powerhouse.

Priority one is the elimination of the federal EV mandate known as the electric vehicle availability standard. This regulation is prioritizing EV sales over the development of our North American EV supply chain. It is a direct challenge to our competitiveness as an auto manufacturing jurisdiction because it is levying punitive costs on companies that do not achieve these arbitrary sales targets.

Under this regulation, the vehicles manufactured here in Canada today are being phased out by the government. This is an inexplicable situation.

Compounding that, of course, are federal legal threats against companies and the imposition on auto companies that import from the United States. Auto companies with no Canadian footprint are now better positioned than those that have been building here for over a century as they do not face any tariffs. The result is there's little incentive remaining to build vehicles in Canada today.

We can change this, but we have to have a collaborative effort. With government working with industry and labour to address these challenges, there is a future for this sector.

Thank you for the opportunity. I look forward to all the questions.

• (1110)

**The Chair:** Thank you very much, Mr. Kingston.

Mr. Adams, you have up to five minutes.

**David Adams (President & Chief Executive Officer, Global Automakers of Canada):** Thank you, Mr. Chair and members of the committee, for the opportunity to speak to you today on behalf of the 16 members of the Global Automakers of Canada.

The Global Automakers of Canada is a national trade association representing the Canadian interests of 16 of the world's most significant automakers.

Our members are collectively responsible for more than 62% of vehicle sales in Canada, and our two manufacturing members, Toyota and Honda, are Canada's largest and second-largest vehicle producers, representing, through to the end of September this year, 75.5% of Canadian light-duty vehicle production.

Additionally, GAC member Volkswagen and its partner PowerCo remain in the process of building up the \$7-billion battery factory in St. Thomas, Ontario, which is slated to employ up to 3,000 people directly. Importantly, the members directly and indirectly employ more than 216,000 people, contribute almost \$25 billion to Canada's GDP and generate more than \$10.5 billion in government revenues.

Stellantis is not one of my member companies. Even if it were, I would still have no line of sight into the agreements between the company and the federal government because that's a confidential agreement. What I can say about Stellantis is that, while at American Motors (Canada), my father worked with officials from the federal government and Renault to secure the building of the Brampton plant in question now. While few remember American Motors, that facility became an important piece of the Chrysler-Stellantis Canadian footprint, revitalizing the automotive industry in Brampton.

That is to suggest that, while the committee is looking at government commitments made to Stellantis, I believe the focus of this committee's work needs to be more broadly on developing a more resilient, holistic and long-term strategy to keep the automotive sector, from parts and vehicle manufacturing all the way to sales and distribution, strong and healthy, including navigating the immediate headwinds that Mr. Kingston and Mr. Williams have highlighted. As part of that strategy and in order to build one of the strongest and most competitive economies in the G7, we will need to ensure that any carrots or sticks related to the attraction and support of automotive investment are competitive with those of other nations.

The auto sector represents Canada's second-largest export sector by value, and it needs more than shorter-term and ad hoc programs to attract investment and support programs competitive with other nations, which is important. We also need to ensure that these programs do not get misrepresented or politicized. For instance, production-linked tax credits only exist if there is production and tax revenue to begin with. All parties should respect these provisions. To do otherwise leads to misperception across Canadian society and compromises the integrity of these programs that are necessary to ensure that such investments do not go elsewhere.

A poll undertaken last week by Pollara suggests that concern for the automotive industry is widespread, with 74% of Canadians and 79% of Ontarians believing that if the automotive sector collapsed, it would have a “devastating” impact on the Canadian economy. We agree.

While there is rightful concern about the future of the automotive industry in Canada, let's not lose sight of the potential that exists in this sector if we work quickly to establish something like the Royal Commission on the Automotive Industry undertaken by Vincent Bladen in 1961. With that important work undertaken, the framework for the 1965 Auto Pact with the United States was created, which established managed, tariff-free sectoral free trade in the automotive industry between the two countries.

Our auto sector is very different now than it was in the 1960s. It now includes high-value areas, such as critical and rare earth minerals required for batteries, and semiconductors, cybersecurity and software related to connectivity and automation. These areas represent opportunities for Canadian advantage in an integrated North American automotive industry, and we need to develop a new model that can ensure that we are a partner the U.S. truly cannot live without.

Second, if we cannot be assured of access to the United States as part of that integrated North American industry, I think that Canada must expand its horizons with the G7 countries that we already have free trade agreements with and beyond. Previous governments of different political stripes have done a good job of setting up Canada with multiple FTAs that need to be considered as part of a new auto strategy.

While Canada does have real strengths in each of the areas noted above, without a comprehensive strategy, these strengths may just remain opportunities on paper that are unable to be realized.

• (1115)

Thank you for the opportunity to be here today. I look forward to your questions.

**The Chair:** Thank you very much, Mr. Adams.

Colleagues, we will get right into our line of questioning.

Madam Dancho, the floor is yours for six minutes.

**Raquel Dancho (Kildonan—St. Paul, CPC):** Thank you, Mr. Chair.

Thank you to the witnesses for being here.

As you know, we're looking into something that has gripped the nation. In Canada, we have tens of thousands of auto sector jobs on the line, so I appreciate your presence and expertise very much.

My first questions are for Mr. Kingston.

You're the president and CEO of the Canadian Vehicle Manufacturers' Association, representing GM, Stellantis and Ford in Canada. Is that correct?

**Brian Kingston:** That's correct.

**Raquel Dancho:** I'm sure you've been following the news. Stellantis recently announced that it's moving production from the Brampton facility to the U.S., along with massive U.S. investments. At the same time, as you know, Stellantis has received hundreds of millions of dollars in funding agreements, and some of that money has already flowed to various plants for retooling, in addition to the up to \$15-billion contract with the provincial and federal governments for EV battery production here. You're aware of that.

From what we're understanding, if Stellantis is moving production from the Brampton facility, putting up to 3,000 jobs at risk, it would seem that there was no Canada-wide jobs guarantee in those contracts. Can you comment on that?

**Brian Kingston:** First of all, contracts between the federal government and Stellantis are confidential, as are all contracts negotiated between government and private sector companies, so I cannot comment specifically on any of the covenants in those agreements. However, of the commitments that have been made by Stellantis, the overwhelming majority have already been executed, so, of the \$8 billion committed, about \$7 billion has already been executed. You have a new electric vehicle being built in Windsor. You have the NextStar battery plant—that's 1,000 jobs—which is now operational. The announcement with respect to Brampton, there are plans for Brampton. It's not a plant closure.

**Raquel Dancho:** Thank you for confirming that. There are plans for Brampton that we'll be waiting for.

Our concern as well is from your other comments about the difficulties the Canadian auto sector is facing. In fact, you said, “Canada's competitiveness as an auto manufacturing jurisdiction is rapidly eroding”. Certainly, your comments today would signify that there are concerning events on the horizon. We're not through this yet in Canada. It seems that all your comments, in fact, would confirm that.

What we're concerned about is that this may not be the first of the Stellantis or other companies' job layoffs. We're deeply concerned, and we'll be paying close attention.

However, I want to focus a bit more on that. The job losses to date that we're aware of are: at the GM Oshawa plant, about 700 workers; I believe, at GM in Ingersoll, which was announced recently, about 500 workers lost and 1,200 more uncertain; at Stellantis, 3,000 are uncertain.

The tariffs from the U.S. remain, and now you mentioned the countermeasures that are being applied. At the federal level, they're talking a lot about how, for steel and aluminum, we hope to see a deal. That's great, but there doesn't seem to be as much of a primary focus by the federal government on getting an auto sector deal.

If all things remain the same and we don't get an auto sector deal in the coming months, can you give the committee some insight into where you think the auto sector, and all the jobs that entails, will be in a couple of years?

• (1120)

**Brian Kingston:** If we don't get an agreement, a removal of tariffs and, importantly, a renewal of CUSMA—because, while the 232 tariffs have an immediate impact now, if you're a company that is thinking about investing in Canada and you have no certainty regarding the future relationship with the United States, which is what is codified in our CUSMA agreement—it is virtually impossible to make long-term commitments in Canada. Therefore, we need a resolution on both items, and we need that to happen rapidly, or it will be very difficult for any new investment in this country and to maintain existing investments.

Frankly, that's not just an automotive story. That applies to virtually every sector of the Canadian economy. We are overwhelmingly dependent on the United States. That will never change, so we have to figure this out and we have to do it quickly.

**Raquel Dancho:** I appreciate that. You mentioned it will be difficult to maintain new investments. Again, there are concerning events on the horizon for future jobs under your purview and under the purview of others here.

If we can't control what's going on with the U.S., and if we're not going to get an auto deal, what can we control in Canada to make us more competitive? Surely there's something locally that's within our sole purview to make Canada a more competitive environment for you to stay here and to expand here in the future. Can you comment on that?

**Brian Kingston:** Absolutely, and we've laid out a number of priorities for the government to make Canada more competitive.

If you look back in history, when you have a protectionist U.S., fighting protectionism with protectionism doesn't work. We are the smaller partner, and we have to work in a new reality with a more protectionist United States. Think about U.S. tariffs as equivalent to one of the largest corporate tax hikes in American history. That's what it ultimately does. Costs are borne by Americans and American companies.

What do you do in response to that as Canada? You can retaliate. You won't win that battle. We've learned that lesson. Your second-best option is to make Canada ultracompetitive.

We should be doing everything possible right now to position this country as the best destination in the world for new auto invest-

ment and new investment writ large in every sector of the Canadian economy. Get rid of redundant, damaging regulations like the EV mandate. Address interprovincial trade barriers that make it extremely costly and challenging for large companies to operate across this country. Build out a world-class pitch for new automotive investment. We can do that right now, and we can make Canada more cost-competitive than the United States for auto manufacturing.

That's what I would propose we do.

**Raquel Dancho:** I think I only have five seconds left.

Thank you very much for your input. I appreciate it.

**The Chair:** Thanks, Madam Dancho.

Madam O'Rourke, you have six minutes.

**Dominique O'Rourke (Guelph, Lib.):** Thank you very much, Chair.

Mr. Kingston, we're all aware of the strength, the productivity and importance of Canada's auto sector. As you've said, it's more than 100,000 direct jobs and 500,000 indirect jobs. The city of Guelph is home to Linamar, Denso, Magna, and that alone is more than 12,000 jobs. It makes us one of Canada's most vulnerable cities to U.S. tariffs. I'm acutely aware of the challenges in the auto sector and its importance.

You just mentioned that we should build out a world-class pitch. In the last several years, we've had extraordinary investments by Volkswagen and significant investments by Stellantis. We know what the strength is of our sector. We know how qualified our auto workers are, how effective our plants are, because that's what's attracting that foreign direct investment and new lines to Canadian factories.

I'm wondering if you could help us understand a bit of the history of what was working so well pre-January 2025, and to what you would squarely attribute the industries' current challenges.

• (1125)

**Brian Kingston:** It's a great question.

I think sometimes, given all the uncertainty in the sector right now, we forget about the success of the past five years, \$40 billion-plus in new investment into the Canadian automotive industry. A large reason for that was former president Biden introduced the Inflation Reduction Act, which had measures that were explicitly aimed at taking components of the automotive supply chain from Canada and from other countries and putting them into the United States. The federal government reacted aggressively and quickly to put forward matching programs to ensure that we maintained our footprint, and we saw a huge reinvestment in the sector, historically large. That plan was working. It was linked, of course, to our critical mineral production and supply chain. What changed is that we now have a U.S. administration that is doubling down on some of those protectionist measures and is intent on securing more investment in the United States.

**Dominique O'Rourke:** Mr. Adams or Mr. Williams, would you care to expand on that description? What remains the real strength of this sector? Our auto workers are going to work every day and assembling world-class vehicles and making world-class parts. What has really led us to today?

**Huw Williams:** I'll just make one comment to set you up, David, if I could.

One of the things I flagged for committee members is this organization named CAPC, which is the Canadian Automotive Partnership Council. It is an industry partnership among the federal government, the Ontario government and the Quebec government, which, for 25 years, has focused on getting investment into the country. All the CEOs of all the Canadian-made manufacturers sit as members of that. The parts makers and the car dealers are there. We've had a long history of supporting investment here in Canada on the dealer side of the equation. That was started as, again, a bipartisan...by the late Jim Flaherty, when he was minister in Ontario, with Allan Rock at the time.

I think that's been a successful model, but we really need to have that CAPC on steroids, if you will. It has to do more, and it has to do it faster when we're under fire from the U.S. administration.

David, I'll pass it over to you.

**David Adams:** I would add to what was mentioned in terms of CAPC. It is a great entity, but I think the reality is it has vested-interest companies around the table. What I was suggesting in my comments was having some outside experts take a good, hard look at the automotive industry as quickly as we can and set up the plan that Mr. Kingston referred to in terms of trying to figure out how we can market that moving forward.

When you ask what else has worked, the theory at both levels of government, in Ontario and federally, was to work at securing the automotive manufacturing footprint, which is key. Everything else derives from having that footprint. We saw that in terms of some of the announcements to transition these facilities to produce EVs, for instance. Then the next tier of that was the battery facilities, with the assumption that everything else upstream would come along, but that hasn't come along. That's where we need a lot of focus and attention to ensure, as I mentioned in my remarks, that this critical mineral strategy develops these critical minerals that aren't only important for the automotive industry, but also critically important to

the United States for their defence industry and those types of things. That represents a real opportunity for us moving forward.

**Dominique O'Rourke:** Mr. Adams, to follow up on that, given the importance of the battery sector and given Canada's role of a leadership position in terms of starting battery production domestically and having that value chain, it sounds to me like this was a really important investment in Canada that remains useful in terms of dual-use potential.

Would you agree with that?

**David Adams:** Yes, I would. I can only speak for myself, but I think all of us would probably agree that the future of the automotive industry is electrification. I think where the challenge comes is in how quickly we're going to be able to get there and what tools are being utilized to move us there. At the end of the day, the one deciding factor in all of this is the consumer.

The consumer has to be willing to purchase the vehicles that are being made at our factories. I don't think anybody ever expected that this transition was going to be easy with a simple adoption curve rising year after year for EV sales, for instance. We always knew that it was going to be lumpy. I think what we're facing right now has been exacerbated by other challenges going on in the United States through their own environmental policies that they're adjusting as well.

• (1130)

**Dominique O'Rourke:** Am I out of time? I thought I had a bit more.

**The Chair:** You are. Fortunately, you will have more.

[*Translation*]

Mr. Ste-Marie, the floor is yours for six minutes.

**Gabriel Ste-Marie (Joliette—Manawan, BQ):** Thank you, Mr. Chair.

Greetings to all four of you. Thank you for being here and for all the information you are sharing with us.

My first question will be for Mr. Williams and Mr. Bernard. It concerns a subject we've been talking about for a few months.

The federal government had an electric vehicle subsidy program. If I understood correctly how it worked, when consumers bought a vehicle, the dealer gave them the rebate and then the retailer applied under the federal program to be reimbursed. However, we learned at the last minute and in a poorly communicated way that funding from the federal government had run out, creating a major shortfall for dealers.

Could you give us an update on that? Has the government committed to reimbursing you for that money? Has it appropriated funds for that, or does it intend to?

**Huw Williams:** Thank you for your question.

I'll turn the floor over to Mr. Bernard, but I would like to point out that all dealers who were waiting for money under this program have been reimbursed.

**Charles Bernard (Chief Economist, Canadian Automobile Dealers Association):** Dealerships were reimbursed as a result of pressure exerted not only by them, but also by representatives in Parliament, including members of the Bloc Québécois. We must nevertheless thank them for this work, which was done jointly. So the dealers were reimbursed.

This program worked well when it was in effect. As for its future, it's important to remember that this program relied on dealers to meet certain targets, which poses problems in terms of competitiveness. That's another discussion that will have to be had. I'm sure we'll be talking again about the implementation of the program, why this situation arose and the role of communication in the process.

However, the dealers were paid, and we thank parliamentarians for the work they did to make sure that happened.

**Gabriel Ste-Marie:** I'm very happy to hear that. Thank you very much.

My next questions are for Mr. Kingston.

Obviously, the main reason we're doing this study is the Stellantis announcement that they're going to move production of the Jeep Compass from their plant in Brampton to Illinois. You told us that it wasn't a closure of the Brampton plant and that other projects would be announced.

Before the committee today, can you guarantee that the number of jobs will be the same as if assembly of the Jeep Compass continued to be done in Brampton?

[English]

**Brian Kingston:** Yes. What we'll need to see, of course, is progress on the trade front, in particular with CUSMA. We need market certainty so that companies can continue with investments.

When you think about an automotive plant like we have in Brampton or in other parts of the country, these are long-term investments. These are huge plants, and companies intend to have them here for decades. We need certainty on the trade front. Then companies can proceed with decisions with respect to the Canadian footprint. As long as that uncertainty hangs over the economy, it will make it very challenging.

[Translation]

**Gabriel Ste-Marie:** The Stellantis announcement about moving the assembly to Illinois raises concerns that North American manufacturers are reviewing supply chains, given the uncertainty surrounding the tariffs imposed by the U.S. president, so that the production of vehicles sold on the American market no longer depends on the production stages made in Canada.

As you just said, projects to develop plants and partnerships take a long time. Are the manufacturers you represent currently redrawing their supply chains so that they don't need Canada to produce vehicles sold in the United States?

[English]

**Brian Kingston:** No, that's not happening. We deal regularly, weekly, with our counterparts in the United States, and the message that's being delivered consistently is that we exist as an industry, are competitive as an industry, because of the North American supply chain. You cannot change that overnight. You cannot change that in the course of one presidential term.

With the cost of moving manufacturing outright from Canada and Mexico to the United States, finding the employees, building the facilities, getting the utilities hooked up, this would be a multi-decade project, and it would cost far too much.

It would also reduce the economies of scale. This industry is competitive because you build and sell into a market of 20 million vehicle sales. That is the objective of everybody in the automotive industry. I remain confident and optimistic that, for some of the reasons Mr. Williams pointed out, there's a deal to be had here. It works to the benefit of all.

● (1135)

[Translation]

**Gabriel Ste-Marie:** Based on my analysis of the situation, the tariffs imposed by President Trump, except for those on steel and aluminum dating back to his executive order in his first term, are illegal because they haven't been passed by both houses.

Are your American counterparts currently taking steps to eliminate these illegal tariffs in American courts, and are you hopeful that those steps will work?

[English]

**Brian Kingston:** Yes, absolutely.

[Translation]

**Gabriel Ste-Marie:** Thank you very much.

[English]

**The Chair:** Ms. Borrelli, I give five minutes to you.

**Kathy Borrelli (Windsor—Tecumseh—Lakeshore, CPC):** Thank you, Chair.

Mr. Kingston, you've warned that the government's EV mandate, which has a \$20,000 penalty per gas-powered vehicle over the limit, is driving investment away. Meanwhile, Prime Minister Carney has said that Canadians must sacrifice during this transformation.

I'm baffled by the Liberal government solutions for these thousands of workers in Windsor, Brampton and Oshawa, who are already losing their livelihoods. They're being told that they're the ones who must continue to sacrifice, while government policy actively drives industry out of Canada.

In your expert opinion, what policy changes need to happen to secure our jobs and the long-term functioning of our industry here in Canada?

**Brian Kingston:** Repeal the EV mandate. It could be done today, and it would have an immediate benefit to the automotive industry.

Under the mandate, if companies don't hit the mandated targets, they have two options. One is to purchase credits from other companies, notably companies that are not invested here in Canada. Our estimate is that will cost the industry about \$3.6 billion between now and 2030.

The second option is to pull vehicles from the market. There are 700,000 to 900,000 new vehicle sales pulled from the Canadian market every single year. For a Canadian customer looking to buy a car, it means there will be fewer on the lot and that the prices will be higher.

The pressure on the industry is originating from U.S. trade policy. It's effectively an own goal. There's no other way to put it. We can provide relief to the sector, but instead, we're keeping this punitive regulation in place, which is highly costly at the worst possible time.

**Kathy Borrelli:** You're leading into my next question.

There are 700,000 cars pulled off lots every year. My goodness, at a time when owning a car is a luxury, do you believe that this government is forcing wasteful habits that are only hurting our economy instead of growing it? Also, where do all of those cars go?

**Huw Williams:** Dealers are on the front lines of this. I've said it publicly and I've said it privately. I say the same thing in private as I say in public on all of this. If they keep the EV mandate, rich people are still going to be able to afford cars. It's rural Canadians and Canadians from middle-class backgrounds who won't be able to afford cars.

There are only two ways the auto sector and dealers will have this managed for them by manufacturers. You either pay the \$20,000 per vehicle or you sell fewer cars. Our dealers are worried sick that the global manufacturers, to meet these targets, are just going to put fewer cars on the marketplace. When you have fewer cars on the marketplace, there is less choice for consumers and prices go up. You can get the calculation for rural Canadians and Canadians from middle-class backgrounds. The whole thing is a pending disaster.

What's worse about it—I can maybe be a little more direct than Mr. Kingston or Mr. Adams on this—is you have two other govern-

ments that have EV mandates. We have the B.C. government and the Quebec government. They've told us that they're waiting for the federal government to move so they can get rid of the mandates there because they know they won't work. Everybody knows they won't work. I support the intentions behind this. Dealers support electric vehicles. We've invested hundreds of millions of dollars. Each dealer has put in more than \$1 million to have the lifts, the charging infrastructure, put in their dealership, but what we can't have is a system that just subsidizes Tesla.

Mr. Ste-Marie mentioned that they get a subsidy on the front end of the purchase of the vehicle, but they also get a subsidy from all the other manufacturers who have to buy credits for them. If you want to help Tesla and not your local car dealer, keep the EV mandate.

• (1140)

**Kathy Borrelli:** Mr. Adams, with Canada's light to EV vehicle production down 66% since 2015 and Stellantis redirecting production to the U.S., do you believe Canada has lost its credibility as a stable investment partner? What concrete reforms would restore confidence among global manufacturers: lower taxes, faster approval, or simply a government that keeps its word?

**David Adams:** I think those last three things you mentioned are part and parcel of an overall broader strategy to continue to attract investment. If we're going to look at exploring our EV sector, then we need faster approvals to get product out of the ground. Fifteen years is too long to open a mine.

Regulatory redundancy across the country is challenging for all industries, not the least of which is the automotive industry.

Those are a couple of things that need to be done as well. However, none of this in a way is going to make that much difference if we can't go back to the original premise here of needing to ensure that we work to secure our trade arrangement with the United States, not only in the short term with the 232 tariffs, but also in the longer term through the review of the CUSMA-USMCA.

**The Chair:** Thanks, Ms. Borrelli.

Ms. O'Rourke, you have five minutes.

**Dominique O'Rourke:** Thank you, Chair.

For clarification, the EV mandate is currently paused, will not apply to 2026 models and is under review. The Government of Canada has heard the concerns of the sector and understands the context has changed.

There are over 110 EV models available in Canada.

Mr. Adams, your members are actually leading in this space with very high percentages of EV and plug-in electric hybrid sales, so I appreciate that.

We all want to see those section 232 tariffs removed. We all want to see CUSMA renegotiated to get back to a healthy relationship. We're undergoing a study on productivity. None of this is productive.

I'll come back to a statement Ms. Borrelli made about Canada being a stable investment partner. Would you not agree it is the United States' imposition of tariffs that is creating the instability in the current market?

**Huw Williams:** I'm happy to take that question.

The instability, this trade rupture, is driven by one place. We all know the destination of this. On the EV mandate, because I'm so passionate about it, we're appreciative of the pause and 60-day consultation. Again, I say the same things publicly as I say privately. I met with officials from Environment Canada on Friday and they don't seem like they've read the entire playbook.

I think this really behooves members of Parliament at the political level to understand it.

I think your point is also well taken. We should plant a flag on the success of this. There used to be a challenge in terms of models available. There are over 100 models available. Consumers are taking Canadians up on this and they're charging forward on this. The adoption is happening, the technology is there. We need better charging infrastructure, we need to take into account Canada's climate, but mandates aren't the way to do it.

**Dominique O'Rourke:** I hear you.

**Huw Williams:** Our dealers tell me all the time, "Don't be anti-EV, because we're not."

**Dominique O'Rourke:** I want to use the balance of my time to focus on the purpose of this study, because what is happening in the auto sector is a concern that we all share.

I appreciate the comments you made, Mr. Kingston, around the need for collaboration here.

One of the things that has been very successful in helping Canadian auto manufacturers is the strategic innovation fund. In your remarks, one of you indicated that is based on production.

Can you tell me, generally, how important these investments are and, to the degree that you can, how they are usually structured?

• (1145)

**Brian Kingston:** It depends on the company and the agreement. In response to the Inflation Reduction Act, there were a number of policies. You have the SIF program, run through ISED, which helps with capex. When a company is retooling a plant or building a new plant, they can access that fund.

What we saw was in response to what the U.S. had done: The U.S. introduced production credits, basically in an effort to pull investment into the United States. If you built a battery in the U.S., you would get a credit for every single battery that rolled off the line.

In addition to some of the traditional support for capex, we saw these additional production supports.

I want to note for the record here that sometimes the numbers the government has committed to this get overinflated because they're based on an assumption that companies were going to build plants on time and manufacture to the maximum.

Given what has happened to the EV market, which is in near collapse, no one is producing at those levels, so the amount of production subsidy that would go to companies in the battery supply chain is far below what was anticipated, but they were very critical to securing investment in Canada because the IRA was trying to draw that away.

**Dominique O'Rourke:** That's terrific. Thank you.

I want to clarify, as well, regarding Ms. Borrelli's point, that the only broken promise here was on the part of Stellantis, not on the part of the Government of Canada.

I'd like to move on.

We know there are a number of government supports in place for workers in the sector. Those include trades training; the regional tariff response initiative, which is \$6.5 billion in new measures to protect Canadian businesses and workers; those ongoing negotiations for sectoral deals, of course; and CUSMA.

How important are these measures, and what other actions, if any, can the Canadian government take to stabilize the investment environment in the Canadian auto sector?

**David Adams:** All of those actions are very important. The reality is that we are in a very difficult situation. We're playing poker with what are maybe not the best cards, but I think the reality is that we do have cards to play.

Mr. Kingston or Mr. Williams pointed out that 40% of our sales in the Canadian market are American-built vehicles. That, presumably, should come into part of the dialogue when we're talking with the U.S. administration about how we're going to structure a trade deal, if there's one to be had between the two nations.

I would go back to the other effort that needs to be made, which is that it's clear the United States does not care very much about Canada or Canada's automotive industry, but what we need to underscore for the U.S. is that the competitiveness of their own industry is dependent on having that integrated North American market with Canada and the U.S. as vital partners in that arrangement.

[*Translation*]

**The Chair:** Thank you very much, Ms. O'Rourke.

Mr. Ste-Marie, you have the floor for two and a half minutes.

**Gabriel Ste-Marie:** Thank you, Mr. Chair.

If I understand correctly, witnesses, you agree that you don't expect the current tariff situation to remain for the long term. I think we all agree that we are doing everything we need to do, everything we can and everything we do not give up, to have true free trade with the United States, particularly in the automotive manufacturing sector.

However, I have a question for you, and I might ask Mr. Kingston to answer it first.

If the current tariffs were in place for the long term, would we be in the same situation as we were before 1965? The same vehicle models would be assembled north and south of the border for the respective markets, with higher costs and less choice for those markets.

[*English*]

**Brian Kingston:** It's an excellent question, and it really gets to the heart of why we have the CUSMA and, prior to that, NAFTA, and before that, the Canada-U.S. FTA. There was a recognition that protectionism is actually bad for consumers. When you divvy up markets and you make production hyperlocally focused, it means that the consumer has less choice and less access to new technology and ultimately faces higher prices.

If you play this out, and let's presume we are going to a permanently more protectionist world, that is what could result. You'd have economies closed off from each other and you would build in market to service the market.

I ultimately don't think that's where we're going, because I just know that a \$188-billion tariff cost is going to hurt the American consumer. You're going to see vehicle prices go up \$4,000, \$12,000 or \$15,000 U.S. I don't think people signed up for that. It takes time, though, for that to work through the system. That is a potential outcome, but I ultimately think we will find a landing zone.

The key for Canada is to always be relatively better positioned than any other country in the world in terms of our access to the U.S. That's what we need to focus on.

• (1150)

[*Translation*]

**Gabriel Ste-Marie:** Thank you very much.

I have 30 seconds left. Mr. Williams or Mr. Adams, would you like to add a comment?

**Huw Williams:** Yes, I would like to add something about the United States.

[*English*]

What we've seen in the market with actual car dealerships is that sales have been very positive. People are afraid of the tariffs, so they've been buying forward on the tariffs as opposed to not. It will take some time to work that out.

I'll just say from a political point of view that we've done a lot of work in Washington, as I said before. There's a lack of courage in Congress at the moment on the Republican side to speak out against the administration, but they're aware of the problems on a state-by-state basis.

[*Translation*]

**Gabriel Ste-Marie:** Thank you.

**The Chair:** Thank you very much.

[*English*]

**David Adams:** Currently, manufacturers are still at full production, but the tariffs continue to bite. They're largely absorbing the tariffs right now, but as more time goes by, that becomes a continually unsustainable proposition.

**The Chair:** Thank you very much.

Mr. Guglielmin, you have five minutes.

**Michael Guglielmin (Vaughan—Woodbridge, CPC):** Thank you, gentlemen, for your testimony today.

A lot of what's been discussed with respect to tariffs and other market conditions is this fact of certainty being required for investment.

Just out of curiosity, Mr. Kingston, from your perspective, does a pause on the EV mandates give enough certainty for the attraction of investment dollars in the sector?

**Brian Kingston:** No. It doesn't. We appreciate that the government recognizes that there is an issue here, but the way the mandate works is that a one-year pause doesn't change the fact that companies have to contract for credits out to 2035. They have to make sure they have the certainty that they can still operate in this market. The pause hasn't provided any additional certainty.

To Mr. Williams' point, what we're hearing from ECCC is concerning at this stage.

**Michael Guglielmin:** I would imagine that if the government were listening to the industry, they would remove the EV mandates altogether.

**Brian Kingston:** It is a simple action that could be taken immediately and that would provide significant relief now.

**Michael Guglielmin:** Thank you.

Mr. Adams, you've spoken about duplicative regulations. We've heard at this committee from others who have said that there are some 105,000 different regulations on the manufacturing sector. Could you give an example of how this duplication is adding costs or discouraging investment for some of your members?

**David Adams:** It might seem like a trite example, but a lot of regulatory authority has been given to the provinces as well. Some of the western provinces require little mudflaps on the vehicle. You would think that each province would have a standardized mudflap that would be required on vehicles, but they don't. Every manufacturer has to deal with different provincial requirements for mudflaps because of gravel roads and that sort of thing. That's a tiny example.

There's another larger example in terms of stewardship programs for batteries and tires and those sorts of things. We have umpteen different programs, I think 85, that impact the automotive industry. These stewardship programs add costs and duplications. No harmony exists.

The last one, which was already referred to and is relevant to the point that was just made, is that with our EV mandates, we have a federal mandate and we have two provincial mandates in place that are similar and are trying to achieve the same goal but with very different penalty structures and whatnot as well.

**Michael Guglielmin:** Mr. Adams, from a global perspective, again, we're talking a lot about how we need to create the environmental conditions for business investment to be attractive and for it to flourish. I know that Mr. Kingston in his opening remarks was very much talking about the business climate and competitiveness here in Canada.

I'm just wondering how you feel Canada compares with peer jurisdictions when it comes to things like regulations, tax environment and clarity for investment attractiveness.

**David Adams:** I mean, there's always room for improvement, but I think the reality is that if you look back to the comments earlier in the conversation about attracting EV investment, for instance, \$24 billion or \$25 billion of the \$40-odd billion came from my member companies into Canada. Canada, I think, did a reasonably good job at.... Actually, they over-vectored on attracting that investment compared with our percentage of the North American content.

I think we've done a reasonably good job. Could we do better? Well, sure, we could always do better. I think regulatory redundancy, building a competitive tax framework and, as I said in my remarks, having a comprehensive strategy around our industry are very important.

• (1155)

**Michael Guglielmin:** Mr. Kingston, in light of the One Big Beautiful Bill Act and some of the other very aggressive changes the U.S. is making to policy to attract investment, with such things as 100% writeoffs for R and D and other tax incentives, do you think currently our government is doing enough to align with U.S. industrial and trade policies to keep investment here in Canada, especially given the new climate we're in?

**Brian Kingston:** We can and must do more.

If you think back to the first Trump administration and the tax cuts that were brought in by the United States, the government reacted and did the right thing. We had accelerated capital cost allowance and other measures that were put in. Then there was the IRA, and now we have the second Trump administration with the One Big Beautiful Bill Act.

In every instance, Canada is reacting to U.S. policy changes. I'd like to see a world in which Canada has a proactive plan with a simple mission. Let's be the most competitive economy in the world and do whatever it takes to build that out so that, when there are changes in the United States, they don't concern us because we are hyper competitive.

There's a lot we can do, and now is the time. Now we should be having those conversations and making those hard choices to improve the tax system and improve our regulatory environment.

**Michael Guglielmin:** Thank you, gentlemen.

**The Chair:** Thank you.

Madam O'Rourke, you have five minutes.

**Dominique O'Rourke:** Thank you, Chair.

It's really fascinating, Mr. Adams. I'd be interested in hearing more about the interprovincial trade barriers. The federal government has removed all its federal interprovincial trade barriers, and I think it would be incumbent upon us to urge the provinces to do the same.

For the record, I just want to make it clear that foreign direct investment was a record \$85 billion last year. Again, it brings us back to this conclusion that the challenges we're facing in this moment are not of the federal government's doing, but are the imposition of these unjustified tariffs by the Americans.

Mr. Adams, I was really intrigued by your proposal of having a royal commission that could look at other strengths of the sector. I'm wondering if you want to elaborate on that.

**David Adams:** I'll just say that there were problems back in the late 1950s and early 1960s when we weren't able to optimize our automotive industry. We had very high tariff walls coming into Canada, and we had very costly vehicles in Canada as a result. I think that's what led ultimately to the Auto Pact, which resulted in the economies of scale by being able to produce in both countries for either country when producing those vehicles together.

The reality is that, as I mentioned in my remarks, we have a lot of different subsectors to our industry that weren't present back in the 1960s. I think the key is how we look at the industry holistically and figure out how we're going to encompass a critical minerals strategy, connected automated vehicles and cybersecurity, which are all part and parcel of a modern vehicle.

I don't think anybody has really given any holistic thought to that, and Canada has some real strengths in that. If that's going to be part of our automotive industry going forward, then those are areas that we can capitalize on.

**Dominique O'Rourke:** Thank you.

I'm curious to know what else you think the federal government should be doing in terms of encouraging those types of investments—and thank you to your members who really have been leading here—in order to stabilize the footprint in Canada.

Also, Mr. Kingston and perhaps Mr. Williams, even if the federal government brought in a number of these other measures, what do you think should be in place to ensure that your members uphold their commitments?

**Brian Kingston:** First, in terms of ensuring that we have a compelling case here and continue to attract investment, the critical minerals supply chain—I know Mr. Adams mentioned it—should be in place. Despite the challenges in the EV sector right now, this is the future, and China controls 80% of the battery supply chain. They also control 90% of rare earth minerals.

I just came from Saguenay, where they have the ability to process gallium. We have minerals that you cannot get anywhere else in the world. If we accelerate our efforts to identify those key minerals and build out the processing capacity, not only would that be good for the auto supply chain, but it would also give Canada leverage in these broader discussions with the United States.

With respect to covenants in these agreements, the companies have lived up to their covenants in the agreements. As I noted at the outset about Stellantis, of the \$8 billion it has committed to Canada, \$7 billion has been put into effect. These are massive investments that have been made, such as a third shift in Windsor, and NextStar's battery plant, the first large-scale battery plant fully in operation with 1,000 new jobs. These investments are happening, but companies have to adjust to the current trade environment.

● (1200)

**Huw Williams:** I would just say, from the dealer perspective, we put out the competitiveness framework, to give credit where credit is due. We called for the pause of the EV mandate and then a full reset. I think you've heard my case on that.

The banks in this country have been lobbying to have the right to lease vehicles, which they've been prohibited from since the begin-

ning of time. There's a specific prohibition in the Bank Act. The discussions with finance are in a good place, I think, and we expect an announcement in the budget, hopefully soon.

We have been clear on the removal of the luxury tax as well as the harmonization of standards with those that we have a free trade agreement with. That's not going to happen overnight, but it helps to expand the marketplace. I know that not every manufacturer is on the same page with respect to that. One of the things we called for was the iZEV repayment and that happened, too, 100%.

In terms of interprovincial trade barriers, the PPSA, which is personal property securitization that's done in each province, is a mess at the moment. It's not correct. You have little anomalies that make a big difference for customer affordability. In the Atlantic provinces, for instance, if the customer's name is Jean but his driver's licence or his legal name is John and there's a mismatch, the car company or the dealer who has the loan on that, in case of a bankruptcy, loses their place to secure that credit. Again, it's an anti-competitive thing that we have to correct.

**Dominique O'Rourke:** Thank you.

**The Chair:** Thank you very much.

Colleagues, we're going to suspend for about five minutes to give everyone an opportunity to stretch their legs. We will then return for about 45 or 50 minutes to resume our line of questioning.

We will now suspend.

- (1200) \_\_\_\_\_ (Pause) \_\_\_\_\_
- (1210)

**The Chair:** I hope everybody had a moment to stretch their legs. We're going to get back into our line of questioning.

For members, because it's a continuation of the same round, instead of going to the six minutes, five and then five, it's going to be five, five, two and half, five, five. In other words, it's just a slight reduction for each party.

Having said that, Mr. Falk, I have you as the first on my list for the Conservative Party. There will be five minutes for you, sir.

**Ted Falk (Provencher, CPC):** Thank you, Mr. Chair.

Thank you, witnesses, for your testimony this morning. It's been very enlightening.

Earlier we heard Mrs. O'Rourke say that the only promise broken here has been by Stellantis. Can any of you respond to the promise that was made by Mark Carney that there would be a trade deal by July 21?

**Huw Williams:** I'm sure nobody else wants to handle this question, which I'm happy to.

Again, I have to say the same thing privately as I do publicly. I think we're dealing with a very mercurial trade partner. I think the Prime Minister has done a lot of things right, and I've said that on CTV News. I have given credit to Premier Ford at times, who has taken a slightly different strategy. We are dealing with a very different organization.

I'll also say this. When we were in Washington in the second or third week of July, senior senators who are very close to President Trump—whom I won't name to avoid causing disruptions—told us in private meetings that we would have a deal just after Labour Day. They are as surprised in Congress as we are. There have been a number of sliding scales. There have been a number of anticipated deals on 232 tariffs that have not materialized.

I will just say that, from the standpoint of an industry who are plugged in in the States and active in the States, it is a roller coaster ride.

**Ted Falk:** We also know that \$60 billion of Canadian investment has left Canada for other places, primarily the United States.

On Mr. Carney's last visit to the President, he promised to bring back a deal as well. Instead, he promised the Americans half a trillion dollars of investment.

What does your industry think about that?

**Huw Williams:** I'm not sure if the others want to jump in here.

There are a few dynamics that we're worried about. A number of our dealers represent Ford, GM and Stellantis, and these are Canadian companies as much as they are American companies. They worry about the knock-on effect of being seen as too American. That's definitely a concern.

Again, we're concerned about getting a long-term deal. Yes, we need short-term certainty, but the big prize out here is to make sure we have a CUSMA deal. That's what we're really concerned about.

**Ted Falk:** You have all commented on the fact that you need certainty. Certainly, I can appreciate that. You can't make million dollar decisions without that certainty. That's something that you've been lacking here. With only a pause on the EV market, that doesn't give you certainty. I understand that. You have all articulated that the EV mandate has to go.

I think, Mr. Kingston, you said the EV market is near collapse. Do you have the stats for Canada for what percentage of new vehicles were EVs?

**Brian Kingston:** Yes, we've seen seven months of decline in EV sales, which is unprecedented. There's no sign of recovery. We're currently through August sitting at 8.8% of all new vehicles sold are zero-emission vehicles. The 2026 mandated target is 20%, and that rises up to 60%.

Just to be clear, the manufacturers are fully invested in EVs and have introduced more models than ever. We're sitting at 150 models in market, but if a consumer doesn't want the vehicle and they are choosing another technology, it doesn't matter how many models you have available. You need the organic consumer demand. That's what we're missing at the moment.

**Ted Falk:** Yes, Mr. Williams.

**Huw Williams:** I know we have the member from Oakville here. I think one of the cases I would make is if you look at the recent registrations, in Oakville you're just about 15%, 4.7%. Oakville is a great community. A lot of consumers are choosing as their second vehicle to have an EV. They might for larger trips to hockey tournaments have a pickup truck or something that fits the marketplace. In Thunder Bay, I think we're at 2.1%, and 3% in Greater Sudbury.

We can't have one mandate for the entire country. I think there's a recognition that we need certainty on the mandate. I take your point. Getting rid of the mandate will help investment.

● (1215)

**Ted Falk:** Stellantis was building an EV charger, which was a complete flop. They have made a corporate decision to move back to gasoline powered, which is what the market is demanding. Is that accurate?

**Brian Kingston:** They're still building electric chargers. They're bringing a gas-powered version, as well, and they have, of course, the battery plant in Windsor.

**The Chair:** Thank you, Mr. Falk.

Mr. Bardeesy, you have five minutes. The floor is yours.

**Karim Bardeesy (Taiaiko'n—Parkdale—High Park, Lib.):** Thank you very much, Mr. Chair.

I want to start with a question for Mr. Adams.

I know that some of this predates your arrival in the chair that you occupy, but can you share a bit about what attracted some of your members, two of your members in particular, to set up manufacturing and assembly operations in Canada?

**David Adams:** In my understanding, it was a collection of different measures. There was concern about the Japanese coming into the market at the time. There were different measures that were put in place to try to limit the penetration of the Canadian market by the Japanese. The same held true in the United States.

As a result of those measures, the Japanese were convinced to build production in Canada. Honda was the first manufacturer to set up production here in 1984, I believe, followed by Toyota in 1986. Over the course of time, as I mentioned in my opening remarks, they've become, at this point anyway, the two largest vehicle manufacturers in Canada.

**Karim Bardeesy:** To what extent is having a skilled workforce important for those member companies?

**David Adams:** Having a skilled workforce is very important. When those companies came here, they also brought along with them some of their parts suppliers, dedicated parts suppliers, that went on to also serve other components of the automotive industry and some of Mr. Kingston's members as well.

Having a skilled workforce has been demonstrated in the awards that my team members have received for quality, build quality. We had gold, silver and platinum awards from J.D. Power, for instance, and other organizations recognized globally the quality of those plants. I think it becomes a consideration when these companies are looking at where are they going to put their next investment. Having the certainty that we've all talked about is important, but having these other, maybe more peripheral aspects are very important as well.

**Karim Bardeesy:** I have a question for any of the panellists.

It's not just federal policy, but there's also provincial policy that's had a change recently with two provinces changing their incentive programs.

To what extent do you think provincial policy choices also explain this slight decline in electric vehicle sales?

**David Adams:** I would go back to even before. As you will recall, perhaps—I think you were in the Ontario government at the time, Mr. Bardeesy—Ontario had a \$14,000 incentive. We saw EV sales really bottom out substantially once that incentive went away.

We look at the current situation we're in. We have a zero-emission vehicle mandate, but it's also predicated on having the zero-emission vehicle program, the iZEV program, in place, incentives to assist consumers to purchase these vehicles and on having a robust buildout of the charging infrastructure. Right now, we need 40,000 pieces of charging infrastructure installed every year to meet the government's own estimates, and we're nowhere near that. Those two things are faltering while we still have the requirements of the zero-emission vehicle mandate.

**Karim Bardeesy:** The one aspect of charging infrastructure is that it's more a national presence. It's more of a national footprint for the sector.

Would it be fair to say that the growth of EVs over the longer period has a positive economic spillover in broader parts of Canada?

**David Adams:** I think, from my perspective anyway, that long-term development of the EV sector holds out that promise as opposed to just being an Ontario proposition. Certainly we've seen, just from some of the investments that already have been made and proposed investments, that Quebec played a big factor in that. We have minerals out in the midwest and also in B.C., so there is the opportunity to have a more comprehensive automotive sector in Canada as we develop those critical minerals.

**Karim Bardeesy:** I'll stick with you, Mr. Adams.

With respect to one of your members, Toyota Canada, their August 2025 sales were up 14.4% year over year with electrified vehicles representing 49.1% of all units sold.

What is it about the shift to EV over the longer term that you think is attracting Toyota?

• (1220)

**David Adams:** I think Toyota has actually been criticized by some of the environmental zealots for not moving fast enough on EVs. I think this is part of the challenge for all manufacturers. I would come back to the question as to what the government's goal is. Is it to reduce greenhouse gas emissions, or is it put a certain type of product on the road?

My members generally, especially the Japanese, are very thoughtful—not to say that others aren't—and very deliberate in terms of thinking through things before they act, but when they act, they move with swiftness.

What I can say is that, to your point, right now, Toyota has seen a significant sales increase, and they also will be moving to add the 2026 RAV4 hybrid production. That will be coming out in Woodstock and Cambridge in December.

**The Chair:** Thank you very much, Mr. Bardeesy.

**Karim Bardeesy:** Thank you.

[*Translation*]

**The Chair:** Mr. Ste-Marie, you have the floor for two and a half minutes.

**Gabriel Ste-Marie:** Thank you.

My question is for the witnesses from the three organizations. Right now, the American president is angry because the American public has been reminded that Ronald Reagan was against tariffs and for free trade. As a result, he announced an additional 10% tariff on everything, but there is still no order in council.

If there were an order in council for an additional 10% tariff, what would the short-term consequences be for the members of your respective organizations?

You have 30 seconds each to respond.

[*English*]

**Brian Kingston:** It would be extremely challenging if more tariffs go into place, particularly if they apply to products that currently qualify under USMCA.

We don't know yet how these will be applied, but an additional 10% is.... Again, it will be billions of dollars in cost to this sector and other Canadian sectors, so it's very damaging. Hopefully we can find an off-ramp.

[*Translation*]

**Charles Bernard:** Quickly, as Mr. Kingston just mentioned, we don't yet have clear details on how these tariffs will be applied, if at all. However, it doesn't take a genius to see the impact this would have on consumers at a time when the cost-of-living crisis, which is already making it difficult to afford these vehicles, is already quite acute.

In 2021, according to the figures I have, the monthly payment amounted to \$715; right now, it's nearly \$870 or \$880. The cost of living crisis is having a significant negative impact on consumers, both in terms of the cost of these vehicles and their access. Tariffs are a tax on consumers. Logically, a 10% increase in tariffs would only worsen this situation.

**Gabriel Ste-Marie:** Thank you.

Mr. Adams, would you like to add anything? If an additional 10% tariff were applied, what would that mean for your members?

[*English*]

**David Adams:** I would just echo the comments of my colleagues.

We don't know what it's going to be applicable to yet. I think the reality for the automotive sector is we've been.... Because of the CUSMA-USMCA and because the American content of vehicles built in Canada is considered, we have had some of the tariff impact ameliorated. However, it just shows you, again, the lack of certainty that we're dealing with when a comment can be made one night to increase tariffs. What tariff? When? We don't know those details.

[*Translation*]

**Gabriel Ste-Marie:** Thank you.

**The Chair:** Thank you very much.

[*English*]

Madam Dancho, you have five minutes.

**Raquel Dancho:** Thank you, Mr. Chair.

I want to focus a bit more on what we need for certainty. Again, I think the point that Mr. Falk was making is well placed. There were big promises made by the Carney government over the last election when Canadians were going to the polls—big, big promises about deals being made. We heard over and over again that something was going to happen in the summer, and it didn't happen.

Mr. Williams, you alluded to something that was supposed to happen around Labour Day weekend. That didn't happen.

Very big promises were made that would have delivered certainty, had they come through. Unfortunately, Mr. Carney's promises did not come to fruition, so it does add to the uncertainty that your businesses are experiencing.

Mr. Kingston, regarding the Brampton plant, first you said that there are plans for Brampton—I appreciate that—but later you said, "We need market certainty so that companies can continue with investments. When you think about an automotive plant like we have in Brampton...these are long-term investments.... We need certainty on the trade front. Then companies can proceed with decisions with respect to the Canadian footprint. As long as that uncertainty hangs over, it will make it very challenging."

To me, that sounds like you're saying there could be plans for Brampton if we get a deal, and not just any deal but a good deal for us to stay with Brampton. Is that an accurate assessment of what you said collectively?

• (1225)

**Brian Kingston:** Yes. Brampton is not closed. The company does have plans for that plant, but yes, we do need clarity in terms of what the trade environment is going to look like.

**Raquel Dancho:** If we don't get a deal, a long-promised deal that has yet to come from Mr. Carney and the Liberal government, are you saying that, in a year from now, if all things are the same, you're not going to have anything moving there?

I'm just looking for a clear answer.

**Brian Kingston:** I don't want to make a judgment call on a hypothetical, but if we don't get a trade agreement with the United States, it won't just be the auto industry that will be in dire straits; the whole Canadian economy will be at risk.

**Raquel Dancho:** I certainly appreciate that.

Again, as I mentioned, there have been rumours about a potential deal on steel and aluminum, which, of course, are inputs into cars. That would be great, but there are still no deliverables yet on that. We have not heard that same emphasis from the Liberal government about the auto sector. That's very concerning to us for all the workers who are waiting. We need that certainty, and I'm sure you would all agree. Hopefully, we can have a bit of a reset from the Liberals and have them publicly say they're working behind the scenes to get an auto deal. We have not heard that so far. Based on what you've said, that doesn't bode well for what we're seeing in Brampton.

I want to change gears and focus on Mr. Williams.

You mentioned that these EV mandates in essence represent money going from Canada to companies like Tesla. For someone who's not familiar with how the mandate works, are you saying the Liberal government's EV mandate enriches companies like Tesla rather than our own?

**Huw Williams:** Yes. Tesla is the only car company operating in Canada that doesn't use a dealer network. All of our dealers are independently owned franchises. We buy the cars from the manufacturers in advance, pay for them and then hope to sell them to consumers. We're on the hook for all of that. Tesla has a direct-to-consumer model. They are the biggest beneficiary and have been the biggest beneficiary. They get the subsidy on the front end from the iZEV subsidy, as every manufacturer does, but then, to be able to buy credits to meet the mandate, other manufacturers are buying credits to the tune of hundreds of millions of dollars for a future EV mandate from Tesla. Tesla is getting paid on both ends, and we don't have to look too far to know how productive they are in terms of the Canada-U.S. relationship.

**Raquel Dancho:** It's pretty shocking to me to understand that this EV mandate, although I recognize it's temporarily paused, is still hanging over everybody's head. What we've heard clearly today is that is the last thing we need for investment certainty into Canada, given everything else that's going on. Very clearly, for the most part, you've all outlined that if we could do away with the mandate, it would provide us with more of the certainty we desperately need in this country. We're bleeding automotive jobs here, and not just the direct jobs but all the indirect jobs. I believe the Brampton plant, for example, is responsible for 12,000 indirect jobs that play into that plant, so having things like this hanging over our heads is pretty significant.

Mr. Williams, I think what you're saying is accurate. Not only is the EV mandate driving uncertainty but it is also enriching companies like Tesla that really don't employ anyone in Canada. Is that accurate?

**Huw Williams:** Canadians would be shocked by the shell game that Tesla is playing to benefit from subsidies on both ends of the equation. It's shocking. We find it shocking.

**Raquel Dancho:** Thank you very much.

For the last 20 seconds, I'll go to Mr. Kingston on the certainty question.

How important is it for our job certainty in Canada that we get a deal?

**Brian Kingston:** It's critical. It's at the centre of everything. If we don't get a trade agreement with the Americans, there's no certainty for existing or future investment decisions in the Canadian economy. We have no choice. We have to get back to the table and strike a deal.

**Raquel Dancho:** Thank you.

**The Chair:** Thank you very much.

Mr. Bains, you have five minutes.

**Parm Bains (Richmond East—Steveston, Lib.):** Thank you, Mr. Chair.

Thank you to our witnesses for joining us today and for your hard work fighting for this industry and the families who are impacted by it.

I'll go to Mr. Williams.

On the issue of EV mandates, you indicated that my home province of British Columbia hasn't paused the EV mandate, whereas the federal government has.

Have you had conversations with them? What are the B.C. dealers' thoughts on this? Why is B.C. not following suit to support the industry like the federal government is and the Prime Minister is?

**Huw Williams:** Between you and the member from Vaughan, you probably have the most car dealers in your ridings than any other jurisdictions in Canada, with the Richmond Auto Mall and others, so I appreciate the question.

Our dealers in British Columbia are selling a ton of EVs—they're very popular products in Vancouver—but even the B.C. government won't meet their mandates. Also, having three mandates—one

in Quebec, one in B.C. and one nationally—is a nightmare from a compliance point of view.

We have met with the minister and the provincial government out there. They have a very interesting dynamic. They would actually have to pass legislation to get rid of it, but they can make adjustments through regulations. What they've told us is they are waiting for a signal from the federal government that the federal government is going to move on this.

What we want to see from all three levels of government and not just the federal government is to plant the flag on EV mandates. They have driven the markets, so you have a hundred choices out there. It's no longer the case that a consumer cannot find an EV. Work on charging infrastructure. Make sure the consumers can charge the vehicles and have a good, positive experience, and then let that drive the market. It will drive the market. You're seeing that out in B.C. It's a very popular program.

• (1230)

**Parm Bains:** Thank you.

I'm going to cede the rest of my time to my colleague, Ms. Acan.

**Sima Acan (Oakville West, Lib.):** Thank you very much, Mr. Bains.

Mr. Adams, in my previous professional life, I had the opportunity to visit several auto manufacturers, both in the U.S. and in Canada. Over the summer, my colleagues and I visited plants in Canada as a part of our efforts to better understand the evolving needs of the industry.

In one of the discussions with the leadership of a Canadian auto manufacturing company, I learned that their dealership in South America recently shifted purchasing from a United States plant to an Ontario facility, largely due to the impact of the tariffs and the counter-tariffs.

Would you say this reflects a broader opportunity for Canadian auto workers and manufacturers where changing global trade dynamics could strengthen Canada's position as a competitive and reliable production hub?

**David Adams:** Yes, if I understand what you're saying correctly.

Now, obviously Canadian manufacturing—it doesn't really matter which manufacturer—is predicated on access to the U.S. market. Ninety per cent of our vehicles go there. If we don't have access to the U.S. market, then every company I'm sure is doing their due diligence to figure out where else they can potentially have a market for vehicles.

I know for one of my member companies that's exactly what they have been doing. They've been finding some other countries where some of their Canadian production can go. Will it replace the U.S.? No, the volumes simply aren't there, but it's an option to take more of that volume that comes out of the Canadian facility.

**Sima Acan:** Canada's industrial strategy has focused not only on final vehicle assembly, but also on strengthening the supply chain that supports it. While we have a robust tier one ecosystem, there's also a growing need to expand domestic capabilities for tier two and tier three in manufacturing, particularly to support advanced vehicle production and emerging technologies like EV and battery systems.

From the perspective of international and imported automakers, which supplier capabilities do you see as most critical to develop in Canada to ensure long-term competitiveness in the North American auto sector?

**David Adams:** I think some of the ones you've mentioned are critical as well in terms of looking at, as I mentioned in my remarks, building out the EV supply chain, opening those mines and developing and processing—not shipping away—those critical minerals here, not only for the automotive industry, but for other industries as well.

We have a unique situation in Ontario where we have a globally recognized IT sector combined with an automotive sector, so the capabilities to be world leaders in connectivity, automated vehicles, exist—and I would add cybersecurity as well. Those are areas where we could have a competitive advantage.

**Sima Acan:** Mr. Kingston.

**Brian Kingston:** I'd just add to that. Sometimes we do spend a lot of time focusing on final assembly, for good reason, because of all the direct and spinoff jobs.

There's a lot of activity that takes place in Ontario. GM has the technical centre in Markham. Engineering talent is real and highly competitive here in Canada and hard to replicate in parts of the United States. There's Stellantis in Windsor with their ARDC research facility.

There are areas in the autonomous connected vehicle space, safety, where activity takes place in Canada, because we have a competitive advantage linked to highly skilled labour.

**The Chair:** Thanks very much.

Mr. Guglielmin, you have five minutes.

**Michael Guglielmin:** Thank you, Mr. Chair.

We've been talking a lot about the very serious impact of tariffs, and to me it has always been the catalyst in the automotive and manufacturing industry.

I come from the steel service industry. I worked there for over 20 years. What I've been seeing over the last 10 to 15 years or so has been a lot of job flight and capital flight out of the manufacturing industry, out of the auto industry, into places like Monterrey, Mexico, and into the broader United States.

For instance, over the 10-year period between 2014 and 2024, our vehicle production in Canada went down by about a million ve-

hicles per year. We have very costly policies still in place, like the emissions cap for example, and the fact that it takes 18 years to approve a mine.

We were talking about the importance and the need for critical mineral development in this country so we can facilitate production of EV batteries and things where China has a monopoly on a lot of this right now.

Mr. Kingston, I'll direct this to you.

I'm wondering how significant policy misalignment is with the U.S. We've been talking about EV mandates, for example, but what about more broadly with respect to regulations and taxation and some of these other key factors that are impeding our opportunity to increase our growth in our sector? How significant is that in influencing where automakers are making the choice to invest capital dollars?

● (1235)

**Brian Kingston:** It's fundamental. That is the reason the industry has grown since the Auto Pact and since the 1960s.

There has been a recognition by successive governments that you have to align your policy framework to the United States because 90% of what we're exporting is going into the U.S. market. There's no such thing as creating a stand-alone Canadian automotive industry. That wouldn't make sense. You wouldn't be able to achieve economies of scale. Regulatory alignment is key. It's really fundamental to this sector.

**Michael Guglielmin:** I remember one of the first stories I heard when I was new in my industry. It was a major parts manufacturing company. The person was asked why they're not doing any more expansion in Canada. The answer was that when you go to other jurisdictions around the world, they seem to roll out the red carpet. Here, we roll out the red tape, whether it's through regulation, strangling through our tax framework or just overall lack of competitiveness.

Mr. Williams, I have a question for you.

The U.S. has moved away from aggressive EV sales mandates. Do you think Canada is putting itself at risk for a very competitive disadvantage by continuing down this path?

**Huw Williams:** I would absolutely say the EV mandate makes us less competitive and not just domestically. It makes us a less attractive market for investment. As I believe Mr. Kingston and Mr. Adams have said, we need to have a competitive auto space that matches the regulatory framework of the U.S.. They're just too big to not be aligned.

That doesn't mean we have to pull back on greenhouse gas emissions. The industry can get there with a variety of technologies. Just to let members know, over the past 20 years, the greenhouse gas emissions from the passenger vehicle market have remained steady. They haven't grown. That's despite a massive increase in population. That's because technology is at the forefront of fuel efficiency with ICE vehicles and some of it for electric vehicles.

Go ahead, Charles.

**Charles Bernard:** I think it's an important question.

Not only are we at risk of creating isolation or disruption between the U.S. and Canada, but as we mentioned with the provincial governments having either the same or more strict mandates provincially, we're at risk of creating layers of different regulations for a market that's around 40 million. That's a lot of layers of complexity for manufacturers. That will have a tremendous negative effect on consumers.

**Michael Guglielmin:** I will say that while the tariffs certainly are the catalyst, there have been underlying regulatory and policy issues that have directly led to our lack of competitiveness overall in the manufacturing space. These are some of the things we hope we can address and we can get this government to address because a lot of these tweaks can be made to set the environmental conditions for business investment to be attracted.

At the end of the day, we're not just talking about abstract numbers. We're talking about people, families and jobs. We're essentially talking about our business and economic culture.

I'm out of time, so there is no further question.

Thank you, guys, for your testimony.

**The Chair:** Thank you, Mr. Guglielmin.

Madam O'Rourke, you have five minutes.

**Dominique O'Rourke:** Thank you, Chair.

I think it's fascinating that just last week the representatives of Linamar talked to this committee about productivity. They told us that every year they have to cut their prices by 2% because they are so efficient. Our auto manufacturers and our parts manufacturers are extremely productive and efficient, and our workers are the best in the world.

I have seen, locally, expansion of Linamar and Denso. We need to be looking at a broader lens of the success of the past several years and how we really focus on the real problem here, which is the American tariffs, and how we can create more certainty in Canada. I believe our Prime Minister is doing that through national projects, generational investments, including the exploration and extraction of critical minerals, and training and expanding markets.

To be clear, Minister Joly has stood up in the House of Commons and has talked about a focus on steel, aluminum and energy as well as auto and softwood lumber. We may not be able to boil the ocean, so what we have is a strategy.

My question is for the panellists.

I would really appreciate your perspective. Is any deal going to be good, or do we want a good deal? There are countries in the

world that have negotiated a deal and are now regretting it. Is there any value in waiting until we hear what the American Supreme Court says in terms of tariffs, so we can get back on a decent playing field and really negotiate the best deal for Canada?

• (1240)

**David Adams:** What I would say is that the best deal for Canada is a situation where we adhere to the rules that were negotiated under the CUSMA-USMCA. There were stringent requirements around that agreement when it was negotiated that upped the North American content requirements in vehicles, labour value content in vehicles and a myriad of different requirements that weren't easy for any automaker to make. We're only six years into that agreement and we're still making the adjustment.

If those conditions are adhered to, that should be the basis on which we continue to have zero tariffs on automobiles going back and forth across the border, and that's where we need to get to. I think some people are saying that's wishful thinking. Well, maybe that's one of the reasons that the negotiations are taking so long, because that's the ultimate goal here.

**Dominique O'Rourke:** I would ask a follow-up question.

We've talked about the importance of stronger provisions in employment insurance to support our workers, training both for trades and also mid-career transitions, and investments in the sector and supports. You've mentioned a number of them. How important do you think it is to pass the federal budget on November 4? How damaging would it be if we were to fall into an election cycle and then further delay these negotiations?

**Huw Williams:** Do you have any easy questions?

I'll zoom back just a little bit. We definitely need a good deal with the U.S., and we recognize that's a difficult proposition. As I said before, our voices are trying to deliver that message in the U.S. in as strong a way as possible because, really, it's going to be U.S. dealers and U.S. customers talking to their members of Congress to get that done. It's a tough environment that way.

I think that certainty at this period in time while we're negotiating is in everyone's interest.

**Dominique O'Rourke:** This is my last question, and it's an easy one for you, Mr. Williams.

We know that interest rates are coming down. The Bank of Canada was one of the first in the world to cut its interest rates. We know that the rate of inflation is slowing. Has that been helpful at all for your dealers? How does that translate into your financing agreements?

**Huw Williams:** I'll let our economist answer that. That's why he's here.

**Charles Bernard:** I appreciate the easy question, even though I don't find it necessarily easy.

What I would say is yes, I think we're in a better environment for the dealers. In terms of their operations and the costs of borrowing or interest rates, it has had a positive effect. At every conference I went to with dealers, that was the number they were looking at in terms of their operations.

In terms of consumers, even though the interest rate might have alleviated the situation in a way, as I mentioned earlier, the monthly payments, whether they're for leases or loans, are still going up because of the inflationary pressures that are created by, obviously, the U.S.-Canada trade relationship, which is extremely problematic, but also policies at home that limit the ability of our auto sector to be competitive, which has a direct reflection on the price.

In terms of operations for the dealers, it's a yes, and it's a positive, welcome change, and hopefully the economy stays in a trend that allows that environment to be maintained. As for buying cars or leasing them, customers are still facing an environment that's extremely difficult in terms of pricing, and a lot of that is attributed to the issues we've mentioned recently.

• (1245)

[*Translation*]

**The Chair:** Mr. Ste-Marie, you have the floor for two and a half minutes.

**Gabriel Ste-Marie:** Thank you, Mr. Chair.

Mr. Kingston and Mr. Adams, one aspect of your presentations stunned me.

If I understood correctly, you said that under the current tariff system, it would be more economical for a manufacturer to build a vehicle in Germany or Japan and sell it in the United States than to produce it in North America.

Can you explain that to us and illustrate it with examples?

[*English*]

**Brian Kingston:** Yes, it's surprising to me as well.

What has happened is the Americans have struck deals with countries like Korea and the EU to provide them with lower tariff rates and, at the same time, have put tariffs on the North American supply chain, and not just on autos, but on steel, aluminum and all of these other components. Then they have found ways to try to reduce that burden through very convoluted mechanisms. The reality is that it would be more cost-effective to build these vehicles in other markets, send them to the U.S., and just pay one tariff.

Frankly, that is the argument that manufacturers are making in the United States. If you want to have a strong auto manufacturing sector, you have to make it competitive to build cars in the U.S., and that includes Canada and Mexico in the supply chain. Right now, we are in a bit of a bizarre scenario where building outside of North America is advantageous.

**David Adams:** The other lens I would put on that is that one of my members, BMW, has the largest manufacturing facility in Spartanburg, South Carolina. They are doing what North America wanted them to do: Come and produce where the vehicles are sold. But

those vehicles that are built in the U.S. now, which contain Canadian steel and Canadian aluminum, because they're not CUSMA compliant are paying a 25% tariff coming into the country, with no remission offset.

The tariffs themselves are causing some real competitive disadvantages in the marketplace that every manufacturer is having to deal with.

[*Translation*]

**Gabriel Ste-Marie:** This way of doing things is an aberration. It's truly unacceptable.

Thank you very much.

I don't have enough time left to ask a final question, but I sincerely thank all four of you for being here. We've learned a lot.

We just have to hope to find a good agreement to maintain good jobs.

**The Chair:** Thank you.

[*English*]

Ms. Borrelli, you have five minutes.

Okay.

Madam Dancho, you have five minutes.

**Raquel Dancho:** Thank you, Mr. Chair.

I want to dig into an issue that we haven't talked too much about yet. Just last week, the Liberal government announced that it was taking measures on Stellantis and GM as a result of the Brampton Jeep Compass production cancellation and the BrightDrop EV van shutdown in Ingersoll. On Stellantis, the quota cut...and again, this is the retaliatory tariffs. My understanding is that the ones that will be able to come into the country now...has been cut by 50% that won't be tariff-free; and for GM, it's a 24.2% quota cut.

Mr. Williams, for an individual consumer, what does this mean? These are pretty popular vehicles. Dodge, Chrysler, Jeep, Ram are from Stellantis, and of course GM has many models. Can you provide the committee with the impact on the individual consumer for that?

**Huw Williams:** Yes. Again, we've been consistent on both sides of the border that we shouldn't have auto tariffs on consumers on either side and we should get to a free trade agreement. I recognize that it's a complicated environment. When I was interviewed for the lead news story on CBC's *The National* on Thursday, I was quoted as saying that when your trading partner pulls out a gun and shoots you in your right foot, you don't pull out a gun and shoot yourself in your left foot. I think we have to be very, very careful on our automotive retaliation so that we don't make it worse for customers, dealers and the overall mix, while recognizing that we're not in an easy spot.

**Raquel Dancho:** Ultimately, then, this change in quota will drive up the prices of some of these Dodge, Chrysler, Jeep, Ram and GM vehicles being sold to Canadian consumers. You mentioned that the average price is already \$60,000 per vehicle. Is my assessment of what is about to happen to some of these car prices correct?

**Huw Williams:** That's correct. When tariffs are applied, car prices go up. There is no other way around it.

**Raquel Dancho:** I appreciate that measures are trying to be taken to address what we see as an issue with Stellantis pulling out of Brampton, after receiving billions of dollars of commitments on deals from the Liberal government. I do appreciate what's happening, but what I really see is that we're driving up costs for consumers. These are very popular models, as you know, for consumers. When the Liberals signed the deals with Stellantis, there didn't seem to be a Canada-wide jobs guarantee, so production is moving and investment is moving. On the one hand, we had deals signed two or three years ago without an employment guarantee, from what it seems, and now, because of that, the consumer is getting hit with higher prices for the vehicles they buy, which are already some of the most expensive.

As kind of an assessment of where we are with this, which is a pretty big mess under the current leadership in Ottawa, consumers are being hit and auto workers are being laid off. Multi-billion dollar deals were signed with a number of the companies you represent, Mr. Kingston, and yet those companies are promising billions of dollars in investment in the U.S. and tens of thousands of good American jobs. Really, this isn't a great situation for the Canadian auto sector. We have no commitments from the Liberal government on when we're going to get a deal, which you've all said you need for certainty if you're going to keep the jobs that you currently have and ever hope to build new jobs. It's a pretty big mess under the current government, from our estimation.

Ms. Borrelli, do you have any questions or comments you want to end with? I think I have two minutes left.

Thank you, all of you, for all your comments today.

• (1250)

**Kathy Borrelli:** Thank you.

With the current EV mandate, what type of infrastructure will be needed to ensure that the mandate is met in the right time frame? Do you believe this infrastructure is possible? Will the power grid be able to support this expansion?

**Brian Kingston:** It's my favourite question: No.

To give you a sense of where we are right now, we need 100,000 public EV chargers this year. This is according to NRCan. This is not our estimate. There are 36,000. This morning I decided to look at the rate of growth of the charging infrastructure. I was curious to know whether we'd made progress since last year. So far this year, 3,500 chargers have come online. Again, according to NRCan, we need 40,000 a year. At best we're seeing about 3,000 or 4,000. There is simply no way to have the infrastructure installed at the pace needed to support mandated targets.

Then, of course, the bigger challenge is that as you build out that infrastructure, you need to have transformer upgrades and line upgrades to accommodate the electricity. It can be done, but it has to be thoughtful. There has to be a plan to do that. It's also quite costly.

That's where we stand right now in infrastructure.

**Kathy Borrelli:** How's the time?

**The Chair:** You're at seven seconds.

**Kathy Borrelli:** Thank you.

**The Chair:** Colleagues, that's going to bring us to the end of today's meeting.

We very much appreciate the witnesses making themselves available, particularly on short notice, in order to provide some guidance and insight for us. We very much appreciate that it's a difficult time with a lot of headwind. We are certainly watching keenly and hoping, for the sake of the country and for our future prosperity, that we can move towards a situation and circumstance that is an improvement over the one that we see today.

Colleagues, we'll be meeting again on this study on Wednesday.

The meeting is adjourned.







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