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• (1100)

[*Translation*]

The Chair (Ben Carr (Winnipeg South Centre, Lib.)): I call this meeting to order.

Good morning, everyone. I hope you had a good weekend despite the Blue Jays' loss.

[*English*]

However, we will move on.

This morning we are gathered at the industry committee to continue our study on the auto sector. Joining us today is the Honourable Mélanie Joly, the Minister of Industry.

Joining the minister today from the Department of Industry are Philip Jennings, deputy minister of Innovation, Science and Economic Development Canada; Charles Vincent, senior assistant deputy minister, industry sector; and Stephanie Tanton, assistant deputy minister, Innovation Canada.

Colleagues, this will be the same approach that we have taken before. The minister will have time for introductory remarks, followed by a line of questioning preallocated based on the proportion of members from recognized parties around the table.

[*Translation*]

I think everyone knows the rules.

Minister, you have the floor.

Hon. Mélanie Joly (Minister of Industry): Thank you, Mr. Chair.

[*English*]

Colleagues, let's focus on the facts. What's happening in Brampton at the Stellantis facility is completely unacceptable. Stellantis made a commitment—a promise to invest in that plant and to invest in Canadian workers, and our government expects them to honour that promise, full stop.

Last week, I went to Brampton. I met with the women and men who build the backbone of Canada's auto industry, people who have spent years—even decades—showing up every day with pride and determination. In 2009, when the company faced its darkest times, the workers were there, steady, committed and unwilling to let it fall. The government also stepped in to pull the company back from the brink of bankruptcy.

The workers have stood strong through the 2008 financial crisis, through global upheavals and through a pandemic that tested every one of us, and they did it because they believe in the value of their work and what it means to provide for their families, to contribute to their community and to build something bigger than themselves.

Last week, again, they told me what this uncertainty meant for their kids, for their mortgages and for their future, and I told them what I will tell this committee today: We will always fight for auto workers.

We did not hesitate to act. Within a day of Stellantis's announcement on October 15, I sent a letter to Antonio Filosa, global CEO of Stellantis, stating that the company's actions were unacceptable and that we expected them to honour their legally binding commitments to the Government of Canada. On October 20, I summoned Jeff Hines, then-Canadian CEO of Stellantis, to a meeting in Ottawa where he was joined by Vic Fedeli, Ontario's Minister of Economic Development, and Lana Payne, national president of Unifor. We were clear: Stellantis is on the hook.

On October 23, together with the Minister of Finance, we announced a 50% reduction in Stellantis' annual remission quota. That means Stellantis has 50% less of a market for its cars without tariffs in our country.

Today, we're moving forward. Before the close of business, the government will take the next step under the contracts to recover Canadian taxpayers' money. This means we'll start the 30-day period of the formal dispute resolution process in order to bring back production at the Stellantis Brampton facility. This is the start of the dispute resolution process.

[*Translation*]

None of these actions are symbolic. They are direct consequences of the violation of clear obligations. We have no choice but to be direct and clear with the company. When a company does not respect a commitment to the Government of Canada for Canadian workers, there are consequences.

Canada's automotive industry is a cornerstone of our economy. It directly employs more than 125,000 Canadians while supporting hundreds of thousands more jobs in its supply chain, which is made up of small, medium and large businesses. This industry contributes nearly \$17 billion per year to our GDP. More importantly, it plays a key role in the success of many communities. I would even say that it is essential to the success of Canada's middle class.

Manufacturing businesses are located in Ontario, obviously, but they have ties to Quebec, the Prairies, the east coast and the west coast. It is therefore in the national interest to fight for their employees and support the sector's growth and development despite American tariffs. That's why our government has made historic investments in this sector. We've invested in EV and battery manufacturing. We've developed partnerships with the provinces, unions and automakers. We've helped businesses modernize, innovate and prepare for the future.

[English]

We've been clear. If you invest in Canada, if you create good jobs here, our government will be your strongest partner, but if you make promises and then walk away, you will be held accountable.

We've shown that before. In trade disputes, we didn't back down. We fought for our workers with fairness, with strength and with results. We've gone even further. We've launched the strategic response fund, a \$5-billion investment fund, to help industries like the auto sector to adapt, to retool and to stay competitive, because we're not just reacting. We're planning the future of employment in Canada.

What is happening to the Stellantis workers in Brampton is a fight worth fighting. It is bigger than one company or one city. It is about fairness, accountability and solidarity. It's about keeping promises. It's about standing together, not only when times are good but also when times are tough.

What we need now is national unity, with no divisions and no political games. Workers' livelihoods are not pawns in a partisan strategy. These are lives, families and entire communities, so let's work together.

• (1105)

I'm already doing that with the Government of Ontario and Unifor, and we can do that together.

[Translation]

All levels of government, all parties and all regions of the country must work together to protect Canadian workers. That's what the people of this country expect from us, and that is what we will deliver. We will always be there for this country's workers. We will always be there for Brampton. We will not allow ourselves to be distracted by political games when jobs are at stake.

[English]

To the workers I met in Brampton and to auto workers across this country, know this: We see you, we hear you and we're with you.

Thank you, Mr. Chair.

[Translation]

The Chair: Thank you, Minister.

Colleagues, we'll start the rounds of questions.

[English]

The first round will have six minutes each for the Conservatives, the Liberals and the Bloc.

We'll begin with Ms. Dancho.

The floor is yours for six minutes.

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

Thank you, Minister Joly, for being with us today.

Of course, we have a copy of the redacted contract, the special contribution agreement of up to 15 billion taxpayer dollars and the strategic innovation fund, which represents a \$500-million contribution from your government to Stellantis for the NextStar EV battery plant, as you know, courtesy of CBC last week.

Now we have a situation where 3,000 people have been laid off in the Brampton facility, as you know, and you've responded by saying that you're going to sue them, that they've broken their promises. Just today, you've announced that you're starting a formal dispute resolution, so I'm trying to understand what exactly the promises are that you're saying they broke, assuming that means that they broke a promise that they signed in the contract.

Can you tell the committee where in this agreement, courtesy of CBC, is that Canada-wide jobs guarantee? What clause is it?

Hon. Mélanie Joly: First of all, I think we should be clear. There are three different contracts. This committee will have access to them. The government is acting in good faith. I want to make sure that everybody is aware of these contracts and will be able to have access to them, so it's not courtesy of CBC. The government has already accepted the production of the contracts.

Raquel Dancho: Sure. Am I able to see it?

Is it in that contract, or is it in another SIF agreement?

Hon. Mélanie Joly: Obviously, you'll see in the contract that all of the contracts are linked. Clearly, it is about protecting jobs. It is also about production at the Brampton facility. You'll see that clearly.

By the way, I must say, Raquel, because I think your question is an important one, this committee—although not necessarily the same members—got access to the contracts for the NextStar facility two years ago. That's why the government has never been clearer that you can obviously have access to it.

Raquel Dancho: Thank you, Minister.

Those were read in confidence. We know they're going to OGGO and now CBC has released them, so this is the first time that we've been able to publicly see the contract.

I'll just say this as an aside. This is, of course, a professional setting, Minister, so I'm extending a professional courtesy to you by referring to you as Minister Joly. I would appreciate that same courtesy to me in this setting. Thank you.

In this contract, there is no jobs guarantee other than the 2,500 at the NextStar plant. Are you saying that the other SIF agreement that was for retooling Brampton and Windsor does contain a Brampton jobs guarantee?

Hon. Mélanie Joly: I must dispute what you just said. This is not a fact. There are always job number guarantees. That's exactly why the Government of Canada and also the Government of Ontario, in this case, decided to support the company. At the end of the day, why do we do this, MP Dancho? We do this because we believe it's important to create jobs and to protect jobs.

Raquel Dancho: I agree, Minister, and I know that—

Hon. Mélanie Joly: You will have access to the information. You will see in the contracts that there are job numbers.

Raquel Dancho: We have job numbers. Thank you.

We don't—

Hon. Mélanie Joly: Of course, there are things that are commercially sensitive, but the government will be acting in good faith.

Raquel Dancho: Right.

In the contract that we were provided from CBC publicly, there is a jobs commitment to the NextStar plant. There is no mention of Brampton.

I'm asking you this: In the contract we have not been able to see for Brampton is there a jobs guarantee for Brampton?

• (1110)

Hon. Mélanie Joly: There are jobs guarantees in all of the different contracts, but I must say also that you absolutely need to make sure that you see not only the contract that is linked to the investment through the strategic innovation fund for the Windsor and Brampton facilities but also its amendment—and we'll make sure that's the case.

Raquel Dancho: On the NextStar, in the two contracts you've provided to them that total well over \$15 billion, you're tying that contract being paid out to the other SIF agreement for the Brampton and Windsor retooling. Is that correct, because they're in violation of a Brampton—

Hon. Mélanie Joly: The three contracts are linked. There's a contract and an amendment.

Raquel Dancho: Right, they're linked to 14.1(g).

Hon. Mélanie Joly: There are a couple of things.

Maybe, Charles, you can address the question by MP Dancho.

Before I pass it to Charles, it is really important to understand that in the contract, when you refer to \$15 billion, the \$15 billion was linked to the production and sale of batteries. When you look at Windsor right now—and, obviously, your colleague would know, because she's from the riding—the facility has been built, but the company is still hiring. There's not been any production or sale of batteries yet, so the government has not spent \$5 billion.

Raquel Dancho: Thank you. I appreciate that.

Hon. Mélanie Joly: I know that some colleagues have been using the term “\$15 billion”, but it's not accurate.

Raquel Dancho: It's up to \$15 billion, though.

Hon. Mélanie Joly: It's not been spent yet by the government, and that's an important fact.

Raquel Dancho: What you're saying, though, is that because those 3,000 jobs at Brampton were layoffs, they're in violation of their agreements—fair enough. Now you're saying that there is a Brampton jobs guarantee in that other SIF agreement that no one in the media or we, ourselves, have seen. That's going to OGGO, and we welcome the opportunity to see that. You're saying that there's a job guarantee in there that will link it to the NextStar battery plant. Is that correct?

Hon. Mélanie Joly: It's actually linked to the fact that the Brampton facility must be operating, and there is not a possibility... If the Brampton facility ceases its production, there will be a violation of a contract.

Raquel Dancho: That's going to impact your agreements with the NextStar plant. Is that correct?

Hon. Mélanie Joly: That's why we're actually starting today the mechanism of dispute settlement, because it is important that we are able to hold the company to account.

Raquel Dancho: That's understood.

Are you prepared then—

Hon. Mélanie Joly: Charles, do you want to add something?

Charles Vincent (Senior Assistant Deputy Minister, Industry Sector, Department of Industry): Sure. Thank you very much.

What I would highlight is that in all the agreements under the strategic innovation fund there are regular commitments around jobs, around the maintenance of activity. Those are the types of—

Raquel Dancho: Thank you.

With my remaining 10 seconds, are you prepared to pull back some of this “up to \$15 billion” and the other funding from NextStar if they don't properly equip with the 3,000 workers in Brampton? Do you understand what I'm saying? Are you prepared to make that commitment? Are you going to roll back some NextStar funding?

Hon. Mélanie Joly: We'll make sure that we continue to hold them to the funding they're liable for—period.

Raquel Dancho: I'm out of time.

The Chair: Thank you, Ms. Dancho.

Ms. O'Rourke, the floor is yours for six minutes.

Dominique O'Rourke (Guelph, Lib.): Thank you, Chair Carr.

Minister, again, you told us of some background and some next steps, but ultimately, what is it that you want Canadian auto workers and the auto sector to know about the government's firm response to Stellantis on its failure to meet its obligations and about how the government is supporting all auto workers and the auto sector, and just why it's such a vital part of Canada's economy?

Hon. Mélanie Joly: Thank you, Dominique. I think it's important for auto workers to understand that we know there's anxiety out there, that they're dealing with unfair tariffs of 25% against the auto industry and that we are at a pivotal moment when we need to fight for every single job. That's why the decision by Stellantis to move production of the Jeep Compass from Brampton to Illinois was completely unacceptable. It was not only against the binding legal obligations to the Government of Canada. It was also happening at a time when there are negotiations ongoing. We thought it was completely unacceptable that the decision was taken. That decision was so important for the rest of the auto sector. That's why it is not a time to do politics. We need to act as one Canadian team because it's the future of the auto sector that is at stake.

That is why I've been in contact with all the CEOs of all the different Canadian companies here and also with the labour unions, and why I'm on speed-dial with Vic Fedeli, the Minister of Economic Development in Ontario. It's the very backbone of the Ontario economy that is at stake. If we don't fight for all these jobs and for the auto industry, it will have an impact, yes, on Ontario, but, as a Quebecker, I very much understand that it will have an impact on the rest of the country.

It is not usual for the Minister of Industry to be working so closely with the labour movement, such as Unifor, because my job is, technically, to work with the private sector and to be there to defend their interests. However, now our interests are completely aligned, because not only are we fighting for the Brampton workers, but we're fighting for the auto parts companies in the sector, all the SMEs and all of the supply chain. It's the future of the auto sector that is at stake. That's the position of the government, and you can count on me to make sure that we fight for these jobs.

• (1115)

Dominique O'Rourke: Thank you, Minister.

Speaking about jobs, certainly, in the contract that we have regarding NextStar, can you help us understand that the job creation numbers are actually much broader than that? Those are the end-game jobs, but in a contract like that, what does the R and D, construction of these massive factories and the partnerships with SMEs look like? These are sound investments that the government makes in job creation and are, clearly, an important investment in EV batteries.

Can you give us a big picture of what the full build-out really should look like?

Hon. Mélanie Joly: Our goal is to make sure that we attract investment into the country, foreign direct investment, so we're in a global fight to attract these jobs. It's not only the Government of Canada working with the Government of Ontario. We're also going against what the U.S. and Europe are trying to do, and other jurisdictions around the world that are willing to put a lot of money on the table to attract these companies.

Meanwhile, the benefits are really important. Last week, we announced the 3,000 jobs at the St. Thomas facility for Volkswagen. We've been working a lot on that because, obviously, it's an important moment for St. Thomas. I think there's an important MP from the Conservatives who is benefiting from all these jobs because it's in his riding, MP Andrew Lawton.

On CTV, the mayor of St. Thomas just mentioned that he hadn't stopped smiling now for days and weeks because those 3,000 direct jobs are really good news, especially in the context of the trade war. Volkswagen will be using Canadian steel and, obviously, things that are impacted because they're linked to sectors that are impacted these days by tariffs. There are, indeed, the 3,000 jobs in St. Thomas, but then there are all the indirect jobs that are in St. Thomas and having an impact. That's up to 9,000 jobs, so it's an entire supply chain that benefits from it.

Dominique O'Rourke: Thank you.

Minister, opposition parties, in the previous meeting, were trying to make this about EVs, but the Government of Ontario also provided investments to support Stellantis and other automakers. Does this mean that, regardless of partisan opinion, it's definitely a strategic investment at this time and remains so?

Why are these investments still so critical for Canada?

Hon. Mélanie Joly: They are important because they're creating jobs.

The job of the Minister of Industry in these times is, first, to protect jobs, particularly in the tariffed sectors, including the auto sector, and also to create jobs in the sector, notwithstanding the fact that it's under a lot of pressure because of the trade tensions. When you look at where the global industry is at, it is definitely moving towards electrification; that's just a fact.

I want to make sure that, as a government, we position the Canadian sector at the forefront of innovation and consumer demand and also where the market is going. I'm trying to be very pragmatic and make sure, ultimately, that the investments make sense. That's what we're doing.

[Translation]

The Chair: Thank you, Ms. O'Rourke.

Mr. Ste-Marie, you have the floor for six minutes.

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

Good morning, Minister and deputy ministers. Thank you for being here.

Ms. Joly, I have a lot of questions about Stellantis, but I'd like to start with what's happening at PACCAR. Can you give us an update on that? What's going on? Is there encouraging news about what's on the horizon?

• (1120)

Hon. Mélanie Joly: Of course, Mr. Ste-Marie.

Clearly, what happened at PACCAR is completely unacceptable, and it happened because of the unjustified American tariffs. That's why we wanted to move quickly to work with the company, the unions and the Government of Quebec. I talked to PACCAR's CEO and to Steve Anctil, the manager of the Sainte-Thérèse plant. I had visited the plant in the past. It was important to me to protect those jobs.

Mr. Chair, some members are talking a lot at the moment, and it's annoying. Could you please intervene?

The Chair: Yes, I was about to.

[*English*]

Colleagues.... This for the entire room, because it's happening in some different areas. We have people who are trying to listen. If you are having conversations, which I can appreciate sometimes need to take place, do that outside, please.

I appreciate that. Thank you.

I've stopped the clock, Monsieur Ste-Marie.

[*Translation*]

Please continue, Minister.

Hon. Mélanie Joly: Mr. Ste-Marie, I was saying that we worked with the company and also with the Government of Quebec. I've talked to Quebec's minister of the economy, innovation and energy, Christine Fréchette, a number of times over the past two weeks since the layoffs were announced, and I talked to her about it again yesterday. I've also met with PACCAR union leaders.

The PACCAR plant in Sainte-Thérèse is the only plant that assembles heavy trucks in Canada. With our buy Canadian policy, our goal is to help companies like PACCAR when Canada makes major purchases. I hope that will also be the case for the Government of Quebec, which can do a lot through Hydro-Québec and the Société de l'assurance automobile du Québec, and for the Government of Ontario and other provincial governments so we can support jobs across the country.

I would be happy to work with the Bloc Québécois on this.

Gabriel Ste-Marie: Thank you.

Are there plans to reopen in the short term while the American tariffs remain in effect?

Hon. Mélanie Joly: The company has told me that it can add 100 workers every time it increases production by 10 trucks per day. That's why buying Canadian will have such a huge impact. We have a market for about 34,000 trucks, but it mostly comes down to government procurement. The more we can work on this issue with them, the more jobs we can bring back. That's why I've also had conversations with Joël Lightbound, the Minister of Government

Transformation, Public Works and Procurement about prioritizing that kind of procurement.

Gabriel Ste-Marie: Okay. Let's hope that the Canadian government contributes by purchasing heavy trucks and vehicles assembled in Sainte-Thérèse.

Have you or the government looked at the possibility of creating a targeted wage subsidy for those lost jobs to keep people employed? We know that tariffs can't stay at these levels forever and that plants like the PACCAR plant in Quebec are needed.

Hon. Mélanie Joly: What we offered that company and all companies affected by tariffs that are having liquidity problems is the work-sharing program through employment insurance. We've increased compensation. We have a lot of flexibility, and we encourage companies to use the program. We've also changed EI eligibility rules so workers can access benefits faster.

My goal is not to have people claim EI. My goal is for them to keep their jobs. I've heard stories like the one about a couple working for PACCAR. They both lost their jobs. EI won't cover their mortgage payments. That's why I feel such an urgent need to take action. I want to work with all the provinces, including Quebec, of course, to make sure the plant gets contracts fast. This is about bringing jobs back to Canada.

The thing is, once a company tells workers they're laid off, those workers won't wait around to see if the company will rehire them. They'll try to find other jobs. This is affecting people with very specific skills in a specific sector, and those skills aren't always easily transferable. Other companies in the region, such as Nova Bus, may need certain skills, but there's a 10% tariff on buses too. We are seeing the repercussions on the entire system, not just in Ontario and Quebec. That's exactly the point I made in my speech.

• (1125)

Gabriel Ste-Marie: Thank you for that. That's why I suggested a wage subsidy to hold on to that expertise.

If the auto sector tariffs last a long time, are you and the government worried about the kind of deindustrialization that happened in Detroit?

Hon. Mélanie Joly: I don't want to get into worst-case scenarios. Our goal right now is to thwart any possibility of this happening. My main goal will be to fight for jobs. I'm well aware that the government has leverage and resources at its disposal. The automotive market in Canada accounts for two million vehicles. It's a major market, especially for American manufacturers. They don't necessarily have such a prominent foreign market. My goal will be to apply pressure by working with the provincial governments and the unions. I believe that this will improve the situation.

I clearly told the CEO that there would be political pressure. My goal is to increase that pressure. I look forward to working with the Bloc Québécois on this issue.

Gabriel Ste-Marie: Thank you, Ms. Joly.

Hon. Mélanie Joly: Thank you, Mr. Ste-Marie.

The Chair: Thank you, Mr. Ste-Marie.

Ms. Dancho, you have the floor for five minutes.

[English]

Raquel Dancho: Thank you, Minister.

I would like to drill down on this Brampton issue again. It's 3,000 jobs, as you've said. You've linked the contract—the SIF retooling with Brampton and Windsor—to the NextStar plant.

I need to understand something. You mentioned there was a production guarantee for the Brampton SIF agreement, but you did not specify an employment guarantee number. Was it 3,000 jobs that the SIF agreement for Brampton guaranteed?

Hon. Mélanie Joly: I will provide that information because obviously there is commercially sensitive information—

Raquel Dancho: If I may just interrupt for a moment—

Hon. Mélanie Joly: No, I don't want to be interrupted, Mr. Chair. I want to be able to finish my sentence, please.

The Chair: Minister and MP Dancho, here's what I'm going to do.

When we ask the minister to appear, we want the minister to have an opportunity to give answers and we want members to have an opportunity to ask questions. I'm not going to hold the time of her response against your time. This time on the clock is paused, so you're okay.

Minister, I'll let you finish the response.

Madam Dancho, I'll ask you to let her complete her response. Then, minister, I'll ask you to let her complete.... I'm not going to hold the clock hostage.

Minister, you may finish and then, MP Dancho, it will be back to you.

Hon. Mélanie Joly: I think it's important, when you look at the different contracts that, first and foremost, particularly on the battery front, the contract is one-third the Government of Ontario and two-thirds the Government of Canada. It's not \$15 billion. I know the MP has referred to \$15 billion from the Government of Canada, but it's actually together.

Raquel Dancho: Minister, I will have to cut you off because that isn't what I asked you specifically—

Hon. Mélanie Joly: To go specifically to the job numbers, we'll look at what is possible to make public because of commercially sensitive information—

Raquel Dancho: If I may, on that specific point, please—

Hon. Mélanie Joly: I just want to finish my answer to your question.

Raquel Dancho: If you will allow me, Minister, it is my time, so I'm just going to have to respond.

On the commercially sensitive redactions in the SIF agreement for NextStar, the guarantee of 2,500 jobs was not redacted. It stands to reason that it wouldn't be commercially sensitive under a different SIF agreement. Surely you can tell us if there was a 3,000-job guarantee for Brampton that's not commercially sensitive information.

It is concerning to me that you're not committing to a jobs guarantee for the Brampton facility.

Hon. Mélanie Joly: That's not what I am saying.

I am saying that all the plants were linked and all the contracts are linked, so you will be able to see it when we will be producing—

Raquel Dancho: If there wasn't a jobs guarantee of 3,000 people at Brampton, which is the whole reason you're here, then how is it that you're tying all of the money to a jobs guarantee that may or may not exist? You should be able to tell us if there is a guarantee for the 3,000 jobs in Brampton.

Hon. Mélanie Joly: I think you're falling into the trap of trying to find a problem where there is none, because what the government was trying to do—

Raquel Dancho: The problem is that 3,000 people were laid off and your government committed millions and billions of dollars, in fact. We're trying to understand if there is—

Hon. Mélanie Joly: MP Dancho, I don't know whether you want this to be a monologue or if you want me here. If you want this to be a monologue, I don't need to be here.

Raquel Dancho: The question I am asking you is very clear.

The Chair: Colleagues, I am going to pause again for a moment. I want to ensure that we have an opportunity for dialogue. I think that's the ultimate goal here.

Minister, if you can give us maybe 30 seconds, we're hoping to split the time with Mr. Seebach, for whom there would be three minutes or so left.

Minister, would you give us about a 30-second answer here?

Hon. Mélanie Joly: Yes.

Ultimately, the goal was to create jobs, so obviously there were job numbers and obviously it was linked to the fact that we needed to protect the Brampton facility. I was not negotiating at the time, but this is clear through the evaluation and by just reading the contracts. When you see that there are contracts that are linked to investing in the Windsor plant and the Brampton facility, and when you see the Windsor NextStar—basically Stellantis and LG—contracts linked to the Brampton facility, clearly it was to protect the jobs. That was the position of the government.

• (1130)

Raquel Dancho: If I may, again, what we're trying to dig down into is whether your government instituted a clause in one of these three agreements that guaranteed the broader Stellantis footprint in Canada, including the 3,000 jobs that were just laid off. You know this.

What I am trying to drill down to is whether there was something in the contracts. There isn't one in here. Brampton isn't even mentioned in the contract for the NextStar agreement. I understand they can be linked. There is a clause—14.1(g)—that may link it to the Brampton facility, but you're not committing to whether there was a clear jobs guarantee in there. Your argument is, “No, we're covered. We're suing them on clear grounds”, but you're not telling us, in fact, if there were 3,000 jobs guaranteed in that SIF agreement.

That's the real question I have, because there were significant commitments, as you know, of up to \$15 billion in partnership with Ontario. We also have another billion dollars of capital investment for the retooling of Brampton and Windsor under the SIF agreement. I am trying to nail down if there is a jobs requirement for Brampton. There is a further \$500 million in this SIF agreement for NextStar. We're talking about billions and billions of dollars.

In our estimation, in the historic investment that your government has made, surely there should be an explicit Canada-wide jobs guarantee, but we're splitting hairs here. You're being quite evasive about the numbers and whether there is a real guarantee. It should be explicit if you're going to give an historic amount of taxpayer funding.

In fact, just to wrap up, I will say this: I am not sure if you understand the magnitude of the money you've committed, but I did some math and the number of two-parent, full-time working households that had to work for your government to provide just those contributions to Stellantis—

Hon. Mélanie Joly: Since you interrupted me before, I would like to—

Raquel Dancho: —is over 647,000 Canadian families, who had to work an entire year for your government to provide up to \$11 billion. There is no explicit jobs guarantee anywhere here—

Hon. Mélanie Joly: That's not true. You're putting words into my mouth—

Raquel Dancho: —so it's just quite disappointing that you're not giving a commitment of whether there is a 3,000—

Hon. Mélanie Joly: —which I don't agree with, and you're also not being true to the contract. The contract runs until 2032, so, you know, the math doesn't work.

MP Dancho, stop playing politics. The goal right now is to protect the workers.

The Chair: Colleagues, that's enough.

I am going to be generous here.

Mr. Seeback, I'm going to give you an opportunity, because I believe MP Dancho was hoping to share some time with you. There is no time left. I am going to be generous and provide you the opportunity for a question, and I ask that you allow the minister to respond in full to that question. Then we're going to continue.

Kyle Seeback (Dufferin—Caledon, CPC): Great.

Minister, I know you're aware that Oshawa lost a shift of 700 jobs. They went to the United States for production there. The Oshawa plant makes light-duty trucks and heavy-duty trucks. Are you aware that GM is now retooling an abandoned EV plant in Orion Township, Michigan, to manufacture light-duty trucks starting in Q1 of 2027?

I spoke to Unifor auto workers this morning about this. They want to know if you will guarantee today that they will not lose their jobs and that those jobs will not be transferred to the United States, just like what happened at the Brampton Stellantis plant. Will you guarantee it today?

Hon. Mélanie Joly: Mr. Speaker, first and foremost, I think this was about Stellantis. I will answer, of course, discussions linked to GM.

In the case of Oshawa, the third shift is here until January, and we're fighting for it and having conversations with Stellantis to make sure that we're able to keep it, as well as keep production in St. Catharines and bring back production to Ingersoll. I will continue to push, because I think what is going on at GM is completely unacceptable.

That said, I think what is happening at GM and what is happening at Stellantis are two different decisions, because there was a clear commitment on the part of Stellantis before the Canadian government to make sure that there would be a facility that would be working on the Jeep Compass at Stellantis in Brampton.

When it comes to the third shift, we'll continue to make sure we put pressure on GM. I will be having conversations with Mary Barra. Unifor has also been having conversations with GM, and we will be united. I've also met with the Oshawa workers and Unifor, and I'll make sure that they can keep their jobs.

• (1135)

The Chair: Thank you, Mr. Seeback.

[*Translation*]

Gabriel Ste-Marie: I have a point of order, Mr. Chair.

The Chair: Mr. Ste-Marie, you have the floor.

Gabriel Ste-Marie: I just want to remind my colleagues that multiple people speaking at once makes the interpreters' job difficult and can even cause injuries.

The Chair: I completely agree. Thank you, Mr. Ste-Marie.

[English]

Karim Bardeesy (Taiaiko'n—Parkdale—High Park, Lib.): On a point of order, Mr. Chair, there was quite an involved exchange, and it involved some of the crosstalk that Monsieur Ste-Marie mentioned. I was wondering if the minister wanted to conclude any remarks that she hadn't had the chance to make with respect to Stellantis in that earlier exchange.

Raquel Dancho: Why don't you give her your time?

The Chair: Colleagues, I think we're starting to get off track a bit. Let's get back to the reason we're here, which is to ask the minister questions.

Ms. Acan, you have the floor for five minutes. I hope we can keep ourselves on track a little better than we did in the last round.

The floor is yours.

Sima Acan (Oakville West, Lib.): Thank you, Mr. Chair.

Thank you, Minister, for appearing here today.

We are studying how we can continue to defend the interests of Canadian workers and strengthen our auto industry. That's why I will focus my questions on investments and the value chain.

When we talk about the auto sector today, we have to think beyond the final assembly line. We have to look at the entire vehicle value chain, from the mining and refining of critical minerals to component manufacturing, better production and final vehicle assembly. Canada is uniquely positioned to connect every part of the value chain through partnerships with industry, labour and government, which are working together to keep production and innovation here in Canada.

I would like to highlight that in my riding of Oakville West, we are already seeing this value chain taking shape. Last year, Dana Canada Corporation received about \$3 million in federal funding through NGen, Canada's global innovation cluster for advanced manufacturing, which is supported by ISED. This funding will help Dana modernize its manufacturing, design better cooling technology for electric vehicles and improve performance and efficiency.

Could you please talk to us about recent investments in the sector, particularly in EVs? How do investments like this one in Dana Canada fit into Canada's broader plan to build a complete EV value chain, position Canada in North America's EV supply chain for decades to come and also help us to stay competitive?

Hon. Mélanie Joly: When you look at the global industry in general, you see that there's been a leapfrogging. We know that other countries, particularly in Asia, have been able to come up with affordable vehicles with new technology, and we know that these different vehicles are now being sold around the world. The North American market has been much more linked to exporting within NAFTA territory, meaning Canada, the U.S and Mexico, and we made sure, through the last negotiations, that we would be protecting our market.

What we saw at the time was that we needed to invest more in the EV sector, because that's where the global demand was going, but it was also in reaction to what former president Biden was doing with his own Inflation Reduction Act, the IRA. We made big investments at the time because they were in line with what other jurisdictions were doing.

We also had an advantage that many other jurisdictions didn't have: We had access to green, affordable electricity. That is why we were able, working with the Government of Ontario, to attract investments into the EV sector, including, obviously, in your riding of Oakville.

It was not only to bring the big Stellantis and LG plant to Windsor—we'll just call it NextStar—and it was not only St. Thomas and Volkswagen. It was also linked to investments in Bécancour, Quebec, and it was having impacts across the supply chain for small and medium-sized businesses. It was a strategy that made sense.

The 25% tariffs against Canadian vehicles now are really hurting, obviously, but it's not only that: The end of the Inflation Reduction Act also had an impact on the auto sector. What we're coping with right now is that the industry, at the world level, is going much more toward EVs; meanwhile, the North American market is not necessarily at the same pace. That is also why we paused the EV mandates, and I'm convinced I will get questions on that. It was because we wanted to be pragmatic.

That's why we're trying to do two things right now—protect the jobs that are under threat and create new ones, and at the same time be at the forefront of the competitiveness of our sector, knowing that we have lots of really great resources, ranging from everything that is linked to the components of the batteries, because of the rare earths and the critical minerals, up to having access to affordable green electricity to create the vehicles and assemble them.

That's what I'm trying to do. It's not to be ideological but to be pragmatic and support the jobs at Honda and Toyota—and by the way, 70% of their production is in our country—while making sure that I can continue to retain the jobs from the D3 of Stellantis, Ford and GM.

That's what I'm doing right now, and I look forward to working with you.

• (1140)

Sima Acan: Thank you so much, Minister.

Based on the value chain again, Dana is a very good example. They're partnering with KA Imaging in Waterloo on their modernizing project. That kind of cross-regional collaboration between Ontario's manufacturing base and Waterloo's tech sector really reflects Canada's innovation ecosystem.

Would you agree that projects like this show how federal innovation programs are reaching every part of the country—not just the big automakers but the suppliers and also the technology leaders that make the whole system work? What is the Ontario government's reaction to those moves?

[Translation]

The Chair: Please give a quick answer, Minister Joly.

[English]

Hon. Mélanie Joly: I was at Martinrea on Thursday. We know that when it comes to the companies in Canada, we're very strong with auto parts companies also.

We have global companies—Linamar, Martinrea, Magna—that are huge companies that have a significant footprint, not only across the GTA and across southwestern Ontario, but also across the U.S. and Mexico and in Europe. We will work with them, but we very much know that they also support other small companies.

That's why, when I think about what's going on in the sector and this Brampton Stellantis problem, I know that if we don't fight that battle and win it, the sector is at stake. That's why I'm putting maximum pressure. I can't be more clear about this.

[Translation]

The Chair: Thank you, Ms. Acan.

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

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

Minister Joly, I have two quick questions.

First, when major employers anticipate significant job losses, they usually inform the government—particularly the Department of Employment and Social Development—so that the employment insurance system receives advance notice. Was this done?

I'll ask you my second question right away. Stellantis is talking about another plan for Brampton. Has it submitted this plan to you? Is it acceptable? If this still hasn't been done, are you fighting to bring back the Jeep Compass production?

Hon. Mélanie Joly: I received a call from the president of Stellantis Canada less than 24 hours before the announcement. That in itself was a problem. At the time, I had a visceral reaction. That's the first thing. We were presented with a fait accompli, even though the contracts were clear and we had already told the various automakers that we could help them get through the crisis.

You must also understand that, at this time, the tariffs can significantly affect the cost of selling cars in Canada, which is inevitably tied to manufacturing costs. Most of these cars are exported to the United States. I had already had conversations about this issue with

the presidents of various Canadian automakers. I told them that we have a fund to help the automotive sector and that we'll put money on the table to help them get through this crisis.

That's why I had such a strong reaction. Stellantis made this decision without necessarily consulting the Government of Canada and without even looking at the options already on the table.

• (1145)

Gabriel Ste-Marie: Thank you.

Since I have only two and a half minutes, I'll ask you this question quickly. Regarding the Jeep Compass, has Stellantis given you another plan for the Brampton plant?

Hon. Mélanie Joly: That's the issue. It still hasn't done so. As a result, starting today, we're launching the dispute resolution process set out in the contract. We're giving it 30 days to come back to us with a plan to restore production in Brampton.

Gabriel Ste-Marie: Thank you.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Ste-Marie. You said that you had 90 seconds left. I thought that you were trying to get a few more seconds in, but you stuck to the time limit. Thank you.

[English]

Mr. Guglielmin, the floor is yours.

Michael Guglielmin (Vaughan—Woodbridge, CPC): Thank you, Chair.

I'll be splitting my time with MP Borrelli.

Minister, you claim there's a section and a clause in the contract that can point specifically to a violation that Stellantis has made. Have the Government of Canada's lawyers contacted Stellantis and invoked that clause?

Hon. Mélanie Joly: That's what we're doing today. That's exactly the letter we're sending today.

Michael Guglielmin: Today you're invoking a clause in the contract. What section and what specific clause will you be invoking?

Hon. Mélanie Joly: You don't have access, I gather, to the contract link to the SIF agreement, the strategic innovation fund. It is linked to the strategic innovation fund support for Windsor and Brampton, and there is an amendment also for that contract.

Michael Guglielmin: Minister, I heard you mention the federal EV mandate.

We've had some auto executives here at this committee who have said the pause doesn't create the certainty that the industry requires. The one very simple and easy thing the government could do to breathe some life into the sector would be to remove the EV mandate.

Given all the pressures on it from the auto sector in trade negotiations, will you commit today to eliminating the EV mandate?

Hon. Mélanie Joly: When it comes to the future of the sector, my goal is to make sure that production in Canada is protected and that there are incentives to continue to produce even more in Canada. That's why I've had the conversation with Honda and Toyota, both of which have non-plug-in hybrids.

I'm willing to have conversations with them. I'm willing to do things to protect the jobs in Alliston and make sure that the Toyota and Honda plants are secured—

Michael Guglielmin: Thank you, Minister. I have one last quick question, because my time is very limited.

In the strategic innovation fund agreement, there is very detailed enforceable reporting on gender equality, diversity and climate initiatives. It goes as far as saying there's a 50-30 challenge, whereby 50% of a board would be made up of women and non-binary people and 30% of the board would be people with disabilities and racialized, LGBTQ+, first nations and Métis people.

Why are the most detailed commitments in the agreement about net zero and DEI and not job guarantees for Brampton?

Hon. Mélanie Joly: Are you against women being on boards?

Michael Guglielmin: No. I'm 100% for women—

Hon. Mélanie Joly: I'm just asking.

Raquel Dancho: That's not what he said.

Ted Falk (Provencher, CPC): Just answer the question.

Michael Guglielmin: That's not what I said, first of all. I'd be for 100% female boards. It should be merit-based.

The question is, why is there no reference to keeping jobs at Stellantis and so much emphasis on these policies?

Hon. Mélanie Joly: I don't know why you're all saying that there's no commitment. There is.

Look at the contracts, and then you'll be informed.

Michael Guglielmin: Which section is it?

Hon. Mélanie Joly: It's going to be in the production of the contract on the SIF agreement—

Michael Guglielmin: Thank you, Minister. I'm sharing my time.

Hon. Mélanie Joly: —for Windsor and Brampton, and the amendment.

Michael Guglielmin: Do you want to jump in, Kathy?

Hon. Mélanie Joly: I must say that we're acting in good faith. We're not on different teams here. We all want the same thing, and “the same thing” is to bring back production at Brampton.

Kathy Borrelli (Windsor—Tecumseh—Lakeshore, CPC): Minister, billions of dollars of taxpayer money were poured into a single foreign-owned company, Stellantis. Taxpayers want to know,

and deserve to know, where their money is being used. They deserve to know if that money will lead to good-paying jobs for Canadians.

What actions will you take if you do not receive a plan from Stellantis? In the contracts with Stellantis, if there was a default, they must pay the money back. Will you commit to ensuring that Stellantis pays back the billions of taxpayer dollars that your government handed out?

• (1150)

Hon. Mélanie Joly: That's what we're doing today. We're launching that process.

I just want to understand. Am I right that you're from Windsor?

Kathy Borrelli: Yes, that's correct, Minister.

Hon. Mélanie Joly: I guess people in Windsor are happy with the investments in the battery plant because, as of now, there are 1,000 new jobs that were created, and it's growing to 2,500 jobs.

I just want to make sure that the narrative coming from the Conservative team here is consequential. Do you agree with the investments in the EV battery plant or not?

Kathy Borrelli: Of course, we do.

Hon. Mélanie Joly: Good. That's great.

Kathy Borrelli: I just want to make sure that those jobs are secured.

Hon. Mélanie Joly: Absolutely.

Kathy Borrelli: Will you commit to making sure of that for us? Will you commit to ensuring that Stellantis pays back the money we've given them if they don't continue to employ people at the Brampton plant?

Hon. Mélanie Joly: Kathy, we're on board. We both agree.

Kathy Borrelli: I don't see a definite plan. It always seems that the Liberals are pouring money out without a plan and that we don't often see the results we need.

Hon. Mélanie Joly: Listen, that's easy to say. I'm sorry, but I don't know why we're playing politics here.

We're in a global competition to attract investments. We were able to get an investment from NextStar, which is a joint venture between LG and Stellantis, creating 2,500 jobs in your riding in the wonderful city of Windsor, which I look forward to going to very soon.

This was a pivotal moment for the community. I understand that there's a lot of anxiety and I understand that people in the sector are scared of losing their jobs, but at a time when there is a pressure against the sector, having new investments is fundamental.

We should work together to make sure that we're fighting for the jobs in Brampton while keeping the jobs in Windsor and creating new ones. I don't know why there is a competition between both. I think we can do both.

The Chair: Thank you, Minister.

Thank you, Ms. Borrelli. That's time.

[*Translation*]

Mr. Ntumba, welcome. You have the floor for five minutes.

Bienvenu-Olivier Ntumba (Mont-Saint-Bruno—L'Acadie, Lib.): Ms. Joly, there are many challenges ahead, but there's also good news. In my opinion, we should see the glass as half full when it comes to the current situation. We're hearing about 3,000 new jobs in St. Thomas and 1,000 new jobs in Windsor. All this will affect the supply chain across the country. Of course, we're talking about Ontario, but this also concerns Quebec.

Could you elaborate on the impact of these new jobs?

Hon. Mélanie Joly: These are good jobs. These are union jobs with collective agreements negotiated to benefit the employer and the employees. This brings significant labour peace, which will ensure a predictable business model and more sustainable operations for both St. Thomas and Windsor. However, in Windsor, we aren't talking about 1,000 jobs, but 2,500 jobs, 1,000 of which have just been created. This is good news.

Given the high level of geopolitical tension and the fact that we live in a much more complex and dangerous world, the government's current challenge is to attract investment. It isn't easy. We must provide a number of guarantees to companies looking at the possibility of investing in the United States, Mexico or somewhere else in Europe or Asia. The Canadian government can use various economic development levers by offering money, subsidies and production incentives in order to reduce the risks for companies.

Concerning Stellantis, the government knew full well at the time that it had to find a way to offer this money in order to manage risks while protecting jobs. We knew that, even if we were negotiating in good weather, there might be bad weather ahead. That's what we did. I would add that we must continue to do so.

With this in mind, tomorrow's budget will focus on protecting jobs and building, but also on empowering people to access good jobs and create prosperity for their families.

• (1155)

Bienvenu-Olivier Ntumba: Thank you, Ms. Joly.

You also talked about investments in electric vehicles in your remarks or in one of your responses. Could you elaborate on this for the committee members?

Hon. Mélanie Joly: I'm glad that you asked me that question. Mr. Ste-Marie also talked about this earlier.

Quebec and Ontario have a connection in this area. The Quebec government has made significant investments in the battery industry. Unfortunately, some of these investments haven't turned out well for the Quebec government. This hasn't affected us much at the federal level, because we've always tied our subsidies to battery production and sales.

Industrial strategy requires a long-term vision, according to my colleagues and government officials. I'm involved at the political level. It requires a vision and the ability to weather political storms, as we're experiencing now. That's our vision, and we'll continue to act accordingly. In short, we'll move forward and continue to make the necessary investments.

Bienvenu-Olivier Ntumba: You said earlier that the current situation in the automotive industry shouldn't be taken lightly. Why do we need to stay competitive right now?

Hon. Mélanie Joly: Right now, 125,000 jobs are at risk in the automotive sector. We need to be able to get through this crisis.

As you know, Ontario has a large manufacturing sector. I would even say that it forms part of the backbone of Canada's economy. The automotive sector is a major part of the manufacturing sector. It accounts for the equivalent of \$17 billion of Canada's gross domestic product each year. A weak Ontario economy means a weak Quebec economy and also a weak Canadian economy. That's why we must be able to fight for these jobs.

Bienvenu-Olivier Ntumba: Thank you.

The Chair: Colleagues, this brings us to the end of the questions for today.

Minister Joly, thank you for joining us.

[*English*]

Thank you very much, as well, to the officials.

As a reminder, the officials will be sticking around for the second hour, so we are going to briefly suspend in order to allow everybody an opportunity to prepare for the second hour.

• (1155)

(Pause)

• (1205)

The Chair: Colleagues, we are going to continue.

A few new individuals have joined us. We have a few new witnesses, so I'm just going to go over the panel again so that everyone is reminded about the witnesses we have with us here today.

We have Philip Jennings, the deputy minister of Innovation, Science and Economic Development Canada; Charles Vincent, the senior assistant deputy minister for the industry sector; Stephanie Tanton, assistant deputy minister at Innovation Canada; Denis Martel, director general at Innovation Canada; and Benoit Tessier, the director general in the industry sector.

Colleagues, we will not have opening remarks from our officials. We will go right into our lines of questioning.

Mr. Vis, welcome back to the industry committee. The floor is yours for six minutes.

Brad Vis (Mission—Matsqui—Abbotsford, CPC): Thank you, Chair.

Thank you to the officials for being with us today.

I'm very concerned that two years ago the Government of Canada gave a sweetheart deal to Stellantis. At the time, the Parliamentary Budget Officer implored Parliament to be apprehensive about the contract and the challenges we're facing today. He said at the time that it's very difficult to take into account all of the unknowns that may materialize as a result of the provisions that you, the Government of Canada, gave to this company.

The minister at the time said that the actions they were taking that day, these investments, would lead to a hundred years of new prosperity for the automotive sector.

Mr. Turnbull said that Conservatives were on the wrong side of the green revolution and that these contracts were going to revolutionize—the exact word was “revolutionize”—the way we make cars in Canada. Two years later, we're seeing job losses and we're seeing legal action and we're seeing people whose livelihoods are lost, and that is scary, so I want to touch base upon the NextStar contract today, specifically on adjustments.

When the Government of Canada was negotiating this, it wanted to mimic what was taking place in the United States. I think the contract refers to the AMPC. We were going to tie all of our subsidies and contributions to what the Americans were doing. In fact, the contract is so in favour of ceding sovereignty to the United States that it even talks about how, if Stellantis were to go to the United States, it would allow them to still receive subsidies from Canadian taxpayers.

How was this in the interests of Canadians, and how in good faith can Canadians have confidence that the Department of Industry and the government right now are even negotiating in good faith?

Frankly, I would just like a straight-up answer as well. Was this the worst policy blunder in the history of Canada?

The Chair: Mr. Vis, because we have a large panel—

Brad Vis: Those comments are directed to the deputy minister. Thank you, Mr. Carr.

The Chair: Okay. That's perfect.

Go ahead, Deputy Minister.

Philip Jennings (Deputy Minister, Innovation, Science and Economic Development Canada, Department of Industry): Thank you.

I guess I'll start off by framing that the automotive sector has been and continues to be a very important economic driver for the Canadian economy, contributing \$17 billion of GDP last year, 125,000 direct jobs, almost 500,000 direct and indirect—

Brad Vis: We know all that. We know all that.

Philip Jennings: The policy direction that this government took is really about trying to ensure that the automotive sector remains relevant in the future to what the automotive sector should look like, and the view at the time, which continues to be the view, is that electrification will be the future of this sector—

• (1210)

Brad Vis: Do you believe that the provision in clause 4.2, allowing the.... I'll just read it directly, at the end of page 55:

If at any point during the Term of this Agreement, and assuming that the Recipient had located its battery cell and module productions in the United States, the Recipient would become ineligible to elect the AMPC's cash payment option, but would remain eligible to receive the AMPC's tax credit, the minister will continue to offer the Recipient the Contribution payments as described in this Agreement.

Is that really in the interests of Canada? Could you comment on that clause specifically? Is it really in the interests of Canadian taxpayers to subsidize Stellantis in this contract if they go to the United States?

How does that protect Canadian sovereignty? How did this contract do that? Look at where we are, Deputy Minister.

Philip Jennings: I apologize. I don't have that actual clause right in front of me.

What I can say is that the direction at the time when this was negotiated was really, as you mentioned, about trying to make sure we had a level playing field with the United States so that we could attract the investment we wanted. The subsidies that are offered, an “up to” amount, were really based on production that would take place out of the NextStar plant. As much as they produce, they get more subsidy up to a maximum amount that was negotiated.

Brad Vis: Right, but in the contract, through you, Mr. Chair... I apologize for the emotion, but there are a lot of people who are really hurt right now, and I'm just trying to convey that.

In the contract, it does talk about still subsidizing NextStar if they move their production to the United States. Was that a wise provision to have in a contract?

Philip Jennings: Again, Chair, I apologize. I don't have that exact clause in front of me, but I'm happy to come back to this committee with more specifics around it.

My understanding of the contract—I wasn't in the department at the time—was really that the production subsidy was for things produced in Canada, so you'd get a subsidy for battery or module production at the NextStar plant in Canada.

Brad Vis: Okay. I would refer, then, to section 4.2 on “Adjustments”.

Small businesses in Canada are having a very challenging time right now. What's come to light in these contracts is that we had the then minister of industry, now the Minister of Finance, and the parliamentary secretary to the then minister of industry speak about all these offshoot benefits and all of these new opportunities in the supply chains.

Since this contract was signed two years ago, have we seen any realization of those supply chains growing as a result of what the government has done, or was it all just words?

The Chair: You have about 20 seconds, Deputy Minister.

Philip Jennings: Yes, what I can confirm is that certainly there are some companies in the supply chain that have also gone electric. They essentially are continuing to support the combustion engines from the past and currently, but also they are now trying to supply the electric vehicles. At the end of the day, we do anticipate that as assembly becomes more electric, so will the supply chain in Canada.

Brad Vis: I have one quick one, a yes or no. Will the audit—

The Chair: Mr. Vis, I'm sorry.

Brad Vis: Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Bardeesy, the floor is yours.

Karim Bardeesy: Thank you, Mr. Chair.

There's been mention made a few times at this committee and in the House of the \$15 billion that is the maximum possible contribution between the Ontario and federal governments.

Could you outline what the actual fiscal impact has been so far of the contribution of both the SCA and the SIF for the Stellantis-LG plant?

Philip Jennings: Thanks for the question, Chair.

I'll turn to Charles Vincent, who will probably have what's in the public domain for what's been issued to date.

Charles Vincent: Thank you.

As was highlighted earlier, the \$15 billion is an “up to” amount that is linked to both the production and the sale of both cells and modules. The facility has not yet started production of any cells. The production is of modules at this point. I believe we highlighted in the public accounts that at this point the total fiscal outlay is about \$42 million.

• (1215)

Karim Bardeesy: Thank you for sharing that.

Presumably, the public accounts will continue to be updated as those disbursements are made.

Philip Jennings: That's correct, yes.

Karim Bardeesy: The minister alluded to this a bit, but I wanted to hear more from you about the conversations you have had about the Ontario government's engagement on the specific situation right now with Stellantis and, more generally, the ways that Ontario's

equivalent ministry and Industry Canada relate when it comes to supporting the auto sector.

Philip Jennings: I would say that we really work hand in glove with the Ontario government when it comes to the auto sector and, actually, even beyond in terms of some other industrial sectors.

For autos, typically speaking, for generalized agreements we're kind of fifty-fifty partners. In essence, we provide a certain amount to take some of the risk away from investments, and the Ontario government comes in with an equivalent amount.

For the battery investments, given the scope and the size of what was involved—and again, this is about levelling the playing field with the U.S. in terms of their Inflation Reduction Act—the partnership was actually two-thirds Canada and one-third Ontario. We've essentially taken negotiating strategies together in terms of what we're looking for in those contracts and what kinds of covenants we're looking for in terms of commitments from the companies. That's how we worked.

In the situation that has unfolded in the last week, which is related to the decision by Stellantis to move the Jeep Compass from its planned location in Brampton to a plant in Belvidere, the first calls we made were with Ontario, to really strategize about how we proceed in terms of a potential breach in the commitments that were made by the company, and to work in a group, which includes Uni- for as well, in terms of trying to find a path forward to try to attract, in a very short order, a mandate for Brampton to continue operating and to have the workers back on the line as soon as possible.

Karim Bardeesy: Thank you.

You mentioned the collaboration around covenants. That made me want to ask about the collaboration and, more directly, the internal work that goes into some of these contracts that we have in front of us, and the subjects for discussion in both a SIF agreement and a special contribution agreement.

What kinds of considerations go into the preparation of those negotiations? What kinds of things more generally would governments of any stripe be looking for to be put into the conditions of those contracts and what kinds of preparations and what kinds of negotiating stances and positions do we take in those discussions?

Philip Jennings: Perfect. I'll start answering the question and then turn to Stephanie, who will talk a bit about the due diligence we go through in terms of how we approach these kinds of agreements.

By and large, at the end of the day, it's about making an assessment of what risk the company is taking in making the investments and what their other options are in terms of where they can make the investments. We realize that we're operating in an environment where people and companies sometimes have choices in where the investments can take place. At the end of the day, that helps to inform the cost-sharing ratio that we're comfortable with and that is in the public interest to support, and that can vary from investment to investment. Then, obviously, importantly, related to that is really what you are trying to get in the public interest—what you are trying to secure in the public interest—from public investments in these types of endeavours.

Every SIF agreement, including autos, will always have job commitments. At the end of the day, fundamentally, we're looking to make sure that Canadians are employed through the things that we support with public funds. We ensure that there are always capex investments, a certain scale of investments that we're expecting from the company. That again is about leveraging our investments federally and from Ontario, so that they can leverage larger amounts in the private sector. There are R and D investments that are often standard in terms of what we're looking for. There are sometimes training, co-op and different elements, depending on the type of contract that's put in place and what we're trying to leverage to make sure we maximize the benefit we can get for Canada in the long term.

I think it's important—and I'll turn to Stephanie for just a few minutes—to explain a bit about the due diligence of how that relationship evolves so that, at the end of the day, we negotiate what we think is in the best interests of taxpayers and why we land where we do.

• (1220)

The Chair: Mr. Jennings, we're at time.

I think we're a bit ahead of schedule. Members would probably agree that it might be useful for us to hear a very quick, concise response on that. Then I'll turn it over to Monsieur Ste-Marie, so if we could just be tight...?

Stephanie Tanton (Assistant Deputy Minister, Innovation Canada, Department of Industry): Thank you, Mr. Chair.

For every SIF project, we work very closely with the company and undertake due diligence on that project. Our due diligence includes an assessment of the technical merits of the project and the market. We do a market assessment of the project to ensure there's a robust market to support the project moving forward. As well, we do a financial overview of the project.

Throughout the due diligence, we also, in most instances and in the case of Ontario, almost always work very closely with our provincial counterparts to ensure we understand where their assessment of the project is moving and where they're looking, and the level of support they're looking to offer. We send a recommendation to the minister with regard to an approach and a negotiation strategy. Then we enter into negotiations with the company, which ultimately will lead to the terms that are in the final agreement.

As the deputy did indicate, all of our agreements include job numbers, co-op numbers, R and D commitments, capex invest-

ments and then other benefit commitments depending on the nature of the project.

[*Translation*]

The Chair: Thank you.

[*English*]

I appreciate that. Thank you.

[*Translation*]

Mr. Ste-Marie, you have the floor for six minutes.

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

I would like to extend my greetings to the five witnesses.

First, I have a request for you. I would like you to give the committee a table showing the different types of assistance provided to the automotive industry, including subsidies and other assistance, broken down by province. If possible, please send the table to the committee when you obtain it, so that we can take note of it. Thank you.

Second, what lessons can we learn from Stellantis' announcement regarding the Brampton plant to ensure advance notice or a consultation when major employers, such as Stellantis, make strategic changes that affect their operations in Canada?

Philip Jennings: We're used to things occasionally not going as planned during contract negotiations. Specific clauses are designed to resolve misunderstandings during the contract period.

As soon as we learned that Stellantis made a decision, the minister decided to call the Canadian CEO of Stellantis to ask him to come to Ottawa. Unifor officials were also invited, as well as the minister's counterpart from Ontario. The meeting took place to help us understand the decision and then find a solution as quickly as possible. The most obvious solution, but perhaps the most difficult, would be to reverse the decision. Otherwise, the Brampton plant would need another mandate, specifically to save as many jobs as possible.

The contract contains specific clauses that provide for a quick resolution. Otherwise, ultimately, a clause states that a penalty will be imposed on the company in the event of a breach of contract. In our opinion, as the minister said, a failure to find a solution quickly enough will result in the termination of the contract.

Gabriel Ste-Marie: Thank you for this comprehensive response.

Should we make changes to how we draft and add clauses to future contracts with major players such as Stellantis, major employers that are often multinationals, or would you say that we can't achieve a better result than the contract already signed and that everything is already included?

Philip Jennings: I would say that it's a bit like a dance between two partners. The federal government tries to attract investment and the companies seek to maximize their profits, eliminate as much risk as possible and get the most out of Canada and Ontario.

It's always possible to obtain a better contract. However, the other party may have a different opinion on what constitutes a better contract. We really need to establish a reasonable deal that will lead to investment in Canada. That's the goal. We're trying to maximize the benefits for Canada, but our main goal is to attract investment.

• (1225)

Gabriel Ste-Marie: As a general rule, when drafting these types of contracts, do you include provisions regarding potential economic fluctuations, such as the possibility of a recession? Are these types of clauses found in contracts?

Philip Jennings: This type of clause may exist. Each contract is different and may be flexible enough to include these types of fluctuations in certain clauses. For example, we may agree on an average number of jobs over three years. This number may then decrease or increase from year to year. There are various ways to take these fluctuations into account in different contracts.

Gabriel Ste-Marie: Is this type of aspect included in the agreements with Stellantis concerning the Brampton plant?

Philip Jennings: One aspect concerns the number of jobs in the contracts. As the minister said, we want to share as much of them as possible with you. Discussions are already under way with Stellantis to get their perspective on sharing the contracts. However, the goal is to share as much information as possible and to redact as little as possible so that we all have the same overview.

Gabriel Ste-Marie: Thank you.

I was stunned by the minister's response earlier. When the people from Stellantis came to the committee, they said that the Jeep Compass would no longer be assembled in Brampton, but that something else would be produced there.

The Unifor officials actually told us that they heard the news 15 minutes before the official announcement. Ms. Joly just told us today that the people from Stellantis haven't made any proposals yet regarding their plans for the Brampton plant. However, when we heard them speak, we were certain that they already had a solid plan.

Can you talk again about your deadlines? The minister spoke about a 30-day deadline. Do you think that this is sufficient and that Stellantis will propose a plan for the Brampton plant?

Philip Jennings: The minister certainly wants to resolve this as soon as possible. I haven't seen her letter. However, the contract states that the company has 30 days to propose a plan. In my opinion, the people from Stellantis will find it challenging to implement a specific mandate within 30 days, but we expect them to do so. They must have had internal discussions before making the decision to move the Jeep Compass production. They may already have an idea of the mandate for the Brampton plant. We'll see. For now, I don't have any more information for the committee.

Gabriel Ste-Marie: Thank you.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Ste-Marie.

Ms. Dancho, you have the floor.

[English]

Raquel Dancho: Thank you.

Thanks to all of you for being here. I appreciate your responses thus far.

I want to dig into a bit of what I was asking the minister about. I did find interesting what she did reveal. She said that the letter was sent today, and again, I'm assuming that's under the dispute resolution process regarding the Brampton SIF agreement. That's my understanding. Can you confirm that?

Philip Jennings: I'm sorry, Chair. I'll just say that I actually haven't seen the letter the minister has sent or will send. I can't confirm what's in the letter.

Raquel Dancho: Has anyone been privy to that letter, or are the minister and her staff just sort of acting on their own?

Philip Jennings: We've given advice, but I have not seen the letter that she has sent.

Raquel Dancho: Okay, but you would know which agreement it's about—would you not?

Philip Jennings: I'm sorry. Just to be clear, yes, I have seen the agreement that Stellantis may be breaching if there is no different mandate put into Brampton.

Raquel Dancho: You can confirm that it's the SIF money for the Brampton-Windsor retooling. Is that correct?

Philip Jennings: I can't confirm the details of the contract until we've cleared it with the company what I can share through the contract.

Raquel Dancho: Right. She did say that, though, at the end of her testimony. She was alluding to the letter being sent and that it was the Brampton SIF agreement. I'm just paraphrasing what she said, but that was my take-away. Again, that's because I was asking her about the publicly available contracts for the other SIF agreement for NextStar and the special contribution agreement for NextStar, but she specifically said the Brampton SIF agreement, I believe.

I'm just asking that because she mentioned that they were all linked together, and I do believe that I understand which clause in this contract links them. You can't confirm for sure that's what she said? I mean, she did say it.

• (1230)

Philip Jennings: What I can confirm, which is in the public domain, is that there's a SIF agreement that actually covers Windsor and Brampton, and—

Raquel Dancho: Right. Thank you.

Philip Jennings: —in that agreement there would be job commitments and capex investments and so forth as a standard for contracts.

Raquel Dancho: On the job commitments, what were the job commitments?

Philip Jennings: That, I'm unfortunately not at liberty to share at this moment. As I said, we've already launched and asked Stellantis to see what we can share with this committee. In the past considerations of this committee, we found solutions to be able to share quite a bit in terms of what is in those contracts.

Raquel Dancho: Right, and in the other SIF agreement with the NextStar facility, the job commitments were released. It stands to reason, as I mentioned earlier.... Why wouldn't they release these ones as well? It's not commercially sensitive.

Are you asking them to release the job numbers?

Philip Jennings: Yes, we are in discussions already with Stellantis about releasing as much of the contract as possible.

Raquel Dancho: Okay. Yes, you mentioned that.

The minister kept saying that these are linked, but now what I'm understanding from what she said at the end, and what you've just confirmed, is that the letter for the resolution process is specifically about the Brampton SIF agreement. Is it reasonable, then, to say that it's really just the Brampton-Windsor retooling SIF agreement funding that is at risk, and not the NextStar plant funding? Is that a fair assessment? Do you see what I'm asking?

Philip Jennings: Yes.

Raquel Dancho: She's bringing down the hammer, so to speak—or she's saying she is—to enforce a resolution mechanism that they follow through on their commitment for the Brampton retooling SIF agreement, but in other testimony today, she linked all of the agreements, sort of alluding to that, and in her letter publicly she mentioned it as well. She said, “In particular, the legally binding commitments that Stellantis made by accepting support through both the Strategic Innovation Fund and...the Special Contribution Agreement with NextStar Energy”.

What I'm trying to really get at is that she's saying that we're looking at all of the money we're giving you with all of these three commitments and it's all on the line if you don't follow through and get these 3,000 jobs. That's what she's telling the public, but then what I'm putting together here is that this is not really the case. This is what I'm asking you to correct for me.

These Brampton SIF agreements, that's really the only funding she's looking at. Is that what I'm understanding?

Philip Jennings: I'm sorry that I sound evasive when I'm saying this, but what I can say is that there are some commercial confidential clauses in the various agreements that I'm not at liberty to share the details of today.

Raquel Dancho: Understood, but you have this agreement on you here. You have this one for NextStar.

Under section 14.1(g), it says, “the Recipient has not met or satisfied a term or condition under any other contribution Agreement or agreement of any kind with Her Majesty”, and that's the only clause in this entire multi-billion dollar contract—up to—with the NextStar plant that would possibly link this funding being contingent on another agreement. Is that correct?

Philip Jennings: In terms of this, was it in the public domain?

Raquel Dancho: Yes.

Philip Jennings: That is the clause that makes the link, but I just want to make sure it's clear. I don't want to mislead the committee in any way. There are other agreements that I'm not at liberty to share.

Raquel Dancho: Okay. Thank you.

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

Ms. O'Rourke, you have five minutes.

Dominique O'Rourke: Just for clarification, are we talking about tax incentives rather than subsidies or funds disbursed?

Philip Jennings: The term we use is “production incentives”. As I mentioned before, at the time when these were negotiated, the investment climate was very generous in the U.S. in terms of trying to attract these kinds of investments, and for good reasons at the time.

We still believe it to be the case that the future of the vehicle is electrification. At the time, the decision was really made to try to match what the U.S. actions were and what we call production subsidies or production incentives. At the end of the day, the government commits itself to giving a certain amount of money per kilowatt hour of production in those plants, matching what was offered under the Inflation Reduction Act in the United States.

It's based on production. If nothing ultimately gets produced, there's no money that goes out the door from the federal government. As production goes up, then it goes out. There are often maximum amounts that can be provided. As I said, we have an agreement with Ontario to cover one-third of those production incentives.

• (1235)

Dominique O'Rourke: Thanks.

We were also studying productivity and how we need to be competitive with the States. This was sort of levelling the playing field for domestic automakers. Would that be correct?

Philip Jennings: That's correct.

We already are a very important player in terms of the automotive sector. We really want to make sure that we maintain that importance and relevance, so at the end of the day, if automaking is becoming electric over the long term, we want to make sure that Canada and its workers play a part in that.

Dominique O'Rourke: In my next question, really quickly, I want to confirm that I heard you right. I heard you say that the amount in question is \$42 million—not \$15 billion but \$42 million—and that there are job targets. Is that correct?

Philip Jennings: That's correct, yes.

Dominique O'Rourke: Okay. We're talking about a completely different scope here. It's still important. What's important at the end of the day is to hold Stellantis accountable, but what's also important is to have the right facts.

I have a quick question. Usually in a contractual relationship—we see it in the NextStar contract that we have—any material change has to be shared. U.S. tariffs would be a material change. Did Stellantis share that material change with the minister or ministry? Did it take steps at any time to mitigate, or was the government completely blindsided by Stellantis's decision?

Philip Jennings: The honest answer is that we were informed of this decision just prior to its being announced publicly. Also, to be fair, the retooling of the Brampton plant had been on pause since February earlier this year. As a department, we had many interactions with Stellantis in trying to understand when that would change. There was certainly speculation that there could be an issue, but we were never informed directly by the company until the day the announcement was made.

Dominique O'Rourke: Contractually, that's their obligation, to keep the ministry involved in any material changes and to bring forward suggestions on mitigation.

I'm looking at section 6.4 on “Guarantee”. I don't know what's in the contract, which we haven't seen yet. The language we have in that particular NextStar agreement says that “the Guarantors guarantee the complete performance and fulfillment of every obligation of the Recipient under this Agreement, including without limitation”.

Did Stellantis fail to fulfill every obligation in its contract?

Philip Jennings: What I can confirm is that we are in very active discussions, which include the minister, Unifor and the Ontario government, with Stellantis at this moment, given the confirmation that the Jeep Compass mandate that had been planned for Brampton is no longer going to be in Brampton.

At the end of the day, the breach occurs if the jobs don't return to Brampton and there's no mandate in Brampton. We're trying to understand the company's plans, and if there are plans to return the mandate, when that would take place. As the minister stated...

Again, I have not seen the final letter she sent, but she's given them 30 days to respond to her request to get some clarification on this mandate question for Brampton.

Dominique O'Rourke: Great.

In the same vein, section 6.6, which is the “Amendment” section of the NextStar plant agreement, says, “The Recipient shall provide written notice to the Minister of any changes which may have an impact on [the] Statement of Work or on the Benefits Commitments”. It also says:

In the event that supply chain shortages, trade levies, materially adverse market conditions...have a material impact on the Project, the completion schedule of the Project or the timeline...the Minister agrees to engage in discussions...to consider options...if deemed appropriate [to amend].

Did Stellantis ever provide written notice of the material impacts on its ability to meet its obligations? Did they request an amendment, or is that what we're looking at in the next 30 days?

The Chair: Answer very briefly, please, Deputy Minister.

Philip Jennings: I'm not aware of a written statement. I can look, but I'm not aware of it.

As I said, the first I was aware of Brampton being confirmed at risk was when they notified us the day of.

• (1240)

The Chair: Thanks very much.

[Translation]

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

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

It's quite appalling that Stellantis announced and shared the information in such a ridiculous time frame.

Mr. Jennings, I would like to ask you some questions about the PACCAR plant in Sainte-Thérèse, which exports 90% of its production to the United States. The tariffs are disastrous for this plant. The minister said that she and her colleagues were looking into the possibility of the federal government purchasing trucks manufactured at the PACCAR plant as part of its procurement strategy.

Do you know of any other assistance programs currently available for this plant?

Philip Jennings: In September, the government announced a number of programs to support the various sectors affected by the trade war with the United States.

It is still not clear which are the right tools for PACCAR.

A \$5-billion fund, the strategic response fund, was announced and earmarked to support the sectors at risk. If PACCAR wants to change course and shift to other markets or products, or to sign a contract with the federal government, which program would be the most appropriate? There is also liquid funding available through Finance Canada, which would be helpful for PACCAR, as well as funding from the Business Development Bank of Canada.

There are also other tools, as the minister indicated. In September, in its announcements, the government really emphasized that it will examine what we could do within our own domestic market, not only at the federal level but also at the provincial and municipal levels, to create a more attractive market for companies. That is still evolving and what was announced in September is an intention. For the time being, things are in development and we are looking into a more Canadian procurement strategy, with all the tools that are available federally. Further, those tools include not only what we purchase directly, but also the funding support we provide to companies, which we could thereby encourage to buy Canadian.

Gabriel Ste-Marie: Thank you very much for your answer. I am really keen to see what is in tomorrow's budget.

The Chair: Thank you, Mr. Ste-Marie.

[English]

Ms. Borrelli, the floor is yours for five minutes.

Kathy Borrelli: Thank you, Mr. Chair. I'll be sharing my time with Mr. Falk.

Ms. Tanton, how is Innovation Canada ensuring that Windsor businesses, particularly small and medium-sized manufacturers, have fair access to procurement opportunities from these major projects?

Stephanie Tanton: Within Innovation Canada, we have a range of programs and services that we provide to industry to provide supports. The government most recently announced its buy Canada policies, which include considerations on how companies that are receiving contracts, receiving funding through programs and are looking to utilize the Canadian supply chain, so we are including—

Kathy Borrelli: Ms. Tanton, excuse me. I really want you to answer the question with regard to the contract for the NextStar battery plant.

Are there provisions in that contract to make sure that local small and medium-sized enterprises are included in the procurement process?

Stephanie Tanton: I would have to look at the contract to see what is in there. I don't know that off the top of my head.

Kathy Borrelli: I understand that, in section 6.1(c), collaboration with SMEs is discussed in the contract.

• (1245)

Stephanie Tanton: Yes. In all of our contracts—and we were talking about benefit commitments—we often include collaboration with other companies, whether those are R and D collaborations.... It varies per contract.

Kathy Borrelli: Are you telling me that this would exist in the Brampton contract as well?

Stephanie Tanton: I can't share the details of the Brampton-Windsor contract. As the deputy has said, we're working with the company at this time to be able to disclose that agreement.

Kathy Borrelli: Thank you, Ms. Tanton.

Ted Falk: Thank you, witnesses, for appearing here this morning.

Mr. Jennings, you are the deputy minister.

Philip Jennings: Yes, I am.

Ted Falk: The minister has, on several occasions, indicated that she's going to take legal action against Stellantis.

As deputy minister, you would be completely aware of the contract that Stellantis has signed with the Government of Canada. Based on that knowledge, would you say that the Government of Canada has grounds to take Stellantis to court?

Philip Jennings: What I can say to this committee is that we have grounds to engage under the process that's in the contract with the company to have a better understanding of what its plans are and whether we can find resolution to the fact that the Jeep Compass was moved to a plant in the U.S.

Ted Falk: Has the contract been breached?

Philip Jennings: At this point, the answer is that we think there are potential grounds that are leading up to a breach, but there's a resolution process that we have to follow and that we are following.

As the minister said this morning, she's launched that with a letter to Stellantis, which she sent today.

Ted Falk: Was one of the breaches of the contract related to jobs guarantees?

Philip Jennings: I can't disclose the elements of the contract, but we think that they are on track towards a breach, unless we find resolution with the company.

Ted Falk: What's the nature of that breach?

Philip Jennings: I'm sorry. I can't comment any further in terms of the specifics. However, there are a number of commitments made in the contract, and there are some of them that we think are on track towards a breach.

Ted Falk: Mr. Jennings, this committee passed a motion that said that we would be examining the short-term and long-term commitments made with Stellantis. In order for us to do our work here, we need to have some answers, so we need to know whether there is a Canada-wide jobs guarantee that is in breach.

Philip Jennings: What I can say is that we are working with Stellantis. We launched this already last week—talking to them about trying to release as much as we can to this committee so that you can have a full understanding of what the covenants are in that contract and so that you can make your own judgments in terms of whether there's a breach or not.

Ted Falk: Do you have any answers about what protections there would be in the contract for the Government of Canada or the employees in Brampton?

Philip Jennings: I am aware of what's in that contract. I'm just not at liberty to share it, due to the commercial confidential nature of it. Under the contract, both parties have to be in agreement for it to be released publicly.

The Chair: Mr. Falk, unfortunately that's the duration of our time.

Thank you.

[Translation]

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

Bienvenu-Olivier Ntumba: Thank you, Mr. Chair.

Mr. Jennings, for some time we have been talking about diversifying our various export markets to countries other than the United States. I would like to hear your thoughts on the benefits of doing so.

Philip Jennings: Our economy is highly dependent on our exports to the United States. Honestly, an open market really makes sense since it is such a huge market and is so close to us. The events of recent months have nonetheless forced us to consider whether it makes sense to be so dependent on a single economy. So the plan is really to diversify our export markets as much as possible.

That was the government's intention in the past and we have made a lot of progress. Since the free trade agreement with Europe was concluded, we have doubled our exports there in recent years. We want to continue to have greater access to markets. Nonetheless, companies need a lot of time to reorient themselves to those other markets, that is, to produce different products from those that are sold to the United States.

Earlier, I mentioned that programs were established in September. The most suitable in this regard is the strategic response fund, which will support companies that want to make investments to reorient their exports to markets other than the United States and create new products for the local market or markets other than the United States.

I also want to be clear that the U.S. market will always be important for Canada. So we all want to have a reasonable agreement with the United States so we can continue to have access to that market that is as free as possible.

• (1250)

Bienvenu-Olivier Ntumba: Thank you for your answer.

Mr. Vincent, Mr. Jennings noted earlier that it takes time. I know we can't buy time and just have to take things as they come. What strategies are being considered to bolster the resilience of Canada's automotive industry in reaction to unilateral decisions by multinational companies?

[English]

Charles Vincent: Thank you very much for the question.

It's obviously a complicated situation when you get into global marketplaces and global supply chains. I think one of the most important things that Canadian businesses are confronting right now is an understanding of a scenario that's very unpredictable for them,

with a lot of changing rules and regulations, both internationally in the United States and, frankly, globally as well.

From that standpoint, I think what we're trying to make sure we do, from a Government of Canada standpoint, is to provide the supports necessary for businesses to plan, as best as possible, in a scenario that represents a high degree of uncertainty. Whether that is through trade agreements that exist and helping them make sure they can access foreign markets, or whether that's through understanding what products and marketplaces they can access most effectively, all of those things are strategies that we are working on actively right now with companies to try to make sure they're in a position not only to bridge through a difficult time but also to be positioned for a future in which they will need to make sure they can stay competitive at a global level.

[Translation]

Bienvenu-Olivier Ntumba: Thank you.

Mr. Tessier and Mr. Martel, what lessons do you draw from the situation to improve the governance of publicly funded industrial partnerships?

Denis Martel (Director General, Innovation Canada, Department of Industry): We are always open to learning new lessons. We have processes and have talked about the various clauses of the agreements that we want to implement. So we are on a learning curve, and we will absorb those lessons over time. We are also learning from our interactions with companies to make sure we have the information we need to implement the contracts.

Bienvenu-Olivier Ntumba: Thank you.

The Chair: Excellent. Thank you very much.

Colleagues, we have five minutes left so I will just divide up the time: 90 seconds for the Bloc Québécois, two minutes for the Conservatives and two minutes for the Liberals.

Mr. Ste-Marie, you have 90 seconds.

Gabriel Ste-Marie: Thank you. I will be quick.

Mr. Jennings, what impact would you say the Stellantis decision has had on the automotive ecosystem in Canada?

Philip Jennings: We feel it has had a major impact. On one hand, investing in the assembly plant is really a safe investment, because there is a whole ecosystem around those plants. To our minds, the fact that that company has an assembly plant is important, even though it is at risk right now.

Let me be clear. The decision to move the production of the Jeep Compass to Belvidere is worrisome. Discussions with the company are ongoing, however, and it is saying that the Brampton plant will soon have a new mandate. That is what we want. That is why we are focusing so much on supporting investments related to assembly, because every job in that sector supports seven or eight other jobs, either directly or indirectly.

• (1255)

Gabriel Ste-Marie: Thank you very much.

The Chair: Perfect.

[English]

Ms. Dancho, you have two minutes.

Raquel Dancho: Thank you, Mr. Chair.

Thank you, again, for being here.

I just want to continue on this line of questioning about the breach. You mentioned, Mr. Deputy Minister, that—I'm paraphrasing what you said—we think they are on grounds such that the agreement was breached. They moved the Jeep Compass. They are leading up to a breach.

It really seems like this breach is more about the production of what was happening at Brampton and not so much with the jobs. Again, that's my speculation, by just knitting together everything that's been said today.

I'll ask you one more time, though. Can you confirm that this agreement with Brampton was about production guarantees, not job guarantees?

Philip Jennings: What I can say is that, for all SIF agreements—and this would be on as well—there are job commitments that are made. I think it's fair to say that there's a potential—

Raquel Dancho: In this case, it's also production.

Philip Jennings: That's correct. We expect production to take place over a number of years. That's typical for an auto plant. Just to be clear, that's unique for this sector and for that type of manufacturing.

Raquel Dancho: This is a question that I have, though, because this agreement was announced on May 2, 2022, by the Prime Minister's Office, actually. At that time, the Brampton facility was supposed to be doing an EV Dodge Charger. The Jeep Compass came later and, of course, the Dodge Charger EV version was shelved late in this past spring or early summer.

Was the original agreement for an EV Dodge Charger, and was that later amended to include the Jeep Compass?

Philip Jennings: The intention of the company, initially, was around EVs. Just to be clear, the intention for many of the manufacturers has been that the EV would come on stream and that the demand would be stronger than it has been.

The electrification pathway has slowed. It's still growing, but it's not at the same pace we expected, so Stellantis changed plans in terms of when the EV versions of the Dodge Charger as well as the Jeep Compass would come on stream.

Raquel Dancho: Okay. Thank you.

The Chair: I'm sorry, Ms. Dancho. That's your time. Thank you.

Ms. O'Rourke, the floor is yours for two minutes.

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

Just to recap, we've heard from the ministry that we're talking about \$42 million, not \$15 billion. It's not even close.

The minister made it clear that the Government of Canada is fighting for every job and for the auto sector, not just for today in this period but also for future positioning. Despite assurances last week by Mr. Hines of Stellantis that he wants to keep production in Canada, they did not flag material changes or discuss mitigating solutions with sufficient notice to the ministry. That is my understanding.

The SIF contract that we have—just using it as a template—has a resolution process. The minister said today that she is going to embark on that process. Can you tell us a bit about what the next steps look like so that we can fight to retain those jobs, today and in the future?

Philip Jennings: The next step was launched today. The minister has essentially formalized that the process under the contract is being sought.

What we always seek, regardless of whether this step is being taken or not, is to find resolution with the company. In essence, it's ultimately about how we can, in the spirit of what's in the contract, get to what was committed to in that contract. If they were ultimately to be in breach, there are penalties clearly outlined in the contract, which I cannot share because they're commercially confidential.

Dominique O'Rourke: Okay. Thank you.

The Chair: Colleagues, thank you very much for a good second hour.

Officials, thank you very much for making yourselves available to the committee today.

Colleagues, this is a reminder that we will resume our study on the defence industrial strategy on Wednesday. We have a slew of witnesses whom the clerk and analysts have been working hard to set up for us. I appreciate that.

Thank you very much, everybody. Happy budget day tomorrow. We'll see you on Wednesday.

The meeting is adjourned.

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