HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

45th PARLIAMENT, 1st SESSION

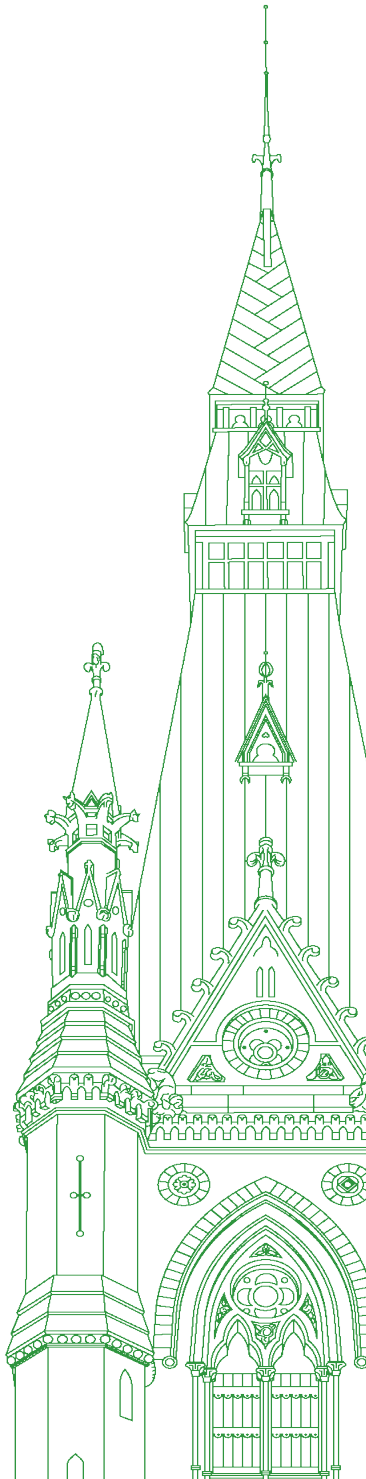
Standing Committee on Foreign Affairs and International Development

EVIDENCE

NUMBER 044

PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT

Wednesday, October 7, 2026



Chair: Ahmed Hussen

Standing Committee on Foreign Affairs and International Development

Wednesday, October 7, 2026

● (1630)

[*English*]

The Chair (Hon. Ahmed Hussen (York South—Weston—Etobicoke, Lib.)): I call this meeting to order.

Welcome to meeting number 44 of the House of Commons Standing Committee on Foreign Affairs and International Development. Pursuant to Standing Order 108(2) and the motion adopted by the committee on February 12, 2026, the committee is meeting regarding its study of the bilateral relationship between Canada and the United States of America.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely using the Zoom application.

I would now like to welcome our witnesses for the first hour.

From the Automotive Parts Manufacturers' Association, we're joined by Flavio Volpe, president, by video conference. From the Business Council of Canada, Goldy Hyder, president and CEO, is also joining us by video conference. From the Canadian American Business Council, we have Beth Burke, chief executive officer, who is appearing in person.

Welcome. Up to five minutes will be given for opening remarks, after which we will proceed with rounds of questions from members. I strongly urge folks to not speak beyond five minutes. If you wish to deliver longer remarks, you have the option of submitting your entire longer remarks to the committee on paper.

I now invite Ms. Burke to deliver her remarks of no more than five minutes.

Thank you.

Beth Burke (Chief Executive Officer, Canadian American Business Council): Thank you, Mr. Chair, Vice-Chairs and members of the committee. Good afternoon. Thank you for the invitation.

I'm Beth Burke, the CEO of the Canadian American Business Council. We are the only bilateral, non-profit, non-partisan organization dedicated to the Canada-U.S. relationship, representing close to 100 companies across sectors on both sides of the border.

Since 1987, we've advocated for free and fair trade between our two countries. Our members operate every day across what has long been one of the most integrated economic relationships in the world. They employ Canadians and Americans. They build products, sometimes even together. They share supply chains. They represent an integrated and successful North America.

That bilateral perspective is what I hope to offer here today. We sit at the table with American and Canadian companies alike—companies that bolster our economic resilience—and I want to share what I'm hearing from both.

Let me be direct about where we are.

Things are not where any of us want them to be. Talks are suspended, and 50% tariffs are in place on a broad range of Canadian goods. Canada has responded with tariffs on U.S. goods accordingly. However, I want to be clear: While we are in a difficult moment, this relationship is not broken.

Underneath the uncertainty and turbulence in this moment is an economic relationship that remains extraordinarily deep and difficult to replicate, one built on decades of integration and collaboration. Nearly two-thirds of our bilateral goods trade is intermediary inputs—components and materials that cross our border several times before they become a finished product. A tariff on either side raises costs for manufacturers, consumers and workers on both sides. Roughly 1.5 million American jobs and 2.4 million Canadian jobs are directly linked to this relationship.

This year, the CABC commissioned Oxford Economics to help move this conversation beyond the rhetoric with more evidence and an independent assessment of the USMCA, or CUSMA, and potential trade outcomes.

Here are the numbers at a glance: A successful renegotiation would add $253 billion Canadian to the Canadian GDP over the next decade; a breakdown would cost $271 billion. For a Canadian household, the difference between these two paths is about $846 a year. For the Canadian workforce, the difference is an additional 98,000 jobs or a loss of over 100,000 jobs.

Americans have real skin in this game too, and that is the message we, without a doubt, carry in Washington. Canada is the number one export customer for more than 30 U.S. states, including Michigan, Indiana, Texas and Arizona. Three in four Americans say that the USMCA-CUSMA is good for the U.S. economy, and more than eight in 10 say that trade with Canada strengthens U.S. national security.

One thing that can get lost in these numbers is that when you impose costs at the border, they rarely stop there. They trickle into workforces, communities and the individual homes of everyday people. However, here's what gives me hope: Business relationships aren't built on a political moment. Companies have deep, long-standing ties with suppliers and customers across the border, and those relationships are holding. We are relying on them, but they cannot carry the load forever.

Before I conclude today, I would offer three take-aways to this committee.

First, I hope both sides can get back to the table. Both governments need to return to negotiations with the goal of reaching a deal that restores predictability for both economies. Every day without a deal adds new hurdles for businesses and impacts investment decisions in ways that are difficult to reverse.

Second, look beyond tariffs. As we've long advocated, regulatory alignment and mutual recognition deliver real savings, and governments on both sides are listening. While tariffs have largely been the focus of the conversation, there remain opportunities outside those negotiations to bolster our economies together.

Third and finally, use the business community. CABC stands ready to convene, to share data and to make the case for this relationship to the American lawmakers, governors and businesses that have a stake in getting it right.

● (1635)

Free and fair trade, CUSMA and integration aren't favours one country does for the other. These are frameworks that benefit workers, businesses and consumers in both countries. The question isn't whether Canadians and Americans will keep doing business together. We will. The question is whether it will be stable and profitable or costly and turbulent. When we work together, we compete better, create more jobs and keep our people safe together.

Thank you. I look forward to your questions.

The Chair: Thank you very much for your statement.

I now invite Mr. Volpe to deliver his remarks.

Flavio Volpe (President, Automotive Parts Manufacturers' Association): Mr. Chair and members of the committee, thank you for the invitation once again.

I've spent over a decade representing companies that sit in the middle of the Canada-United States automotive supply chain. If I can leave the committee with one idea today, it's this: The Canada-U.S. economic relationship is not simply trade across the border. In many sectors, it's a production system built across that border.

Nowhere is that clearer than in the automotive sector. We don't really trade automobiles with the United States. We make automobiles together. Canadian parts go into American vehicles and American parts go into Canadian vehicles. Components, materials and tooling can cross the border several times before a finished vehicle reaches a consumer. A tariff on one side of this industry does not stay on one side of the border. A tariff raises costs inside the same production system, affecting not just Canadian plants but also American assembly plants, suppliers, dealers and consumers.

That reality should give Canada confidence. It should not make us complacent.

The assumptions that governed this relationship for decades are being tested. Canada, therefore, has to be clear about what it is trying to preserve: productive capacity, investment, skilled employment, intellectual property and an ability to make things here.

We should not negotiate against ourselves. A plant that closes, a tooling capability that disappears or skilled people who leave this industry cannot simply be recreated when political conditions improve. Industrial capacity is economic security. Increasingly, it's national security as well, and that requires us to be much more deliberate about how Canada uses its own economic power.

Take defence spending. Canada is preparing to spend substantially more on national defence. We should absolutely meet our security obligations, but we should also recognize that defence procurement is one of the most powerful industrial policy tools available to any national government. If Canadian manufacturers can build something here, Canadian public procurement should begin with the presumption that we should build it here. That doesn't mean closing ourselves off from allies or pretending that Canada can produce every platform on its own. It means using major defence expenditures to create Canadian capacity, Canadian intellectual property, Canadian supply chains and Canadian jobs wherever that is practical. We should not spend billions of Canadian taxpayer dollars strengthening someone else's industrial base and then spend billions more trying to rebuild our own.

That same realism should apply to automotive policy.

Canada is a major vehicle market. Canadians make choices every day that create enormous value for global automakers. We should think more seriously about the relationship between a carmaker's success in the Canadian market and its manufacturing footprint here.

I'm not suggesting that governments tell Canadians what vehicles to buy or dictate where every model must be built, but we should stop trading market access, consumer demand and production decisions as if they exist in a completely separate universe. When governments design incentives, procurement programs, regulatory frameworks and investment supports, there should be a clear advantage for companies that make long-term production commitments to Canada, in Canada, particularly when that production reflects the vehicles that Canadians are actually choosing to buy. If an automaker is gaining market share in Canada, we should want Canada to gain some production share as well. It's not protectionism. It's reciprocity.

More broadly, I'd suggest three principles going forward.

First, defend the North American rules that we negotiated. If a vehicle or a part satisfies North American rules of origin, it should receive North American treatment. Businesses make investment decisions years in advance. Rules only have economic value if compliance produces predictability.

Second, make Canada's case in the United States in terms of American self-interest, not Canadian grievance. Our strongest argument in Washington is not that Americans should be nice to Canada. It's that Canadian production makes American production stronger. Canadian suppliers invest in the United States and employ tens of thousands of Americans. Canadian components keep American assembly lines going. Canada is not going to outmuscle the United States. That's not our leverage. Our leverage is that after 60 years of building together, replacing Canadian capacity is often expensive, disruptive and sometimes impossible in the short term.

That's why our engagement cannot stop at the White House. It has to include Congress, governors, automakers, suppliers, unions, investors and the communities whose jobs depend on this system.

Third, Canada needs to build resilience at home. That means diversifying markets, but it also means building more things here. It means using procurement strategically. It means making defence spending an industrial opportunity as well as a security obligation. It means making sure that our automotive policies reward companies that see Canada not simply as a market of 40 million consumers but also as a place to invest, engineer and manufacture.

● (1640)

Diversification should not mean disengagement from the United States. We should build more with the rest of the world without pretending that we can or should build less with our largest customer and closest industrial partner.

Our competitors will not wait to see us settle our differences, so we should approach the U.S. neither anxiously nor angrily, but confidently.

What we make is for sale. Who we are is not.

The Chair: Thank you very much, Mr. Volpe, for your statement.

I now invite Goldy Hyder to deliver his remarks.

Goldy Hyder (President and CEO, Business Council of Canada): Good afternoon, Mr. Chair, Vice-Chairs and members of the committee, and thank you for the invitation to appear before you today.

To my dear colleagues Flavio and Beth, it is an honour to be here with you.

It is a privilege to be here to share the perspective of Canada's business community on one of the most consequential relationships for our country, which is our relationship with the United States of America.

I'm appearing today as president and CEO of the Business Council of Canada. Our members are the chief executives of Canada's largest companies, operating across virtually every sector and region of the country.

Let me begin with a simple proposition: Canada's relationship with the United States is too important to be defined solely by the disagreements of the moment.

For generations, Canadians and Americans have built one of the deepest economic, social and security partnerships in the world. Our economies are deeply integrated. Our supply chains cross the border many times before a product reaches a customer. Our energy systems are interconnected. Our workers, investors, entrepreneurs and communities depend on this relationship, and our countries share something even more fundamental—a continent, a neighbourhood and many common interests. That reality has not changed.

However, the environment in which we operate has changed profoundly. The United States is changing. The global economy is changing. Geopolitical competition is intensifying. Governments are placing greater emphasis on economic security, resilience and sovereignty. Businesses are reconsidering where they invest, where they source and where they build.

For Canada, this creates both a challenge and an opportunity. The challenge is that the uncertainty is in itself an economic cost. Businesses can manage tariffs. They can manage regulation. They can manage competition. What is much harder to manage is uncertainty about the rules under which they will be making billions of dollars of investment decisions for five to 10 to 20 years or more from now.

That is why the ongoing review and renewal of the Canada-United States-Mexico agreement is so important.

From the perspective of Canadian business, the objective should be clear: to preserve and strengthen the predictable rules-based economic relationship that has served all three countries well. A renewed agreement would provide something investors desperately need—confidence.

I would emphasize that this is not simply a Canadian interest. American businesses benefit enormously from integrated Canadian supply chains. Canadian companies are major investors in the United States and employ hundreds of thousands of Americans, and this relationship creates jobs and prosperity on both sides of the border. We should therefore approach the relationship not simply as a matter of managing bilateral friction but as an opportunity to demonstrate why North American economic integration remains a competitive advantage in a world of intense global competition.

At the same time, we must be clear-eyed. Canada cannot build its economic future on the assumption that the world will return to the way it was.

This brings me to what the Business Council calls the U.S.-plus approach. U.S.-plus does not mean less United States. It means a stronger Canada that can be an even better partner to the United States while developing deeper economic relationships with the rest of the world.

Our objective should not be to choose between the United States and the rest of the world. Our objective should be to have the capacity to succeed with both. That means making Canada a more attractive place to invest and a place where major projects get built, improving our transportation systems and our trade infrastructure, reducing the internal trade barriers and improving our labour mobility. It means making our tax and regulatory environment competitive with the jurisdictions with which we compete for capital, and it means using our extraordinary advantages of energy, critical minerals, agriculture, technology, finance and human talent to build products and companies that the rest of the world wants to buy.

I will leave the committee with three priorities.

First, protect and strengthen the North American relationship. We should work constructively towards a renewed CUSMA that provides long-term predictability and supports the competitiveness of our three countries.

Second, strengthen Canada at home. We need to make it even easier to invest, build, move goods, hire people and grow businesses here.

Third, expand Canada's options abroad. We should deepen our relationships with Europe, the Indo-Pacific and other trusted partners—not as an alternative to the United States but as an essential complement to our North American partnership.

● (1645)

The goal should be a Canada that is confident enough to have a strong relationship with the United States, capable enough to withstand uncertainty and ambitious enough to build opportunities around the world.

Thank you.

The Chair: Thank you very much, Goldy, for your statement. I also want to thank you for joining us all the way from the United Kingdom. I know how late it is there. Thank you for taking the time to join us. We really appreciate it.

We will now proceed to questions from the floor, beginning with MP Majumdar.

You have six minutes.

Shuvaloy Majumdar (Calgary Heritage, CPC): Thank you very much.

Mr. Volpe, thank you. Few Canadians have spent more of the last 18 months in this fight than you have.

In March of last year, you said the relief on vehicles and potash came from American industry reaching the Oval Office, not from Ottawa. Is that still your reading of where that relief came from?

Flavio Volpe: Yes. It was really important that our American counterparts, the ones who are responsible for profit and loss and employment in key sectors, agreed with our position. They agree with the common market. They got through to the people who were setting up these emergency tariffs, and they—

The Chair: Mr. Volpe, please briefly wait for a second. We have to solve a technical issue with the volume of the communications. The members are saying they can't hear.

Flavio Volpe: Shall I try again?

The Chair: Yes, please continue.

Flavio Volpe: I was saying that what was critically important was that our counterparts who have the same view on profit and loss and employment within this continent got through to the people who were putting emergency tariffs in place and convinced the White House to back off on a few things that were going to be really bad for American industry.

Shuvaloy Majumdar: You sit on the Prime Minister's own advisory committee. Can you name one sectoral tariff on steel, aluminum, autos or lumber that this government has lifted through its own negotiation?

Flavio Volpe: Are you talking about Canadian countertariffs, or are you saying that Canadians were able to get the Americans to back off?

Shuvaloy Majumdar: It's the second.

Flavio Volpe: On the balance, it's been tough. I will say that the industry that I represent—auto parts—was threatened with a 25% section 232 tariff last year. We managed to get an exemption for Canadian auto parts. There are still tariffs on cars, but the auto parts exemption kept the industry open.

Shuvaloy Majumdar: Thank you for that. It's 100% tariffs now, stacked, when you think about it.

Mr. Volpe, I'll stay with you for one more.

Washington declined to extend CUSMA on July 1, and the U.S. Trade Representative said Canada was behind Mexico in these talks. From where your members sit, is this government ahead of events or are they chasing them?

● (1650)

Flavio Volpe: That's really interesting phrasing.

I will say this: The government in Washington isn't concerned with the commitments it made to its trading partners. We've seen them go back on commitments they've made to other trading partners a week or two later. By definition, Canada is reacting to Washington, but so is the rest of the world.

I just came back from Mexico City, where I spoke at the INA conference and attended the North Capital Forum that Mr. Hyder and others were so good to organize. What we found on the ground in Mexico is that they're actually not, at least in our space, any further ahead or behind than Canada is in these negotiations.

Shuvaloy Majumdar: Mr. Hyder, you told the USTR last December that businesses invest when there is certainty and that the review must preserve it. I agree with every word of that.

Briefly, let me ask you some quick questions.

Did CUSMA receive its 16-year extension on July 1?

Goldy Hyder: No. That's because the Americans had indicated that they would be withdrawing in 10 years.

Shuvaloy Majumdar: Is there a date for formal Canada-U.S. negotiations today?

Goldy Hyder: I believe talks are informally happening, but there's no date to formally re-engage.

Shuvaloy Majumdar: Are steel, aluminum, autos and lumber still under sectoral tariffs?

Goldy Hyder: Yes.

Shuvaloy Majumdar: Is your members' certainty greater or less now than it was a year ago?

Goldy Hyder: They continue to have more uncertainty than they would like.

Shuvaloy Majumdar: Then by your own test, sir, the review has failed so far.

Have any of your members deferred, cancelled or redirected investment to the United States because of that uncertainty?

Goldy Hyder: I can't speak to whether that was their motivation, but they continue to invest where there is more certainty, wherever that is in the world.

Shuvaloy Majumdar: Something we hear from our constituents and from businesses across Canada today is that because of a lack of certainty around when a negotiation will be taking place or when tariffs might be lifted, companies across this country that are directly affected by these tariffs or that are down the value chain from them are now looking at mass layoffs and relocating their business to the United States. Surely you are hearing as well about that type of effect from this period of uncertainty.

Goldy Hyder: I read what I read in the papers. What I've seen from businesses, however, is hesitancy in deploying capital.

We're reading about that not just here in Canada in but other places, as a result of simply not having the certainty that's needed to deploy the capital. I see a lot of share buybacks. I see the hesitancy in moving forward with large projects at this time.

Shuvaloy Majumdar: Let me just conclude with this, because I'm pretty short on time, I believe.

There is an important distinction between refusing unacceptable terms and refusing to negotiate. From the perspective of Canadian business, should the government now be actively seeking a return to formal negotiations with the United States?

Goldy Hyder: We think it's best that we have negotiations to bring a resolution to the review and renewal issue, and we're hoping that this will happen sooner rather than later.

Shuvaloy Majumdar: Thank you.

The Chair: We go next to Ms. Fortier.

You have six minutes.

Hon. Mona Fortier (Ottawa—Vanier—Gloucester, Lib.): Thank you, Mr. Chair.

Hello, everyone. Thank you so much for being here today.

I'm going to address my questions to Ms. Burke. Thank you for being with us.

I'm trying to identify what sources of leverage Canada possesses right now, to your understanding. Also, from your vantage point in Washington, how do American policy-makers currently view Canada?

Beth Burke: I try not to think in terms of leverage or concessions. I think that leads us to a place of more escalation and tension. Instead, we think it's very helpful to be thinking about opportunities for collaboration and ways we can be stronger, both independently and together.

We have seen over and over that our businesses working together have made us both stronger and more globally competitive in a pretty challenging time on the larger global stage.

I don't mean to skirt around your question, but I think there are lots of different areas we could pursue—

Hon. Mona Fortier: Then let's talk about those areas of co-operation or collaboration. If you have maybe two or three specific ideas, I would love to hear them.

● (1655)

Beth Burke: Yes, absolutely, I think there are ways we can be working together more efficiently. I have touched on regulatory alignment or reducing red tape for businesses. That helps us streamline the operations that exist across North America.

I would also say that there's real potential for places of collaboration around critical minerals. That's something that's been a long-standing conversation between Canada and the United States. There's also a real opportunity to elaborate on what's working well. As I said, we have a lot of inputs that move across the border. Those relationships are very strong, so it's about finding ways to increase production and move goods back and forth across the border.

Then on your second question, could you just remind me of it before I...?

Hon. Mona Fortier: I talked about leverage earlier. It's just to try to understand how American policy-makers currently view Canada from that standpoint of co-operation or otherwise that you were talking about.

Beth Burke: I think it depends on which lawmaker you're talking to. There are different positions across Congress, just as there are here, but I would say that overall I engage on a regular basis with members who are quite eager to get this relationship to a more productive place. They definitely see the value of the partnership.

We've worked together on things like defence and security for a very long time. There are a lot of places in the relationship that are still working well, and we need to really be leaning into those parts of the relationship in this moment, as do a lot of the lawmakers.

Hon. Mona Fortier: Thank you very much.

Now I will address my questions to Goldie Hyder.

You were talking about co-operation also. You mentioned three areas or three ideas. Is there anything else that you wanted to add on particular sectors that you know are being affected and that we should focus on at this time?

Goldy Hyder: It's quite clear that the government has introduced mechanisms to offset the financial impacts that companies and employees are facing as a result of that. Obviously, that's costing taxpayers, and it can't be for the long haul, I would suspect.

I think we all believe that a mutually beneficial deal is possible, and I'm very encouraged to hear Prime Minister Carney and, frankly, President Trump indicate in the course of the last several weeks that a mutually beneficial deal is possible. That suggests to me that there may be informal conversations happening at a higher level. Ultimately, that may be what it takes, and that could lead to a place to get to a negotiated settlement sooner rather than later, as I indicated.

Our view is that no deal is not an alternative, but that's not to suggest that a bad deal is a good idea either. We absolutely need a deal that works for both sides.

Hon. Mona Fortier: What else are you hearing that you didn't get a chance to share during your opening remarks? With the leadership and the role that you have, do you want to share a recommendation on how we should treat the next steps?

Goldy Hyder: Thank you for that question. It's important that committee members know that the Canadian, American and Mexican business communities have been working together collaboratively, not just to make the case for the review and renewal of the agreement but to remind all of our administrations that, with all due respect, trade agreements are made for businesses. They're made so that we have rules and regulations and the ability to make investment decisions with some predictability and certainty as to how we can invest, what we can invest and what kinds of things we can do and not do, and also what happens in the event that there are disputes in that trading mechanism. We're lacking that today.

What we've asked of our governments is for a timely trilateral agreement that exempts all compliant goods from tariffs and allows us to move forward.

Hon. Mona Fortier: On the ground, on the American side, is there anything you're being told that they believe we should be bringing forward and should be focusing on?

Goldy Hyder: I think business leaders in all three countries are saying that we should not settle for just settling. Let's find a path forward that actually improves our agreement, one that doesn't just address the irritants that we're having but one that, from a business perspective, looks at North America from the lens of how to compete with the rest of the world.

We're the richest continent. We have the best resources. We have the best talent. We have our trade agreement. Let's put more meat on the bone of competitiveness, for example. There's a full chapter.

Let me also use this moment to say that too many of us think about the USMCA as one thing about trade and tariffs. It has 34 chapters in it. It affects the way of life for Canadians. It impacts us at the border, and it impacts our security and our telecommunications. We have to think about this as more than just one thing.

● (1700)

[*Translation*]

Hon. Mona Fortier: Thank you.

[*English*]

The Chair: Thank you very much.

[*Translation*]

Mr. Brunelle-Duceppe, you have the floor for six minutes.

Alexis Brunelle-Duceppe (Lac-Saint-Jean, BQ): Thank you, Mr. Chair.

I have a question for the three witnesses, who may answer it in turns.

Several experts tell us that, at present, if no agreement has yet been reached, it may be due more to electioneering or purely political motives on both sides. I would like to know what the witnesses personally think about this, but also what they are hearing from the members they represent within their associations.

Are we currently experiencing a tariff war that is driven purely by the desire to score political points, rather than by a genuine effort to build a different kind of economy?

We could start with Ms. Burke.

[*English*]

Beth Burke: Thank you. I think that's an interesting question.

I think everything in the world is political to some extent, but in this particular moment, there are lots of different compounding factors as we navigate the USMCA, one of them being timing and one of them being that the Trump administration is looking at the global trade relationship that they have with the entire world. They are re-evaluating the way they view the U.S.'s relationships everywhere.

To speak to this particular one, I think it's in that broader context. They are trying to forge new paths and create new relationships. I don't know that I would say it's a purely political motivation. I think it's really a belief in terms of the way they see the world and the way they see trade deficits. We come to the table every day and talk about how important this relationship is, and we try to bring the numbers to make the case.

I don't know if I'm answering your question, but that's....

[*Translation*]

Alexis Brunelle-Duceppe: You're doing an excellent job, as always, in fact. The last time we met was in Washington. I'm very pleased to see you here.

Mr. Volpe, I'd like to turn to you as well.

When I talk about scoring political points, I'm referring to both sides—whether it's the Americans or the Canadians. You might be able to answer this question, as it's of interest to quite a few people at the moment.

[*English*]

Flavio Volpe: Thanks for the question.

From the Canadian side, from the evidence we've had in working with the negotiating team and how long they stayed at the table—I'll use the example of Madame Charette, who is our chief trade negotiator, who sat in Washington for weeks at a time, available and meeting until late hours of the day on the very specific details of what might constitute a deal for the industry that I represent—there didn't appear to me to be any politics on our side getting in the way of the negotiation.

On the American side, of course, there is an ideology in the current administration regarding automotive trade that has them ignoring how Ontario and Quebec are uniquely integrated with Michigan, Indiana, Illinois, New York State and Pennsylvania. It appears, now that they've taken a political stance, they want to punish the trading partner and ignore the fact that they are punishing Detroit and the surrounding areas. However, I can't speak to the American dynamic other than as an observer.

[*Translation*]

Alexis Brunelle-Duceppe: Mr. Hyder, you may reply.

● (1705)

[*English*]

Goldy Hyder: I think what we're having here is a response to the reality of where we find ourselves. This is about our national interests on both sides. This is about our economic interests on both sides. The issues are quite serious. It's about our industrialization and, God forbid, de-industrialization. We have to be cautious about the things that we're doing.

I think, at least on the Canadian side, what I feel, as a Canadian myself—you said personal response—is that we should have a cause for concern that an agreement we made is being violated. That is a problem. It's being done on the basis of a trade deficit that we believe, on the Canadian side, doesn't really exist.

I want to acknowledge the great work that the negotiating teams have done—I believe on both sides—in good faith. I want to remind the committee that on two occasions now, we came this close to getting it across the finish line, and for various reasons, it hasn't materialized.

I remain optimistic. The people I work for are eternal optimists. We do believe that a deal is there and that we have to overcome the conflict of visions that there seems to be. It's clear that, as I mentioned at the outset, America is changing. When they change, we have to figure out if we are willing to go along with that change, and if not, where we draw the line.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you.

I don't have much time left.

Ms. Burke, you are in Washington. You rub shoulders with people there. Do you feel that more and more American elected representatives, whether Democrat or Republican, are realizing the consequences of the negotiations for their own economy within their own constituencies, whether in the states they represent or in the House of Representatives? Are they taking these consequences seriously?

[*English*]

Beth Burke: Yes, I think there are conversations every day, like I said, that are focused on this relationship. Businesses are reaching out not just to elected officials in the House or the Senate, but also to their state representatives and governors to show the impact that this relationship is having on the jobs, the supply chains and their customers.

It is permeating. The conversation is happening. You see it even now. While they're not in D.C., the conversations are happening all across the United States. The cost of living is extremely high. Affordability is front and centre. Some of the answers to that are getting this relationship right, reducing the barriers and making more certainty for businesses.

Yes, I do think they know.

The Chair: Thank you very much.

Next, we have MP Mantle.

You have five minutes.

Jacob Mantle (York—Durham, CPC): Thank you, Mr. Chair.

Thank you to our witnesses for appearing and providing valuable testimony on this important topic.

Ms. Burke, I'll go first to you. Are Canadian countertariffs good for business for your members?

Beth Burke: I have been consistent in saying that no tariffs are good for businesses.

Jacob Mantle: That's great. Thank you.

Do you agree that the Prime Minister should have walked away from the negotiation?

Beth Burke: I will leave it to the Canadian government and the Canadian public to decide what is best. What I will tell you is that from a business perspective, and from what I hear from my members every day, we want to get to a deal but the right deal.

Jacob Mantle: Thank you. Can I take it, then, that your advice would be to get back to the negotiating table?

Beth Burke: Yes.

Jacob Mantle: Okay.

Mr. Hyder, I have similar questions for you and your members. Are Canadian countertariffs good for business?

Goldy Hyder: Tariffs are bad—period.

Jacob Mantle: Very good. Do you think the Prime Minister should have walked away from the negotiating table?

Goldy Hyder: I trust that he had a good reason to do so.

Jacob Mantle: Do you know what that reason is?

Goldy Hyder: I do not. I only heard the same news conference you did. If the issues of sovereignty and language and culture were on the table in the way in which he suggested, I would have walked away as well.

Jacob Mantle: Understood. I think that's one of our concerns. We don't know the details of that beyond the “just trust me, bro” approach of this government.

Do you think we should get back to the table?

Goldy Hyder: We believe it's better to find a way forward. Ultimately, that gets done at the table.

Jacob Mantle: Very good.

Ms. Burke, in your comments you argued that the relationship is “not broken”, to use your term, and shouldn't be looked at that way. I have trouble squaring that with the messaging coming from the government, and particularly the Prime Minister, who talked about a “rupture” and has said that we are “at war” with the United States.

Do you think we are at war with the United States?

Beth Burke: I do not. The businesses I work with every day continue to work together with their customers and suppliers. I think it's a very difficult moment, but no.

● (1710)

Jacob Mantle: Do you think that language is helpful in the negotiation? Does it put Canada in a better position at the table?

Beth Burke: I think raising the temperature in any direction is not helpful. Right now, getting to a place where we can have stability and meaningful, constructive conversations is important.

Jacob Mantle: Thank you.

Mr. Hyder, on a similar topic, you said not long ago in an interview that Canada and the U.S. are “better together”. You spoke about U.S.-plus and the North American economy. I share those sentiments, so I have a similar question. I have difficulty squaring that perspective with the messaging from the government, which has talked about rupture. The Prime Minister is suggesting that we are at war with the United States.

Are we at war with the United States?

Goldy Hyder: We're certainly not at war with the United States. I recall that the Prime Minister has also said that he believes Canada can “help make America great again”. We'd like to put the emphasis on that, if we can, to talk about how exactly we can do that and focus on fortress North America, something that the business communities are doing very deliberately: Yes, we compete with each other, but the reality is that North America competes together with the rest of the world.

Jacob Mantle: Thank you for that.

Mr. Volpe, do you still believe in an integrated North American auto sector?

Flavio Volpe: It's the reality. I'm not sure it's up to me to believe it or not. We live it.

Jacob Mantle: Do you believe the elbows-up, rupture and “Canada is at war” mentality is helpful to preserving and furthering the reality that you just described?

Flavio Volpe: I think you're inferring something but not being clear about it. I think what you might be asking is this: Should we have a posture where we stand up for our interests, and does that work when the counterparty is constantly reminding everybody that they have all the cards and the leverage?

I think—

Jacob Mantle: Could you give me an example of that working, then? I'm not trying to infer anything. I'm stating that I don't think that's a helpful position to take. If you think it is a helpful position to take or have a different view, I invite you to tell me that and provide some evidence to support it.

Flavio Volpe: Last year, when the White House said it was going to tariff automotive parts and cars across North America, we stood up for ourselves with—

Jacob Mantle: Now there's a 100% threat for January 1. Is that right?

Flavio Volpe: There isn't, but I wonder if you'd give me the time to answer or whether you're going to take the full time here.

What happened was that we made the argument, very forcefully and confidently across North America in every automotive capital and all public platforms, that putting a tariff on Canadian parts would shut down the U.S. industry. Commerce and CBP updated their guidance and gave an exemption for CUSMA-compliant parts. They did back down. That was very positive for the 100,000 people who work in the factories and the companies I represent. That came from confidently expressing that we do have a dog in this fight.

The Chair: Thank you very much.

We'll go next to MP Zuberi.

You have five minutes.

[*Translation*]

Sameer Zuberi (Pierrefonds—Dollard, Lib.): Thank you, Mr. Chair.

I would like to thank all the witnesses for being here today.

[*English*]

I'd like to start off with Ms. Burke.

We actually had a session with Global Affairs officials on Monday. Those officials said that we have several diplomatic missions in America. We have 12 consulates and one embassy. They spoke about how engagement at the state level with congressmen and senators is important.

Would you like to add to that in any way? How important is that engagement by Canadian officials with the different sectors of American governance? Do you have any suggestions for how we, as government, engage with those different sectors in the United States?

Beth Burke: I've had the pleasure of meeting many of the folks across the country, and they're doing a phenomenal job of building relationships in communities all across the country. I think it is extremely important to deliver the message to everyday Americans as well as elected officials. The business relationships are extremely important.

The U.S. has a lot going on. There are a lot of things that become the shiny key or the busy object, so making sure that there is a steady conversation reminding them of all the different avenues for collaboration and opportunities to work together, as well as highlighting the jobs, the supply chains and the customer base.... Those things are extremely important. It's something that we do and would welcome the opportunity to partner on. I think it is really important.

This is something that Canada has long done well by crossing the entire country and talking to folks at every single level of government. It is important. It matters. Having surround sound to amplify your message is critical.

● (1715)

Sameer Zuberi: I'll briefly use the term “steady”. Have you found that our engagement has been steady?

Beth Burke: Yes.

Sameer Zuberi: That certainly is a key element to our engagement with respect to these deals and making sure we're successful.

Beth Burke: Absolutely.

Sameer Zuberi: Thank you.

I'd like to go to Mr. Hyder now.

In a similar vein, when it comes to the business community, given your role in the Business Council of Canada and that long tenure you have with many Canadian businesses, can you speak to how the business community can play a role in helping us get to this point where we get to a negotiated deal with the United States?

Goldy Hyder: I would say it's not “can”. “Is” is the reality. The Canadian business community has been partnering actively with the communities in which companies operate. As you've heard from Beth and others, the Canadian business footprint in the United States of America is significant. As you know, politics are local, but so too is business. Canadian business leaders have been leaning into their own contacts in Congress and at the local level with governors, senators and others.

Let me say this: If there's one thing that you all would appreciate as elected officials in our country, it's that the best lobbyists in America are Americans. What we need to do is activate and engage our allies who are Americans to speak up. I believe the consular team Ambassador Wiseman has put together across the country is designed to do just that: to ensure that the Canadian story and the facts about this are understood at the local level so that Americans can reach out to American legislatures and speak the facts about how important this agreement is.

Sameer Zuberi: On that point about Americans being the best advocates, Mr. Hyder, are you seeing that traction and that message from the Canadian government really being understood by the American public?

Goldy Hyder: It's very interesting. It's a great question.

What's happening is that, for whatever reason—and I don't want to judge the reasons that Americans are doing this—they're doing it under the radar. They're doing it privately. They're doing it directly. They're not necessarily running campaigns or putting up billboards or anything. I leave it to them to determine why they're doing it the way they are. However, I can assure you—there's no doubt in my mind—that important American business leaders are making those calls not just to the White House but to others to make the point.

The more we can encourage Americans to speak in particular to the USTR, the United States Trade Representative, and have him understand the impact that these tariffs are having on local Americans and American communities, the more likely that this agreement could happen sooner rather than later.

Sameer Zuberi: I appreciate that.

I'll let you conclude with any thoughts that you have in these few seconds that are remaining.

Goldy Hyder: I don't have any. Thank you.

The Chair: Thank you very much.

We'll next go to MP Brunelle-Duceppe.

You have two and a half minutes.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you, Mr. Chair.

Mr. Volpe, I'd like to ask you a question that might be a bit of a curveball. If you don't have an answer, that's fine.

How was the agreement between Canada and China regarding Chinese electric vehicles received by your members?

[*English*]

Flavio Volpe: I coached baseball for 30 years. I know where left field is. That's where that proposal came from, and we did not like it. It was a concession of a very important part of the Canadian consumer market to manufacturers and importers that have no Canadian content.

What we asked for, firmly, was that there be very serious guardrails: a very limited amount, a review period and a requirement that if they wanted to maintain that market share, those OEMs from China had to make joint venture manufacturing investments in Canada in the same way that they require of us in China.

[*Translation*]

Alexis Brunelle-Duceppe: One issue that has recently come to the fore, in relation to tensions between us and the Americans, is our public policies on products made using forced labour, among other things. There are several studies that demonstrate this, and the University of Sheffield has demonstrated it once again: in the supply chains for Chinese electric vehicles, there are components produced using forced labour. This is therefore somewhat related to the study we are conducting today. Concluding such an agreement with China on such a product serves to exacerbate tensions in our relationship with the United States.

Have your members raised this issue with the government?

● (1720)

[*English*]

Flavio Volpe: I think it's really important that forced labour is part of any Chinese conversation. The Canadian supply chain record and the Canadian government's record on forced labour are at least as strong as the Americans', but it's a very interesting time to have to deal with the politics.

We are all confused as we watch Donald Trump invite his Chinese counterpart to Washington on a trade mission and then also promise to give up some of his market access to the Chinese as well. We're all working with the same problem.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you very much.

[*English*]

The Chair: Thank you very much.

We go next to MP Aboultaif. You have five minutes.

Ziad Aboultaif (Edmonton Manning, CPC): Thank you, Mr. Chair.

Thank you to the witnesses for being here.

Ms. Burke, you said free trade is not a favour that one party gives the other, and we definitely agree on that.

The question is about tariffs and countertariffs. What's going on now? The negotiations have been stalled, and we don't know for how long. Do you believe we and the U.S. are on the same level of being able to afford to continue with this indefinitely?

Beth Burke: I think you probably know the budget and the way you can manage the economy here better than I can. What I can speak to is how businesses are managing the relationship. What I will tell you is that the tariffs and countertariffs are not good for any company. They are uncertainty. They are added costs. They also make their way through the supply chains and through the costs to consumers at a time when affordability is a real challenge in both countries.

I will leave it at that.

Ziad Aboultaif: If this continues to be the case, how long can we go on? Who's going to call it first and say, “We're going to give up and we're going to go back to the table”?

Beth Burke: I can't tell you when the point of pain is too much for any one country to bear. The uncertainty is too much for business. At this point, we do not operate well in a context where we don't have clarity and where additional costs are being passed through. We are not comfortable. We want to get to a place where the tariffs are removed and there is a good, free flow of trade. A continuation to strengthen this partnership is really important.

Ziad Aboultaif: Can you advise on this? If you can answer the question, feel free. How costly has this been? Have there been any measures, any numbers, that would probably be beneficial to this study?

Beth Burke: Some of the numbers I cited earlier in my remarks.... There is a $1-trillion price tag on getting the USMCA right for the U.S. economy. It means $1 trillion more over the next 10 years to the U.S., which is a trillion reasons to get this relationship right. This is not one-sided.

I am happy to share our Oxford Economics report, which we commissioned, with anyone who is interested. It's also on our website. It has lots of details. It breaks down the impacts by sector, by province and by state. There are very real dollars attached to this.

Ziad Aboultaif: There's one significant change that we see in the strategy. The United States' approach to this whole deal is to see trade through the lens of national and economic security, while Canada does not. Can we make that assumption?

Beth Burke: I would not presume to know where the government is coming from in its intent or thought. In the meetings and conversations I'm having with both governments, economic security and national security are brought up and tied in every room I'm in.

Ziad Aboultaif: I'd like to extend the same question to Mr. Volpe and Mr. Hyder, if possible.

I'll start with Mr. Volpe.

Flavio Volpe: Economic security and national security are inextricably tied in a moment when the global balance of power and politics is turning to "might is right". Regardless of what happens, we are inextricably tied continentally to the Americans, so it's in our best interest to find the right language and interpretation of what economic security alliances can do for us here.

One of the things that came up over the course of the negotiations is some type of customs equivalency or a common tariff wall around the continent. That's the Americans looking for economic security. I think we were right to remind them that we have very important trade agreements with partners across the Pacific and the Atlantic. We have our own terms with them, and we should absolutely be the ones who determine the terms of those agreements in the Canadian national interest.

It's not easy, but it definitely is the topic du jour.

● (1725)

Ziad Aboultaif: I have about 15 seconds.

I'll ask the question of the last panellist, if possible.

Goldy Hyder: On the question of countertariffs and tariffs, I want to remind everyone that Prime Minister Carney indicated earlier that there are limits to how long one can do this because of the size and scale of the economy. However, it's also impacting the United States of America. We have seen inflation in the United States. We've seen an increase in interest rates in the United States.

I believe the pressure is now going to mount to such an extent that this is why we're hearing more and more that a mutually beneficial agreement is more likely than less likely and will come sooner rather than later. That's certainly our hope.

The Chair: Thank you very much.

Finally, we go to MP Sari.

You have five minutes.

[*Translation*]

Abdelhaq Sari (Bourassa, Lib.): Thank you very much, Mr. Chair.

I hope all our guests have access to the interpretation service.

I would like to thank the witnesses very much for being here with us today. I am really pleased to hear them speak on this subject. I would also like to thank them for the way in which they are answering the questions, explaining things in a way that is easy to understand. It helps us to better grasp the issue.

Mr. Hyder, I'd like to start with you.

We've been talking about trying to diversify our export markets for decades. You also mentioned a strategy for the United States, a "United States plus" approach. I'd like to understand exactly what this "plus" means, so that it doesn't remain just a slogan.

What needs to change to make this strategy truly feasible, to ensure it's properly organized?

[*English*]

Goldy Hyder: Thank you for your question. I'm pleased to answer it, because I think herein lies the opportunity of this moment.

Someday, we'll probably thank President Trump for awakening us to the fact that for too long, we really landlocked ourselves to sell what Canada has and what the world needs, which is our natural resources. All across this country, whether you're talking about forestry, agriculture, oil, gas, potash, uranium, critical minerals or hydro—you name it—we were selling it north to south. What we needed to do was diversify and expand.

Governments going back 20, 30 and 40 years did the trade agreement portion. They created markets. Those of us that sold services were able to sell them all over the world, including the countries where we had agreements. However, if we had hard commodities.... We didn't expand our ports. We didn't build the rail. We didn't get the infrastructure in place to be able to do that. We didn't get the permitting to allow resources like critical minerals and rare earth minerals to come out.

This is the opportunity for Canada to get that right so that we're no longer beholden to a single economy, which we can't blame them for. We can only blame ourselves for it.

[*Translation*]

Abdelhaq Sari: I shall return to the issue of critical minerals and that of security. However, I would first like you to give us some examples of potential markets that would enable us to diversify our economy.

Could you give one or two examples of emerging economies or markets, whether in Africa, Asia or elsewhere?

[*English*]

Goldy Hyder: Given that I'm in London, England, let me just say that I met at 10 Downing Street today with officials representing the prime minister. Their first question was about critical minerals and their last question was about critical minerals. It suggests to you that right here in Europe, but more beyond, in Asia and other parts of the world, what we have is in demand. We're not the only ones who have it. Take nickel as an example. Indonesia has 30% of the world's nickel, but Canada has 3%. If we don't use our 3% and the world just gets it from somewhere else, we may have that stranded asset here.

We have to develop the capacity to do what the government is seeking to do. The "one project, one review, one year" will go a long way in helping to deploy some of the resources necessary to build the infrastructure and get product to market.

● (1730)

[*Translation*]

Abdelhaq Sari: I would like to bring things full circle by addressing the issue of national security, which has been raised, because Washington is now approaching the negotiations much more from a national security perspective.

My question is for you, Ms. Burke, or anyone else.

Given this U.S. perspective, if Canada wishes to be seen as a strategic asset rather than merely a complement or a gateway for competition, what commitment must it make with regard to artificial intelligence and critical minerals?

What approach should we take, as a nation?

[*English*]

Beth Burke: I think a commitment for collaboration and partnership and utilizing the framework that already exists with businesses that are operating would be a great step. We have a lot of companies that are working together already in these spaces. Learning from them and working together to find additional avenues would go very far.

I know, because I have these conversations often, that the U.S. does look for great opportunities for collaboration in these spaces today. Continuing to double down on that, I think, is very welcome from the U.S. side.

[*Translation*]

Abdelhaq Sari: I have 20 seconds left. If another witness could answer this question, I would be grateful.

[*English*]

Flavio Volpe: Let me just say something for 10 seconds.

If we're going to help the Americans address national security collectively, then we're just going to have to look at where they're vulnerable. If they're vulnerable vis-à-vis China, and we have the tools that help bolster North America, such as in critical minerals or in restricting access to products that may be cybersecurity threats, then I would argue that we should use that for everything it's worth.

The Chair: Thank you very much.

Thank you to all the witnesses for their appearances before the committee.

I want to make special mention of you, Ms. Burke, for coming all the way from Washington to join us in person.

Thank you, of course, to Flavio Volpe and to Goldy Hyder, joining us all the way from the U.K. Thank you for your appearance, your testimony and your answers to colleagues.

We will now briefly suspend the meeting in order to prepare for the next witness.

● (1730)

_____(Pause)_____

● (1735)

The Chair: I call this meeting to order.

[*Translation*]

I would now like to welcome the witness who is joining us via video conference for the next 40 minutes: Christophe Cloutier-Roy, deputy director of the U.S. Observatory at the Raoul-Dandurand Chair of the Université du Québec à Montréal. He will be giving evidence in a personal capacity.

[*English*]

Welcome. I invite you to make your opening statement of no more than five minutes. Please proceed.

[*Translation*]

Christophe Cloutier-Roy (Deputy Director, Observatoire sur les États-Unis, Raoul-Dandurand Chair, Université du Québec à Montréal, As an Individual): Mr. Chair, Mr. Vice-Chair Brunelle-Duceppe, members of the committee, thank you for inviting me to share my expertise on Canada-U.S. relations at this pivotal moment.

My name is Christophe Cloutier-Roy. I hold a Ph.D. in political science from the Université du Québec à Montréal, or UQAM, specializing in American politics and international relations. I am currently a lecturer in the Department of Political Science at Laval University in Quebec City, where I teach a course on Canadian foreign policy. In fact, I received your invitation to testify just a few hours after speaking to my students about this committee's work. So, it is quite a happy coincidence. I am also, as you mentioned, deputy director and research fellow at the U.S. Observatory of the Raoul-Dandurand Chair in Strategic and Diplomatic Studies at UQAM.

From 2018 to 2024, I served as a key collaborator on a research project funded by the Social Sciences and Humanities Research Council of Canada, for which Frédérick Gagnon—a professor in the Department of Political Science at UQAM, holder of the Raoul-Dandurand Chair and Director of the U.S. Observatory—was the principal investigator. Mr. Gagnon was unable to be here today.

This research project examined the influence that Donald Trump's first election, in 2016, may have had on the evolution of the relationship between Canada and the United States. More specifically, we sought to determine whether, and to what extent, the then 45th President of the United States had altered Americans' perceptions of their northern neighbours, by focusing on some of the key issues in this relationship.

This research was conducted primarily by collecting two types of data. Firstly, Professor Gagnon and I undertook several field trips to the United States, in 2014, 2018, 2020, 2022 and 2024. These were all years in which elections took place in the United States, but they also included years preceding the first Trump era, years during the Trump era—namely 2018 and 2020—and two years of the Biden era, namely 2022 and 2024. We were thus able to observe the persistence of a “Trump effect” on the ground in the United States. We visited 12 states located near the border with Canada: Minnesota, Wisconsin, Michigan, Illinois, Indiana, Ohio, West Virginia, Pennsylvania, New York State, Vermont, New Hampshire and Maine.

During these visits, we conducted semi-structured interviews with a wide range of local political figures. In some cases, we were able to meet candidates, but we also met advisers, political operatives from the Democratic and Republican parties, lobbyists, trade unionists, shopkeepers and local voters. On each occasion, we asked them how they perceived the relationship with Canada and what they considered to be the key issues in that relationship.

In a second phase, with the help of a team of postgraduate students, we carried out media monitoring to see how national and local media in the United States were reporting on the Canada–U.S. relationship and its main issues.

This data collection exercise led to the publication, in 2024, of the book *L'Amérique d'abord, le Canada ensuite*, the title of which is, of course, a nod to Donald Trump. It comprises 11 case studies on the key issues in the Canada–U.S. relationship. Our case studies covered, amongst other things, the negotiation of CUSMA, or the Canada–United States–Mexico Agreement, the issue of building oil pipelines to transport Canadian oil to the Midwest, and the dispute between lobster fishermen in New Brunswick and those in Maine.

Overall, this research project enabled us to demonstrate that the Trump presidency did indeed constitute a lasting turning point in the modern history of Canada–U.S. relations. This shift is evident in the fact that Canada–U.S. issues are increasingly being discussed during election campaigns—indeed, as you know, an election is due to take place in a few weeks' time in the United States—and also in the fact that, although Canada maintains an excellent reputation in the eyes of Americans, they are becoming increasingly wary of the benefits of this relationship. Much like their president, they are looking to see what's in it for them in this relationship.

I would add, although this is not something we have highlighted in the book or in our work, that we are increasingly seeing a sort of partisan divide in perceptions of Canada. Indeed, Democrats generally have a very favourable view of Canada, while Republicans are somewhat more cautious.

I'll be happy to try to answer your questions as best I can, whether they concern our research project, the history of Canada–U.S. relations, Americans' perceptions of Canada, the impact of Donald Trump on those perceptions, or Canada–U.S. issues relating to the mid-term elections.

Thank you once again for having me here today.

● (1740)

[*English*]

The Chair: Thank you for your statement.

I also wanted to add, as I should have earlier, that you're also a lecturer at the department of political science at Université Laval.

Moving forward, our next questioner will be MP Majumdar.

You have six minutes.

Shuvaloy Majumdar: Professor Cloutier-Roy, your book argues that Trump's first term was a rupture or a breaking point in our relationship with the United States, not just an interruption. Would you take a minute to unpack whether what we're living through now is a passing storm or a permanent feature of American democracy?

[*Translation*]

Christophe Cloutier-Roy: It seems to me that your question actually touches on two subjects. You mention a rift in Canada-U.S. relations, but also American democracy. So, I'd like to know whether you're asking two separate questions here.

[*English*]

Shuvaloy Majumdar: I'm asking if you see this as a permanent change in what we can expect from Washington.

[*Translation*]

Christophe Cloutier-Roy: All right.

As regards relations with Canada, what led us to discuss elements of continuity is the fact that, under Mr. Biden, we did not see a complete return to the situation that prevailed previously. In other words, although the tone had softened considerably to reflect more widely accepted diplomatic practices, we nevertheless saw industrial policies tending towards protectionism on the part of the Biden administration. They were trying to support U.S. domestic industries and promote “Buy America” provisions. We observed this when we visited the region in 2022—during Mr. Biden's presidency—particularly in Ohio. A Democratic campaign worker we met told us that they now had no choice but to do this, as it was what the voters wanted.

However, with Mr. Trump's return to power, we have seen this policy towards Canada intensify, particularly with regard to tariffs. In fact, according to polls, these tariffs are very unpopular with the American public. According to a recent Politico poll, only 25% to 26% of Americans support these tariffs. Even Republicans are strongly opposed to them. Given the impact on the U.S. economy, one might wonder whether this will not lead to a slight re-evaluation of this economic relationship from the American perspective.

So, I wouldn't be prepared to say that we'll remain in this protectionist dynamic, if only because things were taken to extremes under the second Trump administration. I would say, however, that there is still a degree of uncertainty in this regard. One might think that, if the Democrats take control of Congress, we are likely to see attempts to limit, at the very least, the use of tariffs, particularly with regard to Canada.

Now, from a Democratic perspective, I would say that the situation in the United States is quite tense at the moment. There are quite strong attempts—

● (1745)

[*English*]

The Chair: Professor, I'm sorry to interrupt. Can you speak a little slower for the benefit of the translators?

[*Translation*]

Christophe Cloutier-Roy: Yes, certainly. We could move on to another question.

[*English*]

Shuvaloy Majumdar: I'm happy to. You were answering the question I had in mind, though, so I appreciated where you were going with it.

Let me allow you to continue in a slightly different sense. We have not seen major Democratic leaders in the United States auditioning for president, Congress or different governors' offices indicate that they would walk back these tariffs from the United States side. Meanwhile, Canada's former chief negotiator has said that these talks may run past them—our negotiations.

Would Congress after November, in your mind, give Canada more leverage or less leverage?

[*Translation*]

Christophe Cloutier-Roy: I'm not sure I understand the question. Could you clarify a little what you mean by “advantage”?

[*English*]

Shuvaloy Majumdar: Is it a better position to negotiate from? Is it, in your mind, waiting to see what emerges in Congress? Do you think that waiting past these mid-terms will result in a structural change in which the negotiating position for Canada would be stronger?

[*Translation*]

Christophe Cloutier-Roy: All right.

I would tend to think it is wise to continue to proceed with caution and take the time to see how the situation evolves. The new Congress, which will convene from January, will most likely consist of at least a Democratic majority in the House of Representatives. There is also a very good chance that there will be a narrow Democratic majority in the Senate.

What will be difficult is the sort of standoff, as you put it, that is going to take place between the White House and Congress on the issue of tariffs. Constitutionally, Congress can prevail in this debate, and the U.S. Supreme Court has in fact recently ruled in favour of Congress with regard to limiting the imposition of tariffs in certain cases. However, several precedents over the years have also afforded the president considerable authority on this issue.

So, if a Democratic majority Congress attempts to limit tariffs, it can expect to face opposition from the White House and Donald Trump, as well as the Supreme Court. Yes, the Supreme Court has previously ruled in favour of Congress on the issue of tariffs, but it is also, and above all, composed of six Republican justices who have often handed down rulings favourable to the president's decisions in the past.

● (1750)

The Chair: Thank you very much.

[*English*]

MP Sari, you have six minutes.

[*Translation*]

Abdelhaq Sari: Thank you very much, Mr. Chair.

I would like to thank Mr. Cloutier-Roy very much for being here. Before we begin, I would like to extend a more personal greeting to him. We are both graduates of the same university, UQAM, and we have a mutual colleague, Mr. Guillaume Lavoie, who is a member of his research chair.

I would also like to thank him for the work he is doing at the Raoul-Dandurand Chair. It is very enriching, and I encourage him to continue this work, of course. We also see him on television, and that helps people form an opinion on this conflict.

Mr. Cloutier-Roy, as you said, there have been changes during the first term and the current term. You also mentioned Mr. Biden's visit. Following his arrival, diplomatic relations have eased, but this has not changed much in terms of trade.

I would very much like to know how you see things. How should Canada adapt to these changes, while recognizing, of course, that there has nevertheless been a certain historical connection in commercial, economic and cultural terms?

Christophe Cloutier-Roy: I would find it difficult to give you an original answer to this question. I have heard some of the speakers in the previous panel, and I believe that what was mentioned is entirely in line with the way forward. This involves continuing the long-term diversification strategy and attempting, as far as possible, to limit Canada's dependence on the United States.

As the previous witness said, I do not know whether we could ever say that we will one day thank Donald Trump, but it is certainly true that a kind of momentum towards greater independence for Canada has emerged from this second term. So there may indeed be an opportunity to seize, in order to mobilize the resources we have as Canadians and our diplomatic potential.

That said, we will not escape the geographical and economic dynamics in which we find ourselves, nor is it desirable to do so. The U.S. market will not be completely closed to Canada overnight. I believe the current tensions are a temporary spike. Things will ease off one way or another. The danger for Canada is a return to the status quo. We must position ourselves and aim, in the near future, for greater resilience in the face of the occasional upheavals that may arise with our American neighbour.

As far as I can tell, many of the measures taken over the past year and a half are moving in this direction, while at the same time we recognize that our relationship with the United States will stay strong and must remain so.

Abdelhaq Sari: In your response to Mr. Majumdar earlier, you brought up the Biden era. I would like to address this aspect once again.

To what extent do you believe that this economic nationalism has become a lasting feature of American politics in general, regardless of which party occupies the White House?

Christophe Cloutier-Roy: I think that we need to look back at the founding event, which was the 2016 election campaign. That campaign brought about a turnaround. There used to be two political parties. On one side stood the Republican Party, which was fundamentally in favour of free enterprise and free trade. There wasn't anything complicated about it. On the other side stood the Democratic Party, which was trying to have it both ways. It constantly promised protectionism, for example by proposing to end the North American Free Trade Agreement, or NAFTA. This was, in fact, one of Barack Obama's campaign promises in 2008. Yet, once in power, he continued to follow the neoliberal paradigm.

Donald Trump stirred up quite a hornet's nest by seeking to withdraw the United States from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and to end NAFTA. This promise was also made on the Democratic side, with Bernie Sanders's candidacy. As we know, Bernie Sanders fared much better in the 2016 primaries than expected. This forced Hillary Clinton, a longtime staunch advocate of free trade, to reconsider her position on the trans-Pacific partnership. As we know, the United States ultimately withdrew from it.

Several polls subsequently showed that a number of Republican voters who joined the Republican coalition with Mr. Trump—many of whom were less affluent and part of what might be called the working class—supported these promises to review free trade and adopt protectionist policies. There was already a similar sentiment within the Democratic Party as well. So both parties saw an advantage in pursuing this path, without necessarily becoming die-hard protectionists. At the very least, they saw an advantage in adopting language more in line with a certain form of economic nationalism.

The case of Joe Biden, just like the example of Hillary Clinton, is striking. Mr. Biden, of course, doesn't come from anywhere near the progressive wing of the Democratic Party. He's the quintessential moderate Democrat. Throughout his career, he voted in favour of free trade agreements, including NAFTA, in fact. Once in office, he sought instead to implement what he called his foreign policy for the middle class. This policy was basically a polished version of the “America First” approach.

● (1755)

Abdelhaq Sari: You just made some predictions for the upcoming election results, particularly regarding the American Senate.

Can you quickly describe the current perception of the political debate surrounding the issue of tariffs in general, from both the Democratic and Republican sides?

Christophe Cloutier-Roy: As I said, tariffs are quite unpopular. However, two states in particular—Maine and Michigan—are of interest to Canada. There are two tight Senate races in those states. Two of the candidates who have spoken out against Mr. Trump's tariffs are Susan Collins, the Republican candidate in Maine, and Mike Rogers, the Republican candidate in Michigan. They both said that tariffs were hurting the economy and called for an end to them. This is a strong message from these two candidates, who remain locked in tight races and whose political survival hangs in the balance.

To pick up on the example of Mike Rogers, he even ran a commercial where he said that Canadians weren't the enemies of Americans and where he was shown drinking a Labatt beer in a sports bar. We want to promote this type of messaging, especially in border states. We know that many communities in these states depend on a fluid border, which is always to Canada's benefit. Some of these states are swing states, such as New Hampshire and Michigan.

[*English*]

The Chair: Thank you very much.

Next, we go to MP Brunelle-Duceppe.

You have six minutes.

[*Translation*]

Alexis Brunelle-Duceppe: Thank you.

Thank you, Mr. Cloutier-Roy. It's a pleasure to have you with us today.

On a more personal note, my daughter is studying public affairs and international relations at the Université Laval. I don't know whether she'll have the opportunity to take one of your courses, but I hope so. Please extend my regards to one of your colleagues, Frédérick Gagnon, a fellow from Alma.

You spoke about greater mistrust, or at least previously non-existent doubts that the American public now harbours regarding the benefits of the relationship with Canada. Is the “Trump factor” the sole explanation for this shift? How does this shift play out on the ground among Americans?

Christophe Cloutier-Roy: The best example that I can provide is a case that we studied extensively during that period. This case is the New England clean energy connect project, which sought to build a power line to transport hydroelectricity from Quebec to Massachusetts through Maine. As you undoubtedly know, Quebec has long supplied New England with hydroelectricity exports. For a long time, these exports were quite popular. Hydroelectricity had an excellent reputation as a green energy source.

I'm giving this example because we saw resistance to the construction of this line, especially from the Democrats, although there was obviously resistance from the Republicans as well. First, the discourse surrounding hydroelectricity had suddenly changed. People said that it wasn't a clean energy source and that Quebec would run out of energy and would be forced to compensate by using more polluting energy sources. People even argued that Hydro-Québec was a state-owned enterprise that competed unfairly with local companies. These companies operated both polluting energy sources and renewable energy sources, such as wind turbines and solar power plants. In fact, indigenous people from the far north of Quebec were even brought in to speak at briefings in the United States about how the Quebec government, for example, fails to respect the first nations. In New York State, too, the Champlain Hudson power express project was under way.

That's the type of change that I'm talking about. We didn't really see this before. Ultimately, it boils down to the following question. Why should Canada and Quebec be trusted? The perception isn't that we're particularly deceitful people. Instead, many Americans seem to have internalized this view of international relations as a zero-sum game, which is the perception promoted by the president.

● (1800)

Alexis Brunelle-Duceppe: Based on your analyses and what you have seen on the ground, is this shift likely to continue after Mr. Trump leaves office? The year 2029 is approaching. One day, he won't be there anymore. At least, we hope so. I don't think that he wants to amend the constitution to secure a third term.

Could this shift continue after Mr. Trump leaves office, depending on who leads the Republican Party?

Christophe Cloutier-Roy: I'll respond cautiously to this question. We've already seen some surprising changes. I'm thinking about the fact that the Democrats responded in this manner, for example. However, the current crisis is viewed quite negatively in the United States. Moreover, under the current government, Canada is building a good reputation among Democrats because they see it as one of the forces resisting Mr. Trump abroad. Canada's generally positive reputation could lead to a certain return to normalcy on these issues.

I would be extremely cautious about making predictions. However, I would like to bring up what I said earlier about the apparent divide between Republicans and Democrats regarding their perception of Canada.

When we went out in the field in 2022, yes, some Democrats spoke about certain things that bothered them regarding the relationship with Canada. However, other voices also emphasized the need to work together with Canada on shared issues, such as promoting workers' rights. Of course, we still have that old cliché of progressive Americans saying that they'll move to Canada if the Republicans stay in power. However, this has never really been empirically verified.

As for the Republicans, I don't mean to say that we see any hatred towards Canada. Quite the contrary, Canada still has a good reputation. That said, the level of distrust is higher, particularly towards the Canadian government. I don't know how things stand now that Mark Carney is in office. I haven't seen any data on this topic. However, back in Justin Trudeau's day, when enthusiasm for Donald Trump was at its peak among Republicans, Justin Trudeau represented the anti-Trump in many ways. That sentiment spread to his entire administration by osmosis, so to speak.

For example, when the freedom convoy took place in Ottawa in 2022, Fox News made a big deal out of it. They claimed that it was evidence of a Canadian dictatorship. I won't even get into the issues surrounding COVID-19. So perhaps Republican voters are more likely to fall for this type of rhetoric.

Alexis Brunelle-Duceppe: Are there any sectors or issues—

[*English*]

The Chair: You're over the time.

[*Translation*]

Alexis Brunelle-Duceppe: That's too bad. We have a great witness.

[*English*]

The Chair: I'm sorry.

[*Translation*]

Thank you, Professor Cloutier-Roy, for appearing before the committee.

We'll now briefly suspend the meeting before proceeding in camera.

[*Proceedings continue in camera*]

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