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• (1100)

[English]

The Chair (Charles Sousa (Mississauga—Lakeshore, Lib.)):
Good morning, everyone.

I call the meeting to order.

Welcome to meeting number 25 of the House of Commons Standing Committee on National Defence.

Monsieur Savard-Tremblay, I'm happy to see you all nice and healthy and safe at home. We're very sorry about what took place. It's very traumatic.

I'd also like to welcome a few new members who are here replacing a few others who aren't able to be here today—thank you.

We do have our witnesses before us.

I know we have a number of motions that we wish to address. I've spoken to the vice-chair. We're going to save a little part of the tail end of our meeting to try to manage through the motions. There's also other business that I want to relate in a short while in regard to some travel that's coming forward, as well as some other issues that have taken place that I think you should all be aware of.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, September 16, 2025, the committee is meeting to resume its consideration of the nexus between national defence, national security and the critical minerals sector.

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

Before we continue, I ask participants to consult the guidelines on the table. These measures are to help prevent audio feedback incidents and to protect the health and safety of our interpreters.

I'd like to remind the witnesses and the members to please wait until I recognize them by name before speaking. If you wish to speak, please raise your hand. For those on Zoom, use the “raise hand” function. The clerk and I will manage the speaking order as best we can. For interpretation, please use your earpiece. If you're on Zoom, use the respective channel.

Again, all comments should be addressed through the chair.

I'd like to welcome our witnesses.

We have Hudson Lester, Nunavut general manager with the NWT and Nunavut Chamber of Mines. He is joining us via video

conference. We have Jeff Gaulin, vice-president of corporate affairs with Vale Base Metals. We have Photinie Koutsavlis, vice-president of economic affairs and climate change with the Mining Association of Canada. We also have Michael Gullo, vice-president of policy with the Business Council of Canada.

I do apologize, but please repeat your names when you speak. That way, we all will have an idea of who you are.

I'll proceed with the witnesses' opening statements. You have up to five minutes.

Mr. Lester, why don't we start with you?

Hudson Lester (General Manager, Nunavut, NWT and Nunavut Chamber of Mines): Thank you, Mr. Chair.

I'm coming to you from Iqaluit, Nunavut, speaking on behalf of the Chamber of Mines today.

From a chamber perspective, Canada's critical minerals strategy aligns with Arctic sovereignty and defence readiness. The same infrastructure that enables mining, ports, roads, power systems, air access and communications is what allows Canada to operate securely in the north.

Energy security in Nunavut is national security. The chamber supports responsible investment, but in critical minerals, Canada must look beyond simple ownership to long-term control through offtake agreements, financing structures and logistics. If Canada wants to be a reliable supplier to our allies, including NATO, then northern projects must be supported by year-round infrastructure and domestic or allied processing capacity. Trusted ally collaboration should strengthen Canadian sovereignty, Inuit partnerships and northern capacity, not shift strategic leverage offshore.

That's my opening. Thank you, Mr. Chair.

• (1105)

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

Photinie Koutsavlis, it's over to you. Please state your name properly.

Photinie Koutsavlis (Vice-President, Economic Affairs and Climate Change, Mining Association of Canada): Thank you, Mr. Chair. My name is Photinie Koutsavlis. I'm from the Mining Association of Canada.

Members of the committee, thank you so much for the invitation to appear before you today.

Canada produces critical minerals for a wide range of purposes that underpin both our economy and our national security. These materials are foundational to energy systems, transportation, advanced manufacturing, digital infrastructure, clean technologies, and defence and security-related applications. Canada produces more than 60 minerals and metals. It is a top global producer of uranium, potash, nickel, aluminum, palladium and gold, with world-class potential in copper, graphite, lithium, rare earth elements, tungsten and niobium.

The mining sector is already a major economic pillar. It contributed approximately \$117 billion to GDP in 2023 and generated \$151 billion in exports, and it directly and indirectly employs more than 700,000 Canadians. We also remain the country's largest private sector employer of indigenous people on a proportional basis. Canadian capital markets list roughly 40% of the world's mining companies, making Canada a global hub for mining finance and expertise. This scale matters, because critical minerals are not a niche issue. They are central to economic resilience, industrial competitiveness and national security.

The challenge Canada faces is not a lack of critical mineral resources; it is a concentration risk and an execution risk. Globally, supply chains for many critical minerals remain highly concentrated, particularly in processing and refining. China controls roughly 85% to 90% of global rare earth refining and magnet production, and has expanded export controls and licensing requirements across a growing list of critical minerals. These trends create real vulnerabilities for advanced economies and have sharpened the focus on secure, diversified supply from trusted jurisdictions, reinforcing the importance of strengthening Canada's defence industrial base and its ability to support allied requirements through secure domestic supply chains.

Canada is well positioned to respond, but production and processing trends highlight the need for action. Despite the breadth of Canada's mineral endowment, production of several key commodities critical to defence and advanced manufacturing has declined over the past decade. That includes copper, down roughly 20%, and nickel, down more than 30%.

At the same time, Canada has lost multiple smelting and refining facilities. Despite operating processing facilities across eight provinces, refined output for several key metals is lower than a decade ago, reducing domestic feedstock availability. This matters, because many defence-related critical minerals are recovered through smelting and refining processes, often as co-products, rather than produced directly at the mine.

Budget 2025 represents the most significant effort to date to reverse these trends. It introduces key tools to unlock investment, including the \$2-billion critical minerals sovereign fund, the first and last mile fund, expanded exploration tax credits, and changes to the

clean technology manufacturing investment tax credit that better reflect Canada's polymetallic geology and support near-term copper projects, alongside funding to support critical minerals processing, allied investment and the development of a stockpiling mechanism. Budget 2025 also supports dual-use infrastructure in northern and remote regions, strengthening logistics and supply chains that serve both economic and security objectives.

Key design and implementation issues do remain. For example, the investment tax credit is of minimal value to brownfield expansions, because qualifying expenses are much reduced at an existing mine site. Including underground development and other Canadian development expenses would be one of the most effective ways to boost near-term output, as these projects already have permits, community and indigenous support, and existing infrastructure, reducing cost and risk. Sudbury is a good example of this. MP Lapointe will be very familiar with that reality.

At the same time, stronger support for earlier stages of the mining cycle is needed to prevent promising discoveries from becoming orphaned projects. Expanding the Canadian exploration expense to cover technical and feasibility studies would help de-risk early-stage projects and strengthen the pipeline of future mines, as these studies are essential, costly and often a barrier to advancing otherwise viable projects.

● (1110)

Secure access to critical minerals is ultimately a national security issue, and it depends not just on stockpiling, but on sustained production, processing capacity, infrastructure and trusted partnerships over time. International co-operation can add real value when it helps reduce concentration risks and bring projects into production.

The G7 critical minerals production alliance holds significant promise and is already moving from concept to execution. Through Canada's G7 presidency, the alliance has begun operationalizing projects by coordinating public and private capital, securing offtake arrangements and reducing concentration risks across trusted partners.

In closing, delivery will determine success. Programs must operate at the speed of business. Permitting timelines must continue to improve, and companies need clarity and predictability to support multidecade investments. International initiatives can reinforce this effort, but they cannot substitute for effective domestic policy and program implementation.

The priority now is execution: implementing budget 2025 measures quickly, accelerating project approval, strengthening infrastructure and translating policy intent into real production. If Canada gets this right, it could strengthen economic resilience and support national security objectives.

Thank you. I look forward to your questions.

The Chair: Thank you very much.

Mr. Gullo, why don't we go to you for five minutes?

Michael Gullo (Vice-President, Policy, Business Council of Canada): It's a pleasure to be with you this morning.

As the chair has pointed out, my name is Michael Gullo. I'm the vice-president of policy at the Business Council of Canada.

The Business Council of Canada is composed of 170 chief executives and entrepreneurs of Canada's leading enterprises. Founded in 1976, our mandate is to make Canada the best country in the world in which to live, work, invest and grow.

Before I table my remarks, I would like to congratulate the federal government on tabling its inaugural defence industrial strategy. Many elements of it reflect the recommendations from our 2024 report, "Security and Prosperity".

Now, here are my remarks.

As you know, Canada is facing a lot of headwinds. Productivity challenges and low levels of business investment persist, and we've lost global market share in many important resources, including critical minerals. At the same time, we know this is a world poised for growth. Rising populations and the rapid growth of the global middle class are creating strong demands for energy and resources, while national security and clean energy applications are driving global demand for critical minerals.

Canada has much to offer, and we know that our allies and trading partners are looking for stable suppliers. Being rich in resources is one thing, but we need structural changes to translate our trade ambitions into action.

This is why the council wrote "Selling to our strengths" last year. It's a road map for leveraging Canada's resources at a time of global uncertainty. Our report calls for a whole-of-government approach to unlock Canada's immense potential and to position the country as a reliable supplier of energy and critical minerals. In an era when the weaponization of resources and supply chains is becoming more commonplace, Canada should seize the moment to trade more with its allies who prioritize national security and responsible resource development.

Our view is that Canada can be a primary supplier of critical minerals to NATO allies. Risks to mineral supply chains are increasing due to foreign price manipulation, export controls, rising

military demands and limited inventories. NATO partners are currently overreliant on China's market dominance and powerful ability to exert export controls over inputs necessary for national defence purposes.

As geopolitical tensions escalate, NATO members require a concerted strategy to secure their supply of critical minerals for national security. Canada is home to 12 of the critical minerals listed by NATO, and 10 of the 12 are produced and refined within our country. Canada's mastery of sustainable mining production and finance, stable governance structure and understanding of global markets can position it as an important supplier to NATO allies. As a founding signatory to NATO, we argue that the Canadian government, in co-operation with the private sector, should create a critical mineral reserve for niche metals vital to defence purposes and where there is fragility in supply and market mechanisms.

While Canada holds promise and potential, much work remains to be done to overcome the challenges it faces to develop its resources and move them to market. I offer three recommendations for consideration.

The first is that we require a new vision for how we move our goods to market: 60% of Canada's GDP is reliant on trade, but investments in infrastructure on a per capita basis in Canada lag behind those of our peer countries like Australia and Sweden. We require a national trade infrastructure strategy that brings together all levels of government and the private sector so that we can turn our trade ambition into action through higher levels of investment.

However, we also need to ensure that our supply chains remain responsive to the needs of our customers, those we have now and those we want in the future. As a case in point, Canada experienced 62 work stoppages in the transportation sector alone in 2023 and 2024, involving close to 20,000 workers. Another important point is that Canada is among the worst in the OECD in days lost to labour disruptions. These are difficult stats to come to grips with in a world that expects to receive our goods in a timely and reliable manner.

We also need to ramp up our ability to identify, approve and produce critical mineral projects. Canada is home to the workers, businesses and communities that know how to explore, extract and process critical minerals at scale. We are encouraged at the moment to see governments across the country come together to develop mutual recognition agreements that advance resource and mining projects through “one project, one assessment”.

However, our challenges remain significant. Canada has the third-longest lead time in the world for mining projects, according to a recent report released by S&P Global. Smelting and refining are essential for supply chain resilience and independence, but many of our approval processes pre-empt new builds or even expansions and upgrades.

Canada’s private sector also faces unfair competition from foreign producers that benefit from an intentional, state-directed policy of overcapacity and oversupply, as well as a lack of rigorous labour and environmental standards. In our view, a project deemed to be essential to Canada and its allies’ national security interests should benefit from regulatory excellence, including streamlined approval and permitting.

• (1115)

My third point is about the importance of seizing the moment to unlock Canadian innovation. Leveraging our critical minerals and resources can create generational opportunity to drive technological progress and go beyond exporting raw and unprocessed commodities. However, Canada’s innovation policy requires a shot in the arm. Our investments in research and development are among the lowest in the OECD, and our research often falls short of commercialization.

Another case in point is that we have less than 1.5% of global patent filings. In the mining sector alone, our patents hover at around 2%, whereas China owns the market at more than 70%.

We’re pleased to see BOREALIS referenced in Canada’s defence industrial strategy, and it looks like it’s poised to be a central piece of the strategy’s future success. Therefore, we encourage the government to ensure that its work also focuses on critical minerals.

In my closing remarks, I would like to quote the CEO of Teck Resources, Jonathan Price, who offered sage advice when he spoke at an event in Ottawa earlier this month. He said, “time is short, and the actions we take over the next five years will set the trajectory for the next 50.”

Thank you, and I look forward to hearing your questions.

The Chair: Thank you.

Mr. Gaulin, you have up to five minutes.

Jeff Gaulin (Vice-President, Corporate Affairs, Vale Base Metals): Mr. Chair and committee members, thank you very much for the invitation to speak with you here today.

My name is Jeff Gaulin. I’m with Vale Base Metals.

I want to start with a simple proposition: You cannot defend your country without critical minerals—not your borders, not your environment and not your economy. National security begins with sup-

ply chains: which countries control them and whether they can stand up under pressure.

Critical minerals are certainly an economic advantage for Canada. They attract investment, create jobs and spur regional development, but they also accelerate the energy transition and enable trade optionality. Today, critical minerals are a national strategic asset.

I’ll make three points today. The first is that Canadian critical minerals are indispensable to the Canadian Armed Forces, NORAD and NATO. The second is that nickel, copper and cobalt are mission-critical to Arctic sovereignty. The third is that Canada must move with greater urgency to extract more minerals out of the ground from existing brownfield mines. With an expanded tax credit today, we could be producing and processing more minerals tomorrow.

At Vale Base Metals, our mission is to provide mineral security to a world in transition. We’ve done that from Canada for more than a century. Today, we employ more than 7,000 people in North America’s only mine-to-refinery ecosystem. Our teams explore, mine, process and refine copper, nickel and cobalt from eight mines and three refineries, from Labrador to northern Manitoba.

Last year alone, in Canada, we produced 89,000 tonnes of copper, 80,000 tonnes of nickel and more than 3,000 tonnes of cobalt. These three minerals are designated as national security priorities under Canada’s Defence Production Act, and for good reason. They are foundational to economic strength, industrial resilience and national defence. That’s my first point.

Canadian critical minerals are indispensable to the Canadian Armed Forces, NORAD and NATO. No advanced military capability exists without secure access to critical minerals. These materials are not interchangeable. They are embedded in platforms that can last up to 40 years, and they are required for NATO interoperability.

Canada produces or refines 10 of the 12 minerals NATO considers defence-critical. Canada is the leading supplier of class 1, military-grade nickel to the United States. In practical terms, Canada is the only country that can reliably supply both the CAF and NATO with both nickel and cobalt, from mining to refining, inside a trusted, geopolitically aligned jurisdiction.

My second point is that nickel, copper and cobalt are mission-critical to Canada's Arctic sovereignty. Icebreakers, drones and AI systems in the north—items pushed to their limits under extreme cold, corrosion and remoteness—depend on critical minerals. Copper enables AI to exist in the Arctic, nickel allows it to survive and cobalt allows it to persist. These minerals are Arctic mission enablers. Without them, Canada's ability to defend itself in the Arctic, as well as meeting NORAD and NATO commitments, is weakened.

Furthermore, northern mining operations offer the potential for dual-use infrastructure for roads, ports, airstrips, remote energy systems and people. Our Voisey's Bay mine in northern Labrador has a deepwater port that could be expanded to support naval operations. A new, longer airstrip could both improve the productivity of that mine and serve as a forward asset for the Canadian Armed Forces. As Canada strengthens its defence infrastructure, such partnerships could open up new exploration while leveraging existing mines. Northern mining infrastructure is security infrastructure.

My final point is that Canada must move with greater urgency to get critical minerals out of the ground. Having minerals in the ground does not secure our future; only producing them does. Everything else flows from that: refining, manufacturing, trade and security.

I have three long-term policy considerations for Canada and for the committee to consider, but let me leave you with this. Despite Canada's extraordinary polymetallic endowment, we are not extracting enough minerals today to keep our refineries competitive. Vale Base Metals mined 80,000 tonnes of nickel last year, yet we still had to import 16,000 tonnes to make our refineries operate efficiently.

• (1120)

Think on that: We had to import nickel to Sudbury, home to the second-largest nickel sulfide deposit in the world. We have been mining in Sudbury for more than 100 years, and we have 100 years to go. We're going to run out of miners before we run out of minerals. With innovative new processing, we can extract more minerals from our waste rock as well as our tailings. Simply put, there is more value and more security to extract from today's mines.

Expanding the investment tax credits to include mine development expenses for brownfield mines would be the fastest and most capital-efficient way to increase mineral output from existing mines, leveraging workers, infrastructure and equipment already in place.

This is not about subsidies. It is about speed, and in the current global security environment, speed matters, because we are already a generation behind and we do not have a generation to wait.

Thank you.

The Chair: Thank you very much, all of you, for your opening statements. I appreciate it.

We're going to start our rounds of questions. The first three will be for six minutes each.

We'll start with Mr. Kibble.

Jeff Kibble (Cowichan—Malahat—Langford, CPC): Thank you, Mr. Chair.

Thank you, panel, for your opening remarks.

The take-away I get from that is about three things. One is that time is short—and I hope we all agree on this—efficiency is key and there's urgency. I certainly heard that message.

I wrote down a lot of questions, and I'm going to jump around to all of you as best I can. I want to start with Mr. Gaulin.

You mentioned that there are two metals we do not produce and that are on the NATO critical list. What are they? Do we have any of them in Canada? Is it that we don't mine them or that we simply don't have them?

I'll start with that.

• (1125)

Jeff Gaulin: Thank you for the question.

The two are rare earth elements and beryllium. I'll have to defer to my colleague from MAC about what we have under the ground in Canada. Those are not minerals that we have in our deposits.

Jeff Kibble: Okay. There are two that we simply don't have.

I'll throw this out to the panel. Do we have a supplier? Where do we get these right now? Should we be stockpiling these critical minerals that we don't have in Canada?

That's for anyone.

Photinie Koutsavlis: I could jump in, if that's all right.

I could speak on rare earth elements. We do have very rich deposits of rare earth elements in Canada. It's really more a timing challenge in terms of execution and getting those deposits into production.

We currently have one processing facility in Canada. The Saskatchewan Research Council imports rare earth elements from Brazil and is actually processing that within their—

Jeff Kibble: Are these the two rare earth...?

Photinie Koutsavlis: Those are rare earth elements.

Jeff Kibble: Are these the two rare earth elements that we don't have in Canada?

Photinie Koutsavlis: Rare elements is a grouping of many light and heavy rare earth elements. We have deposits in Canada. The Saskatchewan Research Council has a scale—bench scale and pilot scale—project in processing the REEs, but as I mentioned in my remarks, China controls about 90% of the processing and refining of these products.

Jeff Kibble: I appreciate that. I want to focus on.... It was beryllium and another mineral.

Photinie Koutsavlis: It was beryllium and rare earth elements that we don't—

Jeff Kibble: It was rare earth elements. Okay.

Photinie Koutsavlis: I am not able to speak to beryllium. That's something we'd have to come back to you on.

Jeff Kibble: It's something that we need to look at.

I'll throw this out to the whole panel if someone wants to speak to it. Being competitive came up several times. For example, we're importing nickel to Sudbury, which seems strange. Could each one on the panel give a point on what's going to make this more efficient? Is it approvals? Is it reduction of the industrial carbon tax that's impacting it? Is it other bureaucracy and red tape? We also heard that it takes multiple years to get projects approved.

Quickly, from each one on the panel, what steps are going to make us more competitive in Canada?

Mr. Gaulin.

Jeff Gaulin: I can go first. As I mentioned, the investment tax credit that exists today, the clean technology manufacturing investment tax credit, does apply to limited expenses related to mining.

I'll give you a real example. I can buy a pickup truck, get a 30% discount to drive that around at surface and not have to bring one tonne of nickel to surface, but for the cost of ventilation to keep our workers breathing underground, the electricity to power our equipment underground and even the bolting to protect our drifts underground—our tunnels underground—from collapsing, not one of those expenses is eligible.

The fact is that we have to go further and deeper in Canada with existing mines. Again, we're not running out of minerals, but the cost gets greater with greater depth, and some of those expenses are not eligible.

Jeff Kibble: As a quick follow-up before I go to the rest of the panel, tax credits seem more like patchwork, helping a little here and a little there. In the example you just gave, wouldn't tax cuts across the board be more efficient? Time is critical right now. For example, the industrial carbon tax could have a huge impact on all of the operations. If you just got rid of that across the board, would that help speed up production and make it more competitive in the world?

Jeff Gaulin: Anything that reduces operating or capital costs would be of great help.

Jeff Kibble: Thank you.

Mr. Gullo, go ahead.

Michael Gullo: I'm happy to add on to what Jeff has provided.

We're in a situation now in which capital can be deployed internationally, even if it sits in Canada. It's agnostic. It can find different routes. It's going to travel along the path of least resistance.

Right now, the case south of the border is very compelling, in terms of the accelerated depreciation regime. Being able to write off 100% of your expenses in the first year of spending is a very attractive thing for capital flows right now, and we're starting to see that bear fruit in numerous sectors. That's a broad-based tax policy proposal.

Jeff Kibble: That's in the U.S.

Michael Gullo: Yes.

Jeff Kibble: You think something like that would help here.

Michael Gullo: I think that a broad-based tax-based proposal, whether it's limited or brought into the context of national security and the interests you're exploring in this group, would be on the table for consideration.

● (1130)

Jeff Kibble: Would it be fair to say that we need tax reform, reduced bureaucracy and reduced red tape to make your industries more efficient and competitive? My time is short, but, going back to how we need efficiency and we need this done urgently, is that something that's going to help?

Michael Gullo: I think it's a fair framing.

Jeff Kibble: Thank you.

Mr. Gaulin, would you agree?

Jeff Gaulin: Yes.

Jeff Kibble: Ms. Koutsavlis, go ahead.

Photinie Koutsavlis: I'm just going to build on the points my two colleagues have made.

To your point about the speed of business and implementation, I think there have been a number of challenges in our sector, and the Government of Canada has come to the realization of what those challenges are. There are a lot of really great measures in this year's budget. The G7 critical minerals production alliance is also a wonderful partnership, international co-operation, that's supporting projects in Canada. My one point would be this: How can we implement those programs, that funding and the policies in the budget as quickly as possible?

Jeff Kibble: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Kibble.

Thank you, Ms. Koutsavlis.

Ms. Lapointe, it's over to you for six minutes.

Viviane Lapointe (Sudbury, Lib.): Thank you, Chair.

Ms. Koutsavlis, one point you made in your opening comments was that we need to do a better job of aligning defence planning with critical minerals development so that future defence needs are reflected in industry investment decisions that are being made today. How do you suggest we bring these two processes together more effectively and efficiently?

Photinie Koutsavlis: I'll pick one critical area currently, and that's access to capital. For mining projects to move forward, they need to have access to capital, the funding they need to get projects moving into production. Building mining projects is a multi-billion dollar process. Whether it's at the mine site or during the smelting process, we need to support those projects and to have the financing we need to move forward.

In the budget this year, there's the critical minerals sovereign fund. That's a very important program that supports projects, in terms of de-risking the project and the process, and being able to crowd in investors into the project itself.

As I mentioned in my remarks, a lot of the defence-related critical minerals are actually found in the smelting and processing parts of the value chain, so if we don't have the mines, then we don't have the processing and refining capacity to build down the value chain. We need to extract more to feed our smelters and to have the critical minerals we need for whatever purpose, whether that's related to defence, clean technology or other purposes.

As my colleague Jeff mentioned, we also need to ensure that we sustain the smelting and processing capacity we have currently, that we're not importing feed into those facilities and that we're actually producing more and helping to grow that part of the value chain. In order to do that, we need to ensure that these projects have access to capital to go forward on that.

Viviane Lapointe: Thank you.

Mr. Gaulin, at our last meeting—

The Chair: If I may...

Mr. Lester, your hand has been up for a while. Are you trying to intervene at this moment?

Hudson Lester: No, I was just wondering if I was going to get a chance to answer the previous question. It was addressed to the panel, but I didn't chime in.

The Chair: That's a fair point. We'll come back to you in a moment. I'll let Ms. Lapointe use her time at this juncture, and then we'll see if we can get you back in.

Thank you.

Viviane Lapointe: Thank you, Chair.

Mr. Gaulin, at our last meeting, we heard from Elizabeth Steyn, a highly regarded academic in the field of critical minerals, mineral supply chains and resource security. I'll tell you that you are very much aligned with many of the things she said. In fact, one of her observations was, "There can be no national security without critical minerals." She strongly recommended that Canada implement a set of strategic minerals—minerals that are specifically needed to maintain Canada's autonomy and economic security.

What criteria should be used to differentiate a strategic mineral from the current list of 36 critical minerals we have? What criteria should we use to identify those?

I would also like Ms. Koutsavlis to weigh in on that.

• (1135)

Jeff Gaulin: Thank you very much for the question.

There are so many critical mineral lists around the world. The United States has four of them, ranging from 30 to 50 minerals. I think the two basic criteria are these: One is what we need for defence in order to protect ourselves, and two is what we need for the economic basis—the economic defence, if you will, that is required.

That is, for all intents and purposes, how critical minerals are generally assessed within a broad range. Those should be the two fundamental criteria.

Viviane Lapointe: Thank you.

Ms. Koutsavlis.

Photinie Koutsavlis: Thank you for the question.

I'd like to agree with my colleague in terms of the criteria for these critical minerals.

At the outset, we focused mostly on battery metals for clean technology—inputs for electric vehicle batteries. Now we've pivoted to defence critical minerals. The last budget included five additional critical minerals that the clean tech manufacturing investment tax credit can be applied to. Those are antimony, gallium, germanium, indium and scandium. Now, why were those chosen? You can see that they align quite closely with NATO's critical minerals list. These are deposits that Canada currently has in terms of its geology. It's an economic objective and approach, and it serves our national defence security objectives as well.

Viviane Lapointe: Mr. Gaulin, in another comment, Elizabeth Steyn called nickel the "ultimate war material". From your experience supplying it to advanced industrial supply chains, what makes nickel so foundational to defence and aerospace applications?

Jeff Gaulin: Nickel is typically found with cobalt. In combination, they make a superalloy necessary for almost every type of military platform or piece of equipment that needs to move at high speed and at high temperature. They provide structural support and allow things to move. That's everything from jet fighters and missiles to submarines and drones.

I wouldn't want to leave out copper, because, in an era of electrification, nothing moves without copper. Whether defence or economics, it's probably the basis of everything.

If you think about it, Sudbury supplied the Allies during World War II with 95% of the Allied effort's need for nickel. The Allies would not have won World War II if not for the Sudbury basin and its nickel. The fact is that, in Canada, we have eight nickel mines. The United States has one, and it's going to close in four years. We have three nickel refineries; they have zero. Seventy per cent of Canada's refined nickel goes to support the United States. Roughly 80% of their aerospace sector and in excess of 60% of their defence sector depend on Canada's critical minerals and Canadian nickel.

Viviane Lapointe: Thank you.

Am I out of time?

The Chair: I'm sorry. You're out of time.

Mr. Lester, do you want to intervene before I pass it on to the next member?

Hudson Lester: Yes. If I may, Mr. Chair, I'll address Mr. Kibble's question.

In the north, we've been trying to get a north of 60 mineral tax credit, mainly because mining in the north is two to two and a half times the cost.

If we're discussing the critical minerals list that Mr. Gaulin just referred to, whether it's defence-related or defence/economic-related, Nunavut has 23 of these critical minerals, but most of the time we're shoved off to the side.

When it comes to regulatory streamlining, on average, I think it takes about 14 years to create a mine in Nunavut. That's due to the regulatory red tape and the bureaucracy. Being able to streamline that would be useful. Not separating northern infrastructure from security infrastructure, just based on the current geopolitical climate and how things are transpiring, critical minerals should—

• (1140)

The Chair: Thank you, Mr. Lester. It's a good point. We appreciate that.

Monsieur Savard-Tremblay, you have up to six minutes, sir.

[*Translation*]

Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot—Acton, BQ): Thank you, Mr. Chair. Let me start by thanking you for your kind words at the beginning of the meeting.

I would also like to thank all my colleagues who have checked up on me and shared encouraging words from the beginning. I appreciate that. Thank you, everyone.

I'd also like to thank the witnesses for being here and for their presentations.

My first question will be for you, Mr. Gullo. As you know, the big unknown is obviously the review of the Canada—United States—Mexico Agreement, or CUSMA. In principle, the Canadian and U.S. administrations share a willingness to create a North American supply chain. I say “in principle”. Former prime minister Justin Trudeau signed an agreement with former president Joe Biden at the beginning of his term so that there would be mutual access to businesses in each country. Even though there have been

changes, a new prime minister in Canada and a shift of government in the United States, the willingness is still there.

Would the CUSMA review be an opportunity to negotiate and incorporate a chapter dedicated exclusively to critical minerals?

[*English*]

Michael Gullo: It's an excellent question.

Given the long-standing history and the economic integration of Canadian, U.S. and Mexican economies, broadly speaking, I'd say there's genuine interest, not only from the Business Council and its members but also from our partners in the U.S. and Mexico, to ensure that North American competitiveness and North American energy security, inclusive of energy commodities, critical minerals, nuclear, uranium, etc., are nurtured through this period and enhanced in the years to come.

In terms of the specific wording around CUSMA and where we're going with the review, there are obviously a lot of moving parts at the moment. We have new proposals coming from the U.S. for consideration. We're well advanced in this area, on account of the agreement that you referenced between our previous prime minister and the previous president. There's also a specific element in play on critical minerals co-operation, which was signed under the first Trump administration.

As we look at this broad package and go into the review, the question of whether a stand-alone chapter is warranted will be part of the discussion and the negotiation in the debate. However, I think we need to be very careful about the benefits of having an exclusive chapter versus the potential consequences down the road.

[*Translation*]

Simon-Pierre Savard-Tremblay: Then you think it deserves to be considered, but, at the end of the day, you don't know exactly where the balance would tilt between the advantages and disadvantages. That is more or less what I understand.

[*English*]

Michael Gullo: Given the pre-existing structures and agreements we have, the creation of a new chapter on its own would have to be reviewed in terms of benefits and potential consequences of moving in something that's stand-alone. Photinie may have a line of sight on this through her membership, who are central to the sector.

[*Translation*]

Simon-Pierre Savard-Tremblay: You also mentioned China. Too often, I feel like it's being ignored.

You talked about dependence on the Chinese supply chain. We know that most of the future mines will be Chinese and centred on Asia. We want to break free from that addiction. I think we're moving in that direction.

Now, is there also another danger, namely Chinese penetration in the critical minerals sector in North America? We know that the United States has been pointing the finger at Canada for a long time, saying that its lax approach has undermined their trust in Canada.

Do you think Chinese investments in this area should be monitored more closely?

[English]

Michael Gullo: Without question, we have to be mindful of all the risks that threaten Canadian economic and national security. We have really strong provisions in place.

Back to my opening remarks about the defence industrial strategy, I think we have an excellent starting point to build out our parameters and our security functions as they relate to foreign actors and the threats they can pose to the Canadian economy and everyday living. In my opening remarks, I advocated for an effort with NATO allies, where we would have a partnership of like-minded countries that share our values and our commitments in a number of different areas.

I think if we look at these types of frameworks of broadening our relationships with our trading partners and our allies, and if we understand the strategic importance of Canadian minerals in this context, we can have a very strong rebuttal that mitigates risks posed by China and other foreign actors.

• (1145)

[Translation]

Simon-Pierre Savard-Tremblay: When we talk about defence, we think about preparing for a conflict. Obviously, we don't want to have a conflict. We even hope that defence will first and foremost have a deterrent effect that will be so strong that it will prevent any conflict. That's in the best of all possible worlds.

It seems to me that if there is one area where we cannot depend on anyone else, it is defence. Isn't dependence on foreign refining capacity another unknown? Indeed, in the event of a conflict, wouldn't that de facto neutralize Canada's defence industrial base?

[English]

Michael Gullo: It's a serious risk that underscores the basic thesis of the proposal that we've put forward of why we need to be leaning into the NATO community at this important juncture and why we need to offer our critical minerals to our allies and partners in this space and really fast-track our efforts to build resiliency within our defence and national security policies.

[Translation]

The Chair: Thank you, Mr. Savard-Tremblay.

[English]

Ms. Gallant, you have five minutes.

Cheryl Gallant (Algonquin—Renfrew—Pembroke, CPC): Thank you.

Thank you for all the questions.

Specifically, what tax instruments does the U.S. have that Canada does not have that speed up extraction and make the refining more affordable for companies?

Michael Gullo: I can speak to the capital side. Photinie has more expertise on the regulatory aspects and the approval processes.

I mentioned to Mr. Kibble in my response to him the One Big Beautiful Bill Act that came forward and its very generous provisions around expenditures and how they're treated within the first year of spend. That's a very powerful capital attraction tool.

Cheryl Gallant: Mr. Gaulin, what plans, if any, do you have to ramp up extraction? How quickly can that occur?

Jeff Gaulin: One challenge with existing mines is that you have no surge capacity. You don't just ramp it up or ramp it down; it is long-term capital lead time.

The second thing is, where is the market for our products? In our case, for class 1 nickel, the military and battery-grade nickel that we produce, the world is already oversupplied with nickel. For the type of specialized products we would have, there would have to be a strong demand signal from the customer side. We don't produce it just to make it.

Cheryl Gallant: Nickel is apparently one of the critical minerals that Communist China does not have an overt influence over. How are Chinese-controlled companies or firms looking to enter the Canadian nickel market?

Jeff Gaulin: I'd say there are two ways. One is physical product, either refined or coming in, or access to physical product purchased out of Canada. The second is, as we've heard about, through investment, which can be either direct or indirect and obscured.

I think one of the considerations for the committee is that there are often restrictions on what are called rules of origin, where a product comes from. What that obscures and what that misses is the rule of ore. Where does it come out of the ground? For example, Russia is one of the leading producers of nickel in the world, competitive to Canada, to Sudbury. It processes and refines that in Finland, and it is then deemed to be Finnish nickel. That's why 99% of the German defence sector gets Finnish nickel, which comes out of Russia.

Cheryl Gallant: Should critical minerals like nickel be included in the safeguards with respect to the strategic partnership that the Prime Minister made with China?

I'll throw that out there to anyone who has an answer.

Photinie Koutsavlis: That would be a very difficult proposition, simply because the Investment Canada Act, as it was updated a couple of years ago, prevents any kind of investment in or acquisition of mining operations in Canada, except in exceptional circumstances. The Government of Canada has made it very clear that Chinese investment will find it very difficult to penetrate into Canadian mining companies. They've also imposed conditions, blocked investment and unwound investments as well.

Through the Investment Canada Act, there are two tests. There's the net benefit test to Canada: Essentially, is it in the economic interest of Canada that this investment occur? The next test is a national security test.

• (1150)

Cheryl Gallant: The PRC has frequently sent civilian research vessels to the Arctic to survey for natural resource deposits. Which critical minerals would the PRC particularly be looking for in the Arctic? Is there any way our seabed could already be harvested by the PRC?

Photinie Koutsavlis: Hudson would probably be best placed to answer that question in the north.

Hudson Lester: Thank you.

From what we're seeing, a lot of the focus is on copper. Even though those two tests that Photinie talked about exist, there are two companies that do have state-owned involvement. We also have the original Hope Bay when TMAC had it. It was almost purchased by China but was secured by Agnico Eagle instead, a Canadian company.

It's usually nickel and copper. Those are what we know so far.

Cheryl Gallant: If the PRC were to stake a claim in international waters over any natural resource deposit they found in our Arctic, how would you suggest our government counter that?

Hudson Lester: I would have to rely on somebody else on the panel for international water expertise.

The Chair: Why don't you guys give it some thought? We'll get back to Ms. Gallant on this one in a moment.

For now, we have Ms. Romanado for five minutes.

Sherry Romanado (Longueuil—Charles-LeMoyne, Lib.): Thank you very much, Mr. Chair.

I'd like to thank the witnesses for being here today.

I'll start with Mr. Gaulin.

You testified before the Standing Committee on Natural Resources on October 27, 2025. I'm going to read some of your opening statement, because I think it's very relevant today, and I would love for you to elaborate. You said this:

...position Canada as a supplier of choice for NATO. Canada should aggressively pursue NATO defence and adjacent infrastructure spending in exchange for preferential, long-term...access to critical minerals at a premium. Canada has applied to join the security action for Europe program, SAFE, which is basically the EU's defence procurement club. If accepted, Canada will join the U.K. as the only non-EU members of the club and will be the club's leading critical minerals producer.

As you know, we've just signed the SAFE agreement with Europe. We are the only non-European country to do so. Could you elaborate on what this means for Canada, how this will help us to diversify our exports in terms of critical minerals and the important role Canada can play in this regard?

Jeff Gaulin: I'm glad my remarks were prescient.

One of the three long-term policy recommendations I was going to make to this committee was the requirement for Canadian critical mineral content in procurement clubs such as that. I think we've seen some first steps of that through the G7 critical minerals production alliance. We're seeing an inflow of capital and an offtake agreement. That helps to both provide a demand signal and make the financing immediately available.

Whether it's through ReArm Europe Plan/Readiness 2030 or the SAFE, as you alluded to, Canada is well positioned with the wealth of minerals that it already has—10 of 12. I think the opportunity there, as alluded to in the national defence industrial strategy, is to seek some reciprocity in that. If we're buying your equipment, then part of your equipment should have some Canadian minerals.

Let me put it into perspective by quantifying it. For example, a German submarine—a Thyssenkrupp 212CD—has 30 to 40 tonnes of nickel just in its structure, and dozens more in its plating, piping and electrical systems. If you do that times 12, then there's a great demand signal and a great reciprocity in the purchase agreement. Looking at something really big, a polar class 2 icebreaker uses between 400 and 500 tonnes of nickel. That's about 10 times the size of a submarine.

For things like Canadian nickel in particular, and other Canadian critical minerals, there is a tremendous opportunity for us to manufacture and/or to partner and procure equipment that is based on Canadian critical minerals.

• (1155)

Sherry Romanado: Earlier you mentioned that there is an abundance of nickel around the world, if I understood correctly. If we were to partner with our NATO allies with respect to some of these procurement projects, this is a way to create a new demand for our nickel. Is that correct?

Jeff Gaulin: Absolutely. Canadian nickel is threatened worldwide by the oversupply from some jurisdictions around the world. One country in particular dominates, with in excess of 60% of worldwide production. The opportunity to create a procurement club that sustains and in fact enhances or grows the production of Canadian nickel—which is a job creator and where we have a competitive advantage relative to other jurisdictions, like the PRC—can absolutely be both an economic and a defence advantage.

Sherry Romanado: That's fantastic.

My next question is for Mr. Gullo.

You talked a little bit about labour disruptions and some of the challenges there. Could you elaborate on whether we have enough supports for colleges and universities in terms of generating the pool of talent that we are going to need going forward in terms of the demand that we're going to have for increasing capacity in the mining sector? Are we enticing enough young people to consider a job in this field? Are we producing enough engineers and researchers in this regard? How can BOREALIS assist in this regard?

Michael Gullo: There are two parts to that. I know that my colleague, Photinie, will have more in-depth data on the mining sector's labour pool, and Jeff will have specific comments relative to his company, too.

My understanding is that there is a deficit. There are hardships in terms of attracting the right talent. There are a lot of retirees and a need to scale up, in particular when you align where we want to go with harvesting and producing more, and exporting more to our allies.

I know Photinie, Jeff and Hudson may have some other details to share.

On the innovation side, in terms of BOREALIS, I have not really looked at that yet as a labour tool or a skill tool. Certainly there would be a lot of attraction once it has been stood up and there's a better understanding of how it's going to operate for drawing top talent into Canada and to our research institutions, which will partner with BOREALIS and become integral to its success. I can see it being a real magnet and a really important part of Canada's innovation policy.

As the details come out, maybe we can come back and have a different conversation about specific areas.

Sherry Romanado: I'm out of time, so if your colleagues want to submit in writing any feedback they have on that question, I'd welcome it.

Thank you.

The Chair: Monsieur Savard-Tremblay, you have up to two and a half minutes.

[Translation]

Simon-Pierre Savard-Tremblay: Thank you.

Ms. Koutsavlis, I'm going to continue the discussion I had earlier with Mr. Gullo.

I know that a few years ago, after the realization, a bit late in my view, that China was a worrying power in many respects, the government was quite assertive in wanting to get China out of the mining industry.

Do you have any feedback on that? Do you feel in any way that it's still there through the back door? Has it found a way to maintain its position through all kinds of subterfuge?

[English]

Photinie Koutsavlis: That's a very difficult question for me to answer. I think that question would be better directed to the national security establishment and other agencies within the Government of Canada. I'm not able to answer that question for you.

[Translation]

Simon-Pierre Savard-Tremblay: I was asking you to respond based on what you or your members were observing.

In a study we conducted two or three years ago in another committee I sit on, the Standing Committee on International Trade, one of the conclusions was that it was very easy for a foreign mining association to register as a Canadian association, and that the rules

were much too lax given the various speculative and tax advantages offered on the Toronto Stock Exchange, in particular. Also, it came out that Canada is a kind of flag of convenience.

To my knowledge, the rules have not been tightened since then. Have you also realized that?

• (1200)

[English]

Photinie Koutsavlis: Again, I'm not able to answer that question for you.

[Translation]

Simon-Pierre Savard-Tremblay: I understand that you can't answer it now, but would you eventually be able to do so?

[English]

Photinie Koutsavlis: If you have a precise question that you would like to have us respond to from the Mining Association of Canada's perspective, I'd be happy to reflect on that and get back to you.

[Translation]

Simon-Pierre Savard-Tremblay: Do you think the rules for registering as a Canadian mining company are too weak or lax?

[English]

Photinie Koutsavlis: That's not something within my purview that I'm able to answer for you today.

[Translation]

Simon-Pierre Savard-Tremblay: Mr. Chair, how much time do I have left?

[English]

The Chair: You have 30 seconds.

[Translation]

Simon-Pierre Savard-Tremblay: Mr. Gullo, can you give me your opinion on the subject in 30 seconds?

[English]

Michael Gullo: Not in precise terms.... I would not be able to give you the right level of detail for the study you're conducting and the particular question that you want an answer for. It would be something that I would have to follow up on.

We have to be mindful of the fact that our stock exchanges compete with world-class stock exchanges, and we have robust systems in place. These are some of the most competitive in the world, and the presence of Canadian mining companies within both of our major listings in the TSX and TSXV is substantive. That should be, in my view, looked at from a position of strength rather than weakness.

I think your question is about fine-tuning and identifying risks, and I think it's very valid. It's something that maybe we could help you explore down the road.

The Chair: Mr. Bezan, you have up to five minutes.

James Bezan (Selkirk—Interlake—Eastman, CPC): Thank you, Chair.

Thank you to our witnesses for being with us today and helping us with this study.

We've been hearing a lot about competitiveness and how we're falling behind. You guys did mention some of the problems. Let's talk about the government regulations and the government taxation, which are out of sync with what other jurisdictions are doing around the world. Can you talk about the impact of things like the industrial carbon tax and net zero and about how those are impacting mining and refining in Canada versus in other areas like the United States or Europe?

That question is open to all panellists.

Jeff Gaulin: As I indicated off the top, both operating and capital expenses are a little bit higher. Canada is a high-cost jurisdiction. Part of that is from the maturity of our geology. We've been at this for quite a long time. The easy and cheap stuff has been mined. Now we have to either go further afield in places like the Ring of Fire or go much deeper. For example, in Thompson, Manitoba, a mine that we own—

James Bezan: You just divested of it.

Jeff Gaulin: We are just selling some of it. To go to depth there would be basically 13,000 feet, four kilometres, underground. That would be the deepest mine in the world. We'd still have more minerals down there. The challenge is, how do you get there, and then how do you bring it to the surface? How do you refine it in a competitive way? We will never out-China China in terms of standards. In fact—

James Bezan: I'm not suggesting to compete against China. I'm talking about other free democracies, our allies in particular. However, we have to be competitive if this is a strategic asset. If this is part of national security, we have to make sure that we can do it on a competitive basis.

Jeff Gaulin: I think we have to find the right balance in that, because our ability to raise capital is heavily weighted in global markets on our track record of sustainable development. It needs to be traded off against the ability to raise capital for our speed to market.

James Bezan: High taxation and high regulation would chase away some of that investment, wouldn't they?

Jeff Gaulin: I think if we were to go to our bankers and say, "Let's cut a whole bunch of regulation and environmental protections", it would be challenging for us to raise capital in global markets.

James Bezan: Okay.

We heard in our first panel about the necessity for stockpiling critical minerals. To the Mining Association and the Business Council, what level of stockpiling do we need, and who pays for it?

• (1205)

Photinie Koutsavlis: Stockpiling can actually serve multiple purposes. Government stockpiling provides a set price to a company for the offtake of their product, which provides certainty for that project in moving forward, provides capital to that project, provides investor confidence and de-risks that project. That's one positive aspect of stockpiling. Another positive aspect of stockpiling comes from stockpiling critical minerals or defence-related critical minerals for our defence applications and the defence value chains that

we wish to be able to develop within Canada. The third positive attribute of stockpiling is being able to meet our NATO requirements for defence spending.

In sum, stockpiling provides certainty to investors and provides a project with the certainty needed to be able to move forward. It provides the capital and provides reliable supply chains into our manufacturing base, and it also provides support to our defence spending.

In terms of who pays for it, government stockpiling could be a possibility, but then that stockpile could be of interest to our allies as well, in terms of being able to sell some of that product to our G7 allies.

James Bezan: There's no question that stockpiles and the infrastructure to support the mining of critical minerals all come into play in that NATO 1.5%, but it has to be government expenditure. It can't be corporate purchases.

Photinie Koutsavlis: That's right.

James Bezan: You talked about how much of the processing is already handled by China and our adversaries. If you look at lithium, you see that we have no lithium-processing capability here in Canada. There's only a minute amount down in the United States, and everything else goes to China.

Then, if we're going to be a reliable ally, the big question again comes down to this: Who makes the investment into creating the processing facilities, or how do we attract capital investment to make those processing facilities happen here within Canada or within the NATO structure?

Michael Gullo: If I may just provide more of a general response, I don't want to underestimate the level of work that's required to understand which commodities should belong in a stockpile, but more importantly, what is Canada's role within that particular commodity? Where's the opportunity? An incredible level of effort between the public sector and the private sector needs to occur to understand where the downstream, the midstream or the upstream opportunity is. What are the tools that need to be deployed in order to access that and really go after it?

I don't mean to discourage the question, but I think it's really challenging to provide a general response—

James Bezan: That should be maybe a recommendation that comes out of the study here, having those conversations.

Michael Gullo: Absolutely. It's the commodity-by-commodity assessment that needs to be done through the companies and the government on where the value chain opportunity is. That's where the creativity around costs really comes in.

Photinie explained offtake agreements quite well, and how those can occur. There are some fiscal incentives, taxation incentives, that companies can take on board as well, in terms of discounts on taxes in order to keep certain commodities on their property versus doing what they normally do, which is sell into the market. It's very specific.

The Chair: Thank you both. I've been very liberal with my time. We'll go over to you, Mr. Malette. You have up to five minutes.

Chris Malette (Bay of Quinte, Lib.): Thank you, Mr. Chair.

My first question is, are Canadian firms positioned to integrate into allied defence supply chains under NATO commitments at this time?

That's for whoever can answer the question.

Jeff Gaulin: Partially, we already are. The opportunity is where we could expand that. I don't think it's about substitution and moving away from the customers we have. How could we grow production to meet the growing demand?

Chris Malette: Thank you for picking up on that.

What barriers are preventing large-scale private investment in mineral processing and refining at this point, in Canada?

• (1210)

Photinie Koutsavlis: I'll go first on this one. We'll have a tag team for it.

In terms of processing, refining, smelting and the midstream part of the value chain, you need to have the product to push through those facilities. In his opening remarks, Jeff mentioned how Vale needs to import some of that product.

The business case is certainly not there, currently, to expand our processing and smelting facilities, because we don't have that expansion of critical mineral production. We need to produce more to smelt more. If we don't have that production increasing.... The cost of building processing facilities is from \$200 billion to \$500 billion. It's a very expensive endeavour. We need to have the product to do this. We have processing facilities that are not operating at capacity, currently. We need to grow our feedstock into those facilities to be able to then grow the business case for additional facilities.

I'll be very quick on this. The reason is that China's smelting and processing sector has very low treatment and refining charges. Essentially, it's what a miner will pay to have their product smelted and refined into another product. Because the prices are so low, the margins are exceptionally thin, currently, for processing and smelting facilities. The economics are not there for having the product—the rocks coming out of the ground—in terms of profitability and being able to charge. In some cases, the treatment and refining charges are below zero. There are negative numbers right now.

There are difficult circumstances, currently, in terms of having additional facilities constructed.

Chris Malette: That goes to Mr. Gaulin's comment on how we're never going to out-China China.

My next question is for Mr. Lester and Mr. Gaulin.

How does climate policy intersect with the mineral development needed for both clean energy and defence applications?

Hudson Lester: I would focus more on unreliable energy systems. Right now, up here, when it comes to climate and all that, ev-

erything is run on diesel. We have diesel dependency. All the diesel is imported, predominantly from the United States.

Diversified power sources and grid modernization reduce that vulnerability and increase operational certainty. Really, for us, it can be joint with industry and federal investments to support northern power systems, which should be recognized as strategic resilience projects, not just regional economic development.

Chris Malette: To help power some of these developments, has there been any talk of small nuclear reactors in some of these areas? I know it was discussed at a morning session I attended in Halifax, at the international security conference. Is this on anyone's radar at this time?

Jeff Gaulin: We're blessed with abundant access to low-emitting or zero-emitting electricity sources in Canada. Of our eight mines, only one is not powered by low-carbon or low-emitting sources. That's because it's on the coast in northern Labrador and is not connected to a grid or anything else, although we are exploring opportunities to find ways to get off diesel. Wind power is not cheap or easy. Run-of-river, long-distance transmission is difficult and/or expensive. With our five indigenous communities, that's not something we're going to impose nuclear power on without their full and prior consent.

I think the challenge for us with critical minerals is that we were producing critical minerals before renewable power came by, and we will produce long after. It is a tremendous opportunity for us, particularly on the EV batteries, but we have seen a slowdown—not a turndown, but a slowdown—in the worldwide adoption of it, which just softens the demand curve for the types of products we see.

Let me give you a figure that puts it in perspective. A wind turbine is the most nickel-intensive renewable power source there is. There are two tonnes of nickel in every tower. One Canadian Coast Guard ship takes 50 to 100 tonnes. I'd have to make 15 times, or much more than that, the wind turbines for one Canadian Coast Guard ship or an icebreaker that is 400 to 500 tonnes. The volume demand is what keeps our refineries open. If the demand slips, those refineries are uneconomic. Today, I'm telling you, the fragility of the economics of our nickel refineries, let alone our copper refineries, is perilous.

• (1215)

The Chair: Thank you both.

Mr. Kibble, you have up to five minutes, sir.

Jeff Kibble: Thank you, Mr. Chair.

Apologies, Mr. Lester, sometimes you get forgotten when you're online. I appreciate your reminder about the additional costs of operating in the north.

You mentioned that it takes up to 14 years to approve projects. Could you give some specific steps that you'd like to see to speed up this ridiculous length of time to get projects approved?

Hudson Lester: Right now, because of the co-management regime we have up here, a lot of it is just the back-and-forth system. You have to go to the Nunavut Planning Commission to get a project approved and verified. Then it goes back to the proponent and is submitted to the Nunavut Impact Review Board to do the environmental assessment. You get your water licence and all that [*Technical difficulty—Editor*].

Jeff Kibble: We seem to have lost him. I appreciate that he's describing multiple layers of confusing bureaucracy.

I'd like to move to Mr. Gaulin while we're re-establishing communication.

You said that we're providing nickel by the tonnes for navy and Coast Guard ships under construction. Are we going to be—

Hon. Steven Guilbeault (Laurier—Sainte-Marie, Lib.): Mr. Chair, perhaps we can ask the witness to finish his answer first.

The Chair: Yes.

I'll give you the extra time, Mr. Kibble.

Jeff Kibble: Thank you. I was moving on because we were waiting to re-establish communication. Certainly his answer is important. I just didn't want to lose valuable time.

The Chair: No, no, I'll give you the time back.

Mr. Lester, can you speak so that we can hear you?

Hudson Lester: Yes. Is it working?

The Chair: Yes. We just wanted to make sure your audio was still on.

It's back to you, Mr. Kibble.

Jeff Kibble: Mr. Lester, perhaps you could quickly finish your answer on the bureaucracies you're facing up north. Something is causing the 14 years of delays for projects. If it's not bureaucracy, maybe you could quickly explain what it is.

Hudson Lester: It's mainly the bureaucracy system for approval processing. You have to do a lot of back-and-forth with the same organizations, making sure [*Technical difficulty—Editor*] once you receive it back.

Jeff Kibble: Thank you. I hear that.

Mr. Gaulin, will we be providing nickel for our navy ships under construction—you mentioned the tonnes that go into Coast Guard ships—and for our future submarines, or will that be coming from other countries?

Jeff Gaulin: The nickel superalloy that goes into Coast Guard ships is definitely coming from Canada.

Jeff Kibble: Is that also for our navy ships that are under construction right now, and potentially for future submarines?

Jeff Gaulin: In terms of the submarines, I think that's a matter of a request from the selected supplier, but certainly that could be something supplied from within Canada.

Jeff Kibble: Thank you.

As we've identified here today—and I was also at the Munich Security Conference—our allies certainly identify that critical minerals are key for our defence, NATO's defence and global security, and we've identified the need to expedite.

Should we be putting aside our net-zero ideology to get on with our supply chains to protect our country, protect our allies, start building stockpiles and ultimately building western security?

Jeff Gaulin: There was a lot in that question. Is there something you'd like me to focus on specifically?

• (1220)

Jeff Kibble: We've identified that this is critical for national security, for global security. We need to get on with this. We're dealing with 14 years of bureaucracy and taxes that are crippling us versus our competitors.

Should we be putting that aside and saying, look, this is a time to get on and start building? Should we be putting this bureaucracy aside, be it net-zero ideology, the taxes, etc.?

Jeff Gaulin: The production and processing of minerals should be job number one for Canada's economy and for its national defence.

Jeff Kibble: Okay, thank you.

Does anyone else want to add to that? You're hesitant, okay.

Mr. Lester.

Hudson Lester: I'm too scared to give this a try now.

No, just simplifying the process or removing it altogether would be great—with the consideration of responsible mining, environmental impacts and all that. The regulatory process is too cumbersome at times, I think, and a little too duplicative at other times.

Jeff Kibble: Thank you.

Thank you, Mr. Chair, for the extra time, allowing for the confusion with the communications.

I have a very quick last-minute question. We've heard of predatory pricing from China. Is China an economic or strategic threat to our mining industry? I will open it up to the panel.

Photinie Koutsavlis: My quick answer is yes, in terms of predatory pricing. They're able to flood the market with product, decreasing global prices and making our projects uneconomic to move forward.

Jeff Kibble: Thank you.

Would you agree, Mr. Gaulin?

Jeff Gaulin: Yes.

Jeff Kibble: Mr. Gullo.

Michael Gullo: Yes.

Jeff Kibble: Very quickly, so I don't forget, I'll ask Mr. Lester.

Hudson Lester: Yes.

Jeff Kibble: Thank you, Mr. Chair.

The Chair: All right. Thank you, Mr. Kibble.

Monsieur Guilbeault, you have up to five minutes, sir.

[*Translation*]

Hon. Steven Guilbeault: Thank you very much, Mr. Chair.

I have a couple of questions for Ms. Koutsavlis to start with, but any of the other witnesses are welcome to answer.

Wasn't a study done in 2023 or 2024 by the federal government showing that the average time to approve projects in Canada was about 3.4 years?

[*English*]

Photinie Koutsavlis: I am not aware of that study, so I'd have to look into that.

[*Translation*]

Hon. Steven Guilbeault: Does your association have any data on the average time it takes to approve projects in the mining sector?

[*English*]

Photinie Koutsavlis: It's very hard to declare average timelines and time frames with respect to regulatory approvals. From discovery to production, the average has been between 10 and 15 years, but the time frame within that 10 to 15 years in terms of the permitting and regulatory process could vary and differ between mining projects.

[*Translation*]

Hon. Steven Guilbeault: Perhaps we can table that study as evidence, Mr. Chair.

With regard to delays, if, for example, the price of a commodity dropped, couldn't a company ask the federal government to suspend the approval of a project for several years and then restart the approval? Obviously, that would lengthen the time.

[*English*]

Photinie Koutsavlis: Of course, yes, that may happen. However, at the same time, there has definitely been a lot of duplication and a lot of timelines in getting permitting processes moving forward. I think there was a realization and recognition within the federal government over the last number of years that there were concerns and challenges in terms of how quickly projects moved through the process. That's why we've seen quite a bit of movement by the federal government—

[*Translation*]

Hon. Steven Guilbeault: In fact, I worked on it—

[*English*]

Photinie Koutsavlis: Yes, I'm—

[*Translation*]

Hon. Steven Guilbeault: —to speed up processes when I was minister. I'm familiar with the process.

Now, I would like to address the issue of carbon pollution pricing. My Conservative colleagues seem to indicate that all it does is generate a cost for businesses. However, doesn't the federal carbon pollution pricing system allow, for example, a business that is more efficient than another in a sector to generate credits and sell them to make profits?

[*English*]

Photinie Koutsavlis: I will mention that the Mining Association of Canada does support carbon pricing.

Hon. Steven Guilbeault: Did you say does or doesn't?

Photinie Koutsavlis: It does support carbon pricing. We support our Paris commitments. We encourage our members to decarbonize their operations. We also recognize that the products we produce actually help decarbonize our economy through clean technology.

• (1225)

[*Translation*]

Hon. Steven Guilbeault: Yes, there is a mechanism.

[*English*]

I'll say it in English. There's a best-in-class mechanism through the output-based pricing system that allows companies that perform better than others to sell credits.

This is my next question. For companies in your sector, are there possibilities for getting a premium for certain goods in certain markets? For example, in the European Union, with the carbon border adjustment mechanism, one of the biggest markets in the world would be willing to pay more for a certain product if it is lower carbon-emitting.

Photinie Koutsavlis: Currently, our products do not garner a premium in markets. Actually, as the CBAM is currently constructed.... There is a discussion paper forthcoming on whether they'll be recognizing Canada's carbon pricing system. It has yet to be determined whether they will deem our carbon pricing system as equivalent or not. That premium does not currently exist.

Hon. Steven Guilbeault: It could, if we came to an agreement with the European Union.

Photinie Koutsavlis: I think we would need to see what the European Union decides to do.

Hon. Steven Guilbeault: Am I wrong in assuming...? Mr. Bezan was talking about looking at democracies like ours in terms of their different mechanisms, such as carbon pricing. Don't the European Union and Australia—and even South Africa, China and about a dozen U.S. states—have a price on pollution?

Photinie Koutsavlis: As you were the previous minister and you say you're very familiar with this area of work, I think you know the answer to that, so I will let you answer it.

Hon. Steven Guilbeault: We're not the only ones in the world who have put a price on pollution.

[*Translation*]

I have one last question for our colleague from the north.

[English]

I'll ask it in English. It follows from something Mr. Malette asked earlier.

What does responsible development look like in the north, obviously considering that most of these developments happen on indigenous lands, on the one hand, but also the fact that we are working in very sensitive ecosystems?

Hudson Lester: Responsible development is tricky, because everything needs to be built from the ground up. There are no roads, communications or power. Navigating that with Inuit landholders, as well as the communities that are most directly impacted and closest to the project, you have to get into the Inuit impact benefit agreements and things like that to ensure that all parties are in agreement to follow the proper procedures, reclamations and all of that.

It's just an extreme cost, as everything has to start from scratch.

The Chair: Thank you, Mr. Lester.

Ms. Idlout, was your hand up?

Lori Idlout (Nunavut, NDP): I'm just hoping that I'll be able to ask a question, or at least say something before the end of this.

The Chair: If I may interject, I'm going to recognize the time. I'm going to have Monsieur Savard-Tremblay and then Mr. Bezan speak.

If the members opposite allowed Ms. Idlout to take over one of their spots, would that be appropriate? We'll share some time, Ms. Idlout. I'll ask one of the members from the Liberal Party to share their time with you.

Monsieur Savard-Tremblay.

[Translation]

Simon-Pierre Savard-Tremblay: My next question is for you, Mr. Gaulin.

China dominates mainly the global market for nickel and cobalt. Correct me if I'm wrong, but it seems to me that its dominance is mainly related to these resources and that it relies in particular on its investments in Africa and Indonesia, so in the Indo-Pacific region.

Is Chinese dominance a problem for you from a competitive standpoint, because the standards are probably not the same as Canadian standards?

[English]

Jeff Gaulin: I think we indicated earlier that the market domination of China in its ability to both invest and oversupply the nickel market is a serious threat to the commodity price and, therefore, the competitiveness of Canada and Canadian nickel. At the same time, its investments around the world and its domination on the processing side mean that its market share is a direct competitor to Canadian nickel.

Yes, it's a significant competitive threat, not only for new opportunity, but for the mines and the refineries we have in the ground today.

• (1230)

[Translation]

Simon-Pierre Savard-Tremblay: Is recycling an opportunity for the Department of National Defence?

[English]

Jeff Gaulin: Yes, absolutely.

I think there are two things of value from waste. We're looking at expanding our circular opportunities. Again, we have 100 years of waste rock in Sudbury. When we have brought through international delegations, they've asked to buy it, because they see the value of the minerals there and the technology to extract more of them. They are interested not only in the quantity of existing nickel, copper and cobalt but potentially in other minerals as well. Our tailings are something that we can look at converting from a liability into an asset, because the technology exists. The challenge is whether we can do it at scale and at cost that a customer wants. We've often heard customers, particularly from Europe, say that they'd love to get that out of there but don't want to pay a premium for it. That's going to be the challenge.

[Translation]

Simon-Pierre Savard-Tremblay: I'll cede my remaining 30 seconds to Ms. Idlout if she wants to ask a question.

[English]

Lori Idlout: Thank you.

I just wanted to comment that this is a very skewed dialogue about mining. I want to share a quote from an Inuk who has experienced the environmental assessment process in Nunavut.

Joan Scottie wrote a book about her experience with uranium and gold mining. In it, she writes:

Without a doubt, this co-management framework looks pretty good on paper. There appear to be many opportunities for community participation, and several checks and balances to protect the environment. However, my community's experiences with gold and uranium mining show that our ability to influence these processes is actually very limited. Ultimately, this system leaves real power in the hands of the mining companies.

I'm very much hoping that in this study you also hear from indigenous peoples, from first nations, Métis and Inuit when you're talking about the impact of mining and what role it can have in national defence.

Qujannamiik.

The Chair: Thank you very much for your input.

Mr. Bezan, you now have five minutes, sir.

James Bezan: Thank you.

On the investment side, you guys are saying that it's hard to attract capital investment, and Vale just recently sold its large stake in the Thompson mine. Did that raise enough capital to go deeper? I read in the press release that it's mainly focused on the ex-mines in the brownfield that are there right now, including the tailings.

Jeff Gaulin: The \$280 million of capital that we helped to raise from partners, and building a global partnership for that, is to extract more from what we have. If there are opportunities for the new owners to either go deeper or find new deposits, something they have wanted to explore.... The new CEO of the company has said that she wants to double production from that mine in the next five years, and the minerals are there to do that.

James Bezan: Is there any plan for reopening the smelter in Thompson?

Jeff Gaulin: That's something the new owners are looking at. There's no commitment at this point. I think it's about stabilizing operations and increasing production. We increased production at that mine by 22% last year. That's a great part of the effort to use the people who are there, the minerals that are there, and the infrastructure that's already there. There is at least another 75 to 100 years' worth of nickel there. The opportunity is there, and it's great to see some investment in Manitoba.

James Bezan: Most of that investment is based in the U.S. and Canada, or was it Australia?

Jeff Gaulin: There are four parties to the investment, three of which are Canadian: Exiro, Vale Base Metals, and Canada Growth Fund. We're grateful for that investment. We have brought in Orion Resource Partners, which is a New York-based private equity firm. We have looked at the Maple Eight and other public pension funds around Canada. It is hard to raise capital for Canadian mining projects, so we're grateful that we were able to put together \$280 million for northern Manitoba.

• (1235)

James Bezan: If you look at other free markets, how do they vary in how they raise capital from the private sector?

Jeff Gaulin: Look at what the United States has done. The U.S. government put \$400 million into MP Materials. That kind of got everybody's attention. The U.S. government and U.S. equity are definitely available and liquid for mining projects anywhere around the world. I think Canada is sending a signal that we're open for business. Raising Canadian-based capital would always be our first preference, but I think that any capital that can keep mining jobs in Canada and minerals flowing is a good thing.

James Bezan: Are you suggesting a state-owned...and that we're going to nationalize our mining sector?

Jeff Gaulin: Definitely not. The private sector works well.

James Bezan: You just want to be subsidized.

Jeff Gaulin: The opportunity exists for pension funds in Canada to invest their capital for a healthy return to make sure that jobs and minerals are flowing.

James Bezan: Have the pension funds bought into this? They need to protect their investors, first and foremost, who are the pensioners they're there to protect.

Jeff Gaulin: I wouldn't mandate that anybody has to put their money into it. I think if we offer a healthy rate of return and can de-risk that, then it becomes an attractive proposition. It is very challenging right now to raise capital for mining in Canada.

James Bezan: When you go to the market right now, what's the major detriment? Why is Canada seen as higher risk and lower return than anywhere else?

Jeff Gaulin: As I mentioned earlier, having been at this for 100 years, you get the cheap and easy stuff out of the way. There is a lot of red tape—we can't deny it—and there's a lot of uncertainty about new projects being built in Canada. That is why our company is focused on greenfield. We have the infrastructure, the people, the social licence, if you will, the permitting—

James Bezan: You don't actually have the infrastructure if you go up to the Ring of Fire. You still have to build the infrastructure to get it from the ground to the plant.

Jeff Gaulin: That's what I said. For our company, that's why we're focused on brownfield rather than greenfield.

James Bezan: I'll come back to the recommendations that we're doing as a committee. I'll go back to the Mining Association of Canada and the Business Council of Canada. I appreciate that the Business Council brought forward three main recommendations. On the innovation side, I agree with you, but on the approval process and how we get more processing done, what are the specific recommendations we have to make to speed that up?

Michael Gullo: I would ask you to look at your question through a more holistic lens. There are three broad areas that are really critical right now for attracting investment. First, we've talked a little bit about the climate policy bucket. There's still a lot of uncertainty there right now. We know that the federal government and Alberta are negotiating, through their MOU, potentially a new price point. We have to see how this unfolds. The long-term trajectory down to 2050 is going to be very important for understanding good project economics in Canada.

The second would be around the regulatory piece, which, I think, we've discussed to a reasonable extent in this session.

James Bezan: You've only been taking broad sweeps at it. You haven't been specific at all on what regulations need to be gone and how we speed this up. Where do we cut it? Is it at the provincial level? Is it at the federal level? Is it both? That's where we're at, up to now.

Michael Gullo: I think moving to “one project, one assessment”, something that includes one decision, should be the gold standard that we're striving to achieve.

We're moving in that direction through some of the bilateral agreements and equivalency agreements that are under way. We need to keep pushing for a process where we ultimately have one decision at the end of the day, which is going to reduce the redundancy and accelerate the speed of our project approval processes, in addition to the permitting pieces.

Then the third thematic, I would say, is in the taxation investment space. If we're really genuine and sincere about meeting the moment and addressing this national security imperative through critical minerals, which is the thematic of the study, we have to think about different ways of making the projects and the investment into Canada compelling. The stockpile piece that we tabled is just one of those ideas. Replicating elements of the One Big Beautiful Bill Act through a broad-based taxation is another very compelling area for consideration.

When I look at your question, I look at those three components. If you really want to take a serious run at unlocking higher pools of investment, it has to be the climate piece, the regulatory piece, and then the tax and investment package.

The Chair: Thank you.

We'll go to the final round.

It's over to you, Ms. Lapointe, for five minutes.

• (1240)

Viviane Lapointe: Thank you, Mr. Chair.

Mr. Gullo, I get to ask questions of you. My question will dovetail with what my colleague MP Bezan was asking about. For companies that are considering major long-term investments in Canada's critical minerals sector, what signals most influence whether they move forward with projects, especially those that are linked to national security? I know that you touched upon policy and regulatory.... Are there others, or some that you feel weigh more heavily?

Michael Gullo: The tone from the top certainly matters. Understanding that there are clear messages coming from our policy-makers with the highest decision-making authority in the country that Canada is serious about unlocking opportunity and that Canada is serious about partnering with allies and trading partners on advancing this is exceptionally important, but it's ultimately about action. We need to see implementation on the ground. We've talked extensively about the length of our regulatory and permitting processes. They are improving, but that story still needs to be told in a more penetrating way that really resonates with decision-makers.

We also have to see some of these other areas on the tax side come to fruition in order for a senior person within a company to be able to justify to their board that Canada is a safe zone and to demonstrate a return on the investment that they make in the country. To go back to my opening remarks, capital is very agnostic. It can go to the place where it has the path of least resistance and can do what it's supposed to do, which is turn one dollar into two or more.

Viviane Lapointe: In your opinion, how can Canada position itself within North American and allied supply chains to ensure that we remain a trusted and indispensable partner in defence-related minerals?

Michael Gullo: We have a tremendous opportunity in this regard. Your question really underpins the proposal that I communicated about the stockpile in the context of NATO partners and allies. We're very bullish on the role that we think Canada can play in strengthening North American energy security across a number of

different energy supply chains, inclusive of critical minerals, nuclear and uranium.

To some of the points that my colleagues made earlier about not only our deposits but where we have refining and processing strength already, we can be a serious supplier to North American markets. We already have a dominant import position in many commodities in the U.S. Growing that from a place of strength can come from a place of strength and really help shore up energy security challenges within the continent.

I look at it through two dimensions. One is a strong and resilient North America that enables opportunity for international markets as well and what we're proposing we do in the context of NATO. The one thing I'll also just underscore—because I have a minute left, I'm happy to provide the paper to this group for consideration—is that the remarks I made around North American energy security are broadly supported by business groups across the continent. We authored the paper I'm referring to, but we also released it in partnership with the U.S. chamber and our counterparts in Mexico. The idea of a strong, unified North America is paramount to our members.

Viviane Lapointe: I also want you to weigh in on the question that I asked previously about the idea of taking our list of 36 critical minerals and identifying strategic minerals within that list of 36. In your opinion, what criteria should we consider in choosing and selecting strategic minerals?

Michael Gullo: First and foremost, we have to look out for ourselves. What do we need for our economic and national security? What are those minerals that are instrumental to the strength and maintenance of our economy, the one we have now and the one that we want in the future?

I will also defer to a response that I made to this side of the room in regard to our NATO stockpile proposal. There is an exceptional amount of sweat equity that needs to occur on a commodity-by-commodity basis to better understand where the value chain opportunities are and where Canada can either fill a gap and create long-run growth through increased demand or bolster an existing capacity.

Viviane Lapointe: I have a question that I'd like to ask all the panel members to respond to.

For countries that are seeking secure and responsible sources of critical minerals, what differentiates Canada as a supplier in terms of reliability, quality and trustworthiness? What do you think those countries should be looking for or will want to look for?

I'll start with you, Mr. Gullo.

• (1245)

Michael Gullo: We certainly have to be competitive. What we're producing needs to be sold at a price that makes it very compelling to make Canada the preferred supplier of choice, if you will. They're also looking for reliability, which is why I thought it was very important to communicate to you today the importance of supply chains, the importance of strong trade corridors and the importance of supply chain resiliency. We have some reputational damage internationally to repair on account of our supply chains starting and stopping on an almost quarterly basis now. Those are really important elements.

As we look to producing more and relying on our supply chains for more throughput, I would also argue that we can't lose sight of climate change and climate change adaptation, in particular the investments that need to be made in our transportation and trade-enabling corridors. We have a good national adaptation strategy, but it is heavily weighted on municipalities and houses. We can't lose sight of our economic corridors and why we need to make them resilient. We have a number of extreme weather event examples that underscore how fragile our supply chains are when it comes to atmospheric rivers, wildfires and all of these other aspects.

I would put those three things out there for you.

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

At this point, I'd like to thank all four of our witnesses for being here today. I appreciate your informed comments and their relevance to this committee study. It obviously matters to Canada, for both sovereignty and economic issues.

Ms. Romanado, go ahead.

Sherry Romanado: Mr. Chair, would it be possible to ask the witnesses to provide us with a copy of their opening statements? I thought they were really great, and it would be great to have a copy as well.

The Chair: We have a copy, I believe, but we will share that with our committee members as well.

Now, we're going to continue with our studies. Instead of taking a suspension, I'm just going to proceed to our next order of business, which is other business for the committee.

You're welcome to stay, or you can just quietly move on and we'll proceed.

Folks, we have a few items to attend to. Before we get to our motions, I want to advise that, at the last meeting of the Liaison Committee's subcommittee, they agreed to approve only one trip. We asked for two. They also limited that trip to six members. I need to ask for approval to amend the travel budget accordingly, and to also find agreement that we proceed to do this travel on either July 6 or July 13.

James Bezan: I have a question on that.

The Chair: Yes, go ahead.

[Translation]

Simon-Pierre Savard-Tremblay: Mr. Chair, I'd like to speak.

[English]

James Bezan: On the subject of the travel budget, are we moving our travel to July? Is that what you're saying?

The Chair: The proposal was for the week of July 6 or July 13, for a total of five days and four nights.

James Bezan: Okay. Are they sending only six members of the committee and five staff?

The Chair: They agreed to only six members and up to five staff, yes.

James Bezan: What happens if one of our members wants to join the committee using their travel budget?

The Chair: Do you mean on their own accord, with the MOB?

James Bezan: I'm assuming that we'd have enough staff to support the entire committee if we were travelling as a full committee.

The Chair: Yes. I would suggest the following. I tend to agree with your line of proposal. It's domestic travel within Canada. We have a formed organization group, through our bureaucracy and our staff, to provide the resources. I think we should provide some flexibility if we can use our MOB's to determine those who wish to come as well.

Why don't I leave that up to the clerk to propose the final proposals? We've been approved for only six, but we obviously have discretion within our respective allocations.

Go ahead.

James Bezan: Yes, as long as they're okay with our travelling on our own accord. It's within Canada, and I think it's important that everybody goes up there.

The Chair: I tend to agree.

Is that okay? I mean, we can do only what we're allowed to do, and I think that, within those limits, we proceed to do what we're allowed to do.

Monsieur Savard-Tremblay, you had your hand up as well.

[Translation]

Simon-Pierre Savard-Tremblay: I wanted to suggest that you wait, because I wanted to be sure that all committee members would be present for the discussion, since it involves budgets. A number of members were not at the table, because they went to greet the witnesses, which is understandable. That's the only reason I spoke up.

• (1250)

[English]

The Chair: I appreciate that, and I was sensitive to it when I saw everybody leave as well.

However, we're all here now, so I ask for agreement to proceed with that.

Ms. Romanado, go ahead.

Sherry Romanado: On that point, I have no problem with it if members have the travel points. We can make sure we have a full contingent. I think it's really important that we do.

Can we verify those weeks, that suggestion? You mentioned some dates in July. I'd like to see whether we can canvass, or at least whether members could have an opportunity to come back to see whether those dates work for them. I don't know what people's plans are for the month of July, so I think it would be helpful if we could come back with some suggestions.

The Chair: This also depends on the clerk's ability to organize a trip accordingly. We're planning for either July 6 or July 13. This would be after the House rises.

Is that correct, Mr. Clerk? Can you get back to us with proposals for either week? Then we'll determine among committee members how they'd like to proceed.

Go ahead, Ms. Gallant.

Cheryl Gallant: I'm wondering whether the clerk could provide us with the calculations for how the amount was arrived at, per person. For example, if we are going to be using points, I'd like to see the starting point and destinations broken down, just so that, if some of us have to do this, we know how you did it and can get in sync. Also, on the hotels or wherever people are staying—maybe they're staying in tents, I don't know—could you break it down to the individual costs?

The Clerk of the Committee (Jean-Denis Kusion): If you look at the last page of the budget, at the back of it, it is itemized. Those are estimates, because maybe not all MPs would start from the Ottawa-Gatineau region. It would also vary depending on the weeks the committee chooses to travel. The proposal for either of those two weeks of July is for you, essentially, to lock in your calendars and let us have witnesses or meetings planned up there.

If you want more detail than that, I still need the week in which the committee would travel to be able to provide you with more information.

Cheryl Gallant: Okay. It would be the flights, the itineraries and which hotels. That would be once you have the date.

Thank you.

The Clerk: Yes.

The Chair: We'll share that, and then we'll determine which is the preferred week or which is the available week. It could all be dependent upon availability.

Mr. Bezan.

James Bezan: Did you look at the hotel costs up there? During the summer, they do go up.

The Clerk: They did. The logistics officers are well trained in the—

James Bezan: I know they are. I just wanted to make sure, because wintertime versus summertime is a world of difference.

The Chair: Do I need to approve the amended budget, Mr. Clerk?

The Clerk: Ideally, yes.

The Chair: Okay.

I ask whether there is agreement on the amended budget as presented by the clerk.

Some hon. members: Agreed.

The Chair: We now move to item number two.

The next meeting is on Wednesday. Mr. Guzman, unfortunately, is now not available to attend, so we're looking at a change to either the threat analysis or a continuation of this study. We may jump into the francophone study if availability is there for us. We're acting very quickly to see what we can do to provide for witnesses. I'll keep you informed as things develop.

Mr. Bezan.

James Bezan: I think it's time we move some motions.

The Chair: Yes, I'll turn the floor over to you, Mr. Bezan.

James Bezan: Let's do this one at a time.

For the first one, we gave a notice of motion on Friday. It reads:

That, pursuant to the motion adopted on November 25, 2025, to invite the Parliamentary Budget Officer to appear for no less than two hours, the meeting consideration be expanded to also include his new report titled Fiscal Implications of Meeting NATO's 5% Commitment, and that he appears no later than March 13, 2026.

I would think that if Wednesday is free, the PBO is an easy one to bring in. We already have a standing motion that goes back to November. I'd invite the PBO and ask that we expand it to include this new report, along with his previous report, and that he appear at the earliest possible time.

The Chair: Okay.

Are there any comments?

Mrs. Romanado.

Sherry Romanado: Well, I can't really discuss publicly any other possible notices of motion that have not been moved, but I know there are multiple ones with multiple dates. I would like to suggest that we amend this motion to read that he be invited to appear "as soon as possible", only because there are some other things that might be time-sensitive that need to be booked before.

I would hate for us to lock ourselves in on this motion by having a prescribed date. I would suggest that we just change the date from "no later than March 13" to being invited to appear "as soon as possible" and leave it to the chair's discretion to book it based on availability and so on.

• (1255)

The Chair: If I may interject at this point, I'll mention that he has already been invited, and he's coming on March 11.

Sherry Romanado: Oh, there you go.

James Bezan: We do need to move the motion so that he can address both reports.

The Chair: I know we're missing one of our members, but are we all in agreement to proceed?

(Motion agreed to)

James Bezan: I'll go back to the motions.

I move:

That the committee invite the National Defence and Canadian Armed Forces Ombudsman to appear for no less than two hours to discuss his new report titled *Marking Time: A decade of stalled progress for the Primary Reserve*, that he appears no later than March 27, 2026, and that, where relevant, his testimony be considered for the committee's study report on *Inflection Point 2025*.

There is crossover there with the reserve restructuring that's happening under the new army "Inflection Point 2025". Again, this is an officer of Parliament who's responsible to report back not just to the minister but also to this committee, so I think it's imperative to our work that we hear from him.

The Chair: Are there further comments?

Go ahead, Ms. Romanado.

Sherry Romanado: Similar to my last intervention, I know that we only have a few weeks before the end of March and there are other things that I believe my colleague opposite might be bringing forward as studies. Therefore, I'm hesitant to prescribe dates, because they may be affected by other motions that may or may not be brought forward.

I'm fine with it, but I would like to know if we can change that to "as soon as possible" and leave the flexibility to the chair to make it happen, as long as we understand that there may be things that are time-sensitive and must happen before a certain deadline.

The Chair: Yes, I am conferring with the clerk, recognizing some of the constraints around schedules. If that is an amendment being brought forward to change the date to "as soon as possible", I guess that's up for debate now.

Are you guys okay with that? The bottom line is that we have to constrain ourselves with the times that are available to us. The amendment by Ms. Romanado is to change the date from "March 27, 2006" to "as soon as possible".

(Amendment agreed to on division)

(Motion as amended agreed to on division [*See Minutes of Proceedings*])

James Bezan: The next motion is:

That the committee invite the Minister of National Defence to appear for no less than two hours to discuss the Defence Industrial Strategy.

It was released last week.

The Chair: Mr. Bezan just read his third motion. Is there debate?

Go ahead, Ms. Romanado.

Sherry Romanado: I was going to put out a notice of motion, but it's in direct agreement with Mr. Bezan's motion.

I'd like to move an amendment that builds on what Mr. Bezan has brought forward. I have copies of everything, which I will circulate.

I would suggest the following amendment:

That, pursuant to Standing Order 108(2), the committee undertake a study of the Defence Industrial Strategy (DIS); that the committee examine the impact of the DIS on the operational readiness of the Canadian Armed Forces, on the Canadian defence industry, on the innovation sector, and on the creation of jobs in Canada; that the committee hold a minimum of six meetings on this topic and that the committee report its findings and recommendations to the House.

Of course, we would absolutely want to have the minister come as part of the study. It's building on his motion, but it's very different, in the sense that his is very direct on one specific invitation. Because it is regarding the defence industrial strategy, I want to move that.

• (1300)

The Chair: It does appear to be two separate motions. Although it's building on the defence industrial strategy to bring forward the minister, your amendment goes on to add a number of other items.

I need some clarity as to the interpretation of that, Mr. Clerk.

Mr. Bezan, if you are unwilling to add all that into this motion, which is ultimately what's being asked.... Are you okay with that, or do you want to proceed with this as a stand-alone?

James Bezan: I'd like to use this one, because that one has some different components in it. We're talking about inviting other witnesses. We're talking about more meetings.

The Chair: There is overlap, as you can see.

James Bezan: Yes, there's overlap. We can always vote this down and move Sherry's, but I think this is the one we want. We've been here for two hours. We haven't been getting the minister—

[*Translation*]

Simon-Pierre Savard-Tremblay: Can we have the text?

[*English*]

The Chair: I am sensitive to the francophone study; that's all.

James Bezan: Yes, that's why I brought it up—

[*Translation*]

Simon-Pierre Savard-Tremblay: I would like to have the text before thinking any further.

[*English*]

James Bezan: We have to deal with this one first.

The Chair: Sherry, I'm trying to get clarity.

We're not dealing with your motion as an amendment. Is it an amendment that you're putting forward?

James Bezan: It's a different motion. She can't move it.

The Chair: My issue, Sherry, is this: If you provide this as an amendment, I'm not sure you can use it again.

I need some clarity. I think we'll proceed with Mr. Bezan's motion and deal with that as a stand-alone. What's been shared with you, Mr. Savard-Tremblay, is basically Sherry Romanado's motion. She's tabling a motion, at this point.

Ms. Gallant.

Cheryl Gallant: We're still debating Mr. Bezan's motion.

The Chair: We're dealing with Mr. Bezan's motion, unamended at this point.

Cheryl Gallant: I would like to speak to that.

The Chair: Yes, you may proceed.

Cheryl Gallant: There is a possibility that we will not have time for another study, let alone the sequencing of it. If we at least have the minister come and speak now, we will be informed. However, if we rely on a study that might eventually come around, and everything that happens with that, we may not get the minister at all.

I'm supporting Mr. Bezan's motion to make sure we get the minister for two hours on this subject.

The Chair: To committee members, keep in mind that supplementary estimates (C) are coming forward, and the minister will be called upon for that as well.

Mr. Savard-Tremblay.

[*Translation*]

Simon-Pierre Savard-Tremblay: It's an important announcement. I therefore fully agree with hearing from the Minister on this matter. However, I would like the next meeting to be on the study of francophone and indigenous members of the Canadian Armed Forces, and I would like us to agree from the outset that this is what will follow immediately. After that, we'll talk about Mrs. Romanado's proposal.

I'm all for us doing it, but I still don't want us to downplay the issue. I still want us to agree to prioritize the study that was to come.

[*English*]

The Chair: To clarify for the members, the way I understand this is that Mr. Bezan put forward a motion that provides for the minister to arrive on this one item.

[*Translation*]

Simon-Pierre Savard-Tremblay: If he's not available, we'll still start the study on francophone and indigenous members of the Canadian Armed Forces. I want to make sure of that.

[*English*]

The Chair: We are going to receive another similar request for a more wholesome discovery of the defence industrial strategy, which would presumably include the minister and witnesses.

Your point is well taken. We need to determine if it will affect your study in between.

Mr. Bezan.

James Bezan: There's no timeline on this one at all. There's none on the one the chair just circulated, or the one I'll be proposing next. I guess there is a timeline on supplementary estimates (C), if we do that.

We have been waiting for some time to do the francophone indigenous forces study. We need to make sure this one happens sooner rather than later, because it's been sitting around since last fall or even last spring. We need to get moving on it.

Let's pass this. Then we can move on to the other ones. Even though Ms. Romanado's motion has been circulated, we haven't moved it yet. She kind of moved it as an amendment, which doesn't really work. It doesn't talk about the minister at all in that study. Let's call in the minister, and then we can determine how to proceed with the study, based on the motion brought forward by Ms. Romanado.

• (1305)

The Chair: Ms. Romanado.

Sherry Romanado: Thank you, Chair.

I understand that we'll deal with the motion at hand, by Mr. Bezan, and I can move my motion afterwards.

The only thing I would say is this. You mentioned that between now and the end of March.... The PBO is coming on the 11th, and I understand there are supplementary estimates that need to happen prior to that. I'm just worried that.... I know there's no date associated with this specific motion, but the defence industrial strategy actually falls on three ministers: the Minister of National Defence, the Minister of Industry and the Secretary of State for Defence Procurement. If we are going to have a wholesome discussion about the DIS, I think we need to have all three.

I'm not making an amendment. I'm just throwing it out there. If we're going to do something, we should do it well. I'm fine with inviting the minister to talk about the DIS.

The Chair: That is implied in your proposal.

Mr. Bezan.

James Bezan: It's the Minister of National Defence who's responsible to this committee. I know the industry committee has already done a pre-study on the defence industrial strategy, and that's where Minister Joly appeared. I also know that Secretary of State Fuhr has appeared, along with Mr. Guzman, at OGGO. Other committees have already taken a look at this.

I think we need to talk about the defence industrial strategy strictly from the standpoint of the Department of National Defence, the Canadian Armed Forces and the Minister of National Defence. That's why it's important to have the minister here for two hours. If we pass the other motion being proposed by the Liberals, we can then look at inviting ministers from the other departments on that study.

The Chair: I'm sensitive to Monsieur Savard-Tremblay, who wishes not to lose his position with his study.

We have a motion before us by Mr. Bezan. We need to vote on that motion.

(Motion agreed to)

The Chair: If there's no other business....

Mr. Bezan, go ahead.

James Bezan: I circulated a notice of motion this morning:

That the Minister of National Defence and officials be invited to appear on the Supplementary Estimates (C), 2025-26, for two hours; and that this meeting take place at least five calendar days before the Supplementary Estimates are to be reported to the House.

The Chair: Thank you for tabling it. I know it wasn't within the 24 hours, but for your understanding, we have already requested his appearance in respect to supplementary estimates (C).

Ms. Romanado.

Sherry Romanado: On that note, traditionally, when the committee has the minister in front of the committee regarding supplementary estimates, the first hour is the minister with the officials, and the second hour is with officials.

I'm not sure if the committee would like to maintain the tradition that we invite the minister for the first hour, along with the officials, and then in the second hour we can drill down and the officials can answer questions, if that's okay with the committee.

The Chair: Okay, we'll vote on the motion.

(Motion agreed to on division)

The Chair: With your concurrence, I will adjourn the meeting.

Sherry Romanado: I didn't move mine, though.

The Chair: Let's move it, then.

Sherry Romanado: On that lovely note, I have circulated to all members of the committee a notice of motion with respect to the DIS. I'm happy to reread it, but you all have it.

Again, it's not dictated by time. We'll absolutely do the franco-phone study next, but I think it would be important that we do a wholesome study. Of course, the minister will have been here to talk about it, and we can build on that after, but it's not prescriptive in terms of time.

● (1310)

The Chair: Mr. Bezan.

James Bezan: I'll move an amendment, since we already have the minister coming, that we change it to "a minimum of four meetings".

The Chair: That's recognizing that we're going to have the minister's engagement with respect to this as well.

Can we take this motion and approve it now as amended?

(Amendment agreed to on division)

(Motion as amended agreed to on division [*See Minutes of Proceedings*])

The Chair: The meeting is adjourned.

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