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Chair: Judy A. Sgro





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Thursday, March 12, 2026

• (1100)

[English]

**The Vice-Chair (Adam Chambers (Simcoe North, CPC)):**  
Good morning. I'd like to call this meeting to order. Welcome to meeting number 27 of the Standing Committee on International Trade.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, February 12, 2026, the committee is resuming its study of recent developments in Canada's trade relations with China and with Qatar.

We have with us today, as an individual, Margaret McCuaig-Johnston, senior fellow, University of Ottawa. From the Canadian Cattle Association, we have Andrea Brocklebank, chief executive officer, and she will be joined by Tyler Fulton, president. From the Canadian Federation of Agriculture, we have Bill Prybylski, director, and Brodie Berrigan, senior director of government relations and farm policy, who is joining us online.

Welcome, all.

We will start with opening remarks and proceed to rounds of questions. I should let you know that I have an orange folder. When you're getting close to your five minutes, I'll raise it as a visual cue for you to start to wrap up your remarks. However, you have five minutes.

Ms. McCuaig-Johnston, I invite you to make an opening statement for up to five minutes, and thank you for sharing the statement in advance with the committee.

**Margaret McCuaig-Johnston (Senior Fellow, University of Ottawa, As an Individual):** Mr. Chair, thank you for the invitation to appear today.

I'd like to begin by saying that I am hugely supportive of the Prime Minister's simply remarkable efforts to diversify our trade across the world and to engage with our allies on increasingly important national security issues.

I'm going to be speaking about the importing and manufacturing of Chinese EVs, as well as the sad story of Canadian technology joint ventures in China.

I was surprised that the Prime Minister announced the import of 49,000 to 70,000 Chinese EVs per year, as 70,000 is more than half of all EVs sold in Canada last year. I'm sure the government will be under pressure from the Chinese embassy to raise the number higher. This is the third time Beijing has effectively used canola as leverage to change Canadian policy. It should be the government's

top China-related priority to diversify our beleaguered canola companies away from China and towards other countries in the Indo-Pacific, helped immensely by our excellent Indo-Pacific strategy.

On EVs, Human Rights Watch published a report in 2024, documenting the Uyghur forced labour on vehicles and parts made in China. This concerns not just Chinese brands but also Teslas made in Shanghai, as well as VW, Toyota and GM vehicles made there.

The report has been referenced often, most recently in The Globe and Mail, on January 7, before the Prime Minister went to China. It's illegal to import into Canada products made in whole or in part from any kind of forced labour. This has not been rescinded, although a key document has disappeared from the government's website—our implementation of requirements under CUSMA. I'm sure the U.S. government will want assurances that we are actively enforcing our forced labour provisions.

Another problem with their EVs is that their Baidu software, managing the cameras, microphones and location of the cars, stores all their data in China, in both Chinese brands and western vehicles made in China. This would not be a problem for a normal country, but China has shown malign intent towards us.

Chinese companies are required to spy on behalf of Chinese intelligence services, if requested. The way to address this is to strip out the Baidu software when the cars arrive and to replace it with BlackBerry's QNX, which is used by cars made in North America. I don't know how you would strip out all the dozens of parts made with Chinese forced labour.

Manufacturing in Canada could also be a problem. It's not manufacturing as we know it. The Chinese company brings over kits, and it's a highly robotized assembly plant without the large number of unionized jobs we know in Ontario. Brazil's government successfully sued BYD for \$10 million last year due to what they called the "slave-like conditions" of 200 Chinese workers, who were brought over and worked seven days a week under armed guards. The Brazilian workers have protested against their low wages and poor working conditions.

The government has announced that we'll also be having joint ventures with Chinese partners, especially in clean energy. I'm not surprised that the Chinese negotiating team wanted this. They've done very well with their Canadian technology joint ventures. I did a six-year study on them. They have key features that put the Canadian partner at a significant disadvantage, when it's always 100% Canadian technology being made.

The Chinese partner must always have the majority share of the joint venture and profits—often 70%, 80% or even 90%. The Chinese partner has operational control and appoints the CEO, the head of hiring and the head of legal, who control the chop, which means control of the company.

Over time, the Chinese partner has various tactics to take over control of the company and...an even bigger share, sometimes the entire joint venture. The partner can then become the Canadian company's international competition abroad due to cheaper Chinese wages. The saddest cases have been in clean energy and clean tech. We shouldn't be doing any more of these joint ventures in China.

I have some suggestions for ways we could better protect our companies if we were to do joint ventures in Canada. We could cover these in the questions.

• (1105)

**The Vice-Chair (Adam Chambers):** Thank you very much. You're exactly on time.

I would like to move to Mr. Fulton and Mrs. Brocklebank. I invite you to make an opening statement for up to five minutes.

**Tyler Fulton (President, Canadian Cattle Association):** Good afternoon, Mr. Vice-Chair.

Thank you to the members of the committee for the opportunity to speak today.

My name is Tyler Fulton. I am the president of the Canadian Cattle Association. Through our provincial members, CCA represents approximately 60,000 beef producers across Canada, supporting jobs, economic activity and food security in rural communities across the country.

It's nice to see committee members again today. We appreciate the opportunity to speak—so quickly after our last time—on today's study: the trade with China and Qatar. In the world of trade and our geopolitical environment, trade diversification has never been more relevant. From the Canadian beef industry's perspective, every export market matters.

In the Canadian beef sector, trade contributes an average of \$1,587 per animal to the supply chain, representing approximately 43% of fed value. Access to multiple markets isn't just about increasing Canadian export volumes. It's about increasing the demand for individual cuts and products. Importing countries result in increased demand for cuts that may be underutilized in the North American marketplace. This improves the overall value per animal and can encourage herd growth, which ultimately reduces retail prices for high-demand cuts in Canada while still maintaining overall carcass value.

On behalf of CCA, we are grateful for Prime Minister Mark Carney, Minister Sidhu and Minister MacDonald's engagement on trade diversification in the Indo-Pacific region, China and the gulf region.

First, we have some comments on China. China is one of the largest beef importers in the world and the second-largest economy globally. Prior to the unjustified closure in beef trade in 2021, we saw continued growth in the Chinese market. Beef exports reached nearly \$200 million in 2021. China was Canada's third-largest beef export market at the time. Canadian beef farmers and ranchers welcomed renewed access into China this January. This was both a diplomatic and a commercial win.

The outcome was the result of a team Canada approach. We were glad to work alongside government, both political and officials, as well as our red meat advocacy office in China. With regained access to China, our trade value is expected to increase by an additional \$100 to \$120 per animal. Trade diversification adds value, gives beef producers options and helps us hedge against trade uncertainty.

The first shipment of beef arrived in recent weeks. Canadian beef is now available in all seven Costco locations in China. There are important long-term opportunities for beef exports in China, with demand for high-value cuts that add value to each animal. China is also one of the largest consumers of offal. This is a relatively underutilized product in Canada but highly sought after in other markets. Although offal is not currently eligible for export, we look forward to working with government to secure access.

An emerging market for Canadian beef is the gulf region. There is opportunity to grow our exports to gulf countries like the U.A.E. and Qatar. The six gulf states that constitute the Gulf Cooperation Council have the highest standards of living in the Middle East. The region is forecasted to be one of the fastest-growing markets for halal meat consumption due to its population growth, rising incomes, tourism, urbanization and limited local agricultural production.

The gulf region is also one of the most import-dependent regions in the world for its food supply, with increasing demand for beef and beef products. Canadian beef exports to the Middle East are growing, especially into Saudi Arabia, the U.A.E., Bahrain, Qatar and Kuwait. Qatar is one of the markets in which Canadian beef has gained the most value.

The gulf region is a competitive market. For Canada to gain a competitive advantage, it is important to increase funding for halal accreditation and recognition of certifications, maintain a strong presence in the region through trade missions and in market supports and champion the beef industry at home to facilitate long-term growth.

Thank you for your time. I look forward to your questions.

• (1110)

**The Vice-Chair (Adam Chambers):** Thank you very much.

Finally, we'll move to Mr. Prybylski and Mr. Berrigan.

**Bill Prybylski (Director, Canadian Federation of Agriculture):** Good morning, and thank you for the opportunity to speak to you today.

As mentioned, my name is Bill Prybylski. I am a farmer from east central Saskatchewan and a member of the board of directors of the Canadian Federation of Agriculture. The CFA is Canada's largest farm organization, representing more than 190,000 farmers and farm families across the country.

A stable, predictable global trading environment is essential for the prosperity of Canadian farm families and rural communities.

China remains one of Canada's most significant agriculture markets, accounting for billions of dollars in annual exports across commodities such as oilseeds, cereals, pulses, pork, processed foods and specialty crops. For many sectors, China is either the largest export destination or among the top three. Any disruption to this market has immediate and far-reaching impacts across the agricultural value chain.

Over the past year, Canadian farmers have faced substantial uncertainty following China's response to Canada's tariffs on electric vehicles, which affected a broad range of products, including canola, canola oil, canola meal, lobsters, peas, crabs and pork. These tariffs have had a direct impact on producers' bottom line, costing around \$800 million in the past 12 months.

While Canadian exporters have worked to diversify markets around the globe, none offer the scale or purchasing power of China. As a result, the CFA welcomed the January 16 announcement that Canada and China had reached an agreement providing tariff relief on key agriculture products, including canola seed, canola meal and peas. This is an important step toward restoring stability in a critical market.

We certainly appreciate the efforts of the Prime Minister, the cabinet, the Minister of Agriculture, Canadian officials and provincial leaders who helped advocate for this outcome. Under this agreement, tariffs on Canadian canola seed are expected to fall to 15%, with full relief on tariffs applied to canola meal and peas. This is meaningful progress for producers.

However, key barriers remain. For example, tariffs on canola oil continue to sit at 100%, and pork products continue to face a 25% tariff. These measures limit market access and constrain the full value of Canadian exports.

Beyond tariffs, producers continue to face challenges from non-tariff barriers. Farmers need a trading environment in which rules

are clear, consistent and durable, providing conditions that support long-term planning and risk management.

Timing is critical. Many producers across multiple commodities still hold inventory from the 2025 crop year, and the 2026 planting season is rapidly approaching. Predictability in major markets is essential for decisions on rotations, inputs, financing and marketing, but Canada must also strengthen its resilience by reducing our dependence on one or two major export destinations and ensure that farmers have multiple reliable paths to market. By expanding our reach into high-growth markets such as Southeast Asia, India and the Middle East, Canada can diversify trade risk and mitigate the impact of trade disruptions.

Diversification also requires deepening our engagement in markets in which Canada already has a strong presence, such as Japan and South Korea, and fully leveraging agreements such as CUSMA, CETA and the CPTPP. A more diverse portfolio of export destinations strengthens price stability for producers, opens new demand for a wide range of commodities and ensures that Canada remains competitive in a rapidly shifting global landscape.

In addition, Canada's diversification strategy should also include expanding value-added processing at home. Investing in areas such as biofuels and food processing can build new demand for grains, oilseeds, livestock and specialty crops while reducing reliance on external markets. The CFA remains concerned that proposed amendments to the clean fuel regulations do not yet provide the clarity, durability and competitive conditions needed to attract investment and expand domestic feedstock demand, especially in light of rising imports of used cooking oil.

In conclusion, as Canada works to stabilize and expand its trade relationship with China, we urge policy-makers to continue recognizing the essential role agriculture plays in Canada's economy and global competitiveness.

Canadian farmers need predictable, rules-based market access, not only for canola but for all agriculture commodities that depend on China and other international markets.

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

• (1115)

**The Vice-Chair (Adam Chambers):** Thank you very much, sir.

We'll now open the floor to questions. It was a very efficient opening round, and we saved a little bit of time, so we'll have more time for questions.

We will go to Mr. Mantle for six minutes.

**Jacob Mantle (York—Durham, CPC):** Thank you, Mr. Chair. Thank you to our witnesses for their valuable testimony this morning.

Ms. McCuaig-Johnston, my questions will be directed to you.

As you mentioned in your opening remarks, you have written extensively about concerns with Chinese electric vehicles and their ability to spy on Canadians. I understand some of our allies have taken actions against Chinese electric vehicles. From your research, could you tell us about some examples of actions that allies have taken to protect against this?

**Margaret McCuaig-Johnston:** The U.S. has forbidden their being brought into the U.S. Mexico has sales of Chinese EVs, but a company wanted to build a plant there, and the Mexican government said it wasn't possible.

China has a plant in Brazil as its foothold in South America, but the plant has severe problems with its labour policies and practices. The Brazilians who work there have gone out to protest against the working conditions and low salaries. China wants Canada as its foothold in North America, with the other foothold in Brazil. There's also a plant in Spain. That's in conjunction with a Spanish company that had gone out of business, and it's being brought back into business through a partnership.

Most other countries have forbidden them. Norway and other countries do not see this as a model they want to follow. It's really only in countries that are autocratic or that have failing democracies.

**Jacob Mantle:** I understand, for example, that the U.K. military and the Israel Defense Forces have prevented electric vehicles from being used there. Is that right?

**Margaret McCuaig-Johnston:** Yes, that's right.

**Jacob Mantle:** Do you believe electric vehicles present a national security threat to Canada?

**Margaret McCuaig-Johnston:** I do. It's not just the vehicle itself. I mentioned that with the Baidu technology, the software gathers the camera, microphone and GPS data, reads it and sends it all back to China, where it can be reviewed. It also downloads all the contents of your phone, even when the car is turned off. That's a real problem. A lot of people might say they don't care if somebody in China is looking at their things, but it's a problem for people like me, who are critics of China. I certainly wouldn't get into an Uber that was a Chinese car.

It's also a problem for the electricity grid, so it's a problem for Hydro-Québec and Ontario's hydro, because the Department of Energy in the U.S. has identified a risk of downloading surges from the vehicles when they're plugged into the grid, causing brownouts and blackouts in cities.

There are a lot of different dimensions to this, and that's why I think the software should be replaced with BlackBerry software.

• (1120)

**Jacob Mantle:** Given the concerns you've identified, should Canada take similar actions, such as removing the software, if this is possible? If it's not possible, should Canada take similar actions and ban Chinese electric vehicles from military bases, critical infrastructure, nuclear facilities and research facilities? Do you think this would be a prudent course of action?

**Margaret McCuaig-Johnston:** It would be. We'd have to do it, in fact, because of the risk. We have already forbidden TikTok on government phones for the same reason, so the government has already identified this as a risk. I'm not sure it has identified that it could easily substitute the software and we'd be fine, but the forced labour problem should still be raised.

**Jacob Mantle:** This is scary stuff that you've been describing to the committee.

In your view, do Chinese electric vehicles present a Trojan Horse, if I can put it that way?

**Margaret McCuaig-Johnston:** “Trojan Horse” is the term used by the U.S. House committee on China, and that's a bi-party committee. It's raised a lot of concerns, and this is the term used.

Yes, I see the Trojan Horse model as descriptive.

**Jacob Mantle:** Thank you.

**The Vice-Chair (Adam Chambers):** Thank you very much.

Go ahead, Monsieur Lavoie.

[*Translation*]

**Steeve Lavoie (Beauport—Limoilou, Lib.):** Thank you, Mr. Chair.

I have a quick question for Ms. McCuaig-Johnston.

You said earlier that, in Norway, for example, there were no Chinese electric vehicles because they were banned. Did I understand that correctly? I may have misunderstood the interpretation.

[*English*]

**Margaret McCuaig-Johnston:** No.

[*Translation*]

**Steeve Lavoie:** Earlier, when you were talking with my colleague, you mentioned Norway and electric vehicles. Did you say that Chinese electric vehicles weren't being sold because they were banned? Is that what you said? I may have misunderstood the interpretation.

[English]

**Margaret McCuaig-Johnston:** No. They have buses, but they've recently taken them off the road because they found that the buses could be stopped from China by the manufacturer, just as the light rail vehicles can be managed. The doors can be opened and closed from Nanjing.

[Translation]

**Steeve Lavoie:** Okay.

The reason I ask is that almost 13% of cars sold in Norway in 2025 were Chinese electric vehicles. In 2024, that percentage was 10%.

I was in Norway last week, and I noticed that there were a lot of Chinese electric cars. I put the question to people in the government, and they told me that the Chinese cars were there, but that it was left to the public to decide whether they wanted to buy them. I was told that people weren't buying many Chinese vehicles, by choice, but that they weren't banned. Chinese cars are present in the Norwegian market. That's why I began to wonder when you said that these vehicles were banned in Norway. I may have misunderstood the interpretation.

[English]

**Margaret McCuaig-Johnston:** My understanding is that they're in fleets as opposed to private ownership, but it's very interesting if they are in private ownership. I'll have to go back and look at that. Thank you.

• (1125)

[Translation]

**Steeve Lavoie:** I'm talking about private owners. I had the discussion with government officials, and the public can buy Chinese vehicles without a problem. They're given the choice of whether to buy them. Indeed, very few are sold. In fact, 99% of the vehicles sold last year in Norway were electric. These are quite popular in Norway, but there are very few Chinese vehicles.

Thank you for the clarification.

My next question is for Mr. Prybylski.

You talked about predictability in the agricultural sector. In all sectors, predictability is extremely important. Tell me about what that means. We're talking about seeds here, and I'm familiar with that reality, since I come from a dairy farm. How much will predictability make a difference in this type of agreement?

[English]

**Bill Prybylski:** In terms of predictability, from a farmer's perspective, our planting season is coming up. We producers need some type of assurance that, in the fall when we harvest our crops, there is going to be a stable market for our commodities.

We saw last year about this time, when the tariffs came on, about a \$2-a-bushel decline in the value of our canola seeds. When we're forecasting our production levels and our return on investment, it's pretty hard to predict what the outcome of tariffs is going to be if we're faced with those types of commodity shifts in the prices as we make our plans.

I know that, on our farm, the \$2-a-bushel hit that we took on canola last spring cost my farm somewhere in the neighbourhood of \$350,000. This is something we can't plan for, and it has a significant impact on our farms.

[Translation]

**Steeve Lavoie:** You talked about canola, diversification and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP. Are we selling too many of our products to China right now? Should we continue to diversify and target markets such as those in the Indo-Pacific, as seen in the CPTPP? Do you think this diversification is a step in the right direction? Is the goal to increase our production or simply diversify it?

[English]

**Bill Prybylski:** It's a combination of all those factors. We absolutely need to diversify our markets into areas, as you mentioned, such as the Indo-Pacific and other countries around the world. At the same time, we need to maintain or increase our trade with China.

On our farms, we've seen our productivity increase over the years for a number of reasons. If the world needs it, we'll grow it, but we need to have stable markets across the world for our products. If it means diversifying into other small markets, we need to do that, but China is still a huge market that can't easily be replaced in any short time. We need the Chinese market, the American market, the Indian market and all those other smaller markets as well.

[Translation]

**Steeve Lavoie:** Thank you.

Ms. McCuaig-Johnston, you said earlier that you had suggestions, ideas, for joint ventures between Canada and China. Could you briefly talk about those?

[English]

**The Vice-Chair (Adam Chambers):** It will have to be a brief answer.

**Margaret McCuaig-Johnston:** Yes. If we're to do joint ventures in Canada, the Canadian partner should own more than 60%. There should be a Canadian CEO and Canadian managers of human resources and legal, Canadian suppliers of aluminum steel and QNX used if it's cars, and technology transfer to Canadian or western companies, although the Chinese government has a law that says it can't require companies to transfer to a foreign firm. There should be all Canadian workers in the factory. English should be the language of work, not Chinese.

We also need to be prepared to walk away from the table despite government announcements. Anything less will give us problems in the longer term.

[Translation]

**The Vice-Chair (Adam Chambers):** Thank you very much.

Mr. Barsalou-Duval, you have the floor for six minutes.

• (1130)

**Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ):** Thank you very much, Mr. Chair.

I'm going to start with Ms. McCuaig-Johnston.

If I understand correctly, you identified cases of Canada-China joint ventures in your research that ended up leaving the country to set up in China out of frustration or desperation. Can you elaborate on that? How does that actually happen? Do you have any specific examples that might be of interest to the committee and could help us understand the modus operandi, the way it works?

[English]

**Margaret McCuaig-Johnston:** These are joint ventures between a Canadian firm and a Chinese partner in China. The Canadian firm often finds that their technology, their intellectual property, is taken. There's a requirement to transfer it to the Chinese partner. The branding is usually in the Chinese name, not the Canadian name. The quality has a reputational risk, because the parts are often of lower quality than the parts the Canadian firm would use in Canada. There's usually an R and D centre in China as well as in Canada. This gravitates the intellectual property away into China.

The Chinese company can compete with a joint venture in China. It's in its own joint venture with Canada, and then it competes in the Chinese market with the joint venture. Often the Chinese joint venture can sell to third countries in competition with the Canadian company; they sit on their hands and don't distribute or find sales for the products as they're supposed to. When the Canadian company asks them to please get more active on that, they say they will—but they want a bigger share of the ratio.

With tactics like that, eventually, after spending years trying to develop the product in China, the Canadian company will just abandon the factory equipment, go back and say they'll cut their losses.

[Translation]

**Xavier Barsalou-Duval:** What you're saying is quite concerning. Is that in general or is it specific to certain sectors?

[English]

**Margaret McCuaig-Johnston:** It's specific to certain companies. The companies I've looked at are primarily small and medium-sized companies. I've looked at about three dozen of them. We've seen a lot of discussion about this issue of stealing intellectual property. The U.S. trade representative's office had me come down during Trump 1.0 to describe to them what happens on a firm-by-firm basis. They only get roll-ups by industry associations of these types of problems. I was able to take them through, firm by firm, what happens. I didn't name the firms, because they've already been victimized enough.

As an example, an Internet of things firm had a 50% ratio. I visited the CEO to see how he did so well in getting such a high ratio. He said it disappears over time. In the meantime, he was going across the country finding AI labs, researchers and small AI companies from which he could take the technology and give it to his Chinese partner, which was a humongous, multi-billion dollar state-

owned enterprise. His ratio, his share of the ownership, depleted over time.

[Translation]

**Xavier Barsalou-Duval:** What would be the best ways to protect ourselves against intellectual property theft?

Would it simply be a matter of not doing business with China in the high-tech sector, or could we find ways to protect ourselves? I know there are concerns about intellectual property compliance on the Chinese side.

[English]

**Margaret McCuaig-Johnston:** I would suggest never taking your newest intellectual property to China. Frankly, I've seen so many problems across so many companies that, in my view, we shouldn't be doing joint ventures in China anymore.

If we are going to do joint ventures with them, they should be here. The Canadian company should be in control of the joint venture, and there should be a requirement for technology transfer from the Chinese partner to the Canadian partner.

[Translation]

**Xavier Barsalou-Duval:** You also said in some of your research that Canadian researchers were partnering with Chinese military and surveillance technology companies.

Are those researchers aware of what they're doing? Do they know what's happening? To what extent is the Canadian government regulating that?

• (1135)

[English]

**Margaret McCuaig-Johnston:** You talked about the military. I'm not clear on the question.

[Translation]

**Xavier Barsalou-Duval:** Some Canadian researchers are partnering with Chinese military and surveillance technology companies.

To what extent are they aware of the risks and dangers involved? Are they aware and still going ahead, or are they not aware? If not, how is the Canadian government monitoring that, and is that monitoring adequate?

[English]

**Margaret McCuaig-Johnston:** As it involves university researchers, we're doing an excellent job. Over the last five years, I would say, Canada has put in place a tiered system for research security, and we are now a model for the world in this. However, the companies themselves, the Canadian companies, usually aren't aware of the risks. There's a requirement, if requested, that Chinese companies partner with the Chinese military, and the Canadian company wouldn't be aware that its innovations are going out the back door to the PLA. It's a real risk.

**The Vice-Chair (Adam Chambers):** Thank you very much.

We will now move to the second round.

Mr. Bezan, welcome to the committee.

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

I'm glad to join you all in this important conversation. I bring a unique perspective. I still consider myself a cattle producer, and I have a strong background in national defence and, of course, national security.

I want to start with my questions for Ms. McCuaig-Johnston.

I appreciate your testimony on the risk factors that are here.

You're aware, of course, of how Huawei was able to infiltrate and steal IP in Canada from Nortel. Is that correct?

**Margaret McCuaig-Johnston:** That's correct.

**James Bezan:** You are aware that they were able to develop their 5G networks based upon taking down and destroying a Canadian company because of the insidious spying devices they put into Nortel's headquarters.

**Margaret McCuaig-Johnston:** That's correct.

**James Bezan:** It started off as hardware, and then it turned into software and stealing IP.

You're also familiar with the stealth fighter jet that the Chinese have and for which they were able to steal the technology of the F-35. They used an LG smart fridge to hack into a subcontractor's laptop to steal the stealth technology and airframe information in order to build their J-32 stealth fighter.

**Margaret McCuaig-Johnston:** Yes.

**James Bezan:** Again, it was very insidious.

You're also aware of the thousands of cyber-attacks they do every day. I've been personally targeted by the People's Liberation Army's cyber-team when they have tried to hack into my parliamentary accounts, as well as others.

Have you been following the situation around President Xi Jinping's change ups of both his chief of defence staff and his vice-minister of defence in January?

**Margaret McCuaig-Johnston:** I have.

**James Bezan:** In your opinion, what is the reason those people were removed from their positions within the People's Liberation Army?

**Margaret McCuaig-Johnston:** Those people who have been removed are those who.... It's quite remarkable because in the case of the most senior official removed, his father and Xi Jinping's father were very good friends in the revolution. The two boys went to school together. However, he was removed, in my view and in the view of others in my China risk network, because he was admonishing against an attack on Taiwan. Xi Jinping has made clear since 2012, when he became secretary of the Communist Party, that there would be a takeover of Taiwan. He calls it reunification, but they've never been unified.

In my view, that's why this official and those who worked with him were removed. Xi Jinping just wants loyalists.

**James Bezan:** My understanding, from reading Tristan Tang, who wrote about this in January right after it happened, is that there's a direct correlation with President Xi Jinping's ambitions for unification as early as 2027.

• (1140)

**Margaret McCuaig-Johnston:** That's right. It's no longer five years away. In Xi's mind, it has to happen before he leaves office.

**James Bezan:** What do you think Canada's response should be once military action by the PRC against Taiwan happens?

**Margaret McCuaig-Johnston:** In the first instance, the U.S. has to take a very strong stance with allies such as Canada, in support of a cross-ally exercise with Japan, Australia, the U.K. and Canada.

**James Bezan:** There will, of course, be military co-operation. What about economic sanctions similar to what we saw in Canada's moves due to Russia's invasion of Ukraine?

**Margaret McCuaig-Johnston:** We should have economic sanctions, of course, but I don't think Xi would be moved by economic sanctions.

**James Bezan:** We would immediately see retaliation and the ban of Canadian products entering the Chinese market, I would suspect.

**Margaret McCuaig-Johnston:** We could.

**James Bezan:** My question then is for Mr. Prybylski, as well as Mr. Fulton.

Do you believe that it's more important to be selling canola, beef and pork to China and do away with our national security and national defence interests?

Tyler, do you want to shoot first?

**Tyler Fulton:** No, these issues have to be considered independently. I'm here to advocate on behalf of the beef industry and market-driven signals that support our industry in Canada. We understand that it's a part of the geopolitical reality we live in. The goal is to manage that as best we can but still benefit from a diversified market.

**James Bezan:** Based on that, your comment on managing—

**The Vice-Chair (Adam Chambers):** Mr. Bezan, I'm going to have to ask Mr. Prybylski if he would like to get in on this question, because we're at the end of time.

**James Bezan:** I'm talking about stability. We want stability, but is China a stable market?

**The Vice-Chair (Adam Chambers):** Give a brief answer, please. We may be able to come back to this in a future round.

**Bill Prybylski:** From a farmer's perspective, I don't know that we have the ability or the right to judge where our product is being marketed. We look at markets as a whole. If China is part of the equation, far be it from us to say we don't want to sell our canola to China because of factor A, B, C, D or whatever it is.

We look at it as a market—as a whole. We need to diversify. We need to have stable markets.

**James Bezan:** China's not a stable market if they're taking military action.

**The Vice-Chair (Adam Chambers):** I'm going to stop the round there. We're over time.

Mr. Naqvi, go ahead.

**Yasir Naqvi (Ottawa Centre, Lib.):** I want to pick up on that line of questioning.

Mr. Bezan, you're really going in the right direction, because there is a quandary. It's important that we have the discussion. Thank you for pursuing this.

The reality is that China is the second-largest export market for Canada after the United States. It's a growing economy. The real question becomes how we deal with China and how we work with China. I understand what we've been continually hearing from various businesses, especially the agri-food sector and our farmers, in terms of the potential of the Chinese market. I also understand the concerns that Ms. McCuaig-Johnston is raising.

I would love to get a little deeper into how we can reconcile the two.

Mr. Prybylski, Mr. Fulton and Ms. Brocklebank, would any one of you talk a bit about what China means for our farmers and our agriculture sector, as well as the economic opportunities for the entire sector?

**Bill Prybylski:** I can start off, if I may.

**Yasir Naqvi:** For sure. We'll go to Mr. Fulton after that.

**Bill Prybylski:** I have some quick figures. In 2024, canola meal exports to China were at \$920 million, canola oil was at \$21 million, peas were at \$303 million and pork was at \$468 million. This is certainly a significant market for our producers in this country.

Those numbers went significantly down because of the tariffs in 2025. Whatever the relationship is between Canada and China, from a farmer's perspective, we really have no control over that, but we see the effects of it. When we hear of geopolitical things happening thousands of miles away from our farms and it's affecting our bottom line, it is concerning. It's certainly hard to predict and plan for, yet we deal with it every day. It has a huge impact.

• (1145)

**Yasir Naqvi:** Go ahead, Mr. Fulton.

**Tyler Fulton:** To frame my comments, to start, we export approximately half of what we produce in beef and live cattle in Canada, and 70% of those exports are destined for the U.S.

Diversification has always been a principle and a theme that the cattle industry has supported, but we're the first to say that China has not been a predictable market. We were unfairly denied access as a result of an atypical BSE case, something that naturally occurs. This led to the rationale behind blocking, but we suspect that originally it was more of a politically based decision. We take it on its face, so any investment and additional markets have to be evaluated through the lens of this certainty.

**Yasir Naqvi:** I'm not hearing from any one of you that, therefore, we should ignore or avoid China.

**Tyler Fulton:** No, absolutely not. It represents a great opportunity for beef cattle.

**Yasir Naqvi:** You're nodding, Ms. Brocklebank. Do you want to say it in words too, for the record?

**Andrea Brocklebank (Chief Executive Officer, Canadian Cattle Association):** The one thing I would add from our perspective is that we don't necessarily market the same products across the world. The beef animal is made of 300 cuts, and they are highly sought after in a lot of different markets, particularly in Asia and China. We can't extract the same value in Canada.

Ultimately, if we can market those at a higher value in Asia—and in China in particular, given the volume—it adds to the value of the animal, encourages expansion of our herds and supports retail prices in Canada because then we have more supply. It's a delicate balance in the sense that we need secure market access, but we also see the benefit of increased global access.

**Yasir Naqvi:** Great. Thank you.

Ms. McCuaig-Johnston, I want to come to you.

Let's talk about safeguards. You started your submission by saying that you also applaud the diversification strategy.

I think you also said that you understand Canada will be looking at China, but you've raised some serious concerns around EVs, etc. In your expert opinion, what kinds of safeguards should Canada be building so that we can be strategic in terms of advancing our economic interests but not making ourselves vulnerable from a security perspective?

**Margaret McCuaig-Johnston:** First of all, I would completely agree that we will always trade with China. We want their manufactured products. They want our resources. I was in favour of putting something that they really want on the table, such as investment in energy—conventional energy—instead of EVs, but we have EVs now.

One of the safeguards that we absolutely have to have is the provision in the USMCA on forced labour. The U.S. has very strong forced labour legislation, and Canada has an obligation under the USMCA Implementation Act to have a very strong regime on forced labour. As I said, the Human Rights Watch report documents forced labour for the aluminum in dozens of parts in Chinese vehicles.

We have customs notice 20-23, on the prohibition of the importation of “goods [that are] mined, manufactured or produced wholly or in part by forced labour”. It has disappeared from the government website. The link in another document to that customs notice has also disappeared.

There is a new document on the website. It's customs notice 26-05 on the permitting requirements for Chinese-made electric vehicles in Canada. It identifies the acts and regulations that the Chinese vehicles "must...be compliant with", like "Motor Vehicle Safety Regulations", the "Plant Protection Act" and "Motor Vehicle Tire Safety Regulations". It doesn't say a thing about forced labour. This has to be rectified, number one.

• (1150)

**The Vice-Chair (Adam Chambers):** Thank you very much for that round.

**An hon. member:** With more numbers....

**The Vice-Chair (Adam Chambers):**

Yes, it had more numbers.

We're going to move to the Bloc.

We'll go to Mr. Barsalou-Duval for two and a half minutes.

[*Translation*]

**Xavier Barsalou-Duval:** Thank you, Mr. Chair.

Ms. McCuaig-Johnston, what you just said about forced labour is music to my ears. I don't know if you're aware of this, but my colleague, Mr. Simon-Pierre Savard-Tremblay, tabled in the House a bill based on the U.S. model. It proposes to make it mandatory for companies to demonstrate that imported products are not produced through labour exploitation, forced labour, slavery, child labour and so on. Hopefully, the government and Conservative opposition will support its adoption. It would make a huge difference.

I'd like to go back to the discussion we had on the notion of stability or, at least, predictability of China as a partner, which made me think of a particular example. Lion Electric, a company that made buses in Quebec, went bankrupt. It was placed under the Companies' Creditors Arrangement Act and almost disappeared completely.

This all happened because substantial investments were made in the company in anticipation of a significant future request for federal grants that were never approved. Without those grants, the company faced significant financial difficulties because it had invested massively in its own facilities. It then had to deal with fixed costs without sufficient revenue.

Mr. Prybylski, Mr. Fulton, aren't you concerned that we'll end up investing significantly in infrastructure and production to then be cut off from the Chinese market? Won't that destabilize our businesses? Wouldn't the situation get worse than what it is or what we've seen in the past?

Mr. Prybylski, you can go first.

[*English*]

**Margaret McCuaig-Johnston:** Let me first congratulate you and your colleague for the legislation in the House. It's important that Canada have explicit forced labour legislation, as happens in many other countries.

In terms of the type of situation you describe, yes, it's a problem if we have announced that there's going to be a deal and then the terms of the deal aren't workable. We have to be prepared to walk

away from the table, because otherwise we're going to compromise Canadian national security down the road.

This is a problem in cases like nuclear joint ventures. We have a joint venture in perpetuity with China. They are to build the advanced fuel CANDU reactor. They haven't built anything since it was announced in about 2017.

**The Vice-Chair (Adam Chambers):** I'm going to have to cut you off again.

In the final round, since we have only a few minutes left, we will give four minutes to each party. We'll go to Mr. McKenzie for four minutes, then Madame Lapointe for four minutes and Monsieur Barsalou-Duval for four minutes.

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

Ms. McCuaig-Johnston, you were speaking about the forced labour obligations that are part of CUSMA and thus are obligations on Canada.

I wonder if you could comment on how, as a country, we might possibly live up to our current obligations under CUSMA—the agreement with the U.S. that is so critical to our trade status—if we're going to now facilitate the importation of up to 49,000 Chinese electric vehicles.

**Margaret McCuaig-Johnston:** I don't know the answer to that. I don't think we can ensure that they don't have forced labour. Certainly, Chinese brands have to be assumed to include forced labour. We can't take the word of a Chinese company that they don't have any forced labour.

What happens is they bring the bauxite used to make aluminum from thousands of miles away to Xinjiang for the free forced labour that can be used there. That's where the aluminum is made. Then it's shipped in parts to auto manufacturers. In the case of Volkswagen, their factory is right in Xinjiang. I don't know how you can separate it out.

I'm very disappointed. I was surprised that the government made a policy in which they were going to be bringing those vehicles into Canada.

• (1155)

**David McKenzie:** Is the issue simply being glossed over right now? Have you seen any announcement from the federal government as to how it intends to address this issue?

**Margaret McCuaig-Johnston:** I haven't. This is why I'm concerned by the disappearance of this document online and the lack of reference to forced labour in the Chinese customs notice. That's where they should be reminded that Canada is compliant with CUSMA, and there will be a requirement that they prove there's no forced labour in it.

We can't take their word for it. The Chinese call us *hān*, which is first tone, not Han Chinese, which is fourth tone. They say *hān* are very straightforward and easy to work with, but they laugh behind our backs, because the other meaning of that term in Mandarin is "foolish and naive".

I've talked to lawyers in Shanghai who advise western companies as they're negotiating, and they say Canadians aren't prepared to walk away from the table. They want to do a deal under any circumstances. That's why we get such awful joint ventures compared to those of the Americans and the Europeans. It's really sad. The clean energy companies have really been taken advantage of. These are small and medium-sized companies. They can't afford to lose their IP.

**David McKenzie:** I'm curious. Do you have a view on whether our security agencies, the RCMP and CSIS, given security concerns around Chinese EVs, would permit a Chinese electric vehicle to be utilized to transport one of the ministers of the Crown or the Prime Minister in this country?

**Margaret McCuaig-Johnston:** The RCMP was using Sinclair Technologies—that's part of Hytera, which is a large, state-owned enterprise in China—for its communications. The short answer is no. A Chinese vehicle is more obvious than the communications technology installed in an RCMP vehicle.

**The Vice-Chair (Adam Chambers):** Thank you very much. I appreciate your time.

Go ahead, Madame Lapointe.

[Translation]

**Linda Lapointe (Rivière-des-Mille-Îles, Lib.):** Thank you, Mr. Chair.

I'd like to welcome the witnesses. It's always interesting to hear their point of view.

We talk a lot about China, but let's not forget that this study is also about Qatar. We're definitely interested in what you'd have to say about Qatar.

I have a question for Mr. Fulton.

If I understand correctly, Canada exports 50% of its production. Of that 50%, 70% goes to the U.S. What proportion is going to China? What are the opportunities in Qatar? What market share do you think we could get from Qatar? About 70% of our production is going to the U.S.; we should definitely try to reduce that.

I'll let you explain.

[English]

**Tyler Fulton:** It's not the goal of the organization to reduce our connection to the United States, but it is a goal to add value and build resilience in the value of Canadian beef. China represents an opportunity because it's complementary. Some cuts are not in high demand in the U.S. and Canada whereas China will command a higher price for them. One could make the same argument for Qatar. There are different demands for different cuts and quality, and we see it as a growth opportunity.

As Andrea mentioned earlier, there are 300 different products derived, as you know from your past experience, from a beef carcass. The goal is to optimize the value of all of those products in the market that pays the most, and it's really driven by the market.

[Translation]

**Linda Lapointe:** I know China buys things Canada and the U.S. won't use or won't be able to sell, but what about Qatar?

The quality of Canada's meat products is certainly very good. I assume you've looked at what market share we could get from Qatar.

• (1200)

[English]

**Andrea Brocklebank:** I can take the first crack, Tyler, if you're okay with that.

To speak to China, when it was open previously, it was the third-largest export market for Canada. It became significant quite quickly, so there is high volume.

Qatar and the other U.A.E. markets are a bit different. They are looking for high-value cuts, even some that are similar to what we see consumed in North America. One of the big things there, though, is that most of the meat needs to be certified halal, so it's a different certification process. This basically means creating a separate supply chain, especially at the processing level.

The market size is still to be tested, but I think there is a huge draw. It's just making sure we have the steps in place in Canada to ensure adequate and consistent volume, having recognition of certification processes at our processing plants and having the volume required. Growth potential is very significant, given the rising income in those populations, the population increase and all of that.

[Translation]

**Linda Lapointe:** I understand that the halal certification would increase our sales in the gulf, but that it's not in place. If necessary, that's something you might be interested in putting in place.

[English]

**Andrea Brocklebank:** Certification is in place. I can't speak to all the plants, and I would have to clarify that, but I think it's having consistency across the board, because different markets sometimes require different certification. Standardization is pretty important in ensuring that we can supply product consistently, but it is an area in which we want to make sure that we support the domestic market so that when we go to those markets, we can provide continuous volume.

[Translation]

**Linda Lapointe:** Thank you.

**The Vice-Chair (Adam Chambers):** Thank you very much.

[English]

We'll go to Mr. Barsalou-Duval for our last round.

[Translation]

**Xavier Barsalou-Duval:** Thank you, Mr. Chair.

Mr. Prybylski, I'd like to follow up on the question I asked Ms. McCuaig-Johnston.

We know China can withdraw and apply sanctions without notice. That means we become dependent on a market, to a certain extent. How would you protect your industry from the fallout of those decisions?

I imagine if you were to suddenly lose 30%, 25% or even 10% of your market share in a country in a specific area, there would certainly be fallout. How can we protect ourselves in such an arm's-length relationship when we know China has a habit of doing that?

[English]

**Bill Prybylski:** Diversification is hugely important. China definitely represents a huge market for the products we grow here, but so does the United States and so does India. Developing those relationships with other countries and diversifying our market are the keys to providing security, because then we have alternatives. We would have ways we could offset disruptions in the market with China, and we would have other options to at least partially offset the market, so diversification is key.

[Translation]

**Xavier Barsalou-Duval:** Thank you.

I'd like to turn to Ms. McCuaig-Johnston.

We recently learned that Canada and Taiwan had agreed on a free trade agreement. Taiwan seems to be a much more reliable partner than China. That said, it looks like Canada is not going to go through with this agreement. We wonder if it's not precisely because it wants to increase ties with China.

Here's my question. China is an unstable partner who doesn't respect our intellectual property and engages in foreign interference. Wouldn't increasing our ties with China undermine other partnerships that would be more beneficial to Canada?

[English]

**Margaret McCuaig-Johnston:** China has often used either implicit or explicit threats to other countries if they improve their relations with Taiwan. In this example, we haven't heard overtly that this is happening, but there's no other explanation I can see for the fact that the investment agreement we've had with Taiwan for many months, which was all set to be signed, hasn't been signed. It's rather similar to when Canadian companies or western companies that are doing business in China do not mention things like the Uyghurs, because they're afraid of upsetting their Chinese counterparts.

This is very disappointing. We talk about having a principled and pragmatic foreign policy, but it's not principled if we can't sign a very straightforward agreement with all the i's dotted and t's crossed. It should be signed.

• (1205)

**The Vice-Chair (Adam Chambers):** Thank you very much. That was an excellent panel.

We are running a few minutes over, so we're going to suspend briefly. We'll come back and, just to manage your expectations, we will likely go to 1:10 because we have to do two committee business things at the end, which are just routine, on some things we need approval for.

We'll suspend and change over the panels.

• (1205)

(Pause)

• (1215)

**The Vice-Chair (Adam Chambers):** We will resume our meeting.

One witness needs to restart their computer. We'll sound check them when they're able to rejoin.

So that we don't waste any time, I will introduce our witnesses.

Mr. Garry Clement, president and chief executive officer of Clement Advisory Group and author, is appearing as an individual. From the Foundation for Defense of Democracies, we have Edmund Fitton-Brown. He will be restarting his computer momentarily. From the Lobster Council of Canada, we have Geoff Irvine, executive director.

I will ask each witness to provide opening statements of up to five minutes. Then we will open the floor to questions.

Mr. Clement, it's a pleasure to have you here. I welcome you to the committee. You have five minutes.

**Garry W.G. Clement (President and Chief Executive Officer, Clement Advisory Group, As an Individual):** Good afternoon, Vice-Chairman and members of the committee. Thank you for the opportunity to appear before you today.

The impact of China on Canada economically, politically and strategically deserves far greater attention than it has historically received. I commend this committee for examining this important issue.

My perspective is shaped by more than 50 years of working in law enforcement, intelligence, financial crime investigations and private sector compliance. For 34 years I've focused on money laundering and transnational organized crime investigations. Over the past 16 years, I've advised financial institutions and corporations on financial crime risk, governance and geopolitical exposure. This experience has provided me with a unique vantage point on how governments, regulators, financial institutions and corporations assess risk when dealing with such complex international actors as the People's Republic of China.

Early in my career, while stationed in Hong Kong, I received advanced training on Asian organized crime and worked closely with foreign affairs officer Brian McAdam on risks associated with Canada's investor immigration program. Together we documented how individuals connected to Triad organizations were able to obtain Canadian immigration status and move significant capital into Vancouver and Toronto, often through investments from real estate and infrastructure. At the time, I warned that Vancouver would eventually replace Hong Kong as a major transshipment point into North America.

Much of my career has been focused on the intersection of organized crime, illicit finance and state-linked actors. Our work contributed to Project Sidewinder, an initiative examining the relationship between organized crime networks and Chinese state-linked influence. Although the project was ultimately shut down, many of its early warnings have proven prescient.

Today China remains a major trading partner for Canada. However, our relationship can no longer be viewed solely through an economic lens. Trade now intersects directly with national security, foreign interference, control of strategic infrastructure, technology transfer risks, Arctic sovereignty and supply chain vulnerabilities. Unlike western market economies, China operates within a system in which state authority, corporate activity, intelligence services and law enforcement institutions are deeply integrated. Under China's National Intelligence Law, organizations and citizens can be compelled to co-operate with the state's intelligence apparatus when requested, even when operating abroad. The reality has significant implications for technology partnerships, telecommunications infrastructure, foreign investment and research collaboration.

Canada has already experienced the consequence of failing to recognize these risks. The collapse of Nortel, once a global telecommunications leader employing nearly 95,000 people worldwide, remains one of the most significant corporate failures in Canadian history. Evidence later emerged of systemic intellectual property theft that undermined Nortel's competitive position. Canadian intelligence agencies have repeatedly warned that China is among the most active partners targeting Canadian institutions for economic and technological espionage, particularly in such areas as artificial intelligence, advanced manufacturing, telecommunications, early technologies and university research.

In a recent report published by the Jamestown foundation, Cheryl Yu noted the following:

The Chinese Communist Party (CCP) has created a global network of individuals and organizations as part of its united front system. In four democratic states—the United States, Canada, the United Kingdom, and Germany—this network includes more than 2,000 organizations.

These organizations often seek to influence political decision-making and shape public discourse by encouraging individuals and institutions to consider Beijing's interests and sensitivities. Where opposition arises, the united front system can function as a political tool to isolate, neutralize or counter critics of the Chinese government. Evidence of these dynamics surfaced at both the Cullen commission, for which I testified, and the Hogue commission examining foreign interference.

- (1220)

These issues have also been examined extensively in investigative journalism, including Sam Cooper's book, *Wilful Blindness*, and the book *Canada Under Siege*, which I co-authored with Michel Juneau Katsuya and Dean Baxendale.

Canada must therefore begin to treat economic security as national security.

China's belt and road initiative further illustrates how economic engagement can serve geopolitical objectives. Through large-scale investments in ports, telecommunications and energy infrastructure, China has gained strategic leverage in regions in which debt depen-

ency has allowed Chinese firms to assume control of critical assets.

**The Vice-Chair (Adam Chambers):** Thank you very much, sir. We look forward to the rounds of questions.

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

**Geoff Irvine (Executive Director, Lobster Council of Canada):** Good afternoon. Greetings from Halifax. Thank you for having me appear today.

The Lobster Council of Canada represents the entire lobster value chain in Canada, with members in harvesting, buying, processing, live shipping and exporting Canadian lobster, which is the best in the world. We focus on the lobster market, managing marketing and promotion programs, and providing advocacy, education, market access and market intelligence. We work with all governments on trade development projects and managing the MSC program. Our members come from all five eastern Canadian provinces.

Lobster is the highest-value fishery and seafood sector in Canada, with an export value last year of almost \$3 billion. It employs thousands of Canadians on about 9,500 fishing boats and in hundreds of shoreside processing and shipping companies. We are the world's largest producer of lobster, landing over 200 million pounds on an annual basis, with 40% by value exported live and 60% in processed forms.

Thank you for inviting me to speak about China and Qatar. First, I'll talk about China.

Our exports last year were down about 45% from the year before. Last year, we exported \$308 million worth of lobster in both forms to China. The year before, it was \$521 million. It was a dramatic drop, mostly due to the tariff situation, but also due to some other competition.

China buys both live and frozen lobster from Canada, with the vast majority in live form. Last year it was \$284 million live and \$24 million frozen. The market in China grew to be our largest live lobster market in 2024 from literally zero 12 years before that. This is a dramatic increase in our shipments to China.

Until April 2025, Canada had a 7% most-favoured-nation tariff in place, plus a 9% VAT that the Chinese importers pay. With the addition of the extra 25% tariff last year in April, our tariff went to 32% for this important market.

Our competitor with the same species, *Homarus americanus*, is the United States. It had a 15% tariff advantage throughout the summer and fall period last year, which led to a significant amount of our lobster being trucked to the U.S. and then shipped to China because it had the tariff advantage. We ended up selling the lobster, but we didn't have the export margin benefit.

On top of the tariff challenge, two competitors have re-emerged or entered the market in China for lobster. Australia, as is probably well known, had been cut out of the Chinese market for about four years. It came back into the market last year and has already regained the same market position it had before it was shut out in 2021.

In addition, Vietnamese lobster has entered the market in dramatic fashion. Vietnam now farms lobster in massive volumes. I've provided a graph that you can share with the group, showing the growth of Vietnamese lobster in the Chinese market in the last few years. It's dramatic.

Fortunately for us, but bad for the Vietnamese, vicious storms and typhoons wiped out their entire stock in November and December, which led to a dramatic increase in the demand for what Canadian lobster we had available at that time of year. It will take about another 10 months for them to grow back this volume of lobster, so we have a window to regain our market position in China.

We're making plans now on how to respond to the competitive environment there with some additional marketing activities.

Quickly, on Qatar, it's a very small market for lobster. Last year, we had only \$674,000 in exports. The year before it was \$619,000. It's a similar mix of live and frozen as with China. However, we see a large opportunity in the Middle East in general, notwithstanding the current situation. The U.A.E. has been buying significantly larger volumes as a percentage. We see Saudi Arabia as an opportunity, once we have the current geopolitical situation squared away.

That's all I have.

• (1225)

**The Vice-Chair (Adam Chambers):** Thank you very much, Mr. Irvine.

Mr. Edmund Fitton-Brown, you have the floor for five minutes.

**Edmund Fitton-Brown (Senior Fellow, Foundation for Defense of Democracies):** Thank you very much for inviting us to provide testimony. It's a great honour to be with you.

Your original request was directed at my colleague Natalie Ecanow, our leading expert on Qatar. She had a time conflict. I am her supervisor and the one who leads our work on the Arabian Peninsula, so I am substituting.

Let me first briefly introduce the Foundation for Defense of Democracies. FDD is a non-partisan think tank dedicated to safeguarding America's national security and advancing U.S. interests. We combine rigorous research, strategic advocacy and legislative action to shape U.S. foreign policy on the main threats the U.S. faces, including Iran's nuclear ambitions, China's expanding influence, Russia's war of aggression, and cyber- and information warfare and extremist ideologies. FDD does not take any foreign gov-

ernment funding. This independence allows us to speak clearly, act boldly and influence policy at the highest levels of U.S. government—on Capitol Hill and within the executive branch.

My own background is mainly on the Middle East and counterterrorism, not on China, so I will not offer any introductory remarks on China—although if you ask me any questions on it, I will answer to the best of my ability. Having spent five years working for the United Nations Security Council, I am somewhat versed in Chinese objectives—at least in that forum.

On Qatar, there is one central point I would like to make. Qatar is a very small, extremely wealthy country with global political and ideological ambitions. If you look only at Qatari nationals, as opposed to the expatriates who make up nearly 90% of the population, it is by far the richest country on earth per capita. The Qatar Investment Authority manages a sovereign wealth fund of more than half a trillion U.S. dollars.

In a monarchy and tribal society totalling just one-third of a million Qatari nationals, there is a high degree of social and political cohesion behind the deployment of this national wealth, which has been used over decades to acquire massive strategic investments overseas. At the same time, Qatar has consistently pursued an Islamist agenda, sponsoring Hamas and the wider Muslim Brotherhood and playing host to Al Jazeera, a media empire that mimics independent journalism but actually promotes an Islamist agenda and never criticizes the Qatari state.

FDD is cataloguing total Qatari investments in the United States. Right now, it's hovering around \$430 billion on our tracker. Now, that is only on our tracker, and the number itself is in peer review, but it's still climbing. At any rate, we're talking something in the order of half a trillion dollars there. To be safe, probably the best way to express this is to say that they certainly have made over \$400 billion in investments, grants and pledges since the year 2000 in the United States of America. The money is spread across the country in nearly every sector, from defence and energy to real estate, education and sports.

My concluding point, inasmuch as there is advice to be given, is to beware of Qatari investment. If you welcome it, you'll be doing very much the same thing that many other countries have done. The Americans have done it, the Brits have done it, and the Qataris have successfully invested in so many other of the world's major economies that it's not as if Canada would be doing anything unusually reckless. Of course, it's extremely tempting on economic grounds, because it brings large amounts of capital into the country. It can be very good for the economy, but it does come with strings attached. It comes as part of a strategic campaign for influence. Your media, your schools and your universities will be targeted over time by the Qataris for Islamist purposes.

I'll close my remarks there.

Thank you.

• (1230)

**The Vice-Chair (Adam Chambers):** Thank you very much.

We'll now move to questions. The first round is a six-minute round.

Mr. Cooper, welcome to the committee.

**Michael Cooper (St. Albert—Sturgeon River, CPC):** Thank you, Mr. Chair.

I'll direct my questions to Mr. Clement.

Mark Carney's so-called strategic partnership with the Beijing dictatorship includes an agreement on law enforcement co-operation between the RCMP and Beijing's Ministry of Public Security. For the record, this is the same Ministry of Public Security that was involved in operating several illegal police stations in Montreal, Toronto and Vancouver to spy on, harass, intimidate and coerce diaspora communities. Do I have that right?

**Garry W.G. Clement:** Yes.

**Michael Cooper:** Is it accurate to say that Beijing's overriding consideration for law enforcement is to advance the interests of the Chinese Communist Party?

**Garry W.G. Clement:** Law enforcement in China is part of the PRC apparatus. You can't separate it from the government, and it does not operate under the rule of law.

I experienced it first-hand. I experienced it on one occasion when, probably a year before I took my retirement, I was tasked with meeting a delegation from China. This was the last time they came over to look for people under an alleged "economic offence".

The four Chinese from the delegation sat down in the room and literally stated, "We expect you to identify where they are, and we'll look after it from there."

**Michael Cooper:** As you noted, we're not dealing with a regime that respects the rule of law, due process, judicial independence or other legal and ethical constraints that our law enforcement is bound by.

Is it fair to say that when Canada co-operates with such a regime, we're not an equal partner?

**Garry W.G. Clement:** We're not even close. They have an agenda that is totally different from what we have. I don't see how the RCMP can operate under this secret agreement. I think that it's flawed and that it's dangerous to our security interests.

**Michael Cooper:** Recently, 10 Hong Kong diaspora organizations sent an open letter to Mark Carney expressing deep fear and anxiety about this agreement. In essence, they are concerned that Beijing will use this agreement to target political opponents of the regime in Canada under the guise of law enforcement. You provided an example of this. Would you agree that the concerns are valid?

• (1235)

**Garry W.G. Clement:** I would, absolutely. In fact, I believe it's the reason the police stations were set up here in the first place. It's to push their agenda.

We have to understand that they have a number of United Front Work Department organizations operating in this country that also support anything the alleged police stations would do.

**Michael Cooper:** As you referenced, the Jamestown foundation report said that 575 united front cells are operating in Canada. That's more than just about any other western country. Is that right?

**Garry W.G. Clement:** That is correct. For the population, it's massive.

We should also recognize that there are more representatives at the Chinese embassy in Ottawa than there are in the United States, a population that's 10 times our size.

**Michael Cooper:** In this climate, Mark Carney has decided that it's time to do a security deal with Beijing, a regime that I think you would agree and perhaps could elaborate on....

In terms of law enforcement, how do you compartmentalize law enforcement when this regime routinely blends intelligence-gathering and political oppression with law enforcement activities?

**Garry W.G. Clement:** The only way it could ever even be considered is by using the traditional mutual legal assistance treaty whereby it has to go through Justice. It's evaluated through rule of law. Other than that, to provide intelligence police to police would be fraught with danger, because you could be putting a bullet in the head of somebody in China.

I want to sum up by saying that prosperity cannot come at the expense of national security.

**Michael Cooper:** Absolutely.

What does it say about this agreement that the Minister of Public Safety has refused to release the terms of the agreement?

It's not only that: He has been unable to articulate any safeguards whatsoever in the agreement to protect Canadians from a regime that the Prime Minister recently acknowledged, and quite correctly so, as Canada's biggest security threat.

**Garry W.G. Clement:** For me, it's a concern, because I've gone on record stating that I believe the PRC government is the largest transnational organized crime group that I've confronted in my lifetime. I believe it still is.

The fentanyl crisis we're dealing with today is a direct result of the PRC government. The state has helped send precursors over to this country, and we have to recognize that.

Until we have some of those conditions put into any agreement that we're going to do from an economic point of view, I think Canada is having the wool pulled over its eyes, and we're in big trouble.

**Michael Cooper:** Here we have Canada's biggest security threat. We have the Prime Minister entering into an agreement, with Canada's biggest security threat, on matters of security and law enforcement. It would seem to me that, if there were any matters Canada should be reticent about getting involved and co-operating with Beijing on, they would be security and law enforcement. Would you agree with that?

**Garry W.G. Clement:** I would 100% agree, and I'd add one point. We have to recognize that the state of the RCMP is such that, in their federal enforcement, they are extremely weak. I've gone on the record many times: They are not fit for the purpose under the present regime.

**The Vice-Chair (Adam Chambers):** Thank you very much.

We'll move to Mr. Lavoie, but before we do that, I remind those joining us online that there is an interpretation button, at the bottom of your screen, that you may wish to ensure is on English as we move to the next two rounds.

Monsieur Lavoie, go ahead.

[*Translation*]

**Steve Lavoie:** Thank you, Mr. Chair.

Let's talk a bit about international trade, since that's what we're here for.

I also want to talk a little about market diversification. We're talking about China and Qatar, but there are several other agreements under consideration, including bills C-13 and C-18.

My first question is for Mr. Irvine on the subject of lobster.

Canada is the world's largest producer of lobster, so congratulations. We're very proud of Canadian lobster, particularly Halifax lobster.

I'd like to hear you on market diversification. We know global trade and supply chains are changing. We're going through an incredibly unpredictable period. You've undoubtedly felt the impact of Chinese tariffs.

I have two questions for you.

First, what percentage of your sales goes to China and what percentage goes to Qatar, which is surely lower?

Second, should we diversify our markets more, or should we simply increase our sales to China and Qatar?

• (1240)

[*English*]

**Geoff Irvine:** We export about 20% of our lobster, by value, to China, and a tiny percentage to Qatar, so it's very small. We see diversifying from China and the U.S. as a major priority. The U.S. is our biggest market by far. We probably ship 75% of our lobster products to America and about 20% to China. The breakdown is different between frozen and processed: It's much bigger to the U.S. in processed and higher in live.

We are engaged—we just came back from a trade mission to Europe—to try to diversify, to sell more lobster and seafood products to northern Europe. We regularly go to shows in Singapore to try to

sell more products to Southeast Asia. We've been doing a lot more work in the Middle East, as I think I said before. We've been sponsoring some events in the U.A.E. in recent months, so it's a high priority to diversify from the U.S. and China for both live and processed lobster.

[*Translation*]

**Steve Lavoie:** I want to make sure I understand. You just said we need to move away from the Chinese market. Do you want to increase or decrease the percentage of your sales to China, which now sits at 20%?

[*English*]

**Geoff Irvine:** I think that one of the previous speakers in the panel before us said that every market is important. The Chinese market has grown—for the live lobster industry, especially—to be, really, a vital market. At certain times of the year, we need markets like this to take volumes because we cannot move it or hold it in other places. It's a little complicated when you get into the minutiae of how lobster comes ashore. We have massive catches in the spring, many of which come from Quebec, and massive catches in the late fall, so we have to place the lobster in certain markets. We need the Chinese live market to deal with this heavy volume. It's a bit complicated, but our goal is to have markets all around the world that will pay top dollar for Canadian lobster.

[*Translation*]

**Steve Lavoie:** Okay.

What I understand is you're very open to diversification and any other agreements on the table.

My next question is for Mr. Clement. I'll be quick.

I listened closely to your opening remarks. Correct me if I'm wrong, but you said we shouldn't be doing any business with China. Is that correct?

[*English*]

**Garry W.G. Clement:** No, I don't believe that was the intent of what I was saying. I was saying that with anything we're going to do, we should absolutely make sure that we've got safeguards in place and that we go into it with our eyes wide open. This is absolutely crucial if we're going to do business with China, recognizing that they are going to steal our intellectual property and that we've got the united front here. If we don't recognize that, then I think we're the ones who are going to be in trouble at the end of the day. You just have to look at the Caribbean region and how they've been impacted because of the debt they now have with China.

[*Translation*]

**Steve Lavoie:** What safeguards would you put in place? People I talk to often bring up certain issues and I ask them what the solution might be. What safeguards would you recommend?

Please be as specific as you can.

[English]

**Garry W.G. Clement:** If we do go in and sit down, if there is an agreement, I think we have to recognize some of the atrocities that go on in China with the Uyghurs and understand that's what we're dealing with for forced labour. We have to understand that. In any trade deal we're going to do, we have to put some conditions in it.

This is a responsibility of a democratic country like Canada, with the beliefs we hold. If we put that in place with some of those safeguards, I do not believe that President Xi would go along with it, to be quite honest with you. However, I don't think this should stop us from attempting to put some safeguards in place.

• (1245)

[Translation]

**Steeve Lavoie:** Thank you.

[English]

**The Vice-Chair (Adam Chambers):** Thank you.

Go ahead, Mr. Savard-Tremblay.

[Translation]

**Simon-Pierre Savard-Tremblay:** Thank you, Mr. Chair.

I'd like to thank the witnesses for their presentations.

Mr. Clement, I'd like to continue along the same lines. There's a lot of talk about China when it comes to imports. Do you think the current Canadian legislation is strong enough when it comes to the importation of goods produced through forced labour?

[English]

**Garry W.G. Clement:** Absolutely not, unfortunately. My understanding is that in the ports of Vancouver, we've seen a 60% increase, as I read in the paper the other day. We inspect 2%.

I'll give a good example because it's concrete. As some of you know, we worked on a story involving the monasteries down in Prince Edward Island. Those monasteries were built, and all the lights and electronics—everything—came in by cargo to Prince Edward Island. Nothing that was used was manufactured in Canada. None of it was CSA-approved. All the equipment came in in containers from China. They were asked, what's the value? How much of that had listening devices and everything?

In terms of the cranes at ports, the United States refused to use the cranes from China because of the listening devices that were put in them. We use them widely in Canada.

[Translation]

**Simon-Pierre Savard-Tremblay:** You said 2% of imports in the ports of Vancouver are inspected. That's a number I didn't have, but it's interesting. I think it further supports the notion that changes need to be made to the act.

That said, historical figures show that only a few shipments have been seized. Senior officials who testified before the committee recently gave us an update on that. Moreover, only a tiny portion of those shipments were held, because a lot of goods were returned when the importer filed a complaint and asked to have them back.

The American model works extremely well, especially regarding what comes from the Uyghur region. In Canada, as I said earlier, merchandise comes from all regions of the globe. The U.S. has seized billions of U.S. dollars' worth of goods from the Uyghur region alone.

I tabled Bill C-251, which copies the American model. Establishing a list of entities would change who has the burden of proof.

Should we move in that direction with respect to Canadian legislation?

[English]

**Garry W.G. Clement:** With anything to do with the ports, legislation that helps beef up what we're doing is absolutely essential. When I started in 1973, we did port policing in Vancouver. We have watched it erode to the point of its being totally controlled. Montreal is controlled primarily by the bikers. We're controlling the ports in Vancouver. There's a lot of Chinese oversight in there, and there is no oversight by law enforcement. Our borders are wide open. We wonder why we've got a fentanyl crisis. It's quite evident that we've opened the door and become a safe haven for transnational organized crime.

[Translation]

**Simon-Pierre Savard-Tremblay:** Mr. Fitton-Brown, do you have anything to add, given your foundation monitors that as well? I'm talking about forced labour. Is the number of import inspections sufficient or not? Do we need to strengthen the act?

[English]

**Edmund Fitton-Brown:** On the last point, the other contributor was speaking about China specifically. I would say only that with my limited experience of working in enforcement or in countering serious and organized crime, he made some really excellent points about the fact that when you're dealing with the Chinese, it's not a meeting of two even partners. If you're looking to hold on to your own legal compliance and avoid being drawn into law enforcement operations that you may subsequently regret because they may appear to have led to, for example, the targeting of somebody who was not actually a criminal or some kind of excessive action against them, that is a definite risk in any kind of law enforcement collaboration with the Chinese. It's a risk you have to look at through very careful legal compliance lenses.

When you talk about forced labour—that's in both the Chinese and Qatari contexts—it's just something that one has to be aware of when you're dealing both commercially and officially with countries that do not have the same legal safeguards that we do in the democratic, western world and that you obviously have in Canada. You need to look at every single agreement that you enter into, on strict legal compliance grounds.

• (1250)

[Translation]

**Simon-Pierre Savard-Tremblay:** When countries don't have the same environmental and human rights standards we do, I think we can talk about unfair competition. Am I right?

My question is for either Mr. Clement or Mr. Fitton-Brown, whoever wants to answer.

[English]

**Garry W.G. Clement:** If I may, I would describe it like this: We're not fighting on the same level. This is why I say that if we go into it with our eyes wide open, recognizing that we're going in disadvantaged, and then we put safeguards in.... China is a huge market. I accept that. I accept that we have to trade with nations, including China, but let's go in with our eyes wide open and let's not cut secret deals.

**The Vice-Chair (Adam Chambers):** Thank you very much.

In the next round we have Mr. McKenzie.

**David McKenzie:** Mr. Clement, I want to pick up right there.

It strikes me that there is an important difference between a transactional trading relationship and one with additional strategic layers to it.

Our Prime Minister has indicated that as a country we're going to pursue both. It seems to me that we might be able to have a transactional relationship trading-wise with China, but there is great danger in the strategic side.

Would you make that differentiation as well?

**Garry W.G. Clement:** It's a valid point as you describe it. I think that one can definitely be done and controlled. The other, believe me, we will not control.

**David McKenzie:** Sir, I am relatively new as a member of Parliament. I must admit to you some surprise on my part on the alarm bell sounded by you and by others respecting Chinese interference in domestic political operations in Canada and in political life, yet I see very few signs that our government is responding seriously to this.

Is that your understanding of whatever steps are being taken to respond to these threats to our country?

**Garry W.G. Clement:** The best way I can answer, sir, is that it is the reason I'm still here today, some 50 years later.

**David McKenzie:** You're trying to work yourself out of a job, but unfortunately, the Government of Canada is not helping. Is that what you're saying?

**Garry W.G. Clement:** I think my lifeline might put an end to it, but I'm determined to see this through because I believe it's the right thing for our children and their children. We do not have it right. That's my concern.

**David McKenzie:** Sir, in order to have an effective transactional trading relationship with China, what is it we need to do? Is it simply a question of what I think I'm hearing, which is, number one, to respect what we already know?

Do we need to increase our vigilance in government? Do we need to increase our law enforcement? Do we need to make it part of our relationship with China that their efforts to impact or disturb our domestic political life are unacceptable?

**Garry W.G. Clement:** My view is that if you had a magic wand and whatever we say, you're going to do, the first thing you should do in Canada is make sure we get our foreign registry up and running, with some teeth in it. That's number one.

For number two, I would start asking the Chinese embassy why we have so many individuals stationed in Canada versus in the population of the United States, which is 10 times our size. I would make it very clear to the United States that we won't tolerate police departments and will put controls on them.

Make sure they understand that if they're caught, they're *persona non gratae* and they're sent immediately out of the country, so we have some controls. Recognize what the united front does. Recognize that we have some individuals—from an MP to a senator—who have been alleged to be speaking on behalf of China. Let's not whitewash this. Let's take it seriously and do something about it. I think we owe it to Canadians.

**David McKenzie:** Thank you, sir. I agree with you wholeheartedly.

Mr. Fitton-Brown, our country right now is inviting foreign direct investment from Qatar. My concern in that respect relates to what we understand to be Qatari funding of the Muslim Brotherhood. That's not benign investment in economic or industrial development; it is the fostering of destabilizing forces—indeed, terrorism. How do we navigate a path, and can we do both—that is, invite legitimate foreign direct investment and clamp down on subversive efforts?

• (1255)

**Edmund Fitton-Brown:** That's a great question. Clearly, Qatar supports and sponsors the Muslim Brotherhood—there's no doubt about it. We could document that with the various key figures who have been based in Qatar. It also supports Hamas. As you know, the Hamas leadership is present in Qatar at the moment. Qatar also has Al Jazeera as, effectively, an organ of state. It's a media empire, but it is also supporting a Muslim Brotherhood agenda outside of Qatar itself. The way to look at Qatari direct investment is whether it is taking place in sectors that you regard as strategically sensitive. I think that's the key.

I don't know what Canadian legislation is in this regard, but if you have special legislation that makes the education sector, for example, have special regulations to be particularly sensitive to the health and well-being of Canada, or if you have a similar structure that affects what sort of control people are allowed to have over media organizations, these are the areas I would recommend looking at.

Also, of course, Qatari lobbying goes very far in places like Washington, D.C., so if you have rules relating to whether people are allowed to be paid lobbyists for Qatar and then still serve in sensitive areas of the Canadian government or other parts of the Canadian body politic, you would want to enforce them. I think that's the thing to review.

Nobody is saying that Qatar shouldn't be allowed to invest in other countries. It has a large surplus. It has a sovereign wealth fund. If it wants to buy up large chunks of real estate, football clubs or things of that kind, I don't think anybody sees any great harm in that, but we have seen clear evidence that they have—

**The Vice-Chair (Adam Chambers):** Thank you very much. We're slightly over time.

Mr. Naqvi, go ahead.

**Yasir Naqvi:** Thank you.

I will go to Mr. Fitton-Brown so that he can complete his thought, but before he does that, I do....

I am listening to the testimony very intently, but I'm not hearing from anyone, "Don't engage with China or Qatar." I'm not hearing anyone say that we were not aware of some political challenges when it comes to those two countries. Nobody is saying that they're the bastion of democracy out there. What I'm hearing is—I think, Mr. Clement, these are your words— "eyes wide open", "safeguards", "be vigilant". Can we get some guidance from both of you?

I will start with Mr. Fitton-Brown as to what kind of diligence or vigilance you would advise us to be mindful of as we engage in our trade diversification and engage with these countries, such as Qatar and China.

**Edmund Fitton-Brown:** They're slightly separate cases, not because.... Both cases belong in the same hearing because they both represent an opportunity and, at the same time, a potential risk or threat.

Of course, there's a huge difference of scale, and that is a big deal. Dealing with China is just different from dealing with Qatar. You have to take, effectively, a national decision about how closely you want to embrace China commercially because, ultimately, it will come to have influence in any country with which it has a close trading relationship. I think, for example, that it'll be much harder to negotiate a treaty with China that in any way cramps its freedom of action. It won't be ready to do so because it considers that it is negotiating from a position of strength, as, if you like, the "rising economy" of the world.

Qatar is much smaller. It's therefore much easier to deal with, as long as you concentrate on it. The difficulty with Qatar has always been that people have been rather complacent about it, saying, "Well, what could the problem be?" With a small country like Qatar, if they want to invest in Canada and want Canada to be a friendly partner in foreign policy.... At a time like this, for example, when they've been hit by Iran for no good reason, in the context of the current hostilities in the gulf region, they want western friends, western partners and capable NATO members like Canada. When you are dealing with something like Al Jazeera, with the Qatar In-

vestment Authority or with a large Qatari investment in some sensitive sector of your economy, you are entitled to drive certain conditions and say, "There are areas in which we reserve the right to make sure that we are not giving away our sovereignty over some area of particular sensitivity."

• (1300)

**Yasir Naqvi:** I have the same question for Mr. Clement.

**Garry W.G. Clement:** I agree with the previous speaker. I don't think there's a comparison between Qatar and China. It's sort of like the elephant and the ant. We're the ant going into China.

I think you have to understand that China comes from a totally different viewpoint than Canada does. Democracy does not fit into their vocabulary. The rule of law does not fit into their vocabulary. The ability to obfuscate our Parliament is something they thrive on. We have to go in recognizing that they're willing to do that.

How far we want to go.... We have to look at allowing them into our universities for study agreements. Whatever is done in that university is going back to China. If we allow them into any of our telecommunications networks, all of that is going back to China.

Understand that they don't operate from the same playing field. Can we trade with them? Yes, but let's be realistic on how far we're willing to go, and at what cost.

That's why, when I heard about this police agreement with the RCMP.... How did that get tacked on to trade? I don't understand. This goes far beyond a trade agreement, and it is hugely fraught with danger.

**Yasir Naqvi:** Mr. Irvine, I wanted to come to you. You spoke about the importance of China to the growth of the lobster industry for Canada. When you hear some of these concerns, what's your guidance to us as to how we reconcile the economic interests of Canada and the prosperity of our farmers and our fishers with some of the security concerns raised?

**Geoff Irvine:** It's very complicated. I think you're doing the right thing. You're studying it. We have to have rules in place. I think we have to go into this with our eyes wide open, and I think our exporters certainly do.

They understand that there are some differences in China and in many of the markets in which we sell products. We count on our governments to ensure that we're protected and that we're doing the right thing, such as we can. It's tough balancing the benefits of a market like this with all of these things, and I think we all recognize that it's complicated.

**Yasir Naqvi:** Thank you.

**The Vice-Chair (Adam Chambers):** Thank you very much.

Mr. Savard-Tremblay, go ahead.

[Translation]

**Simon-Pierre Savard-Tremblay:** Thank you, Mr. Chair.

Mr. Irvine, China has lifted its lobster tariffs until the end of 2026. Technically, it's already done. It's a good thing and we made up some time. That said, on January 1, 2027, we'll have the same problem. Are your members or the businesses you represent concerned about that?

[English]

**Geoff Irvine:** On the live lobster side, there's great worry, which is why they continue to try to diversify the market. It's a big worry. I don't know how much better I can explain it than that. We can always sell our lobster somewhere. There's rarely ever a single lobster that we don't sell. It's just that we want to sell it in the best markets.

We'll find other markets. We processed a lot more lobster last year when we couldn't sell it live to China. We sold it all. Our industry is very resilient, and I'm certain that if we lose the market again, we'll find another place to sell the product.

[Translation]

**Simon-Pierre Savard-Tremblay:** What is the current state of affairs? I imagine you talk to governments. Are they saying discussions are ongoing? Are they telling you nothing is happening at the moment? Are they optimistic, pessimistic or in a good mood?

Is there a sustainable solution that could be applied starting at midnight, December 31?

[English]

**Geoff Irvine:** We're definitely always in communication with the provincial and federal government departments we work with. We are always pushing them to make sure we maintain market access everywhere. It's complicated because we have lots of market access issues in Europe, in Asia and everywhere in the U.S.

The mood is one of concern, uncertainty. We're going into 2026, the spring production, worried about CUSMA renegotiation, worried about the ongoing tariffs in China, worried about the price of fuel and the price of everything with the Middle East war. We're worried.

• (1305)

[Translation]

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

[English]

**The Vice-Chair (Adam Chambers):** You have time for one more question.

[Translation]

**Simon-Pierre Savard-Tremblay:** My question will be brief, Mr. Irvine.

In that case, what do you think would be the ideal sustainable solution?

[English]

**Geoff Irvine:** Ideally, we would have open market access everywhere, without tariffs. As I said earlier, 75% of our lobster products go to America.

The most important thing to our industry is a positive renegotiation of CUSMA that leaves us with tariff-free access to America.

[Translation]

**The Vice-Chair (Adam Chambers):** Thank you very much.

[English]

Mr. Bezan has the floor for four minutes, followed by Madame Lapointe for four minutes. That will end our questions.

**James Bezan:** Thank you, Mr. Chair.

Mr. Clement, we talked about the Chinese EVs and the cybersecurity risks they represent in terms of stealing personal information. Every time you jump in a car, the first thing you do is plug in your phone. It's going to download all of that data and information, and then it will potentially be used against you.

Do you believe that the U.S. government will allow Canadian-owned Chinese EVs to drive through border crossings into the U.S., if we start seeing 49,000 of them in Canada?

**Garry W.G. Clement:** Those are 49,000 vehicles that won't be allowed into the United States.

**James Bezan:** Thank you for that.

You also said that "prosperity cannot come at the cost of national security".

I want to drill down on that. Are we being greedy or naive when we're dealing with China and trying to trade with them?

**Garry W.G. Clement:** I would say it's cautionary.

I don't think we've gone in knowing what we should know, whether it's because of not being properly briefed.... I'm glad to see that this committee has been.

However, were those who went over to China properly briefed? Did they go in recognizing that there were certain no-go areas that they should have put up a fence around or drawn a line in the sand on?

I'm not sure that happened.

**James Bezan:** Mr. Fitton-Brown, you talked about the Qatari influence in the economy.

You said that there are other democracies and it's not just Canada.... You said it's not "unusually reckless", but the key word there is "reckless".

Should we be more concerned than the government is in trying to do business with Qatar and its potential influence in the Canadian economy?

**Edmund Fitton-Brown:** You should be concerned about it.

The key thing is to look at your strategic sectors and decide which ones are the most sensitive. Make sure that you have the correct regulations in place to govern them.

**James Bezan:** You said in your opening comments that the Qatari government is tied to sponsoring terrorism.

The Qatari royal family owns Al Jazeera.

Is that correct?

**Edmund Fitton-Brown:** Yes, it does.

**James Bezan:** Al Jazeera had journalists who were supposedly embedded with Hamas but were actually participating in the Hamas attacks on October 7.

Is that correct?

**Edmund Fitton-Brown:** It is correct.

Also, we had some examples in Gaza in which people were effectively terrorists by day and then put on a press shirt when it suited them to do so. There's some deep impropriety in the way that Al Jazeera has overlapped with Hamas combat operations in Gaza.

When we talk about sponsorship of terrorism, it depends a little bit on how you define terrorism. I don't know whether Canada has defined Hamas as a terrorist organization.

**James Bezan:** Yes.

**Edmund Fitton-Brown:** I guess it probably has, in which case there is no doubt that Al Jazeera supports terrorism in that respect, because they also put out steady streams of Hamas propaganda.

In the case of the Muslim Brotherhood, I know that it is not defined as a terrorist organization in Canada.

**James Bezan:** How is Qatar using the Muslim Brotherhood?

Do you consider it a terrorist organization as well?

**Edmund Fitton-Brown:** Well, I think that is a subject currently under review. In my view, it is a terrorist organization. The United States has just moved to proscribe four overseas branches of the Muslim Brotherhood. It is also proscribed as a terrorist organization in Austria. It's proscribed in a number of gulf countries, including Saudi Arabia and the United Arab Emirates.

I believe that the Muslim Brotherhood is a terrorist organization, but it operates by different methods in different countries. If it is in a country where it knows that active violence will get it shut down, then it operates within the constraints of the law on what's known as an entryist or a gradualist basis. However, is still moving towards the same desired end state, which is a global Islamic caliphate.

• (1310)

**The Vice-Chair (Adam Chambers):** Thank you very much.

Go ahead, Madame Lapointe.

[Translation]

**Linda Lapointe:** Thank you very much, Mr. Chair.

I'd like to welcome the witnesses. It's always very interesting to hear what they have to say and we really learn a lot about various subjects.

I have a question for Mr. Irvine, who represents the lobster industry.

Mr. Irvine, you talked earlier about live lobsters and processed products. Do you think trade opportunities with China and Qatar are greater with processed products or live lobster?

[English]

**Geoff Irvine:** China's market is typically a live crustacean market, which is why we sell mostly live lobster to China. In recent years, we have sold more value-added products to China, so I think there is a growth opportunity there.

Qatar, as I said, is still a very small market, and the ratio of live to frozen processed lobster is the same or very similar to China's. What we're seeing in most markets around the world is more demand for processed, value-added lobster, so we're building up capacity in plants in eastern Canada to produce more value-added products.

[Translation]

**Linda Lapointe:** We know China's tariff relief will last only one year. What will happen in 2027?

[English]

**Geoff Irvine:** We hope they will stay relaxed. We don't know.

This year, we sold more lobster into processing. We sold more lobster to many other markets. We'll have to do the same. This business is very resilient. We'll find a way to move the product. We have the best lobster in the world. We have fantastic exporters. We'll find a place to sell it.

[Translation]

**Linda Lapointe:** I totally agree with you. We have very good lobsters.

My next question is for both Mr. Clement and Mr. Fitton-Brown.

Given the current situation in the Middle East, how important is it to have economic partners such as Qatar in the gulf? I'd like to hear you on that.

[English]

**Garry W.G. Clement:** It's a difficult question to answer right now with the current situation. I think we have to wait and see how this gets resolved—hopefully soon. Let's be honest: It is a powder keg right now, and it's anybody's guess in this room where it's going. Unfortunately, President Trump controls the strings at the present time, and I guess it depends which side of the bed he gets out of in the morning.

[*Translation*]

**Linda Lapointe:** Mr. Fitton-Brown, would you like to add anything?

[*English*]

**Edmund Fitton-Brown:** My comment would be that I think it is important to have those relationships in the gulf, and it's important to work even with slightly problematic partners like Qatar. I would not suggest for a minute that anybody should be boycotting Qatar. It's a matter of influencing it and controlling its activities in such a way that it understands that some of its ideological baggage is not welcome in the west. That doesn't mean breaking off relations.

One of the really interesting current effects of the conflict in the gulf is that it has driven the gulf countries together because they have all been attacked by Iran, including Qatar and Oman, neither of which was in any way hostile to Iran before the conflict. It shows how quickly things can shift. The Qataris are likely to reconsider their options now, and because Hamas refused to condemn the Iranian attack on Qatar, the Qataris have talked about possibly expelling the Hamas leadership. We should keep an eye on this and certainly not prematurely cut off relations with a country that is fundamentally a law-abiding country with a great deal to offer.

[*Translation*]

**Linda Lapointe:** Thank you.

[*English*]

**The Vice-Chair (Adam Chambers):** Thank you very much.

I want to thank all of our witnesses for attending and providing very sobering and excellent testimony.

Before we close the meeting, we have two housekeeping items to deal with. The clerk sent around a budget for hospitality this week for the Mercosur and China studies. Do I have a show of hands to approve it?

**Some hon. members:** Agreed.

**The Vice-Chair (Adam Chambers):** Thank you very much.

Finally, we are hosting a delegation of U.S. politicians, congressmen, in a week or so.

For those expenses, will we cover those, too?

**Some hon. members:** Agreed.

**The Vice-Chair (Adam Chambers):**

Thank you.

We're adjourned.

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