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• (1100)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I call the meeting to order.

Welcome to meeting number 37 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 Canada's trade with Japan.

We have with us today, from the BC Council of Forest Industries, Kurt Niquidet, vice-president and chief economist, by video conference. From the Canadian Pork Council, we have Stephen Heckbert and René Roy, who, at this point, are regular members of our committee. From the Canola Council of Canada, we have Chris Davison, president and chief executive officer, by video conference.

Mr. Niquidet, I turn the floor over to you for up to five minutes, please.

Kurt Niquidet (Vice President and Chief Economist, BC Council of Forest Industries): Thank you, Madam Chair and members of the committee.

I am Kurt Niquidet, vice-president of the BC Council of Forest Industries, representing forest products manufacturers from British Columbia.

Japan is one of B.C.'s most important non-U.S. markets for forest products. In 2025, we exported about a billion dollars' worth of products, including softwood lumber, pulp and wood pellets. This is a market we have built for decades through sustained technical engagement, product adaptation and in-market presence.

It is a premium market. Canadian lumber achieved significantly higher prices in Japan than in the United States. Canadian suppliers hold roughly 65% of Japan's two-by-four housing market. B.C. mills are specifically configured for this market, including with metric sizing and appearance-grade products, and there are long-standing relationships with customers in Japan. At the same time, Japan is not a growth engine. The market is constrained by declining housing demand as a result of demographics, rising domestic supply, increased competition from Europe and tightening technical and sustainability standards.

For B.C. producers already facing high fibre costs and supply constraints, maintaining share requires continuous investment and engagement. Even with decades of success in Japan, approximately 75% of B.C.'s lumber exports still go to the United States. There is

no realistic scenario where Indo-Pacific markets replace the scale of the U.S. market. Diversification strengthens resilience, but it cannot substitute for stable and predictable access to the United States.

From a policy perspective, four priorities stand out. First, sustain and expand funding for the Canada wood program. Second, invest in technical engagement, including standards alignment, testing and building innovation. Third, recognize forestry as a core sector within Canada's Indo-Pacific strategy. Fourth, continue coordinated federal, provincial and industry trade engagement.

In closing, Japan demonstrates that B.C. and Canada can compete successfully in high-value global markets, but diversification is not a substitute for stable access to our primary market.

Thank you. I look forward to your questions.

The Chair: Thank you very much.

We'll move on to Mr. Heckbert, please.

Stephen Heckbert (President and Chief Executive Director, Canadian Pork Council): It will be Mr. Roy who will give our opening statement.

The Chair: Mr. Roy, you have the floor, please.

[Translation]

René Roy (Chair, Canadian Pork Council): Good morning, Madam Chair and members of the committee.

Thank you for the invitation to participate in your study. It's a pleasure to be with you again today.

My name is René Roy. I am a pork producer from the Beauce region of Quebec, and I have the privilege of serving as the chair of the Canadian Pork Council. Joining me with you is Stephen Heckbert, our CEO.

We are here today to discuss a fundamental relationship central to our trade prosperity: Japan. For the Canadian pork industry, Japan is not just a buyer; it is a strategic partner.

[English]

The relationship between the Canadian pork sector and Japan is not new. It has been built over more than 50 years of rigour. Since the 1970s, Canada has consistently met the extremely high quality standards of Japanese consumers.

Today, the statistics speak for themselves. Japan is our second-largest export market by value. In 2025, Canadian pork exports to Japan exceeded \$1.5 billion, and the gap with our largest market—the United States—was very narrow. What is particularly notable is Japan's preference for chilled, fresh pork. It is a high-value segment where Canada holds a dominant market share. Nearly half of all fresh pork imported into Japan comes from our farms in Canada.

Beyond the numbers, we must understand the geopolitical significance of these exchanges. In today's global context, agri-food trade has become an instrument of national security and sovereignty. By providing Japan and its citizens with a stable, healthy and high-quality protein, Canada strengthens its diplomatic ties with one of the world's most influential economies. This interdependence creates a solid alliance within the Indo-Pacific region.

A Canada that exports its processed resources on a large scale is a Canada that projects influence. Every ton of pork shipped to Tokyo is a pledge of stability for our bilateral relations. It demonstrates that Canada is a reliable partner, even when global supply chains falter. This reliability bolsters our diplomatic weight and, by extension, our sovereignty on the global stage.

To maintain this global reach, we must take a closer look at what is happening here at home. For pork from the Beauce or the Prairies to end up on Japanese plates, it must pass through our processing plants. It is imperative that we recognize the strategic importance of developing and supporting a strong meat processing industry in Canada.

These companies are the ones turning a raw commodity into a value-added product. They create thousands of local jobs, but more importantly, they allow us to brand our products. It is through our local processing capacity that we can provide the specific cuts demanded by the Japanese market, creating a unique Canadian signature. Without robust domestic processing, we would be merely exporting commodities, but with it, we are exporting Canadian excellence. This added value is what makes Canadian agri-food products shine across the world.

This does not mean there are no challenges. One concern we hear repeatedly from our international partners is the need for reliability in our ports, so we urge this committee to work with our ports to find long-term solutions to our labour challenges. International markets that rely on our products need to know they can do so.

The Japanese market is the perfect example of Canadian trade success. It's a historical relationship based on quality and mutual trust. To protect this success and strengthen our national security, we must continue to diversify our markets while investing heavily in our domestic processing capacity and our infrastructure. This is how we will ensure the sustainability of our farms and the strength of our economy.

• (1105)

[Translation]

Thank you.

We look forward to your questions.

[English]

The Chair: Thank you very much.

Mr. Davison, go ahead, please, for up to five minutes.

Chris Davison (President and Chief Executive Officer, Canola Council of Canada): Chair Sgro and members of the committee, thank you very much for the invitation to join you today.

My name is Chris Davison, and I'm the president and chief executive officer of the Canola Council of Canada.

The Canola Council of Canada is a national value chain organization representing approximately 40,000 canola farmers, together with the rest of the value chain, which includes exporters, processors and life sciences companies. As a value chain organization, our goal is to ensure the industry's continued growth and success, and to do this by meeting domestic and global demand for canola and canola-based products, namely canola seed, oil and meal.

Our industry represents \$43.7 billion in direct, indirect and induced economic activity annually and supports over 200,000 jobs across the country and some \$16 billion in wages. Canola also represents one of the largest sources of farm cash receipts in the country.

International trade is vital to the success of the industry. The vast majority of canola products are destined for international markets, with export value totalling \$12.6 billion in 2025.

Japan is a valued customer of Canadian canola, accounting for 10% of the aforementioned total export value in 2025. More specifically, in 2025, Japan imported 1.7 million metric tons of Canadian canola seed, representing approximately 23% of all Canadian canola seed exports that year. The total export value of canola and canola products to Japan in 2025 was \$1.3 billion. Of that, \$1.2 billion was canola seed, together with a smaller quantity of canola oil.

Japan's use of vegetable oils for food use is very significant, representing almost two million metric tons in 2025. Current calendar year exports to Japan of Canadian canola seed through to February are just over 250,000 metric tons. For the crop year starting last August, those exports are just shy of 900,000 metric tons through to February.

Japan is a consistent and long-standing customer of Canadian canola, with export volumes ranging from just over one million metric tons to 2.3 million metric tons annually over the course of the last 10 years. This trade relationship is supported by extensive and ongoing industry-to-industry engagement between Canadian exporters and Japanese importers, buyers and processors.

There is also a long-standing bilateral canola consultative mechanism, which was originally established between the Canadian and Japanese governments and is now operated by Canadian and Japanese industry with the participation and support of both governments. As part of this consultative mechanism, there are meetings each year where representatives of the Canadian and Japanese industry come together with the participation of government representatives and other select stakeholders. In fact, this year represents the 50th year of these consultations, making it the longest running and ongoing bilateral canola trading relationship. These meetings are characterized by discussion and information sharing on a range of canola-related topics, including among them food security, production of canola, supply and demand, quality, sustainability and transportation.

By way of summary and conclusion, the Canada-Japan canola trade is a very important relationship, with Canada as a world leader in canola production and exports, and Japan a valued customer that relies on imports to meet approximately 60% of its overall food security needs. Canadian canola has worked and will continue to work to play an important part in meeting those needs.

Thank you for the opportunity to join you today. I look forward to the discussion that follows.

• (1110)

The Chair: Thank you very much.

I neglected to mention to the committee members that the U.K. agreement the committee did extensive work on got royal assent. The Indonesia one has passed as well. That's the great work this committee does. I wanted to recognize the great work the international trade committee does and thank all of the members for the extensive co-operation they showed. It came out better as a result of us working together. Thank you to all.

Mr. McKenzie, you have six minutes.

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

If I can, I'll start, Mr. Davison, by asking you to put the exports Canada has in the canola area to Japan into the context of our overall canola exports with our major trading partners.

Chris Davison: I can make a couple of comments about that. As I mentioned in my opening remarks, the overall export value of Canadian canola in 2025 was \$12.6 billion. Japan represented 10%

of that in terms of economic value. In terms of the proportion of seed exports, it represented 23% in 2025.

Japan is a consistent top five customer for Canadian canola and canola products, together with the United States, China, the European Union and Mexico. There are a number of other markets that are of significant interest and value to Canadian canola, many of which you'll be familiar with, like the U.A.E., Bangladesh, South Korea, Pakistan, Chile, etc.

To come back to the main point, Japan is a consistent and long-term, top five customer for Canadian canola.

• (1115)

David McKenzie: Our major export markets are the U.S. and China.

Chris Davison: They are the top two markets. Together, certainly in the context of 2025, those are consistently the top two. As I said, the EU, Japan and Mexico round out the top five.

David McKenzie: Most people, if not everyone, listening to this conversation today will be familiar with the events around China's restriction on imports and its tariffing position on Canadian canola as part of, let's say, aggressive trade negotiations, to try to put it somewhat gently.

Were the other markets, including markets like Japan, able to take up the slack created by the reduction in the Chinese market?

Chris Davison: Certainly, there were a number of factors that came together. We're always looking at a combination of market dynamics. When our number two market, in the case of China, was effectively closed to us, that had a ripple effect throughout the industry. You see a reordering of the trade that takes place, which is typically a function of a number of factors. Obviously, there's supply and demand and the relationship to price in that regard, and what our competitors are doing and whether they're having strong production or not.

We were very pleased to see a number of other markets step up in terms of the volumes they were taking of Canadian canola and canola products. I will say, collectively, we're very grateful for that, but the total volume and value represented by our top two markets cannot be made up by the other markets collectively.

David McKenzie: China's position on tariffs on canola was a temporary reduction. What do you anticipate, or what are you concerned about going forward for the year ahead?

Chris Davison: I'll give a clarification. What we saw were two sets of tariffs in place.

One was the result of an anti-dumping investigation, and we got a final determination on that not that long ago. It saw a final determination of 5.9%, which was added to the previous 9% MFN tariffs, for a rate of 14.9%. There is no time limit on that particular set of tariffs.

There was a second set of tariffs as a result of an anti-discrimination investigation, with the result being that tariffs on canola meal, which were 100%, are suspended as of now, so they're at 0%, and that runs through to December 31, 2026. Those same tariffs remain in place for canola oil. Obviously, we will be looking to see what arrangements can be put in place to provide ongoing trade and a measure of predictability and stability for the Canadian industry beyond December 31, 2026.

David McKenzie: There's uncertainty as of now, but it's a work-in-progress. Is that fair?

Chris Davison: That's fair.

David McKenzie: Thank you.

Mr. Roy, I think you mentioned domestic infrastructure as a necessary support for your industry's export capability. Do you have a wish list that the federal government can consider to improve our domestic capacity to support your industry's exports?

René Roy: Yes, we do. The first thing on it is the question of railroads. We know we don't have a lot crossing our country, and when one is blocked, it becomes a huge limitation to our exportation. The fact that our products are mainly fresh means that they have to be delivered on time. Also, our consumers on the other side of the Pacific Ocean expect these products on time, so our reliability is extremely disadvantaged if we are not able to provide this.

The other one is on the labour side, making sure that we are able to find solutions to labour disputes rapidly and that they do not jeopardize our trade.

David McKenzie: Prioritizing continuity of service when it comes to transportation as a matter of national importance would be one way to address that. Obviously, labour negotiations and discussions have to happen, but if they happen at the same time and we maintain a continuity of service, that would be preferable for your industry.

The Chair: Could I have a brief answer, please?

René Roy: Yes.

The Chair: Thank you.

Mr. Roy always knows how to give that short answer.

Mr. Lavoie, you have six minutes.

• (1120)

[*Translation*]

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

Thank you to the witnesses for being here. I'm very pleased to see them this morning.

My first question is for Mr. Niquidet.

Mr. Niquidet, it's very interesting to see how much you export.

We recently heard from the vice-president of the Vancouver Fraser Port Authority.

I'd like to know whether you think the transportation infrastructure is adequate. Should investments be made to improve infrastructure that would be useful for exports?

Is that one of your requests?

We're talking about the forestry sector, but it can be for other sectors.

[*English*]

Kurt Niquidet: There's the reliability issue. When we had the port strikes in Vancouver, we heard from our Japanese customers that there was a lot of concern about reliability. That has been of concern.

Improving infrastructure is always welcome. One of the other main issues, though, is related to the reliability of rail and the cost of rail transport. Over time, we've seen a 40% increase in the cost of our rail transport.

It's really about the reliability, but we would certainly welcome any improvements to port infrastructure.

[*Translation*]

Steeve Lavoie: Could you give us a concrete example to help us understand what you mean by "reliability"?

[*English*]

Kurt Niquidet: It's really related to the port strikes. We've had a number of them over the last few years, which really disrupted our ability to reliably supply our Japanese customers. That's paramount for them, so as a result, we lost some market share when they pivoted to European suppliers because there were concerns about reliability.

That reliability also relates not just to port infrastructure but to our ability to reliably access timber supplies as well.

[*Translation*]

Steeve Lavoie: Thank you very much.

Mr. Davison, you talked about 40,000 canola farmers. That's quite a lot. So there must be a lot of small businesses producing canola.

What federal measures could help small businesses improve their exports to Japan? Is there anything the federal government could do?

[English]

Chris Davison: I think there are always things we can do to improve, but as I said in my opening remarks, I'm very grateful for the 50-year-plus bilateral canola trading relationship that we've established with Japan. It consists of a lot of engagement between the industry in Canada and the industry in Japan to facilitate smooth bilateral trade. When issues come up, we work directly either with the industry in Japan or with the Canadian and Japanese governments, if there are any technical issues, to address them.

As I said in my opening remarks, when we meet with our Japanese customers, we talk about a range of different issues of mutual interest, whether that be food security, the production of canola, how it's produced here, the practices our Canadian farmers use to produce the product that Japan wants, or discussions around quality and other topics. We're working to address issues on an ongoing basis to meet the needs of our Japanese customers.

[Translation]

Steeve Lavoie: You have many requests. I understand that there's a lot of collaboration.

Can you tell us about one specific measure that would help you further?

[English]

Chris Davison: I'll pick up on the answers from my colleague in the forestry sector.

There are two things that we have to do as a Canadian canola industry. We have to have a reliable supply for our customers, so that comes down to the product we're producing and the quality of that product. The other part of that is being a reliable supplier. Like my colleague in the forestry sector, we have run into issues in the past on the transportation side of the equation, so part of the discussion we have with our Japanese colleagues, among others, has to do with railways, rail rates and our capacity to get the product from farms and elevators to the port in Vancouver and loaded onto vessels in a timely fashion.

We tend to have peak periods of activity. A good example of that would be immediately post-harvest, looking at late September or October through to the February period. Typically, we run into other issues related to rail availability, with performance being one of them. Those can be affected by a number of factors, including extreme weather conditions. When that happens, our product is not moving in as timely a fashion as we would like to get it to port and get it to our customers in time.

Those are things happening in that space. I know there's some work being done by the federal government in that regard right now, but improvements in that area would be very welcome.

• (1125)

The Chair: Thank you very much.

Next, we have Mr. Savard-Tremblay for six minutes, please.

[Translation]

Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot—Acton, BQ): Thank you, Madam Chair.

Thank you to the witnesses for being here. I also thank them for their presentations.

Mr. Roy, I've already heard that Japan has a special relationship with our pork. I've even been told that Quebec pork, in particular, has added value there.

First of all, why is this the case with Quebec pork, in particular?

René Roy: It's because we developed the fresh pork market. This was developed mainly in Quebec. In Canada, we were pioneers in the development of fresh pork. This added value has created a very strong bond between our two countries.

Simon-Pierre Savard-Tremblay: I'd like to know what your next steps are. I'm going to ask you a question, and it's not a trick question.

You're going to tell me that we don't have the answer regarding the end of tariffs. However, as we know, exports to Japan have increased by more than 25%, while exports to the United States are declining for reasons we all understand, of course.

Do you have a strategy to continue your exports to Japan while resuming those to the United States when the situation improves?

Are you considering focusing more of your efforts on diversification?

Do you have a plan, or are you operating more on a short-term basis, in the sense that you're adjusting as the situation unfolds?

René Roy: We mustn't put all our eggs in one basket. Some will go to Asia, but the United States remains an important market. I also want to emphasize the fact that our primary market is the Canadian market. We must remember that. A significant portion of our production is still destined for domestic import. It's important that we properly serve our domestic market.

I'll turn it over to Mr. Heckbert.

Stephen Heckbert: Diversification is indeed fundamental for us in the Canadian pork industry in Canada. We believe there are business opportunities around the world, particularly in Southeast Asia. We also think that we shouldn't look for growth in just one market. Our long-term strategic plan is to expand all of our markets at the same time.

We see that the Japanese market has grown due to the changes that have taken place, as is the case for all countries, of course. We believe we would be able to increase our exports to this market while also increasing our exports to Mexico, for example. We find this to be an interesting market for us. For us, the plan is always to increase our capacity to export anywhere.

Simon-Pierre Savard-Tremblay: In other words, as I understand it, we don't put all our eggs in one basket. We try to go where there is a business opportunity. At some point, obviously, choices have to be made. Production capacity isn't infinite.

You're well established in Japan. You're a little less so in the United States. I understand the idea that you have to seize opportunities, but, given that you can't just keep growing forever, where are you heading?

René Roy: Absolutely. There are others as well. There's competition. So it's important to focus on the added value. When we succeed in creating added value, we must seize those opportunities. That sometimes involves the United States, but when we see a market shifting, we must be able to adapt.

Research is an extremely important factor in enabling us to adapt, but processing in Canada is also a key factor. We see other industries that lack the capacity to process their products or raw materials in Canada, and that's an extremely significant problem.

• (1130)

Simon-Pierre Savard-Tremblay: Japan is generally known for its very strict and specific regulations in highly specialized sectors. They say there really is a Japanese way of preparing meat. During our first committee meeting on this study, we heard from a representative of the Canadian Cattle Association. I specifically mentioned Wagyu beef to him, which is a Japanese specialty.

In your case, that doesn't seem to be an issue. Indeed, Japanese recipes often contain pork. Exports continue to grow. Canada has become, I think, Japan's largest pork supplier for the first time in 40 years. It doesn't seem to be causing any issues at all on that front for you.

What are your thoughts on this?

René Roy: We've developed a specific market. We've developed our Wagyu pork for the Japanese. We perform precise crossbreeding to serve the Japanese market, which happens to be the most demanding market in the world. When we succeed in meeting the demands of this market, we succeed in adapting to other markets.

Stephen Heckbert: I'd like to add something. We've also made a direct investment in the Japanese market. We've hired people and set up an office in Japan for our Canadian pork. So we're constantly on the ground promoting the quality of pork produced in Canada.

We're in constant communication with our Japanese buyers. Direct investment by the industry is one of the reasons we are currently in the market and can meet their specific demands at any time.

[English]

The Chair: Thank you very much.

Mr. Savard-Tremblay, you have 18 seconds remaining.

[Translation]

Simon-Pierre Savard-Tremblay: My question will take 18 seconds. If you can answer with a yes or no, that would be great. Otherwise, we'll save it for the next round of questions.

Beyond the expertise, is the regulatory aspect problematic? I'm thinking specifically of certification, traceability and red tape.

René Roy: The Canadian Food Inspection Agency is an ally, as long as it's not too heavy.

[English]

The Chair: Thank you very much.

Next, we have Mr. Mantle for five minutes, please

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

Thank you to our witnesses for appearing and providing their valuable testimony this morning.

Mr. Niquidet, to begin with, I have a few questions for you.

Could you tell me what the largest market is for Canadian lumber?

Kurt Niquidet: The largest market is the United States. Just thinking at a Canada level, about 85% of our exports are destined to the U.S. For British Columbia, it's about 75%. We're the most diversified, just given our position on the west coast.

In terms of the second-largest markets, these are the Asia-Pacific markets, namely Japan and China.

Jacob Mantle: Just to clarify your comment, it's about 85% nationally and 70% for B.C.

Where does Japan fit into that mix? Is it 5%, 10% or somewhere else?

Kurt Niquidet: On a national basis, it's around 5%, but for British Columbia, it would be higher, up around 10% by value.

Jacob Mantle: The U.S. is still, by far and away, the most important market for the industry. Is that right?

Kurt Niquidet: Absolutely.

Jacob Mantle: Could you give us your review or update on what the current status is of our disputes with the United States? What is your understanding of the Canadian government's actions in that respect?

Kurt Niquidet: Currently, we're facing combined anti-dumping and countervailing duties of about 35%. On top of that, we have a section 232 tariff of 10%. Overall, we're at 45%. That really has had a significant impact on our exports. Our exports, year over year, have declined by about 20%.

We have been engaging with the federal government and saying that the forest sector needs to be a priority in its engagements with the U.S. as part of the negotiations and the CUSMA review.

Jacob Mantle: Do you believe or do you feel that the government has made you a priority in that review?

Kurt Niquidet: We do now. There were concerns last year, when we felt like some of the other sectors were getting more attention, like steel and aluminum. We really spoke up about our concerns there, and we have seen a change in the federal government.

• (1135)

Jacob Mantle: That's good to hear.

You're probably aware that the government recently referred a wood products safeguard inquiry to the Canadian International Trade Tribunal. When the steel and aluminum industry asked for protective measures, they received them by order in council almost immediately. When the lumber industry asked for protective measures, it received a referral to the CITT for a legal process.

Why do you think the government is treating lumber and lumber products differently from steel and aluminum?

Kurt Niquidet: I really don't have an answer for that. I'm not aware of the specifics around that issue, so I can't comment.

Jacob Mantle: Do you think it's fair that lumber and lumber-consuming industries have to go through a legal process, whereas other industries essentially received exactly what they asked for in terms of protective measures?

Kurt Niquidet: Again, I can't comment specifically on that instance. Certainly, having a process is fine, but I can't comment on the specifics of that.

Jacob Mantle: That's fair enough.

Where in the industry do you see the most vulnerability right now?

We've read about mill closures, especially in B.C. Where's the next domino that we should be worried about?

Kurt Niquidet: It's important to note that the forest industry is very integrated. When you see a sawmill go down, that means there are less by-product, like residual chips, so the pulp mills can also be affected. That's a real concern. You start to see those ripple effects throughout the supply chain. It could be pulp mills. I also mentioned that wood pellets are an emerging product we've been sending to Japan. Wood pellet producers could be affected. There are those ripple effects throughout the sector, because it's so integrated.

Jacob Mantle: I know I have a few seconds, so just to understand your answer, you're concerned about pulp mills and wood pellet producers. Are those the ones we should be keeping an eye on?

Kurt Niquidet: Absolutely. I'm also concerned about sawmills. It's an integrated sector, so the pulp mills and wood pellet plants could be affected as well.

The Chair: Thank you very much.

Next, we have Madame Lapointe for five minutes, please.

[Translation]

Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Thank you very much, Madam Chair.

Welcome to the witnesses. It's always interesting to hear your perspectives, especially on what we're studying right now, namely trade relations between Canada and Japan.

Mr. Roy, I'd like to ask you some very specific questions about pork.

We export our pork fresh. I imagine that pork is vacuum-packed and transported by rail.

How much time elapses between slaughter, cutting and the pork's arrival at its destination?

What is the product's shelf life?

René Roy: I'm having a memory lapse.

Mr. Heckbert, do you know the answer?

Stephen Heckbert: I know the answer, yes.

We freeze pork at somewhere between 1°C and 1.5°C. The pork is almost completely frozen, but it's still fresh. From slaughter to market, you're looking at 40 to 45 days. Transport is obviously a fairly long process, given that it's usually done by ship, but this ensures that the pork is still fresh when it arrives in Japan.

Linda Lapointe: Okay.

That means you have 40 days after slaughter. A temperature between 1°C and 1.5°C is fine. That's what's required for storing meat in coolers.

How long does it take to cross Canada? How long might it take to get to the Port of Vancouver?

Stephen Heckbert: It takes about four days.

Linda Lapointe: Okay.

Earlier, you mentioned that there could be strikes or issues with railways or port capacity.

Do you need to take out insurance to ensure that you meet the transit time?

Stephen Heckbert: The last time we dealt deal with that type of problem, pork suppliers had to use a plane for transportation or find another solution.

We tried to find solutions with the Americans so that our pork suppliers could fulfill their Japanese orders. The strike ended fairly quickly, but every time this happens, our buyers ask us why it only happens in Canada and not in the United States.

In an emergency situation, the effort we have to put in trying to find another way to deliver our goods generates a lot of stress and additional costs. That type of strategy doesn't work in the long term for our industry.

• (1140)

Linda Lapointe: Did you suffer significant losses at that time with respect to your exports?

Stephen Heckbert: Yes, we did. For our industry alone—I'm not talking about other sectors—we lost about \$10 million over seven to 10 days. The losses were quite significant. In addition, we sold everything at a loss during that period.

Linda Lapointe: Okay, thank you.

We've talked a lot about Japan being a key partner for our pork product.

Is it still possible to export more pork to the Japanese market?

René Roy: Yes, there are still opportunities, particularly given what's happening right now in the United States, which is our main competitor for fresh meat. This is eroding the confidence of Japanese consumers and buyers. So that gives us an opportunity to continue growing this market.

We've built a very long-term relationship, and keeping it and valuing it means a lot to the Japanese. It's not a commodity market like any other. It's truly a market of added value and relationships.

Linda Lapointe: You anticipated my other question, which was about who your main competitors are in the Japanese market.

You talked about the United States, but are other competitors vying with you for access to that market?

René Roy: One of the markets we're watching with concern is frozen pork from Brazil. We must therefore always keep production costs as low as possible in order to be able to compete in the frozen pork market as well.

We've observed a trend in recent years, as economic conditions in Japan have become somewhat more challenging. They are shifting towards frozen products, which are less expensive. So we need to make sure that we are—

[English]

The Chair: I'm sorry to interrupt, Mr. Roy, but I have to move on.

[Translation]

Linda Lapointe: Thank you very much.

[English]

The Chair: Mr. Savard-Tremblay, you have two and a half minutes.

[Translation]

Simon-Pierre Savard-Tremblay: Thank you, Madam Chair.

Again, this question is for both Mr. Heckbert and Mr. Roy.

When we look at the figures, we see that Quebec is Canada's largest pork producer. Quebec accounts for 30% of total production, but only 22.7% of exports. Conversely, we see that Manitoba accounts for 46.6% of exports, even though that province accounts for only 22% of Canada's total production.

Could Japan be an opportunity for Quebec to increase its share, or is it possible that other provinces will benefit more?

Earlier, you said that we have adapted, that Quebec has been a pioneer for a certain type of meat that is likely to be a hit in Japan.

Is this the opportunity we're missing?

René Roy: Canadian processors have adapted to their market. Companies in Manitoba have focused more on exports. In Quebec, the focus has been more on serving our Canadian market well. So we're also seeing this decline. However, every time we succeed in increasing our share of added value, it represents a very significant margin, a very significant source of wealth that we can bring to Canada and Quebec.

We can certainly consider increasing our ratio, and we have the capacity to do so. In Canada, we have the capacity to produce more.

• (1145)

Stephen Heckbert: Yes, this is a great success for Quebec producers. The Quebec domestic market demands a lot of our pork. However, that leaves less available for foreign markets.

Manitoba, on the other hand, has a much smaller population and a domestic market that isn't as large. That's why Manitoba is focusing on exports in this way.

Simon-Pierre Savard-Tremblay: You're telling us that we have to continue in this direction, ultimately, that it would be good for Quebec producers.

How much time do I have left, Madam Chair?

[English]

The Chair: You have 15 seconds.

[Translation]

Simon-Pierre Savard-Tremblay: I'll leave it there.

Thank you.

[English]

The Chair: Thank you.

Mr. Chambers is next, please.

Adam Chambers (Simcoe North, CPC): Mr. Davison, can you help me understand? To your knowledge, has there ever been any threat of tariffs from Japan on your members' goods?

Chris Davison: In terms of a threat of new or different tariffs being imposed on Canadian canola and canola products in terms of bilateral trade between Canada and Japan...?

Adam Chambers: That's correct.

Chris Davison: No.

Adam Chambers: In your view, they're a reliable trading partner. Is that correct?

Chris Davison: That's correct, yes.

Adam Chambers: Do you feel that there are some countries in the world that are less reliable?

Chris Davison: I think we're all very aware of the current geopolitical environment that we're operating in across all industries and sectors. There are, obviously, for a variety of different reasons, different markets or different countries that pose challenges. Yes, that's true.

Adam Chambers: Do you feel that your members in the sector have been or can be used, not because of anything that your members do but...? Are you feeling the consequences of being stuck between two countries that might be arguing about nothing to do with your goods?

Chris Davison: I think that's a risk for many industries. We've talked about that in the past, and sometimes you use the term "collateral damage" in situations like that. Obviously, we're in the markets that we're in for good reason in terms of the Canadian canola industry, so what we want to do is make sure that the markets we have a bilateral relationship with are working as smoothly, effectively and efficiently as possible. That's our goal in that regard.

Adam Chambers: That's great. I think the term you used, "collateral damage", is probably exactly the words I was searching for.

Since your industry is sometimes collateral damage in these disputes, do you think you get enough transparency or information from the government, when there are potential threats to your industry, before those threats come?

Chris Davison: I think that has to be assessed on a case-by-case basis because it's rarely, if ever, clear where the threats are going to come from, when and how they're going to arise, and with how much lead time. I think that's something that has to be considered on a case-by-case basis.

Adam Chambers: That's fair enough.

Do you think we should strive to provide those industries with more information and transparency from the government when they might be facing a threat, unbeknownst to them, due to actions they had no hand in?

Chris Davison: Absolutely. I think anyone would want to get as much information as possible in advance of a potential threat to their industry. Sometimes that allows us to take pre-emptive action or to attempt to seek redress on a particular issue, depending on its origins and nature. Certainly, the more we know before things happen, the better.

Adam Chambers: Thank you very much.

Mr. Niquidet, when's the last time your industry had an agreement on softwood lumber?

Kurt Niquidet: The last agreement expired in October 2015.

Adam Chambers: Thank you very much.

It was 2015. I think your testimony is that you feel pretty confident that the government has your back. When do you expect that you'll have a softwood lumber agreement?

Kurt Niquidet: It's difficult to predict. The government has communicated to us that it's a priority in its engagement with the U.S. However, it takes two to tango, so that's dependent on the U.S.

• (1150)

Adam Chambers: I'm sorry. I have limited time.

Would your preference be to get more loans from the government or to actually have an agreement on softwood lumber?

Kurt Niquidet: I think our preference for the solution is to get a long-term agreement.

Adam Chambers: That's great. Hopefully, we can expect that in an expeditious manner.

The Chair: Thank you very much.

Before we go on to the next speaker, I want to say that it's always nice to have visitors to the committee. We have two very special young women who are visiting us today, so I just want to acknowledge that they're here. I expect they're Ms. Block's grandchildren, who are visiting Ottawa today.

Welcome to the international trade committee.

Some hon. members: Hear, hear!

The Chair: Ms. Acan, please go ahead for five minutes.

Sima Acan (Oakville West, Lib.): Thank you very much, Madam Chair.

Mr. Niquidet, British Columbia's Minister Ravi Parmar led one of B.C.'s largest forestry missions in November, with 61 delegates, coming back with a signed agreement with the Japan 2x4 Home Builders Association for what he described as "powerful partnerships" that protect jobs and open new markets. COFI was a part of this mission.

Beyond the signed agreement, how did this translate on the ground with Japanese buyers and builders, and what doors have opened that were not open before?

Kurt Niquidet: I think it sent a signal. There were concerns around the reliability of our supply. There are existing relationships, but given some of the disruptions that we've had, such as to our timber supply or the port strikes I talked about earlier, there were concerns about the reliability of our supplies going forward. I think some existing relationships were renewed, as well as some new relationships established.

Sima Acan: That's good news.

In addition to that, Minister Sidhu is leading a federal team Canada mission to Japan in June 2026, with forestry named as a priority sector. What should that mission be focused on, specifically, for the lumber and wood product sector? What is the most important deliverable that COFI wants to come out of this meeting?

Kurt Niquidet: There are a couple of things. There's the existing market, and we have lost some market share in our existing market, which has been focused more on the residential side. It's also establishing new markets, which is more on the non-residential side of things.

One key thing is that we have Canada Wood, which is an agency that COFI and the federal and provincial governments fund. They have offices in Japan, and it's important that they're supported. To establish these markets, it really takes time. There are a lot of technical issues that need to be worked through in order to grow and establish these markets.

Therefore, it's funding for Canada Wood and also looking at some of the opportunities in the non-residential sector.

Sima Acan: Thank you very much for your input.

Mr. Davison, Canada has long been one of Japan's most reliable and significant suppliers of raw canola seed, with exports increasing by 39.3% in 2024-25 compared to the previous year. However, most of the value-added processing, including crushing, refining and finished oil production, continues to take place in Japan. As a result, the processing margins and many of these associated jobs are being captured abroad rather than in provinces like Saskatchewan and Manitoba.

What would it take for Canada to shift this dynamic and export more processed canola products rather than primarily raw seed?

Chris Davison: You're right. The statistics you referenced reiterate the long-standing and ongoing benefits of the canola trade between Canada and Japan. You're also right that Japan also has a domestic crush industry, which our canola seed supports through the export of Canadian canola seed to Japan.

There are a number of factors at play at any given time. As we have here in Canada, Japan has domestic policy goals to support its

own industries. That's certainly a factor. We look at market dynamics, competitive products, the cost of bringing that product into the market and the uniqueness of the food sector in Japan. There have also been TRQ tariff-related elements to that in the past, where there have been some adjustments in the last few years.

We look at those as more medium- and long-term propositions rather than things that are likely to change in the immediate short term.

• (1155)

Sima Acan: Regarding that change, could you please elaborate on why this transition has not already occurred? For example, are there tariff or non-tariff structures that make importing raw seed more attractive to Japanese buyers than importing processed canola oil or other finished products?

Chris Davison: Yes, that's correct.

As I said, Japan has a well-established domestic crush industry that is supported through the imports of, certainly, Canadian canola but other oilseed products as well. That has been the key driver in that regard. That gets factored into other considerations, such as supply and demand, price and the products they are sourcing from other competitive markets, whether that's canola or other oilseed products such as soybeans and the like.

We have seen volumes of oil exports to Japan previously, but as I alluded to in my opening remarks, they are at significantly smaller volumes.

The Chair: Thank you very much.

Thank you to our witnesses for their excellent testimony today.

We will now adjourn the meeting, and we will go to the informal part with witnesses from GAC.

I move adjournment.

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