



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

45th PARLIAMENT, 1st SESSION

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# Standing Committee on International Trade

EVIDENCE

**NUMBER 041**

Thursday, June 4, 2026

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Chair: Judy A. Sgro





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Thursday, June 4, 2026

• (1100)

[*English*]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I call to order meeting number 41 of the Standing Committee on International Trade.

You've all received an updated draft budget for possible travel to Washington. We did some work with the clerk and reduced it. Now we are down to \$94,248.87.

Would the committee be prepared to adopt that travel budget and forward it on to SBLLI?

**Some hon. members:** Agreed.

**The Chair:** All right, we'll do that. I'll sign it in a minute.

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. Unfortunately, our Business Council of Canada witness, Mr. Kennedy, did not have the right headset this morning and is unable to participate. He's in Japan. That's why he would have been such a great person to testify on Japan.

Nonetheless, we do have Antoine Morin, senior vice-president of sales, commercial strategy and marketing, by video conference for Olymel L.P.

Mr. Morin, thank you for joining us today. We almost had to cancel our meeting this first hour, so we're glad we were able to connect with you.

We will now open the floor to Mr. Morin for up to five minutes, please, for an opening statement.

[*Translation*]

**Antoine Morin (Senior Vice President, Sales, Commercial Strategy and Marketing, Olymel S.E.C.):** Good morning, everyone.

Thank you for giving me the opportunity to speak to you today. My name is Antoine Morin. I am senior vice-president of sales, business strategy and marketing at Olymel S.E.C.

Olymel is Canada's leading producer, processor and distributor of pork and poultry. We've been exporting pork to Japan since 1994. Today, Canadian pork exports to Japan total approximately \$1.5 billion annually, with Olymel accounting for 37% of those exports.

Japan is one of the most important and highly valued markets for Canadian pork. It is characterized by discerning consumers who

place great importance on meat quality, animal welfare, food safety and consistent supply. This trust is reflected, in particular, in the fact that Olymel is the exclusive supplier of fresh pork to Costco's 37 stores in Japan. We also supply other Japanese retailers, distributors and restaurant chains, which rely on Canada as a stable and reliable source of supply.

However, this relationship is now threatened by a major risk: African swine fever, a highly contagious disease that affects pigs and wild boars. It is currently present in several regions of the world, particularly in Europe and Asia. It poses no risk to human health, but it results in high mortality among infected animals and causes significant trade disruptions. If even a single case were detected in Canada, Japan could close its borders to Canadian pork.

There would be significant economic repercussions for producers, processors, workers and rural communities across the country. The consequences would also be felt in Japan. As a major importer of Canadian pork, Japan could lose access to a reliable supply of fresh-chilled pork, a high-value-added product that is particularly sought after by Japanese consumers. Any disruption in this supply would create significant challenges for retailers, distributors and consumers who have relied on Canada as a trusted partner for over 30 years.

That's why it's essential for Canada to conclude an African swine fever zoning agreement with Japan—one based on regions affected by an outbreak rather than on provincial borders. The zoning principle is internationally recognized by the World Organization for Animal Health. It allows trade restrictions to be limited solely to areas affected by the disease, while maintaining trade in products from unaffected areas.

In a country as vast as Canada, a province-based approach could have disproportionate trade consequences. A localized outbreak in one part of a province should not jeopardize exports from regions hundreds or even thousands of kilometres away that remain free of the disease. During avian influenza outbreaks, Canada already successfully applies a regional zoning approach in the poultry sector. We believe that a similar approach for African swine fever would effectively protect both animal health and the continuity of trade. Canada has already entered into such agreements with certain trading partners, including the United States and the Philippines. As discussions with Japan progress, it is important that the final agreement reflect this reality on the ground and allow for export continuity from regions unaffected by the disease.

Furthermore, beyond health challenges, Canada's logistical reliability is also essential to maintaining the confidence of our Asian partners. Exports to Japan depend on an efficient and predictable supply chain, from rail transport to port infrastructure. Port disruptions, labour disputes or logistical bottlenecks have a direct impact on our ability to deliver products on time and remain competitive against other exporting countries. In a market like Japan, where consistency and reliability are paramount, it is essential to continue safeguarding the flow of trade in the strategic corridors between Canada and Asia.

In conclusion, let me reiterate the two strategic challenges that are critical for the Canadian pork industry: first, reaching a zoning agreement based on the regions affected in the event of an African swine fever outbreak, in order to protect access to the Japanese market and avoid disproportionate trade disruptions; and second, maintaining a reliable and efficient supply chain, particularly by ensuring the smooth operation of the rail and port networks connecting Canada to Asian markets.

Thank you for your attention, and I'll be happy to answer any questions you may have.

• (1105)

[*English*]

**The Chair:** Thank you very much, Mr. Morin.

We will start with members. We are going to switch things around a little for our first round, at the request of the vice-chair, and we'll start with Mr. Lavoie first.

[*Translation*]

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

Mr. Morin, thank you for joining us this morning. I'm very glad you're here.

The motion I introduced is important, and I'm glad the committee agreed to consider it. I'm also glad you're with us this morning, because Olymel has been operating in Japan for several years, so your experience is truly invaluable. That's essentially what I'd like you to share with us this morning.

My first question is very simple. We want to double exports to Europe in the coming years. What advice would you give to a company from Canada or Quebec that wants to expand into Japan? Where should it start? What would be your top pieces of advice?

**Antoine Morin:** That's a good question.

I'd say it comes down to having the logistical and operational capacity to serve demanding markets like Japan. I'd start with that.

Next, I would look at the operational and market requirements and opportunities. In other words, is there actually a demand? Japan has a large number of pork consumers, and per capita consumption is high. It's certainly a target market, and the same goes for South Korea.

I would say it really comes down to assessing market requirements in relation to one's operational capacity and ability to capitalize on opportunities.

**Steeve Lavoie:** You mentioned logistical and operational capacity. What do you mean by logistical capacity? Are we talking about logistical capacity related to transportation?

We've already met with representatives from the Port of Vancouver, who want to expand the port to facilitate exports. What kind of logistics are you referring to?

**Antoine Morin:** We have three locations in western Canada. We use the Port of Vancouver. Let me give you a concrete example. We use rail, port and maritime corridors. It's about being able to manage all these logistical considerations in order to meet the expectations of customers in Asian markets—which are extremely demanding—in a timely manner. It comes down to the country's capacity and the operational capacity of a company that wants to succeed in Asia.

**Steeve Lavoie:** What is the time frame for a company that is just starting out and wants to explore the Japanese market and assess its ability to export and open up new markets? What kind of time frame are we looking at? In your opinion, how many years would it take from the time the company begins its market research until it ships its first order?

**Antoine Morin:** If the company's starting from scratch, I'd say it could be done within 18 to 24 months. If it's building on synergies—which could be international in contexts like Costco's, as I mentioned—it could happen faster. A company can then leverage certain catalysts available to certain groups.

**Steeve Lavoie:** From the perspective of an agri-food exporter like Olymel, are there any measures the government has already put in place, or could implement, to make things easier for you in these markets and help open up new ones?

Feel free to tell us what you need—don't be shy. What measures could the government put in place to help you?

**Antoine Morin:** First, I'd like to reiterate the point I just made about zoning agreements, which loom over us like a spectre. An outbreak of African swine fever in Canada tomorrow could cause significant disruptions to business operations. That would be very damaging to the Canadian pork industry.

The next item on my wish list would involve everything related to preferential tariff rates and the regulatory flexibility needed to access certain markets. You mentioned Europe earlier. All non-tariff barriers—such as those related to the use of certain sanitation products at our facilities, among other things—are obstacles to accessing certain markets.

Ultimately, it's about being able to provide Canadian exporters with as much access as possible. You can never have too many options in a trade deployment playbook.

• (1110)

**Steve Lavoie:** Tell me more about these non-tariff barriers. Are you currently experiencing any in the context of Japan?

**Antoine Morin:** Under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP, preferential tariff rates for certain product categories in Japan will be phased down through 2028. An agreement is already in place, which is great. We will be able to benefit from zero tariffs in Japan on certain categories. This agreement is already being implemented.

I'll now move on to non-tariff agreements regarding the European market.

Certain sanitation products used in processing facilities are not accepted. In Canada, we use specific chemical agents to extend the shelf life of some of our products. European regulators are aware of this and have put rules in place that prevent us from accessing their market with those products. These are non-tariff barriers that would force us to move away from an existing model that works well for us in Asia but would hinder our market access.

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

[English]

**The Chair:** Thank you very much.

Mr. Lawton, welcome to the committee.

**Andrew Lawton (Elgin—St. Thomas—London South, CPC):** Thank you very much, Madam Chair.

It's great to be on this committee for the first time, especially on a study on Canada's trade with Japan. This is incredibly relevant to my riding, both in the agricultural sector and in the manufacturing sector, and in both imports and exports with Japan. I'm very happy to be here.

I was hoping to have Mr. Kennedy available, but I will ask you, Monsieur Morin, about pork, because you did bring it up. This is not a huge export for Elgin County in Ontario, but we do sell pork to Japan.

One of the opportunities I saw when I was in Taiwan a couple of years ago was that they were so proud to be serving Canadian pork. They were putting up big signs at the hotel because of how good the product was.

Is it your experience as well that in Asia, Canadian pork is widely regarded as not just an affordable product, but a superior product?

[Translation]

**Antoine Morin:** Thank you for your question, Mr. Lawton.

Canada does indeed have a reputation for producing high-quality pork compared to its international competitors. Our business partners promote Canadian pork before promoting any specific brand. That's also the approach we take at Olymel when we go abroad—we highlight Canadian expertise.

By way of example, 50% of shipments of chilled, never-frozen pork to Japan come from Canada. At the same time, we're competing against the United States, which slaughters 2.6 million hogs per week, compared to about 400,000 in Canada. So the fact that we hold a roughly 50–50 share under those conditions—despite the vast gap in slaughter volumes between Canada and the United States—really speaks to the quality of Canadian pork and its reputation in a niche market that prioritizes quality.

[English]

**Andrew Lawton:** Thank you.

I think it's important that we have infrastructure, trade relationships and a system to support this to get that incredible product to market, which is good for our farmers. It's good for our exporters.

You mentioned ports in your opening remarks. This is an area that we've seen the Liberal government not run as effectively as it needs to be. Out of curiosity on my part, do you believe that privatizing the ports would lead to more efficient operations?

[Translation]

**Antoine Morin:** I'll answer candidly: I don't think the issue of port privatization falls within my area of expertise. That said, what I can say is that service disruptions and instability at certain points in our supply chain are harming Canada's reputation in international markets.

As for how best to address this, I'll leave that discussion open. However, it's clear that there's room to improve the fluidity and reliability of port services.

• (1115)

[English]

**Andrew Lawton:** When you talk about these inefficiencies and inadequacies in the status quo with the way the government is running these ports right now, what are the practical costs of that? If you have dollar figures, great, but if not, even just in an illustrative way, what does this mean for your operations and those of other organizations?

[Translation]

**Antoine Morin:** We're dealing with a product that originates from a living being, so the flow of hogs coming in from farms is constant. For example, if there's a service interruption at the Port of Vancouver—whether due to a shutdown or a strike—which is our primary gateway for exports to Asia, we have to decide whether to keep shipping to customers who require fresh product or to freeze it and redirect it to other markets, rather than Japan, which is a premium market.

I don't have figures to share today, but this puts significant pressure on the supply chain. That, in turn, creates instability and leads to financial losses, as decisions sometimes have to be made under uncertain conditions.

[English]

**Andrew Lawton:** I've heard concerns from business officials in my riding, in St. Thomas and Elgin, and we've seen media reporting from Japan about the forthcoming closure of Canada's consulate in Nagoya, which will reportedly be shutting its doors in August. Have you received any formal or informal notification of this?

[Translation]

**Antoine Morin:** Not at all.

[English]

**Andrew Lawton:** No.

Okay. Assuming this happens on the schedule that we understand now, what are you concerned about our losing out on if we lose this footprint in Japan? We would have to build relationships, nurture those relationships and do all of these other things to iron out some of the issues you're referring to.

[Translation]

**Antoine Morin:** Olymel's expectations are to have the necessary level of service in a context where specific [Technical difficulty—Editor] and government authorities provide the necessary support. We do not have any major concerns right now, but we expect the level of service to be maintained. As for the change in government presence, I invite you to clearly explain why and to ensure that it is properly interpreted by our Japanese business partners.

[English]

**Andrew Lawton:** In the few moments I have left, Monsieur Morin... We're already trading with Japan. This is not new. That's not to say we couldn't do it better, but anyone who says we could replace what we have with the United States with Japan is ignoring this fundamental fact. Am I correct?

[Translation]

**Antoine Morin:** Those are two markets that are value-added and that are critical. I think it would be utopian to decide between the two. I think it is a critical combination to have both access and two good business relationships.

[English]

**The Chair:** Thank you very much.

We'll go to Mr. Deschênes, please, for six minutes.

[Translation]

**Alexis Deschênes (Gaspésie—Les Îles-de-la-Madeleine—Lestiguj, BQ):** Thank you very much, Madam Chair.

Good morning, everyone. I am pleased to be with you today.

Mr. Morin, thank you for being here. It is a pleasure to have you with us today, as a representative of an important company like yours, based in Saint-Hyacinthe.

First, I would like to ask you a brief and basic question. Can you give us a picture of the importance of Japan, the United States and China, for example, in your export markets?

**Antoine Morin:** Yes, absolutely, Mr. Deschênes. Thank you for your question.

Our head office is now located in Boucherville. We migrated.

In terms of our sales horizon, we have five value-added markets. We have Canada, of course. We are very much present with our brands from coast to coast. We have the United States, which accounts for nearly 17% or 18% of our sales volume. We have China, which represented almost 24% of our pork sales on international markets in 2020 and 2021. It is now 16% of our sales. We wanted to be less dependent on certain commodity markets, such as China, given the uncertainties. We achieved that and are much more resilient to what happens on that market. Japan is an essential market for Olymel, hence my appearance before the committee today. Finally, we have South Korea, which is a growing market for Canadian pork.

Then, to answer your question, we do business in close to 50 countries, but our sales in the other countries are more dependent on commodity markets. So market values will dictate the direction of our sales, in light of market realities and availability in certain countries, such as Taiwan or the Philippines, for example.

• (1120)

**Alexis Deschênes:** Let us talk about the Chinese issue. I understand that the importance of your exports to China has declined recently. Is it related to the Chinese tariffs that are still in place?

**Antoine Morin:** There is a direct correlation with the Chinese tariffs. We already had a base tariff of 12%, and a 25% tariff was added on top of that. So, today, Canadian pork faces tariffs of 37% when we export to China. Some of the cuts we were sending to China are now being redirected to other countries, in a context where, given the tariffs, profits are lower in China than in other markets. So that has a direct impact on our prices and on our sales volume to China. In a context of uncertainty, we wanted to look for opportunities for diversification, but China is a market that remains essential.

**Alexis Deschênes:** I want to learn more about the state of affairs, because I read that China has imposed a number of tariffs, including on pork, as a retaliatory measure in response to the tariffs that Canada announced on Chinese electric vehicles. I thought the Chinese tariff on pork was 25%, but you are saying that it is 37%.

**Antoine Morin:** We were operating under the base tariff. When China announced the additional 25% tariff, it brought the total to 37%. The 12% base rate had been in place for several years. In practice, it was effectively a baseline for the industry, but the 25% increase is what really hurt.

**Alexis Deschênes:** How is the additional 25% tariff affecting Olymel?

**Antoine Morin:** Once again, part of our sales volume is now being redirected to other countries because the Chinese market does not offer the same value. What is known as the “seventh cut” is sold on the Chinese market and is essentially made of animal byproducts such as trotters and heads. There are not too many other markets besides China for these products. The value and net profits of our operations are significantly impacted by these tariffs, due to the lower prices that Chinese buyers are ready to pay.

**Alexis Deschênes:** In a recent article, you were quoted as saying that the Chinese tariffs cost Olymel about 30 million dollars in losses. Is that figure still correct?

**Antoine Morin:** Yes, it is about that amount.

**Alexis Deschênes:** You must have been optimistic in January. Prime Minister Carney had announced that there was going to be an agreement with the Chinese government. In the end, the scope of the agreement was more limited than we had hoped. Pork was not left out of the discussions, but we thought there would be an agreement on that.

I understand that, for you, reducing Chinese tariffs on Quebec pork is a priority. Is that correct?

**Antoine Morin:** Canadian pork is a priority, and it is true that we were left wanting after those announcements.

Talks are ongoing, but clearly we have some questions. When will the Canadian pork industry benefit from a reduction in tariffs? What factors will be key to finalizing this agreement?

**Alexis Deschênes:** As you said, talks are ongoing. Based on what you heard, what initially led you to believe that there would be a reduction in tariffs, even though that did not happen in the end?

**Antoine Morin:** That is a good question. We were hoping for a positive outcome, but we are still waiting for a reduction. We also have an office in China, the Canadian Meat Advocacy Office, run by Mr. Chris White. The industry relies on this office to stay informed about developments in China and keep up with current events.

[English]

**The Chair:** Thank you very much.

Mr. Mantle, you have five minutes.

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

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

I wanted to ask about Olymel's operations in Canada and if they had any views on what the business conditions are like for them operating in Canada. How do they find regulatory burden, labour costs, input costs, logistics costs?

Can you tell us about your experience operating here in Canada?

• (1125)

[Translation]

**Antoine Morin:** Thank you for your question.

There are pros and cons to operating in Canada. One of the pros is everything related to animal welfare, food safety, respect for employees, and logistics standards—among other things—that set us apart in the international market.

Let us take a current example of doing business in Canada as an international exporter. Right now, just the difference in oil prices between here and the United States creates a challenge in terms of competitiveness in certain industries. Currently, gas prices are lower in the U.S. and in some provinces, which can either boost competitiveness or act as a hindrance.

Now, as far as workforce competitiveness is concerned, I would say that we are efficient and that we are doing a pretty good job.

[English]

**Jacob Mantle:** Did some of the high labour costs and the regulatory burden in Canada have an impact on Olymel's decision to close and consolidate, I think, eight plants in the last five years in Canada, with an associated loss of jobs? Was that related to some of those high costs and the high regulatory burden you were just describing?

[Translation]

**Antoine Morin:** Consolidation decisions were made in a context of minimizing our exposure to the most volatile markets. Your colleague's previous question on China referred to that. We reduced the slaughter lots to minimize our exposure to riskier markets, create added value, and focus on value-added products for the Canadian and international markets.

That decision is due to a combination of factors. I would not say it was solely due to labour costs; the reality had much more to do with exposure to riskier and more volatile markets.

[English]

**Jacob Mantle:** Thank you.

Mr. Morin, was Olymel affected by the labour disruptions at the port of Vancouver in the last several years?

[Translation]

**Antoine Morin:** Yes, we were affected by the strikes, which forced us to make some unfortunate decisions regarding certain production projects that had been planned with our international business partners. The strikes caused delays in certain services. To give you a quick example, when fresh pork piles up at the Port of Vancouver, it ends up being loaded onto ships that all arrive in Japan at the same time. So, inconsistencies in service levels do arise and put pressure on our business partners. Strikes indeed had a major impact.

[English]

**Jacob Mantle:** I know there was some reporting about this, but I wonder if I could ask you this directly. Could you quantify for us, in dollar cost, the impact on Olymel as a result of the inability of the government to get labour peace at the port of Montreal?

[Translation]

**Antoine Morin:** I cannot give you an example of a cost in dollars. However, I can tell you that nearly 250 containers are shipped from the Port of Vancouver each week. As soon as there is a service disruption, the math is pretty simple: 50 containers a day fall behind schedule. From a financial standpoint, we are talking about storing containers in a secure yard or holding inventory at distribution centres, something we would never normally have to do. So, the costs can add up very quickly.

[English]

**Jacob Mantle:** Thank you.

**The Chair:** Be very short.

**Jacob Mantle:** I have a last question on quantifying the loss as a result of the inability to secure labour peace. One of your VPs at the time, Paul Beauchamp, quantified it as being in the range of millions of dollars for Olymel. Does that sound about right to you?

[Translation]

**Antoine Morin:** Yes, absolutely.

As soon as an interruption lasts about a week, it is clear that the losses amount to millions of dollars.

• (1130)

[English]

**The Chair:** Thank you very much.

Mr. Naqvi, please go ahead for five minutes.

**Yasir Naqvi (Ottawa Centre, Lib.):** Thank you very much, Madam Chair.

[Translation]

Welcome, Mr. Morin.

[English]

Our sincere apologies to you that you get the full hour of all of us asking you a lot of questions. I really appreciate your patience and your expertise in your business area, of course, as we're dealing with the study of Japan.

I know a lot of my colleagues' questions have focused on Japan, your business there and the business environment for meat products

in Japan. However, I want to zoom out a bit and ask you, from your analysis and your company's perspective, about the opportunities for Canadian meat products in other parts of Asia, particularly Southeast Asia, when we're looking at markets like China—which is quite big—Korea, Malaysia, Indonesia and those places.

Is your company involved in this business? Maybe start with that. What other opportunities do you see in those particular markets?

[Translation]

**Antoine Morin:** Thank you for your question. I am happy to make myself available for the full hour.

Obviously, we do business in China, and we also sell our products in the Southeast Asian countries you mentioned, such as Indonesia and Malaysia. However, we do not serve these markets directly. We work through third parties—trading companies—that represent our interests in those countries.

[English]

**Yasir Naqvi:** Are these growing markets for you? Are you looking into selling more products in those particular markets?

[Translation]

**Antoine Morin:** The answer is yes. We will be able to set ourselves apart in markets like Taiwan that are prepared to pay for value-added products. As for commodity markets, prices will really dictate our company's strategy. We will market our raw products internationally on that basis.

Now, our goal is to team up with reliable business partners who prioritize quality over volume, and to be able to do business with these companies. At Olymel, we have made the decision to add value at every stage of the process leading to the end customer.

[English]

**Yasir Naqvi:** Thank you for that.

If we compare the volume of business that you do in Japan with that in some of the other places you mentioned, such as China, Indonesia or Malaysia, what's the magnitude that we're looking at? Is it a big difference? Is Japan your primary market, or are you seeing significant growth in these other Asian countries as well?

[Translation]

**Antoine Morin:** The Philippine market is growing, as is the Malaysian market. Japan is also a growing market for refrigerated or fresh products—that is, products that are never frozen. Demand for high-quality fresh meat is on the rise, and Olymel is benefiting from this. The market for frozen products is also likely to grow.

Spain is currently facing a swine fever epidemic. However, it did not have a regionalization agreement in place, and it was the leading exporter to Japan. Today, its exports are banned from Japan. Spain is therefore seeking other markets for its products, and Japan is looking for a business partner. We will be able to expand our share of the Japanese market.

[English]

**Yasir Naqvi:** As you may know, Canada recently concluded a free trade agreement with Indonesia. We're in the process of finalizing the ratification, both on the Canadian side and the Indonesian side. In addition, Canada is engaged in free trade negotiations with the Philippines and Thailand, as well as with ASEAN, the organization that represents all of the Southeast Asian countries.

Would that be of benefit to your company, in terms of expanding your share in the market? Would that allow Canadian meat products to have better market access in those countries?

[Translation]

**Antoine Morin:** Greater access to new countries is always beneficial. There is no doubt that we want as much access as possible so we can do business throughout a wide geographical area and avoid being overly vulnerable to any single market.

I would say that it is still too early to know exactly what the opportunities will be in those countries, but it is clear that we are going to look into that and see how we can best take advantage of those markets.

• (1135)

[English]

**Yasir Naqvi:** Thank you very much.

**The Chair:** Thank you very much.

We will go to Mr. Deschênes for two and a half minutes, please.

[Translation]

**Alexis Deschênes:** Thank you very much, Madam Chair.

Let us continue the discussion with you, Mr. Morin.

Regarding the Japanese market, are you concerned about the United Kingdom joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership?

**Antoine Morin:** From its geographic location, the United Kingdom can engage in two types of trade with Japan: fresh products and frozen products. I believe that this country's accession could create more competition in the frozen-food trade. However, in the fresh-food trade, transit time will be a major factor. Therefore, I do not foresee any emerging competition there, and even if it does arise, it will not happen quickly.

**Alexis Deschênes:** Earlier, I asked you about the importance of the various markets. You gave us some numbers, but not for Japan. Could you tell us how important Japan is to you?

**Antoine Morin:** Japan accounts for 18% of our global pork exports.

**Alexis Deschênes:** Is it currently a bigger market for you than China?

**Antoine Morin:** Yes.

**Alexis Deschênes:** Do you see any potential for further increasing these exports?

**Antoine Morin:** That is what we want.

**Alexis Deschênes:** What do you need to be able to do that?

**Antoine Morin:** We are currently implementing the necessary action plans to achieve this. So, there is no particular need on our part. Things are moving forward, and we are picking up speed. Japan is becoming increasingly important to Olymel year after year.

However, it would be useful and reassuring from a business perspective and in my role to have stability and a zoning agreement to make sure the business relationships are durable.

**Alexis Deschênes:** I will wrap up with one last question.

Earlier, you talked about the office you opened in China. To give us a little insight into the current situation in China, could you share with us some of what you have learned about that?

**Antoine Morin:** What we are hearing about the Chinese market right now is that there is still a desire to find common ground to reduce Chinese tariffs on Canadian pork. Now, the variables put forward by Canada to find this solution still seem unclear.

**Alexis Deschênes:** Thank you.

[English]

**The Chair:** Thank you very much.

Mr. Chambers, go ahead for five minutes, please.

**Adam Chambers (Simcoe North, CPC):** Thank you, Madam Chair.

Mr. Morin, I certainly appreciate that you've had an opportunity to give us a lot of advice. Like Mr. Naqvi, I have a couple of questions—a macro picture for you.

How do you think about which markets are more lucrative than others? For example, there's the Japanese market versus the Indonesian market and the Chinese market. How do you rank those? Where do you think the bigger opportunities are for your firm?

[Translation]

**Antoine Morin:** First, when we conduct market research, we look at the country's slaughter capacity, that is, its total production. By subtracting the slaughter lot from per capita consumption, we can quickly calculate the sales potential. After that, I would say it is really the type of cut or quality sought by each country that helps us determine the countries we will prioritize for our exports.

[English]

**Adam Chambers:** I will ask this, because it's relevant to the committee, given some of the other studies we're doing: How do you think about China versus Japan in that sense? Are they complementary to your business? Does doing more in one prevent you from doing more in the other, for example?

• (1140)

[*Translation*]

**Antoine Morin:** In response to your question, the markets of China and Japan are complementary and essential.

Japan and China do not value the same types of cuts. China remains very important to us for the valuation of by-products, which are not consumed in other countries. China therefore remains an essential buyer of Canadian pork.

Japan, on the other hand, is a market that prioritizes other, high-end, value-added cuts with specific requirements. It, too, is a key market.

[*English*]

**Adam Chambers:** Thank you very much.

Could I bring you back to port operational efficiency for a moment? I know you didn't have a position on whether a port should be privatized. On hearing your testimony, I guess your primary concern is the operational efficiency of a port. Is that fair?

[*Translation*]

**Antoine Morin:** Absolutely. The point being made was that we need stability and consistency in our international service levels. We have had wildfires and landslides in recent years that caused disruptions in rail transportation. So we need clear and precise contingency plans for trans-Canadian rail transportation. Furthermore, when it comes to maritime transportation, a port must operate smoothly; it must serve as a hub for generating value, not creating uncertainty in the context of international trade.

[*English*]

**Adam Chambers:** I understand.

I ask would this, since it may become relevant to your business, to some of your peer companies and to others who ship out of the port: If there are plans for privatization, would you measure whether it's a good idea based on impacts to efficiency and costs to the users of the port? Are those the two factors you would consider when judging whether this is a good thing for your business?

[*Translation*]

**Antoine Morin:** Absolutely, you have hit on the key factors: operational efficiency and the costs associated with the level of service. Whether costs end up decreasing or increasing, an analysis is warranted in both cases, and that will guide strategic decisions moving forward.

[*English*]

**Adam Chambers:** Thank you, sir.

**The Chair:** Thank you very much.

We'll go to Madame Lapointe for five minutes, please.

[*Translation*]

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

Welcome, Mr. Morin.

It is very interesting to hear about a very strong industry in Canada. You said that your head office is in Boucherville. Is that correct?

**Antoine Morin:** That is correct.

**Linda Lapointe:** Okay.

I want to clarify something: Earlier, you talked about swine fever in Spain and you also talked about African swine fever. Is it the same thing?

**Antoine Morin:** Mea culpa; yes, it is the same thing. I should always use the same term.

**Linda Lapointe:** I was thinking to myself: "Here we go again, another disease is emerging."

Who will decide on the zoning of regions for African swine fever?

**Antoine Morin:** This is done in talks between the various countries. Currently, with regard to the agreement that could be reached with Japan, we are discussing zoning by province.

That said, given Quebec's large size, we have three facilities in that province. Under the original agreement or the current proposal, products from these three facilities would be banned by Japan if any facility was affected. This would have a very significant impact on the pork industry and on Olymel.

With a zoning agreement and protocols accepted by the Japanese authorities, we will be able to implement zoning similar to that used for avian influenza in chickens, meaning that a buffer zone is designated around a targeted site in order to eradicate the disease, but that everything related to the targeted site remains accessible internationally.

• (1145)

**Linda Lapointe:** We know that chickens with avian flu fly. In terms of swine fever, how is it transmitted? Is it in the slaughterhouse or elsewhere?

**Antoine Morin:** African swine fever comes from outside the country. We do not have that in Canada right now.

All health measures in place at airports and border crossings—such as asking travellers if they are carrying meat, for example—are essential for preventing transmission.

**Linda Lapointe:** Okay, thank you.

I would have thought that the World Health Organization would have decided where it came from. Is it not that body, but really the countries that decide together?

**Antoine Morin:** I am not sure I understand your question, sorry.

**Linda Lapointe:** I would have thought that a global organization, not the affected country, would decide that a herd has swine fever.

**Antoine Morin:** The Canadian government authorities, specifically the Canadian Food Inspection Agency, would be responsible for declaring a case of African swine fever. The protocol, which is Canada-wide, and even North American in this context, would then be triggered, because this would be a major announcement.

**Linda Lapointe:** Thank you.

We talked about the efficiency of Canada's ports. When you ship your products in containers—say, to Japan—do you track them until they arrive at the warehouses in Japan?

**Antoine Morin:** Yes, we have a tracking system that allows us to monitor the temperature inside the containers in real time and determine their location using GPS.

**Linda Lapointe:** Does your tracking tool make it possible to assess whether there is a difference in efficiency between Canadian ports and Japanese ports?

**Antoine Morin:** We are able to access all the data, whether it relates to transit times, unloading, or other aspects.

We are also able to conduct assessments based on seasonal factors or specific holidays, such as the Golden Week in Japan. We are aware that some countries have holidays during which businesses are closed, and we can assess the differences in unloading times associated with these events.

**Linda Lapointe:** Are you able to assess the efficiency of one port over another?

**Antoine Morin:** We can measure the efficiency of certain ports in terms of unloading. When it comes to Canadian shipments of fresh meat to Japan, we only have one port to consider, Vancouver; otherwise, the only other ports are Montreal and Halifax.

**The Chair:** Ms. Lapointe—

**Linda Lapointe:** I will be very quick. If you were to give Japan an A, for example, what efficiency rating would you give the Port of Vancouver: A, B, C or D?

**Antoine Morin:** I would say A when there are no interruptions. However, when work is interrupted, the port does not get the passing grade.

**Linda Lapointe:** It is a failure. Thank you.

[English]

**The Chair:** Thank you very much. That completes our two rounds.

Mr. Morin, thank you for your patience and for answering all the questions today. We usually have a couple of people on a panel, and you handled it all on your own. Thank you very much for that.

We will suspend. I believe our other witnesses for our next panel are almost ready. Instead of waiting until 12 o'clock, we could start as soon as they're ready if that's okay with the committee.

We will suspend for a few minutes.

• (1145) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1150)

**The Chair:** I'm calling the meeting back to order. Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, September 18, 2025, the committee is resuming its study on the forthcoming CUSMA study.

We have with us today, from the Canadian Cattle Association, somebody we see all the time: Mr. Fulton, president, by video con-

ference. From the Coffee Association of Canada we have Robert Carter, president, also by video conference.

In addition, from VidCruiter Incorporated, we have Sean Fahey, president and chief executive officer. I'm glad to see you in person.

Welcome to all.

We will start with our opening remarks.

Mr. Fulton, you have up to five minutes, please.

• (1155)

**Tyler Fulton (President, Canadian Cattle Association):** Thanks. It's great seeing you virtually again, Madam Chair.

Members of the committee, thanks for the opportunity to appear before you again to discuss the Canada-United States-Mexico Agreement, or CUSMA.

For those I haven't met, my name is Tyler Fulton. I'm the president of the Canadian Cattle Association, or CCA. I farm with my family near Birtle, Manitoba.

Through our provincial members, CCA represents approximately 60,000 beef producers across the country, supporting jobs, the economy, rural communities and food security. Through Canada's beef industry, over 350,000 jobs are created, and trade is a critical part of our sector.

I'm pleased to be here today to discuss Canada's most important trading relationship, that with the U.S., in the context of CUSMA.

The beef sector in Canada and the U.S. operates within a single market. We are fully integrated. Our industries built our infrastructure within the context of free trade. Live cattle, historically, have moved across the border relatively unimpeded and tariff-free, sometimes multiple times, before they become beef. They can then sometimes be traded one more time. Feed and inputs are also a critical part of the integrated market with the U.S. Integration lowers the costs for consumers on both sides of the border. It provides beef producers with more options and increases food security in Canada and the U.S.

The Canada-U.S. trading relationship and the upcoming review of CUSMA is the number one priority of Canada's beef sector. Each year, Canada's exports account for about half of the value of beef and live cattle that we produce. The U.S. accounts for 75% of those exports and Mexico about 5%. As we get closer to the CUSMA review, we are seeing more stakeholders on all sides of the border stand up and speak in favour of the important agreement.

Earlier this year, CCA was proud to join a trilateral agricultural industry letter to Minister LeBlanc and his counterparts in the U.S. and Mexico. The North American agricultural sector is aligned in supporting the renewal and strengthening of CUSMA. The beef cattle sector has built its business environment around CUSMA and its predecessors, NAFTA and CUSFTA. Our beef counterparts in the U.S. and Mexico also signed the letter. We are united in our asks of government to renew CUSMA.

CCA has been active since before the last U.S. election in working with stakeholders in the U.S. to promote our integration. We continue to engage with our U.S. counterparts, other stakeholders, Congress and, of course, our embassy on the ground. As we move forward towards the review, which will most certainly be a renegotiation, CCA is committed to working with government and stakeholders across North America to see through an agreement that keeps tariff-free trade flowing.

As you probably recall, I've recently spoken about our sector's concerns with the ongoing Mercosur negotiations at your committee. While I won't go into details again, I do flag the relationship of Mercosur to CUSMA. Our sector is worried that Canada is rushing to get a deal with Mercosur done on the eve of the CUSMA review without considering how this will impact our trading relationship with the U.S., Canada's largest trading partner.

We encourage Canada to keep CUSMA at the top of our trade agenda. While we support strategic trade diversification, when it comes to beef, Canada and the U.S. must work together to create the best product in the world. We cannot and should not jeopardize one of the best and largest beef supply chains in the world.

Thanks for your time. I look forward to your questions.

**The Chair:** Mr. Carter, please go ahead for up to five minutes.

**Robert Carter (President, The Coffee Association of Canada):** Thank you, Madam Chair.

Vice-chairs and honourable members, thank you for the opportunity to appear today.

My name is Robert Carter. I am the president of the Coffee Association of Canada, which is the national voice of Canada's coffee industry, representing our roasters, processors, distributors and importers, who form the backbone of our industry.

I don't have to tell any of you today that Canadians love coffee. You probably know that from your personal experiences just today, but coffee is more than just a very popular drink. It's part of Canada's economy in very real ways.

Coffee has an economic impact of approximately \$30 billion in the Canadian market, employing hundreds of thousands of people. We also export over \$1 billion in roasted and decaf coffee to the United States on an annual basis, including virtually all the decaf coffee Americans consume. This has been a deeply integrated, century-old supply chain that has benefited both countries. Because Canada's coffee is processed from beans grown abroad, it currently falls outside of CUSMA's rules of origin. For decades, that didn't matter, as both countries maintained zero tariffs regardless, but that predictability has gone.

The problem we have today is that just in the last 14 months, for example, we've gone from zero tariffs to 25% tariffs, 35% tariffs, 10% tariffs and, thanks to the agriculture exemption order, back to zero tariffs. Each move was made unilaterally without negotiation and can be reversed in the same way, so that instability has had a direct impact on what consumers pay in Canada, as well as in the U.S. The tariffs are disrupting supply chains, and those costs are being passed on directly not only to American shoppers, food service and restaurants, but also to the Canadian side as well.

The current zero tariff status is welcome, but it's not a solution as we see it. We know another U.S. consultation on tariff lists is imminent, and there's no guarantee coffee will remain excluded. Meanwhile, the damage to Canadian industry from the past year is real. We've lost U.S. contracts to American competitors. There has been deferred capital investment and plant underutilization here in Canada. Production has been shifting towards U.S. facilities, and up to 20,000 Canadian jobs are being lost and are at risk.

Our ask in the CUSMA review is the opportunity to make permanent what an executive order cannot. Currently, coffee falls outside of the CUSMA agreement, and that current exemption is provided through the treaty, not an executive order. We'd like to fix the rule of origin to recognize the value Canadian businesses add by roasting and decaffeinating coffee.

The current CUSMA rule—annex 4-B, heading 09.01—requires a change from another chapter entirely. We're looking to have that subheading level changed, meaning that roasting green beans into roasted coffee or decaffeinating them would constitute sufficient transformation for CUSMA originating status. We're not looking for a complex value-add calculation. The process is transformational, and it takes place in Canada. This matters to our entire industry, not only large processors that supply major U.S. retailers but also local roasters found in communities across the country. All of them add value in the transformation, but none of them can currently access CUSMA protection for that work.

Our U.S. counterpart's negotiators support this change in principle. We're also addressing Mexico, which has historically blocked this to protect domestic growers. We're working with our counterpart in the U.S., the National Coffee Association, and exploring conversations with Mexican stakeholders' engagement.

This is not just a Canadian issue. Every time tariffs disrupt the supply chain, American consumers and businesses feel it as well. The 2026 CUSMA review is the opportunity to fix that permanently for both countries.

Thank you very much, and I welcome questions.

• (1200)

**The Chair:** Thank you very much, Mr. Carter.

We'll move on to Mr. Fahey, please, for up to five minutes.

**Sean Fahey (President and Chief Executive Officer, VidCruiter Inc.):** Madam Chair and members of the committee, thank you for the opportunity to appear before the Standing Committee on International Trade regarding the 2026 review of CUSMA.

My name is Sean Fahey, and I'm the founder and CEO of VidCruiter Inc. We are a Canadian technology company headquartered in Moncton, New Brunswick, Canada, and we provide AI-powered hiring technology used by more than 125,000 people around the world.

[Translation]

We are proud to be a bilingual Canadian and Acadian company.

[English]

Since VidCruiter launched in 2012, approximately 50% of our revenue from day one of founding has come from the United States. As a Canadian technology exporter, I see first-hand the importance of stable access to North American markets. I've also seen the value of government support for Canadian businesses.

Earlier this year, I participated in the Canadian trade mission to Mexico, led by the Honourable Mr. Dominic LeBlanc, in which we developed relationships that have already created new opportunities for our business. For companies like VidCruiter, CUSMA provides the certainty needed to invest, hire and grow in Canada. That is why chapter 19, the "Digital Trade" chapter, of CUSMA is so important for technology companies like mine all across the country.

As AI becomes a larger part of our economy, maintaining a stable, predictable framework for digital trade will become increasingly important. As the committee considers Canada's priorities for the 2026 review, I would like to offer three observations.

First, the digital trade provisions of CUSMA have provided significant value to Canadian businesses across North America, preserving the certainty that these provisions will support continued innovation, investment and job creation in Canada. If we didn't have CUSMA or its previous equivalents, VidCruiter might not be in business today and it definitely would not be the success story of Atlantic Canada that it has become. This agreement enables Canadian tech companies to easily access the U.S. market, which tends to be an early adopter of new technology.

Second, there are opportunities to strengthen regulatory co-operation between the three parties, particularly in terms of privacy, cybersecurity and AI policy. Greater alignment can help Canadian companies scale more efficiently while maintaining strong protections and public trust. Specifically around AI policies, Canada can help shape these new standards, as they're still being developed today.

Where Canadian firms build to that standard, government procurement is a natural place to reward it.

• (1205)

**The Chair:** I'm sorry to interrupt, Mr. Fahey.

There's been a vote called. Is the committee in agreement to continue until the completion of the bells or for long enough for us to decide if we're here or if we're upstairs?

**Some hon. members:** Agreed.

**The Chair:** If we continue with our time, we could actually get through round one by the time we would have to vote. Maybe we'll just do five-minute rounds, and that way we can complete the session for today.

Please continue, Mr. Fahey.

**Sean Fahey:** How much time do I have left?

**The Chair:** You have two minutes and ten seconds.

**Sean Fahey:** My second point was about aligning AI policies between the countries. If we can align our AI standards, which are still being debated today, Canadian firms will build to that standard, and government procurement is a natural place to reward companies that do that: not preference for its own sake, but ensuring public systems run on AI that we can hold accountable to that standard.

Third, continued support for Canadian businesses seeking to grow internationally can help strengthen Canada's economic resilience. Trade missions, export programs and initiatives to help Canadian companies access new markets contribute directly to growth and employment here in Canada.

Government procurement can and must play an important role in building Canadian economic resilience. Public sector organizations should strive to be among the earliest adopters of innovative technologies built in Canada and make the procurement process easier to help foster Canadian companies while ensuring the government receives the best value for taxpayers.

For many Canadian technology companies, the biggest challenge is not developing technology; it's navigating complex procurement processes and scaling successful solutions across the government. Where technology has demonstrated value within one department, there may be opportunities to explore more efficient pathways to broaden that across the entire government. Streamlining access to enterprise-wide licensing of software within the Canadian government could help proven technologies get access across multiple departments, enabling the government to scale, and streamlining these software contracts internationally could help even more.

For example, currently the United States has something called FedRAMP, which is a U.S. procurement body to govern how software companies can sell to the U.S. government. Canada has an equivalent called RFSA. They do not see eye to eye, so I have to register in both countries to sell to equal governments. It takes two years to register with the U.S. and costs millions of dollars. However, I'm already registered to sell to the Canadian government. If those were seen as equals, we could directly sell to the U.S. government tomorrow morning, which would be a huge opportunity for all Canadian tech companies. The U.S. companies do not have such a barrier to entering Canada.

• (1210)

**The Chair:** Thank you very much. Those were very interesting comments.

Mr. Mantle, you have five minutes, please.

**Jacob Mantle:** Thank you, Madam Chair.

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

Mr. Carter, I have a few questions for you first. I understand that roasted coffee was subject to retaliatory surtaxes until September of last year. On roasted coffee in the United States that was imported into Canada, Canadian importers and consumers paid retaliatory surtaxes. Is that correct?

**Robert Carter:** Yes, that's correct.

**Jacob Mantle:** I understand that this is largely because of an issue between "origin" under the free trade agreement and "marking"

under the retaliatory surtaxes. Although roasting coffee in the United States would not change its origin, for the purposes of Canada's retaliatory surtaxes we considered it to be marked as a good of the United States, and we therefore applied those retaliatory surtaxes. Is that correct?

**Robert Carter:** That's right.

**Jacob Mantle:** Forgive me if I'm misunderstanding this, but as far as I know, Canada does not grow coffee beans. Other than a few places in the United States, the United States really doesn't commercially grow coffee beans either.

**Robert Carter:** Yes.

**Jacob Mantle:** Why did the Government of Canada put surtaxes on roasted coffee?

**Robert Carter:** That's a great question. I think retaliatory tariffs are just a standard and legitimate trade policy response. It signalled that Canada will not accept unilateral measures without costs to the other side. I think from our standpoint, it had an impact overall. I can't really speak to the policy behind it other than that we see it as a standard and legitimate trade policy response.

**Jacob Mantle:** Yes. Thank you for that. I mean, the government said they would try to target products that Canada made itself or that it could get other places. Do you know what happened to the money that was collected from your members, who paid those surtaxes? Did the government keep that money, or have they given it back to you?

**Robert Carter:** That's a great question. I'll have to follow up with you on that. I'll provide a written response after this.

**Jacob Mantle:** To the extent that the government has kept that money from your importers for products that we don't make in Canada, do you think the government should return that money now that they've cancelled those surtaxes?

**Robert Carter:** Yes, that's a good question, and I think it's one on which we've had different dialogue with some folks in terms of what the process will look like. It's hard for me to say, at this point. We've had different conversations with our members.

That's something else I might follow up with you on.

**Jacob Mantle:** As a general proposition, do you or do you not want that money back?

**Robert Carter:** I would suggest that our members would be interested in that conversation, for sure.

**Jacob Mantle:** Okay. I think we understood your answer.

I have another question on the U.S. dispute. One thing I've discovered about coffee is that it falls outside the CUSMA, or the USMCA, in the sense that roasted coffee does not result in originating status for that good. When Canada has exemptions for U.S. actions for CUSMA-compliant goods, which it has received over the last several tariff actions by the U.S. administration, coffee has not been included in those, because it can't originate under the agreement. Is that right?

**Robert Carter:** That's correct.

**Jacob Mantle:** Therefore, although we may have some relief, there's no relief for your industry. You're paying that full freight. Most recently it was 10%. That's been struck down as well, but it's under appeal. You were paying full freight for that despite the idea that CUSMA goods are exempt.

**Robert Carter:** That's correct.

**Jacob Mantle:** Okay.

We've often heard that Canada has the best deal in the world with the United States, but as I think your industry points out to the committee, there are some industries in which that's not the case, because they cannot benefit from the agreement.

**Robert Carter:** That's correct. Yes. Right now the agreement is not recognizing the substantial transformation that is the true value-add that takes place here in Canada. It's really a simple heading change that we're looking to implement in the CUSMA negotiations. It's just having that substantial transformation recognized, because right now it's invisible.

• (1215)

**The Chair:** You have nine seconds.

**Jacob Mantle:** Thanks.

**Jacob Mantle:** Okay.

Mr. Fahey, what's your view on the data localization in chapter 19?

**Sean Fahey:** That falls outside the purview of what we do. That would be a bigger tech company issue.

**The Chair:** Thank you very much.

Mr. Fonseca, please go ahead for five minutes.

**Peter Fonseca (Mississauga East—Cooksville, Lib.):** Thank you to our witnesses for your testimony.

I'd like to start with Mr. Fulton.

Welcome back to our committee. You're a regular here. We thank you for that, and we thank you for the 350,000 jobs for employees in your sector.

I also want to thank you for the letter that your association put together with your counterparts and sent to negotiators and to Washington in terms of working together and understanding how

important CUSMA is for all three countries—how it works well, how it should be renewed, how it should be improved and how we should get this agreement over the next 16 years. It is also what Minister LeBlanc has written to his counterparts that he's negotiating with.

Prime Minister Carney has emphasized a team Canada approach. I can tell you that it worked very well as we negotiated NAFTA. In your opinion, how important is it that governments, industry and Parliament speak with one voice to defend Canada's interests during these trade negotiations? How important is that?

**Tyler Fulton:** We have a long history of working with the government in negotiating the agreements. Our experience has been that we get an agreement of far higher quality when there's collaboration and work done together.

If I can infer some take-home messages from what you're saying, I think you're saying that there needs to be a strategic approach to trade, even in this current environment of the trade diversification agenda. That's 100% what we advocate in the beef sector.

I would say, on behalf of the ag sector, that this is exactly what there's unanimity on.

**Peter Fonseca:** When you hear parliamentarians or party leaders criticize Canada's position or undermine Canada in some way, would that strengthen Canada's hand with its trading partners or risk undermining those negotiations, which are so important to your sector, to all workers and to Canada?

**Tyler Fulton:** Broadly, in this environment, there is a desire to come together and get the best deal for Canada. This is not to say that there are no criticisms or valid points in questioning the strategy that's being employed.

My perspective from a beef producer standpoint is really about creating the conditions to eliminate uncertainty, because that gives very well with an investment approach. It is one that the beef sector has been really hammering down on over the course of the last two years because of the demand for our product.

**Peter Fonseca:** It speaks to our negotiating leverage and to eliminating or trying to address any kind of uncertainty by taking that team Canada approach.

Mr. Carter, Mother Parkers is in my riding of Mississauga East—Cooksville. I want to ask you how integrated Canadian and American coffee supply chains are and why preserving that integration is so important for us.

**Robert Carter:** The short answer is that they're very integrated. We have coffee companies that are over 100 years old and have had a nice, established supply chain with the U.S. The U.S. is an important trading partner from a Canadian standpoint. It's very well integrated, with good long-term relationships.

• (1220)

**Peter Fonseca:** Mr. Fahey—

**The Chair:** Make it very short.

**Peter Fonseca:** Prime Minister Carney and Minister LeBlanc emphasize innovation as a key pillar of our strong Canadian economy. How can trade agreements help Canadian technology firms scale internationally?

**Sean Fahey:** I think the key one I mentioned is that, if we would recognize each other's government procurement vehicles as equal, it would open up an entire sector that takes years to sell into right now, with a lot of red tape and paperwork.

We're currently in the process of accepting theirs, so it would be nice if that would be both ways.

**Peter Fonseca:** Thank you.

**The Chair:** Thank you very much.

Mr. Deschênes, you have five minutes, please.

[Translation]

**Alexis Deschênes:** Thank you, Madam Chair.

Mr. Fulton, from the Canadian Cattle Association, thank you for being with us.

I really liked your answer. We can work together, but we can also offer criticism. We still live in a democracy, where we need to have discussions. To start with, I would like to ask you this: How would you describe the current state of negotiations and the Canadian government's approach to the upcoming renewal of the CUSMA?

[English]

**Tyler Fulton:** We've been received very well in terms of understanding our perspective and our desire to really eliminate the uncertainty and maintain CUSMA, as we've benefited from the agreement in the last five years. I have confidence that the government understands how much we rely on the two-way trade in the beef market and how that not only builds resilience within the sector but also builds resilience for all the food security in our two countries.

[Translation]

**Alexis Deschênes:** What are you hearing from the people you talk to in the United States?

[English]

**Tyler Fulton:** They have exactly the same position. I am very confident. We meet with my U.S. counterpart, the National Cattlemen's Beef Association, three to five times per year. Quite simply, there are a lot of similarities in terms of not only the culture around the industry but also the reliance on free trade principles that benefit the sector.

[Translation]

**Alexis Deschênes:** Do you feel that your counterparts in the United States are putting more pressure on President Trump?

[English]

**Tyler Fulton:** Yes, they have been a vocal advocate for beef farmers and ranchers in the United States, and they have a really effective staff team who convey the same messages that we are conveying to our government. There's a ton of alignment, and we work fairly closely with them.

[Translation]

**Alexis Deschênes:** Do you feel that their patience has reached its limit, or that there are people in the United States who are getting increasingly frustrated and, as a result, increasingly motivated to ramp up the pressure in an effort to convince the administration?

[English]

**Tyler Fulton:** That's probably not for me to comment on, in terms of their relative patience. I would say that there is a lot of uncertainty, whether it be within agriculture and our sector, whether it be from the New World screw worm—a new pest that's just been found in the United States—or whether it be due to any of the chaos on the trade front.

I can speak confidently. They are experiencing something similar to what we are experiencing here in Canada, and we feel that we're just trying to weather the storm.

[Translation]

**Alexis Deschênes:** Mr. Fahey, Minister Solomon is expected to announce an artificial intelligence policy this afternoon. What are your expectations in this regard?

**Sean Fahey:** We would like the government to implement standards that are not as strict as the European ones, but that are stricter than the American ones.

At this point, Canada has not yet defined how artificial intelligence will be regulated. Ideally, we should aim to strike a balance between Europe and the United States. It would help Canadian companies in that field to sell their products in the United States, because we are at a higher-than-average level. As far as Europe is concerned, we might almost be at their level. So it would be easier to make the leap to continue selling in that market. This gives us a little protection in the sense that people who want to come to Canada must comply with our standards. It is important to have well-defined standards. Currently, in the United States, they are not well defined.

• (1225)

[English]

**The Chair:** Thank you very much.

I'm going to see if we can get a bit more testimony in.

Mr. McKenzie is next for four minutes, Ms. Lapointe for four minutes, and then, if we can, we'll get to Mr. Deschênes for one minute. Then we can end the meeting and go to vote.

Mr. McKenzie, you have four minutes.

**David McKenzie (Calgary Signal Hill, CPC):** Thank you very much.

Mr. Fahey, you mentioned participating in the Canada trade mission to Mexico in early March.

**Sean Fahey:** That's correct.

**David McKenzie:** Can you inform us a little about your engagement and participation with the Canadian trade commissioner service and how that went? Did you feel it was well organized? Was your company well supported by our trade commissioner service?

**Sean Fahey:** I hadn't done a mission like that in 10 years, and never of that size. It was extremely well run and very impressive from start to finish. They had preset meetings for us with some of the biggest companies in Mexico, and at a high level. In one case I met with the chief operating officer of an airline. It was a pretty big company that could buy our services across its entire organization. We also met with matchmaker-type organizations, which we have now engaged with contractually as partners to help distribute our products within different regions of Mexico.

As for all the points you mentioned, it was a great mission. We had great meetings and great outcomes. I would definitely do it again. When it's at that level, it is phenomenal.

**David McKenzie:** Did you spend your time just in Mexico City? If I recall correctly, there were side cities involved in that trade mission.

**Sean Fahey:** Yes, we went to Monterrey as well, where we met with the AI lab they have there. There's top-notch work being done over there. We partnered with a group from Monterrey that is running the AI lab there to help with our product expansion in that area. Both regions were great. Overall, it was a great experience.

**David McKenzie:** Do I understand correctly that you may purchase some services from a Mexican firm, as well as having marketing opportunities in Mexico?

**Sean Fahey:** It would be in terms of getting more staff, I think. We would need Mexican staff to help with post-sales service. We already had a few clients in Mexico, but we were serving them in English and French. Serving clients in Spanish is the next tier for us, and we will eventually build a team there to support the clientele we're getting.

**David McKenzie:** Do you have any recommendations for the trade commissioner service on things that could be improved based on your experience?

**Sean Fahey:** We did submit a few at the time. I didn't have many. It was from the point of view of matchmaking, meetings and everything like that. Even when they had meetings to which someone didn't show up for whatever reason, they would find someone else who was free and put them on the spot to meet with us immediately. As we are a company selling into that market, having meetings all day long with decision-makers was a really good experience. They had interpreters on the spot too, which was really good.

They needed an interpreter on the spot for the meetings they found, and that was all facilitated in real time.

**David McKenzie:** That's outstanding. I'm very glad to hear it.

Mr. Fulton, it strikes me—and this is my opinion—that our government right now is rushing to put a trade agreement in place with Mercosur. At the same time, we're not rushing to get an agreement in place respecting CUSMA.

Are you concerned about the pace at which these two things are happening? On the one hand, I hear, “Well, let's not rush into a bad deal”, yet we're rushing. Do you have an opinion on that, sir?

**The Chair:** Make it a brief answer, Mr. Fulton, please.

**Tyler Fulton:** I'm very concerned about the hasty agreement that's being worked on with Mercosur. It does not seem to align with the trading relationship we rely on as a country. Specifically as a beef sector, there's no replacing the U.S., given that 75% of our exports are destined for that market. That's where the focus should be placed.

**The Chair:** Ms. Lapointe, you are next for four minutes, please.

[Translation]

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

Thank you very much to all the witnesses for being with us today. They are very helpful to us in this study.

Mr. Fahey, you alluded earlier to chapter 19 of the Canada-United States-Mexico Agreement, or CUSMA, which is being renegotiated. The last iteration of this agreement was negotiated in 2017-18.

Technology has changed so quickly. I would like your opinion on that. Earlier, you alluded to European and American standards. I would like to know what you would like us to prioritize in this regard, as CUSMA is being renegotiated.

● (1230)

**Sean Fahey:** I think that we have to make sure that our actions, our AI regulations, do not affect Canadians' lives. We need specific Canadian laws that protect Canadians. In fact, we are not sure whether we have all the information that is out there on both sides.

Take our company, for example. Yesterday, I went on ChatGPT and I asked the tool for the best companies in my sector that sell this type of product. My company was not mentioned. I asked why VidCruiter was not mentioned and one of the reasons given was that we are a Canadian company. Why would it matter when I am carrying out this search in Canada? Why was my company not mentioned? This is just an example of some research I did yesterday for fun, as a topic for discussion. Still, it shows that there are no safeguards or anything in place.

The Canadian Radio-television and Telecommunications Commission has some safeguards. In fact, a certain percentage of recommended content or television content must be Canadian. I do not know whether you have encountered this when you search on Google right now. However, from an AI perspective and the decisions that are made, we need to have a Canadian component that is overseeing and ensuring that Canadians are protected, that Canadian companies are protected, and that everyone operating in that market is protected.

I am not an expert in this area. My head of AI is responsible for that. We can sit down with you to discuss it. There are some policies that protect Canadian companies and that require a minimum quality standard when buying AI products.

In my field, although we use AI to make hiring decisions—that is the product we are selling right now—we can see exactly why the AI tool made that decision. There is no black-box algorithm. We can see that such a decision was made for such and such a reason or because the candidate said such and such a thing. It is very clear and precise. Those are the kinds of standards we see in Europe.

The United States has not really implemented any standards. The government wants companies to set the standards themselves. However, companies are saying that it is up to the government to implement them. As a result, nobody is doing anything.

Here, we have an opportunity to implement at least a few standards that are a little higher than those that currently exist and that will protect Canadian companies.

If American companies want to come and sell their AI products here, they would have to comply with Canadian standards, just as they do with the General Data Protection Regulation. To simplify things a little, let me compare this to milk. The same is true for milk. We do not let milk enter Canada because its quality is not as good. We need the same kind of standards for AI.

If the government helps us purchase these technologies, we can show that this exists. Otherwise, no Canadian company will even be in the field.

We need more and more policies like the buy Canadian policy. It is a very good policy, a very strong policy. If this policy could be enhanced, it would help all Canadian companies offer their products on the market.

**Linda Lapointe:** In terms of—

[*English*]

**The Chair:** Okay. You have 17 seconds left, and I'm trying to get a minute in for Mr. Deschênes.

[*Translation*]

**Linda Lapointe:** Thank you very much, Mr. Fahey. Feel free to send us information in writing on that so that we can take it into account in our study.

[*English*]

**The Chair:** Thank you all very much.

We have to go to vote.

Mr. Deschênes, do you want to try to get a question in?

Go ahead, please.

[*Translation*]

**Alexis Deschênes:** Okay, I'll try. Thank you, Madam Chair.

Mr. Carter, when it comes to forced child labour, we know that the Americans are claiming that this is an issue in the coffee industry. What measures are being taken on your end to ensure that the coffee you buy does not come from forced child labour?

[*English*]

**Robert Carter:** I apologize, but the interpretation isn't coming through.

• (1235)

[*Translation*]

**Alexis Deschênes:** I will repeat the question to allow the interpreters to translate what I am saying.

Mr. Carter, what measures are you taking to ensure that the coffee you buy does not come from places where forced labour, child labour, is used?

[*English*]

**Robert Carter:** I apologize. Again, the interpretation is not coming through the headset.

**The Chair:** All right. Thank you very much.

We have gone this far. We have a vote. I'm going to end the meeting. By the time we vote, we won't need to come back.

Is everybody okay with that?

**Some hon. members:** Agreed.

**The Chair:** Thank you very much to our witnesses for your information. I'm sure we'll see you back again before too long.

The meeting is adjourned.







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