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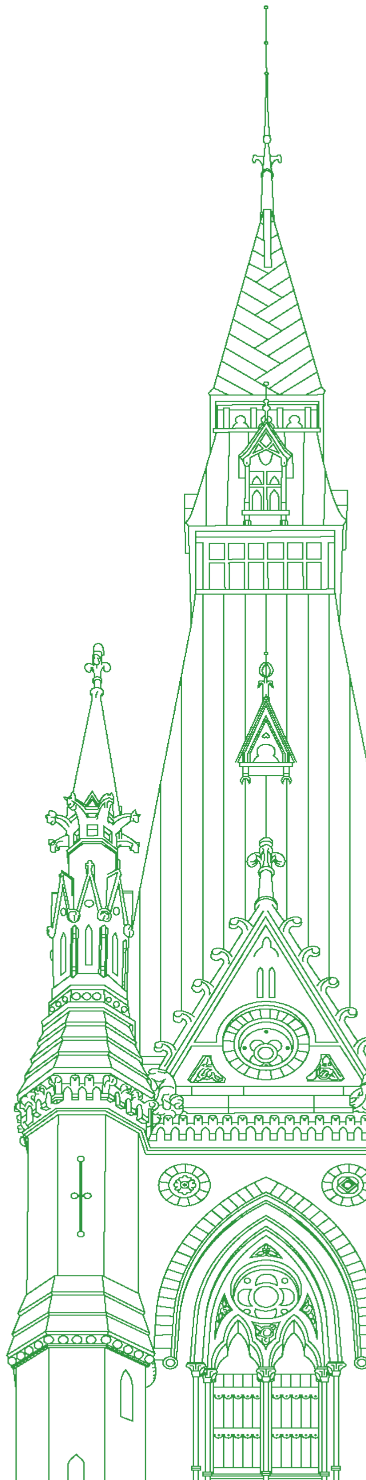

Chair: Judy A. Sgro

Standing Committee on International Trade

Thursday, June 11, 2026

● (1105)

[*English*]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I call the meeting to order. This is meeting number 43 of the Standing Committee on International Trade.

Welcome to all of the committee members and to our witnesses.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, May 5, 2026, the committee is resuming its study of international trade-related activities of certain federal entities.

We have with us today, from the Business Development Bank of Canada, Véronique Dorval, chief operating officer and executive vice-president, and Pierre Cléroux, vice-president of research and chief economist, who is joining us by video conference. From Export Development Canada, we have Todd Winterhalt, senior vice-president of international markets and head of communications and public affairs, and Joanne De Franco, vice-president of global business development.

Witnesses, I'll remind you to have your earpieces on. You'll have questions in both English and French. If you need interpretation, please ensure that you're ready. I know you're very well equipped for all of this.

Welcome, again, to all of you. We'll have opening remarks.

Ms. Dorval, I invite you to make your opening remarks for up to five minutes.

[*Translation*]

Véronique Dorval (Chief Operating Officer, Executive Vice President, Business Development Bank of Canada): Madam Chair and members of the committee, I'd like to thank you for inviting me to speak to you about the Business Development Bank of Canada.

The Business Development Bank of Canada is the only bank dedicated exclusively to Canadian entrepreneurs. Its mission is to support them by providing financing, advisory services and venture capital.

[*English*]

We operate on commercial principles, supporting over 107,000 clients across the country. Of these, about 7% export. As outlined in the BDC Act, we are focused on the domestic market, with the export-enabling role for businesses well served by sister Crowns, such as the EDC.

Our view is that the BDC's role in helping create, grow and scale SMEs creates the ideal preconditions for exporting companies. Small and medium-sized enterprises are the backbone of the Canadian economy. They represent 99.7% of all businesses and account for 64% of private sector employment.

[*Translation*]

That's why the Business Development Bank of Canada has a presence across the country, with 109 business centres. Thanks to this nationwide presence, our loan and interest portfolio stood at $57 billion at the end of the 2025 fiscal year.

This work generates tangible economic benefits for Canada. Based on the 2025 fiscal year, the Business Development Bank of Canada estimates that its activities will contribute $25 billion to Canada's gross domestic product over the next five years.

[*English*]

We are equally committed to delivering value to our shareholder, the Government of Canada, by operating as a well-managed Crown corporation. The BDC operates on commercial principles, remains profitable and fully funds its core operations. This ensures that we do not rely on taxpayer funding. In fact, our profitability has allowed us to return dividends back to Canadians. Over the past five years, BDC has paid $1.4 billion to the Government of Canada.

[*Translation*]

When it comes to international trade, the Business Development Bank of Canada makes a meaningful contribution to the broader effort to support businesses grappling with tariffs and the persistent uncertainty associated with them.

Through our core activities, we provide working capital to help businesses continue to grow while protecting their liquidity. We also offer advisory services to strengthen businesses' strategies, operations and productivity.

[*English*]

I'm joined today by our chief economist, Pierre Cléroux, whose team has delivered over 280 presentations across the country since the tariffs were introduced, in addition to producing accessible research and tools that support entrepreneurs and inform them in their business decisions.

We also play a key role within the Government of Canada's broader tariff response, delivering a number of tariff relief programs with flexible financing and advisory services to help businesses adapt and continue to grow. This includes about $200 million in loans and close to 600 advisory mandates delivered under the pivot to grow program for smaller businesses directly affected by U.S. tariffs or the uncertainty they cause.

For softwood lumber businesses, the BDC has guaranteed over $300 million in loans and letters of credit through partner financial institutions.

[*Translation*]

More recently, the Business Development Bank of Canada was tasked with implementing a $1 billion funding package for companies in the steel and aluminum sectors to help viable businesses remain operational and resilient in the coming months.

The Business Development Bank of Canada remains firmly committed to supporting Canadian entrepreneurs during this period of uncertainty, while continuing to operate on a financially sustainable basis and delivering value to Canadians.

Thank you. I would be happy to answer any questions from committee members.

[*English*]

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

We're going on to Mr. Winterhalt and Ms. De Franco, please, for opening remarks of up to five minutes.

● (1110)

[*Translation*]

Todd Winterhalt (Senior Vice-President, International Markets, and Head of Communications and Public Affairs, Export Development Canada): Good morning, everyone.

Madam Chair and members of the committee, I'd like to thank you for inviting me to appear before you.

With me today is Joanne De Franco, vice-president of global business development.

[*English*]

EDC is very pleased to be back at the international trade committee and looks forward to contributing to the committee's study on key challenges, opportunities and support tools available to Canadian exporters as they navigate a challenging and evolving trade landscape.

[*Translation*]

If I may, Madam Chair, I would like to summarize the mandate of Export Development Canada for the benefit of those who are less familiar with us.

We are part of Canada's international trade ecosystem, and our mission is to support and develop Canada's international trade.

[*English*]

We support Canadian companies with insurance, direct lending and working capital to help them manage risk, find new buyers, participate in large projects or establish operations overseas. Leveraging our 26 international representations around the world, we offer market insights and connections to help exporters find new trading partners. Together, this helps exporters and investors lower risk and access the capital they need to enter new markets.

In 2025, EDC served approximately 24,000 Canadian exporters, facilitating over $135 billion in exports, foreign investment and trade development. EDC's business supported an estimated $97 billion of Canada's gross domestic product, or more than 3% of total Canadian GDP. It also supported approximately 580,000 full-time jobs across the country.

Like our colleagues at BDC, we operate on commercial terms, which ensures that our work complements that of private commercial banks and insurers. Consistent with this model, EDC does not provide grants or subsidies.

At our core, we are a customer-needs driven organization, and in 2026, Canadian exporters and investors are very clearly telling us that they are looking to diversify. In fact, our 2025 trade confidence index survey found that over 65% of Canadian companies were planning to diversify their markets into new regions within the next two years. This is a continuation of an upward trend towards diversification that started in earnest following the end of the pandemic.

Furthermore, over the past 10 years, EDC research has found that the export pathway for Canadian companies has fundamentally shifted. The share of Canadian companies that start out by exporting only to the U.S. has declined by nearly half. Over the same period, the share of companies that start out by exporting to multiple global markets has more than tripled.

The U.S. remains and, in our view, will always be Canada's most important market, with nearly three-quarters of exporters being either highly or moderately dependent on it, but the imperative to diversify now, in this transformational moment for global trade, is exceptionally strong. Working with our diverse group of buyers and multiple markets has long been known to boost an exporter's performance and prosperity. Today, it has become an imperative. The Canadian trade ecosystem has begun to galvanize around this purpose, and now we need to execute.

The performance highlights I shared earlier underscore EDC's propensity for impact. Our primary focus is to help Canada become a more resilient, competitive and secure trading nation. EDC is proud to serve as a catalyst for growth in Canada's most promising and future-oriented sectors, sectors such as critical minerals, energy and energy transition, agri-food, and defence and security. We can leverage our extensive and growing international presence to grow Canadian business in high-potential markets such as Europe and the Asia-Pacific region.

Finally, with our project finance team, one of the largest and most experienced in all of Canada, we can help support the domestic infrastructure build that supports trade and productivity enhancements here at home and facilitates diversification at the necessary scale.

[*Translation*]

Thank you for giving me the time to share some information with you about EDC and international trade.

[*English*]

We look forward to offering you some more information and addressing your questions.

Thank you.

The Chair: Thank you very much.

We will now open the floor for questions.

Mr. Mantle, you have six minutes, please.

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

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

Ms. Dorval, you mentioned the pivot to grow loan program. I understand there are several other programs that BDC operates with respect to what I would generally call tariff relief or mitigation: forestry support program; steel and aluminum industries support program; small business loans; business purchase or transfer loans; working capital loans; and the softwood lumber guarantee program. Have I captured all of them?

● (1115)

Véronique Dorval: We have the pivot to grow program, softwood lumber guarantee, LIFT, steel and aluminum, and forestry.

Jacob Mantle: Of the programs, these are the ones that are targeted at mitigation.

Véronique Dorval: Yes, that is right.

Jacob Mantle: Excellent.

The committee is obviously very interested in the programs that the government is operating to help mitigate some of the effects of tariffs on Canadian companies. Would you undertake to provide the committee with a list of the companies that have taken advantage of those programs and the amounts of the contributions they've received?

Véronique Dorval: I can give you, here, numbers of how many companies have taken advantage of the program. I don't have all the names of the companies available, but if it's helpful....

Pivot to grow is a program that focuses on helping entrepreneurs affected by either the tariffs or the economic uncertainty. It has an envelope of $500 million. For now, a little more than $200 million has been deployed across 157 loans and more than 600 advisory mandates. There is an important component here that is beyond financing. It's just helping entrepreneurs define their strategy of how they adapt to the environment.

Jacob Mantle: In the interest of time, could you submit in written form to the committee some of that information on the size of the program and, in particular, the names of the companies that have taken advantage of that?

Véronique Dorval: We can provide more details on those programs in writing, absolutely.

Jacob Mantle: Thank you very much. I appreciate that.

I'd like to ask you a little about some of the economic analysis that BDC undertakes. I know you do your monthly economic letter, forecasting what the economy looks like.

My understanding of a recession is two quarters of negative or stagnant growth. Is that correct?

Véronique Dorval: I'm going to let Pierre, our chief economist, answer your question about that.

Pierre Cléroux (Vice-President, Research and Chief Economist, Business Development Bank of Canada): Thank you.

The definition of a recession is quite complex. In Canada, C.D. Howe is the organization that will make a decision on, I would say, whether Canada is in a recession or not. The two quarters in a row refers to what the media is calling a technical recession, but this doesn't mean that it's a formal recession.

Jacob Mantle: Could you define for me the difference between a formal recession and a technical recession?

Pierre Cléroux: A technical recession is, as you said, two quarters in a row of negative growth. To have a recession—and as I said, in Canada, C.D. Howe is the organization that is responsible for deciding if we are in a recession or not—you basically require a deeper decline in economic growth and more job layoffs. These are different components that will make the decision of a recession for any country.

Jacob Mantle: Thank you.

Is a technical recession a good thing for a country to be in? Is a technical recession an indicator of a strong economy?

Pierre Cléroux: A technical recession means that the GDP declined two quarters in a row. That's really the definition of a technical recession.

Jacob Mantle: Thank you.

In your economic update, you talked about residential investment weighing on growth. One thing the letter doesn't refer to is the non-residential investment. In my last minute and a bit, I want to get your views on that, because non-residential investment is critical for productivity, as I understand it.

C.D. Howe has recently—I guess in March—put out their analysis that we're 25% below the 2014 peak of non-residential investment. Productivity investment in machinery, plants and equipment is below the replacement rate. Is it BDC's view as well that productivity-related investment is below our peak and declining?

● (1120)

Pierre Cléroux: In 2025, non-residential investment had zero growth for the year. This is really related to the fact that there was a lot of uncertainty in the economy.

Businesses have been very cautious about investing more. If we didn't have an increase in business investment in 2025, we can conclude that the investment in terms of productivity is probably slowing down.

The Chair: Thank you very much.

We have Mr. Lavoie, please, for six minutes.

[*Translation*]

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

I'd like to thank the witnesses for accepting our invitation. I imagine you didn't really have a choice, but we're pleased to have you here. The study we're conducting here is important. I'm the one who moved the motion for this study because I wanted to have the opportunity to speak with you. The two institutions you represent play an essential role. I've worked in commercial banking, and I've seen projects carried out through EDC and BDC. You play a truly essential role for our Canadian businesses.

As my colleagues know, two of the words that have come up most often since I joined the Standing Committee on International Trade are “predictability” and “unpredictability”. All the businesses we've met with talk only about that. However, the world has changed. Many international experts have appeared before us and told us that it could stay like this for a very long time. Having worked in banking, I know that these are often cycles. The cycle slows down, and then investment picks back up. However, in this kind of unstable context, which is likely to last for a long time, adjustments will likely be needed, both on the banks' side and on your side.

I've read your annual reports. For example, I very much appreciated EDC's report. There is one sentence I would like to quote. It's something we've heard often, but it sums up the situation well. It's under the heading “Global trade is evolving”. It says, “Contrasting trends are at play in global trade, with protectionist and liberalizing forces evident in different markets and regions”. Your strategic priorities are clear.

The same applies to BDC. In the section entitled, “Redefining bankable”, you compare data between 2020 and 2025. It shows that you are closely monitoring changes.

Having said that, I will now turn to my question. It's for both organizations, so you can answer it in turn.

There's a before and an after. What I mean, for instance, is that you made some changes at BDC between 2020 and 2025, and we can see the trend between 2020 and 2025 with regard to SMEs. However, this was a process that began in 2018-19, before those changes were implemented.

Here's what I would like to know today. Given the changes we've been experiencing over the past year and a half to two years, what measures are you currently considering or implementing that differ from what you were doing before to address these changes, which are not temporary and may well be permanent?

I'd like to make one final comment. If you don't have the answers today, that's fine; you can provide us with detailed answers later. I would ask you to provide concrete, down-to-earth answers. I say this because, when we met with representatives from the Canadian Bankers Association and asked them a similar question, they were 50,000 feet up in the air. It was too far removed.

We know that the majority of businesses you can serve are SMEs. I'd like you to tell us about the concrete actions you're currently implementing or plan to implement, not what you did in the past, to adjust and help our businesses export, diversify their markets and move into new sectors. I'm thinking of BDC, which can adapt and finance sectors that weren't previously financed. I'm thinking of defence, for example.

My question is quite broad. I hope it will allow us to have a meaningful discussion today about how you plan to support SMEs. Your two organizations can act in a complementary way in this regard.

I'll leave it at that. I'll give you time to answer the question.

Who wants to start? It could be Ms. Dorval or Mr. Winterhalt.

Véronique Dorval: I'll start.

First of all, we're well aware that the changes we're facing are not just temporary, but structural.

Over the past year and a half, we've adapted very quickly to the situation. Many of the programs we're discussing today were launched in a matter of weeks—some of them in just days—to address these challenges. Indeed, we're well aware that entrepreneurs also have to adapt quickly.

In the current context, we believe that our core offerings remain relevant, but that we need to tailor our support to the affected sectors while investing in measures that will help businesses.

For example, we recently launched the LIFT program to help companies invest in productivity. We know that businesses need to invest in AI, robotics and automation, and we want to help them by offering consulting services and financing so they can implement measures that will make a difference. This is a more structural type of support aimed at improving productivity.

You also mentioned more support for strategic sectors. Defence is one of those strategic sectors. We are about to roll out a platform worth more than $6 billion over the next few years to support this sector, which is essential to our economic sovereignty and security.

We are currently reviewing our strategy, and we'll continue this work over the coming months to move forward in this direction. We'll determine which other strategic sectors we want to invest more in. I can tell you that productivity will continue to be a truly important factor.

The third aspect I'd like to address is business transition. Many business owners are reaching a point where they want to sell their companies, and this is a key opportunity to create value. We know that this turning point can either destroy or create value because it's also a time when organizations can significantly boost their productivity. This is another key area in which we're now actively engaged.

● (1125)

Steeve Lavoie: Thank you, Ms. Dorval.

I see that my time is up, but I'll have another turn and I may give the EDC representatives a chance to respond then.

[*English*]

The Chair: Thank you.

Mr. Simard, go ahead, please, for six minutes.

[*Translation*]

Mario Simard (Jonquière, BQ): Thank you very much, Madam Chair.

Ms. Dorval, as you know, the softwood lumber dispute began in 2017. However, to my knowledge, there was no support program for the forestry industry until 2025. Actually, it wasn't launched until 2026.

Véronique Dorval: That's right. The BDC had no forestry industry program until 2025.

Mario Simard: Neither did EDC. There was no export support specifically for the forestry sector from 2017 to 2025.

[*English*]

Todd Winterhalt: Yes, we've always been open for business to support the forestry sector, from—

[*Translation*]

Mario Simard: Are you sure you mean 2017 to 2025?

[*English*]

Todd Winterhalt: Yes, sir.

[*Translation*]

Mario Simard: After the meeting, could you send us, in writing, the type of support you provided, by province, from 2017 to 2025?

[*English*]

Todd Winterhalt: We'd have to come back to the committee with that.

[*Translation*]

Mario Simard: Thank you.

In 2025, the government announced that there would be a liquidity support program for the forestry sector. If memory serves, the announcement was made in August 2025. The briefing from your office took place in late October or November. There was a presentation. However, in January and February, companies were still calling me to say they hadn't received any funding and that they were really struggling.

I'm not criticizing you. That said, I would like you to tell us—without naming the companies if that's not possible—at what point companies began to have access to liquidity. I'm most interested in Quebec, but you can also tell me how things are in the other provinces.

My colleague asked a similar question earlier. You mentioned $300 million in loans. Apparently that's the amount you've granted in loans to date. It would be helpful if you could provide us with this information in writing, indicating when it began and breaking down the data by province. Do you know when it happened?

Véronique Dorval: The program was officially launched on October 15, 2025. I don't happen to have the date the first loan was made, but I can confirm that more than $300 million has been disbursed—

Mario Simard: That's for all of Canada.

Véronique Dorval: Yes, that's for all of Canada. The money was disbursed in the form of loan guarantees and loans, sometimes directly, sometimes through financial institutions.

Yes, we can provide you with that information in writing, broken down by province.

Furthermore, we support this sector not only through this program but also through our standard offerings. We have always supported this sector.

We can provide you with that information.

● (1130)

Mario Simard: You're saying you've always helped this sector.

Véronique Dorval: Yes, with our standard offerings, excluding special programs, we've always—

Mario Simard: What did you have for the forestry sector from 2017 to the present? Would it be possible to share that information with us as well?

Véronique Dorval: Yes, we can send it.

Mario Simard: To be clear, I'm asking about assistance that was offered.

If I remember correctly, Isabelle Hudon was the one who said that the loan guarantees applied mainly to businesses that traded with the United States. That makes a certain amount of sense. However, in the forestry sector, a sawmill with a capacity of, say, 300,000 cubic metres or less is generally considered medium-sized and may focus on the domestic market. A Quebec-based company, for instance, does business in Quebec or elsewhere in Canada but does not necessarily export its products.

In recent years, due to market dynamics, large forestry companies have partially withdrawn from the U.S. market and have been increasingly selling their products on the Canadian market, thereby competing with small businesses. Those small businesses do not have access to the liquidity program, and I wonder if that's still the case.

I spoke with Minister Hodgson about this, and he told me he was in favour of reforming the existing system.

Does the program still apply only to businesses that have money held in trust at the border? Is that still the case?

Véronique Dorval: No, it's not. That's an excellent question.

Last week, we announced that we're expanding the program. For the portion related to loan guarantees, the maximum amount has gone up from $30 million to $50 million. What we offer now covers the entire value chain from harvest to processing to transportation. We're able to support much smaller businesses. Although they're not directly affected by tariffs, obviously, the entire supply chain is indirectly affected.

Mario Simard: The people who are unfortunately overlooked in all this are the small-scale forestry entrepreneurs. They're the ones who do the harvesting. They're a key link in the chain, from sawmills to paper mills to those involved in processing. The forestry sector is a chain. If one link is missing—such as harvesting in the forest—the rest of the chain falls apart.

I'd be curious to know if you've offered any kind of support to small-scale forestry entrepreneurs, to those who do the harvesting.

Véronique Dorval: We can provide details about the expanded program, but I can tell you that, at this point, thanks to our expanded program for the forestry sector, we can help small businesses involved in harvesting and transportation and so on.

Mario Simard: You're talking about loan guarantees and access to liquidity, right?

Véronique Dorval: The access to liquidity program has two components. First, it provides access to liquidity ranging from $1 million to $50 million. Second, we have a transformation-focused program designed to help entrepreneurs who want to improve their productivity or pivot their businesses. We can offer them assistance of up to $25 million.

Mario Simard: In the program—

[*English*]

The Chair: Thank you very much.

[*Translation*]

Mario Simard: We'll come back to that.

Thank you.

[*English*]

The Chair: You'll have to wait until your next round.

Mr. Chambers, please go ahead for five minutes.

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

It's a pleasure to be here. It's an interesting room. I can't help but feel a bit of sympathy for staff who don't have as much room. Of course, since the government members added a few extra folks, we have more staff in the room but not enough room for everybody.

The Chair: We've been able to find space in the next block.

Adam Chambers: We've had great rooms up until now. I think we'll be in a better one next time.

Hon. Bardish Chagger (Waterloo, Lib.): You have to appreciate what you have sometimes.

Adam Chambers: Mr. Winterhalt, you mentioned that you deal with a lot of firms that have primary businesses in the U.S. Our understanding from testimony at this committee from auto manufacturers and other proprietors is that access to the U.S. market is crucial for attracting investment or other business activity from international firms and for convincing Canadian firms to grow.

Is that your understanding as well?

Todd Winterhalt: Yes. We would certainly agree with that.

Maybe I can add that the greatest growth we've seen in 2026 is in the growth of Canadian exporters to the U.S. market to ensure their access to that market as well as deeper business relationships here in Canada.

Adam Chambers: Okay. In your view, successful negotiation of the Canada free trade agreement with the U.S. is essential for the health of the businesses you serve.

Todd Winterhalt: We would say that as it's our largest partner today and likely will be for the foreseeable future, a strong relationship with the United States is in everyone's best interest.

● (1135)

Adam Chambers: Excellent. Thank you very much.

Mr. Cléroux, maybe I'll take the opportunity to benefit from having a technical economist at committee. My understanding is that even with the sectoral tariffs imposed by the U.S., the government uses an average tariff rate of Canadian goods into the U.S. of about 3%, give or take a little bit. Do I have that right, from your understanding?

Pierre Cléroux: Yes, that's the right number.

Adam Chambers: Okay.

My understanding is that this is an average. While 85% of the goods from Canada currently go into the U.S. tariff-free, there are some punishing sectoral tariffs, which bring the average down. Is that the way they get to the average number?

Pierre Cléroux: Yes, it is.

Adam Chambers: What I have a hard time understanding, but maybe you can just help me understand, is that if the average effective rate of the tariffs is 3% and if CUSMA were to go away totally, there would be an average effective rate of around 1.8% or maybe 2%, because you would go back to what it was like without a free trade deal. Why is no economist or any external actor considering a scenario where you would just pay an average effective tax rate across the board on every good going into the U.S. of 1% or 2%?

I've never seen anyone talk about that as a potential option. Is there a reason? Am I wrong in thinking that may be an option?

Pierre Cléroux: I think there are a lot of options on the table. Most of the analysis has been made on the impact of the current tariffs imposed on the different sectors of the Canadian economy. Most of the economic analysis has been focusing on that.

Adam Chambers: That's understood, but if the U.S. is going back to a pre-1900 economic and taxation plan, where they will impose tariffs on goods coming in, would it not make sense to spread the pain across the entire economy at 1% or 2%? I'm just trying to understand why no one is talking about this potential way to get out of the very soul-crushing, devastating sectoral tariffs that the U.S. has imposed on specific sectors.

Pierre Cléroux: Like we said, there are a lot of different options. We have focused our analysis so far on the current tariffs imposed by the U.S. There are a number of them that are affecting different sectors. At BDC, we have been doing a lot of analysis to better understand what the impact is on Canadian businesses from those tariffs. We haven't looked much at other options because there are so many of them. We have been really focusing on the impact of the current tariffs imposed.

Adam Chambers: If I could leave you with a suggestion, if you haven't considered some of these other options, you might want to consider what the impacts to the entire economy would be if there was a base tariff rate of 1% or 2% on all of the goods going into the U.S., what that might do to currency and whether that is a better scenario than the one we're currently in.

The Chair: Thank you, Mr. Chambers.

We'll move on to Ms. Acan, please, for five minutes.

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

BDC launched its defence platform in December and has since expanded it from $4 billion to $6 billion, signalling strong early demand. The first StrongNorth fund investments announced last month focus on areas such as quantum computing and cybersecurity.

Mr. Cléroux, what is this early demand revealing about where Canada's dual-use capabilities are emerging, and how can high-potential firms position themselves to access and benefit from this platform?

Pierre Cléroux: Actually, I think that's a better question for my colleague, Véronique. Maybe I can complement after that.

Véronique, do you want to answer on the demand we've had so far?

Véronique Dorval: I think you are right to mention that those two areas are important areas from a VC perspective, so from an equity perspective. We are also seeing on the financing and on the advisory side more broad-based manufacturing companies that are already involved in the sector. We see there is quite a bit of demand, for example, for drones and uncrewed vehicles for land and for marine. We see a lot of opportunities for SMEs to be able to contribute and benefit from the growth in the sector.

● (1140)

Sima Acan: Thank you very much, Ms. Dorval.

Last month the government announced a $1-billion BDC initiative to support businesses across the steel, aluminum and copper value chain. At a recent round table in my riding of Oakville West, I met with business owners. The Oakville Chamber of Commerce indicated that while members are encouraged by the announcement, many are seeking more detailed information on that.

Can you provide an update on the current status of this program? How is BDC ensuring that relevant information is being effectively communicated to businesses across the value chain?

Véronique Dorval: The steel and aluminum program was launched five weeks ago. It's still a relatively recent program. In that sector, we have had more than 120 conversations—for now—with specific entrepreneurs, where we are looking at assessing if they are eligible and how they would fit with the program or other programs we are offering.

For now, we have two loans that have been accepted by entrepreneurs after only five weeks. We have engaged not only with our direct clients and other clients in the sectors, but also with associations to make sure the program is known and that those associations can relay the information to their members.

Sima Acan: Mr. Winterhalt, EDC's 2026 “Global Export Forecast” highlights that the energy sector accounted for roughly 20% of Canadian exports in 2025, with a projected growth of 10% by 2026.

Nuclear is clearly part of that story. CANDU technology is Canadian-owned, supported by the domestic supply chain and fuelled by Canadian uranium, with active efforts under way to expand exports. How does EDC structure its financing and risk support for nuclear technology exports?

How does Canada's overall offering compare in competitiveness to financing packages provided by countries such as Korea, China, Russia and the United States?

Todd Winterhalt: Energy remains one of Canada's greatest strengths in terms of export potential. You're absolutely right. Nuclear plays an important part in that conversation in terms of both baseload nuclear supply through the CANDU program and, more and more in the future, through SMR—small modular reactor—technology, which Canada is leading in the G7.

EDC is open for support in both of those areas and has significant experience, in particular, on the CANDU side of the equation. In the past, it has supported transactions in Romania, for example, with the Cernavoda reactors. It is engaged in the refurbishment of those. It's supporting the Canadian nuclear industry and value chain, not just the OEM, in this space.

In addition, there are a number of other live conversations in multiple jurisdictions around the globe that EDC is participating in as we look at new opportunities for CANDU supply internationally. Many of these are done in partnership with other international lenders and partners, including, as you mentioned, the Koreans. That would be a very live example with respect to the Cernavoda refurbishment and new reactors Cernavoda 3 and 4 in Romania.

That will be the way of the future, I would add, given the size of these projects. They take, in some cases, multiple tens of billions of dollars to complete. We find that partnering with like-minded nations with complementary supply chains and value chains is the way we can deliver the greatest value for Canadians.

The Chair: Thank you very much.

We'll go on to Mr. Simard for two and a half minutes, please.

[*Translation*]

Mario Simard: Thank you, Madam Chair.

I just want to go over something with you. There's a persistent misunderstanding in the aluminum industry: People don't distinguish between primary producers and aluminum processors. Even though there are very high tariffs right now for primary producers, they're doing pretty well because they can pass the costs associated with the tariffs and the Midwest premium on to the next link in the chain. The price of aluminum is very high. It's around $6,000 per tonne today. However, aluminum processors are struggling much more because they cannot pass the costs associated with tariffs and the premium on to the next link in the chain. They have to absorb those costs themselves.

Does your program distinguish between primary producers and aluminum processors?

● (1145)

Véronique Dorval: Basically, a company's eligibility for the program does not depend on its position in the value chain. It depends on whether or not the company is directly affected by the tariffs. So, if you're a processor that exports to the United States and you're heavily exposed to the tariffs, you're eligible for the program.

Mario Simard: I don't know what criteria you use to make those decisions. However, I hope you're aware of what tariffs mean for primary aluminum producers. I know this first-hand because there are some in my region. For them, it's a nuisance, but it's not threatening their business. It doesn't put them in danger.

I don't know if they can ask you for any kind of support, but I don't think it would make sense to offer financial support to primary producers under the current circumstances because they're not the ones who need it—the processors are.

In Saguenay—Lac-Saint-Jean, folks have spent 30 years struggling to create an ecosystem of aluminum processors. It's very complex. Moreover, the Midwest premium works against us. These people are losing everything because they're no longer competitive. I think the focus should be on them rather than on primary aluminum producers.

As you mentioned earlier, this has been in the works for five weeks. I don't know if that's something you've considered.

Véronique Dorval: We focus our efforts primarily on small and medium-sized enterprises. Most processors are small and medium-sized enterprises, compared to primary producers, which are not the types of companies we work with directly. We therefore focus on processors, as well as on manufacturers that use steel, aluminum or copper and on exporters.

Once again, the eligibility criterion is not whether a company is a processor or a primary producer. It is really based on whether a company exports goods to the United States and is directly affected by the tariffs. As such, I believe processors are eligible, and we support them—or at least we're discussing it.

[*English*]

The Chair: Thank you very much.

Mr. Groleau, you have five minutes, please.

[*Translation*]

Jason Groleau (Beauce, CPC): Good morning, Madam Chair.

Ms. Dorval, thank you for being here. I'm very pleased to have you here this morning. I know that you work closely with several companies in my region, Beauce, which is the most beautiful part of Canada. You said so earlier.

In your introduction, you spoke about the pressure companies are facing, especially in the steel and aluminum sectors, because of U.S. tariffs. You also mentioned that $1 billion had been committed to help them.

Last week, I went on an economic tour of Quebec, which included a stop in Saguenay—Lac-Saint-Jean, a region that is a major player in the aluminum sector.

Let's consider a company that's losing $500,000 a week. Do you think it wants loans, or would it prefer a settlement with the Americans?

Véronique Dorval: It's not my role to examine all the solutions available to an entrepreneur from various institutions.

What the BDC offers entrepreneurs are loans, advisory services—which are also very suitable for businesses in this sector—and equity financing.

We understand that the BDC's offerings do not meet entrepreneurs' every need. We have a specific role to play, and regardless of the economic climate, we will be there to support entrepreneurs using the tools that we specialize in.

Jason Groleau: However, when you're in business and losing $500,000 a week, at some point, the bottom line isn't looking good, and the BDC won't be there to provide support anymore. Do you agree?

Véronique Dorval: Would you please repeat that? What won't be there?

Jason Groleau: If a company loses $500,000 a week, you'll agree that, at some point, its net profit is going to take a hit. Will you still be there to support it?

Véronique Dorval: For the entrepreneurs we work with today, when they go through difficult times, we try to implement every measure we can offer to help them.

Is what we offer enough to help in cases like this? It's probably not enough.

● (1150)

Jason Groleau: The answer is that, in the long run, you will no longer be able to lend money to these struggling entrepreneurs. You know that's how it works.

Mr. Winterhalt, President Trump announced yesterday that he doesn't necessarily intend to renew the Canada—United States—Mexico Agreement. What do you think the impact of this would be on Canadian businesses?

[*English*]

Todd Winterhalt: Perhaps you could repeat the question. We lost the interpretation for a moment.

[*Translation*]

Jason Groleau: Yesterday, President Trump mentioned that he didn't necessarily want to renew the Canada—United States—Mexico Agreement. What would be the impact on businesses in Canada?

[*English*]

Todd Winterhalt: As stated earlier this morning, the impact would be significant. The U.S. remains our largest market by a considerable measure.

Efforts made at EDC and other organizations to help diversify away from the U.S. as our sole market help mitigate that risk, but it will remain our majority customer. As a result, a healthy trading relationship in North America is key.

[*Translation*]

Jason Groleau: The government is seeking to develop new markets. We all agree on that. However, who benefits the most from these developments? Is it large corporations or SMEs?

[*English*]

Todd Winterhalt: Our experience at EDC has been that it is segment-agnostic. Businesses of all sizes benefit from a diversified approach to international trade.

In effect, we see the greatest opportunity for small and medium-sized exporters to mitigate their risk, in particular in a number of key sectors. One that we don't often talk about a lot is the services sector, where we are already fairly diversified—only 51% of Canadian service exports go to the United States. They tend to be smaller and medium-sized exporters. There's a huge opportunity there to have them start internationally in free trade agreement markets and other markets globally.

[*Translation*]

Jason Groleau: You're telling me that SMEs in Saint-Georges, in the Beauce region, will benefit from the agreement with Mercosur, for example. That's what you're telling me this morning. That's what you think. You're confirming that to me.

[*English*]

Todd Winterhalt: Absolutely. It's much more around the sector that the company comes from and the opportunity that then ties to the international demand. Again, across the entire country, these opportunities are present.

[*Translation*]

Jason Groleau: In Canada, 99% of businesses are SMEs, but we focus on large corporations. They're the ones making the profits. I can guarantee you that no SMEs in Beauce will be doing business under the Mercosur agreement.

Madam Chair, I still have about 30 seconds left, don't I?

[*English*]

The Chair: You have 15 seconds, but I'll give you an extra 15.

[*Translation*]

Jason Groleau: Garaga mentioned that certain imported doors were non-compliant. Do you have a specific role to play in conducting audits or supporting companies so that no toxic or non-compliant products enter the country? That's been mentioned on a number of occasions. Do you have a role to play when it comes to imports?

[*English*]

Todd Winterhalt: We do not.

[*Translation*]

Jason Groleau: Thank you.

[*English*]

The Chair: Thank you very much.

Madame Lapointe, you have five minutes, please.

[*Translation*]

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

I would like to welcome the witnesses and thank them very much.

Ms. Dorval, I'm going to kind of pick up where Mr. Simard left off earlier when he talked about aluminum smelters and processors.

Earlier, you said that you were there for viable steel and aluminum businesses. We're currently in a period of considerable instability. Mr. Simard alluded to this earlier. In principle, it's not the large aluminum smelters that have needs, but rather the processors. You also said earlier that it was mainly processors and manufacturers who were affected by the tariffs currently imposed in Canada.

I'd like to know what you meant by “viable businesses”. You help businesses either through loans or working capital financing, as you stated earlier. I'd like to explore this question a little further.

Véronique Dorval: What we're doing with this program is helping businesses that we define as viable before they were affected by the tariffs. We look back in time and examine these businesses' financial statements and results prior to the tariff period, so before 2025, to see if, at that time, they were able to cover their usual expenses. That's what we mean by “viable businesses”.

● (1155)

Linda Lapointe: Thank you.

My next question is for Mr. Winterhalt and Ms. Dorval.

How do the missions of your various agencies support the work of the ministers responsible and the government's priorities in terms of trade diversification and creating opportunities?

Earlier, Mr. Winterhalt, you talked about new markets. We know there are some. What new markets are you exploring? How do you do that?

Todd Winterhalt: Thank you very much.

[*English*]

I will start by perhaps noting that when we look at new markets, it really is what we would call non-traditional markets, which means largely outside of North America.

At EDC, in the past three years, we've doubled our office network in Asia, as an example. The Asia-Pacific region has seen approximately 30% growth in EDC support of Canadian exports in just the last two years. Perhaps to tie it back to an earlier question, this is, again, across all segments, so small and medium-sized companies are absolutely included in that number. Actually, they are the majority of those companies now successfully exporting into Asia.

The next region of real focus for us is Europe. This is in direct reaction to guidance from the Minister for International Trade to broaden activities in that market. EDC will open three new representations in Europe this year, in 2026, to be on the ground to help additional Canadian companies, exporters and investors. We are looking at establishing a fully operational branch to help lend and to ensure that Canadian companies are successfully supported in achieving the opportunities they have in Europe.

The last point would be that this is all done in partnership. We are very closely linked to our colleagues at BDC. I know you've heard from CCC and Invest in Canada, as well, and the trade commissioner service. This works when the team Canada effect really comes together to allow us to leverage our own unique strengths. That's a very important part of the success we'll see going forward.

[*Translation*]

Linda Lapointe: Do you want to add anything, Ms. Dorval?

Véronique Dorval: I would add that, primarily through our consulting services, the pivot to grow program aims to help entrepreneurs determine what's changed in the business environment, how these changes affect them and what options they have to address them. This includes, among other things, expertise in exports to identify export opportunities. More than 600 projects were completed in the past year, many of which focused on exploring export opportunities. That's how we help entrepreneurs.

Linda Lapointe: We've met with several witnesses regarding various free trade agreements. In Canada, we're known for agri-food and food processing. We conducted a study on Africa as well as one on Mercosur. When it comes to food processing, there are opportunities for us to work together to do more exporting, but there's also our expertise. You mentioned earlier that 51% of our services are exported. That's our expertise.

I'd like you to talk to us about this market mainly.

[*English*]

Todd Winterhalt: Certainly. I'll turn it over to my colleague, Joanne, in just a moment.

I would start by saying that agri-food—processed food and beverage—is one of the key priority sectors for Export Development Canada. We have only six. It is an area of very strong presence internationally already and has a huge opportunity for growth.

Perhaps Joanne can talk a bit about a specific example that helps illustrate that.

Joanne De Franco (Vice-President, Global Business Development, Export Development Canada): Thank you for the question, and thanks, Todd.

I can speak a bit about the work we do on a connections basis, where we introduce Canadian suppliers to the international buyers that EDC has a relationship with. We've seen significant growth in the agri-food space.

An example is a Canadian supplier that makes ramen noodles. They were introduced in 2023 to one of our buyers in Mexico, which was a new market for them. That opportunity, which started out as a trial order, turned into $2.6 million in business for that particular company. It really helped propel them forward, and now they're exploring opportunities through our additional relationships in Europe as well.

The Chair: Thank you very much.

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

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

Ms. Dorval, if I can, I'd like to start in your general direction. Your work supports Canadian businesses domestically, if I can use that term. I'm just wondering about an article that I read respecting a venture capital gap that's been identified. Can you speak to that?

Do you understand what that means for customers and clients of BDC?

● (1200)

Véronique Dorval: I think my colleague Pierre is best placed to answer that question. He was part of the research group that did the report.

Pierre, I'll hand it over to you.

Pierre Cléroux: Thank you, Véronique.

We have quite a strong venture capital market in Canada, but it's not as dynamic as it is in other countries in the world—for example, the United States—especially over the last few years, when there has been a lot of uncertainty.

What we have seen is that the access to equity for start-ups in Canada has diminished over the last few years because of the current economic situation. When there's more uncertainty in the economy, it's typical that the venture capital market will slow down, and that's exactly what we are seeing right now.

David McKenzie: I presume, then, that goes hand in hand with general capital flight from Canada. On foreign direct investment, Royal Bank of Canada released a report roughly two weeks ago. More than a trillion dollars in investment left Canada between 2015 and 2024, with two dollars leaving for every one dollar that came in. I have to believe that the venture capital gap at our small and medium-sized businesses is essentially a reflection of this capital flight.

Pierre Cléroux: It's part of it. Also, we attract foreign investment, and these investments are not always related to the venture capital group. Venture capital is a very specialized financing tool, I would say, because there's a lot of risk attached to that. Venture capital makes reference most of the time to start-ups or very young firms.

The issue is that the market becomes more uncertain while the Canadian investors—the domestic investors—or investors coming from outside the country, in both cases, become more cautious. That's the reason why the venture capital market is slowing down. It's really related to the risk and the appetite, I would say, for the risk.

David McKenzie: I have to believe, then, that the fact that CUSMA, our North American free trade agreement, is in an unknown state is a direct and major contributor to the uncertainty you're referring to. Is that correct?

Pierre Cléroux: Yes. I will agree with that. Over the last 12 or 18 months, there's no doubt that what's going on with the imposition of the tariffs has created a lot of uncertainty, and this is not helping the venture capital market.

David McKenzie: Now, sir, a thing that I've read more than once is that it's important not to rush into a bad deal. What I'm trying to understand is why we're not working hard to rush into a good deal. I have to believe that the continuing uncertainty related to an annual review of CUSMA is just going to continue to chill the business investment climate. Is that not fair?

Pierre Cléroux: It's a bit out of my scope of research, so I won't be able to comment on this.

David McKenzie: Very well.

Ms. Dorval, I'll come back to you. I wonder if you are able to inform this committee about the information you're getting from your clients and the companies that you support on the ground. One of the pieces of information I've received over the last number of months that really concerns me is that Canadians are presently creating or opening more corporations in the U.S. to do business than they are in Canada. Have you seen that on the ground?

Véronique Dorval: I cannot say that I have seen that they are opening more businesses in the U.S. than in Canada. I will say that entrepreneurs are very resilient. For every challenge that they have met in the last five years—because there has been not only the tariffs, but COVID, supply chain challenges and inflation—they have been quite creative in finding a solution. Some of them facing the tariffs have found a solution in diversifying their market and becoming more productive internally. Some others have decided to open a new place of business in the U.S. I would add that this is not new and has not started with the U.S. tariffs.

Pierre, maybe you can add to that. For an entrepreneur who tries to get to a point where they are exporting, opening a place of business in that export country could be a great way to continue to grow. That's what I've been observing.

● (1205)

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

Mr. Lavoie, you have five minutes, please.

[*Translation*]

Steeve Lavoie: Thank you, Madam Chair.

You can see where I'm going with this: I'd like to go back to the first question I asked. Mr. Winterhalt, you didn't have a chance to answer it, so I'll give you the opportunity to do so.

Todd Winterhalt: Thank you very much.

[*English*]

Maybe I'll go in three directions to address your question of how we are helping Canadian companies prepare to diversify and face some of these challenges. First, I'll mention a geographic effort; second, sector areas; and third, programming and partnerships. I may call on Joanne in a moment, as well.

Further to my earlier comments, we have certainly over-invested in many markets outside the traditional sphere for Canadian exporters. At EDC, we now have 13 offices on the ground in Asia, and we're working towards having eight in Europe by the end of this year. That's directly tied to the growth in exports we have supported over the course of the last two years. In the case of Asia, again, we've seen almost 30% growth.

What's interesting is the connection to Canadian companies already on the ground in Asia. Our research shows that over 2,700 Canadian mid-market companies are already invested in and exporting to Asia, and there's real opportunity to help them do more and continue to grow. We look at what's coming in Europe in a variety of new sectors—I'll transition to that in just a moment. They're leveraging CETA in a more robust way, I think, which presents a significant opportunity for Canadian exporters and investors, including in new sectors and segments like defence and security. Last year, like our colleagues at BDC, EDC returned to being able to support Canadian companies in this space. In one calendar year, we facilitated approximately $1.6 billion in defence and security exports for over 60 companies, which indicates, I think, the level of opportunity and growth present there.

To your initial question, another key sector where we're doing things differently is critical minerals. We're supporting the development of critical minerals here at home in Canada for eventual export. That could be through companies like Torngat Metals, a rare earth manufacturer, or Nouveau Monde Graphite in Quebec. There's significant investment in the critical mineral space.

I will also point to artificial intelligence and digital technologies. Along with our partners here, we have invested in Canadian companies like Cohere to help them scale and grow in a way that allows them to take advantage of the international opportunities that are present.

Lastly, I'll touch on a couple of programs. We put a tariff program in place, the EDC trade impact program. It's now been about 16 months in duration. It has delivered about $2.5 billion in incremental support for Canadian exporters and investors through 5,400 transactions—again, mostly for small and medium-sized exporters.

I'll turn it over to Joanne, who can illustrate how some of these small and medium-sized exporters connect to different markets.

Joanne De Franco: Thank you, Todd.

I'll share a little story about one of the companies we work with based in Montreal.

They were introduced to an EPC firm in Turkey that EDC has a very strong relationship with. They were a small company. We have since supported them in significant growth so that sales were equivalent to $145 million, between the two entities. It really helped propel their growth. It's allowed them to do more in other markets and to pursue other opportunities.

[*Translation*]

Steeve Lavoie: You spoke earlier about opening offices in Europe, among other things.

Before I forget, I'd like to ask you something, both BDC and EDC. I'm a very visual person, so could you send us a document comparing the situation before 2025 to today's, showing what you've changed, the markets you've opened and the sectors where you weren't previously present? For example, I know there were years when BDC wasn't active in the defence sector, but you seem to be moving in that direction. I'd like to know if there are sectors where people have come to recognize you over the years—sectors where you were not previously present, but are now. There are also overseas markets where you weren't present before and are now. I'd like to have some concrete examples of where you weren't present and are now, because things are changing rapidly.

In closing, since I see time flying by, I have one more request. Ms. Dorval told us that BDC was able to turn on a dime. My question for EDC would be along the same lines.

How long does it take you, from the moment you identify a sector in which you are not present, to study that sector and then offer support in that sector? Does it take three months, six months, a year or two years to turn on a dime, as Ms. Dorval said they can do?

If you could provide this information to the committee, I would appreciate it.

Thank you.

● (1210)

[*English*]

The Chair: That would be very valuable information. Thank you very much.

We'll now go to Mr. Simard for two and a half minutes.

[*Translation*]

Mario Simard: Thank you, Madam Chair.

Actually, I'd like to come back to that. I recently asked one of your colleagues to provide me with a breakdown by province of the amounts EDC had invested, either through loans or directly. However, there's something else that would be even more interesting to have.

According to the 2025 annual report, support for the oil and gas sector totals $9.3 billion, including $2 billion in direct financing. For 2024, it's $7.6 billion, including $1 billion in direct financing. For 2023, it's $7.3 billion. I won't list all the figures, but your various annual reports do show that the oil and gas sector has received quite a substantial amount of aid. However, in my view, the only sector that has not been affected by the tariff war is the energy sector.

I don't know if you can provide us with a breakdown of the support you provide to the oil and gas sector, the mining sector and the forestry sector. I don't want you to give me the information using codes, because that's incomprehensible to us. At the Standing Committee on Natural Resources, I was given NAICS codes. That gives us an indication, I'll accept that, but it doesn't show the aid provided by sector. If your efforts are focused primarily on the oil and gas sector during a crisis, when that sector isn't the one affected by tariffs, it seems to me that this is a missed opportunity.

I don't know if it's possible for you to provide us with a breakdown of the aid granted to the various sectors from 2022 to 2025. That would give us an idea of how the government responded to the tariffs by sector of activity. Is it possible for you to do that?

[*English*]

Todd Winterhalt: Yes, I'd be happy to do that.

I can tell you that the support for the oil and gas sector has traditionally declined following the Government of Canada's decision at COP26 to not allow EDC to support international oil and gas. That number has shrunk.

However, you're correct; it was $9.3 billion last year. The majority of that goes to something called electricity trading support, which is literally the export of electricity from Canada, from Quebec and other provinces, into the United States, as well as to support for oil and gas—in this case, mostly gas exports.

I'm happy to provide a more detailed breakdown for the committee.

[*Translation*]

Mario Simard: However, it does appear in the section—

[*English*]

Hon. Judy A. Sgro: Thank you very much.

I'm sorry. Go ahead, Monsieur Simard.

[*Translation*]

Mario Simard: In your report, however, it does appear in the section on oil and natural gas.

[*English*]

Todd Winterhalt: Yes.

[*Translation*]

Mario Simard: Thank you.

[*English*]

The Chair: Thank you very much.

Next, we have Mr. Arnold for five minutes, followed by Mr. Fonseca.

Mel Arnold (Kamloops—Shuswap—Central Rockies, CPC): Thank you, Madam Chair.

I appreciate the opportunity to be subbed in on this committee. I haven't been here before.

I want to touch on a couple of points that I've picked up on over the last few weeks here. One is skills training, and the other is infrastructure requirements here in Canada.

I was recently at a presentation regarding marine transportation requirements here in Canada. It was pointed out that over the next few years, Canada is only going to be able to meet about 40% of the anticipated needs in the shipping sector for heavy tonnage captains, crews, marine pilots and so on. If this is such a shortage that's been identified by industry, do either of your organizations play a role in that, whether it be developing private training facilities or private-public partnership training facilities?

Do you have any understanding of the identified drastic shortage that we're facing?

● (1215)

Véronique Dorval: We are conscious of some of the shortage. I wouldn't attach it particularly to that sector. I think of other trades. For example, welding is a big challenge in Canada currently, and there's a lack of skilled trades. We are supporting a number of entrepreneurs that are schools for trades.

If I take the broader question that you are talking about in terms of infrastructure related to the marine sector, I can tell you that we're currently going through an exercise of better understanding the defence sector—broadly defined here—including commercial marine vehicles, to understand where there are significant gaps versus the stated objective in the defence industrial strategy. This is in order to understand where BDC, which is there to support mainly small and medium-sized businesses, can help develop that part of the value chain.

We're conscious of the challenge. We are mapping it to better understand where there are gaps so that we can then pinpoint our action.

Mel Arnold: Do you have anything further to add, Mr. Winterhalt?

Todd Winterhalt: I would add that, with EDC's mandate, we really are focused on helping to generate and increase international trade. We can support those firms once they're ready to export their training program. We would be more connected to the build-out of—

Mel Arnold: No. What I'm getting at is, even if those companies are ready to export, the infrastructure and the workforce to be able to make those exports aren't going to be in place. We simply cannot meet them.

I want to point to another example. My riding, Kamloops—Shuswap—Central Rockies, covers over 400 kilometres of Trans-Canada Highway and about 450 kilometres of CPKC main line, the main transportation corridor for western Canada to the port of Vancouver. It's not the only one, but it's certainly the largest one.

An Order Paper question I put forward asked what the federal government had invested or spent on planning or engineering for highway improvements through the national parks, which are 100% the responsibility of the federal government. The response for what they had spent over the last 10 years was basically zero for a project that had already been under way. There have been no new projects proposed or even the design or engineering phase started on projects that are going to take at least 10 years to be done.

We see highway closures near my home once or twice a week because of the poor highway conditions over the speed of semi-trailers. When these include a fatality, the highway is shut down for four to six hours. It's completely closed with no detours available. It's been estimated that those closures through the Rogers Pass cost the Canadian economy about $3 million per hour.

The government has now said that the armed forces are no longer going to take part in avalanche control, but they have put no plan in place to replace them. We're going to see highway closures of unknown lengths at $3 million per hour killing our economy.

I want to know what your organizations are doing to assist in making sure that we have the trades, the businesses and the industry ready to build that infrastructure that we need if we're going to be able to export the goods that you're helping entrepreneurs develop.

The Chair: Thank you, Mr. Arnold. Maybe next round you can get an answer.

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

Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Madam Chair.

Thank you to our officials from BDC and EDC.

I'm so glad that you work so well together and that you support our exporters and the goals that we're trying to achieve.

This can be answered by EDC and BDC. How important is that whole-of-government approach in helping Canadian businesses succeed internationally?

Who would like to answer that?

● (1220)

Todd Winterhalt: I'm happy to begin.

I would say that it's essential. These two organizations work together, I think, in a fairly seamless way. We look at where the priority is for each organization. At EDC, it's largely mid-market, larger Canadian companies that are looking at taking advantage of international opportunities. I'll let my colleague explain BDC a little bit.

It's a bit of a continuum. You start with BDC support at the smaller end, maybe it's VC or seed capital as they're beginning to grow. As they start to scale, they then begin to look at international opportunities.

Also, keeping in close contact with our colleagues at CCC and in the trade commissioner service is absolutely critical so that we're not duplicating efforts and we're making sure that we are each delivering on our primary mandate.

Véronique Dorval: From a BDC perspective, what we see is help for entrepreneurs to develop a strong Canadian base and get to a level where they are ready to export. We help them develop strategies on how they export and where they should export. We have that handshake and that reference program, so when an entrepreneur needs specific support related to exportation, we send them to EDC.

Peter Fonseca: Thank you.

We had a very ambitious goal years ago. It was about doubling our trade with the non-U.S. markets, and we were able to achieve that. Now we've set another ambitious goal: It's redoubling that trade over the next 10 years with markets outside of the U.S., be they in Europe, the Indo-Pacific or other high-growth markets. In terms of being able to hit that next goal, have you built that into your strategic plans? Is that part of your strategic plans? How will we get there?

Todd Winterhalt: Yes, it absolutely is. We're currently in the process of developing our five-year corporate plan for 2026 to 2031, which absolutely takes direction from the Minister of International Trade, through our statement of priorities and accountabilities, to have that as one of the key deliverables for EDC.

That then directly ties to our investments in new markets in terms of boots on the ground and new programming to help take on different risks than we maybe have taken on in the past in hopes of reaching that target, which, I would agree with you, is an aspirational one, but one that I think is within the realm of the possible.

Peter Fonseca: Prime Minister Carney, Minister LeBlanc and Minister Sidhu have all spoken in terms of these goals. We want to increase our foreign direct investment by a trillion dollars over the next five years and double our non-U.S. trade over the next 10 years. The way to do that is what we were doing years ago when we first looked to renew NAFTA, which became CUSMA. We did it with a team Canada approach. That means all levels of government, all parliamentarians and a whole-of-government approach. That served us very well.

I'll say that there are parliamentarians who talk down Canada, who keep talking about the negatives. Do you think that helps in terms of providing our stakeholders what they need to be able to succeed and to speak to their counterparts?

Todd Winterhalt: What we hear from our exporters, our investors and our customers is really the need to have all methods of support available to them to be successful. It is a very competitive environment. It's not only Canada that's looking for new markets. Many different nations are looking for new markets. We will be successful only if we work together, I think, across the tools that are present here.

I would also introduce the opportunity for the Canadian private sector to lean in and be part of that journey. At EDC, fully 85% of every transaction we do is done in partnership with colleagues like BDC, but also with the Canadian financial institutions and with the maple eight. It's an entire country objective to compete in a very dynamic environment.

Peter Fonseca: Yes, under this existential threat, we understand that we need to be united as a country and united as a government—and I say “as a government” in a non-partisan way.

I do feel and what I'm hearing is that we need to.... The successes we've had, we can build on. To undermine those in any way by trying to undermine the government's approach to getting this very important trade, be it CUSMA or other trade deals around the world, would be a negative thing.

● (1225)

Todd Winterhalt: I think I would say that there's a real opportunity to go further together rather than separately.

Peter Fonseca: Thank you.

The Chair: Thank you very much.

We'll go on to Mr. Chambers, please, for five minutes, followed by Mr. Naqvi.

Adam Chambers: Thank you, Madam Chair.

Following my colleague's question about giving you an opportunity to answer the question that was asked at the end of the last round, do you have any comments on infrastructure for my colleague?

Todd Winterhalt: Thank you.

Yes, at EDC, our focus on helping Canada develop its trade-enabling infrastructure is really in those critical projects and parts of the infrastructure backbone: roads, rail, ports, airports and things of that nature that tie directly to exports. That's our primary mandate and function. We continue to support that very actively at EDC.

Adam Chambers: Thank you very much.

We heard in your opening testimony, Mr. Winterhalt, about EDC's mandate of providing insurance, lending and direct capital to firms.

Ms. Dorval, how would you classify BDC's mandate?

Véronique Dorval: Our mandate is about supporting entrepreneurs to start, grow and scale, with a focus on the Canadian operation of those businesses and ensuring there's a healthy entrepreneurship ecosystem.

Adam Chambers: Thank you very much.

If your focus is primarily on Canadian operations, how does the new fund that you've been given to distribute, which seems to focus on exports, fall squarely within your mandate?

Véronique Dorval: I'm sorry. I'm not sure which fund you are referring to.

Adam Chambers: Was that not your pivot to grow fund?

Véronique Dorval: Just to re-explain what pivot to grow is about, Pivot to grow is a program that helps companies that are affected by tariffs or that uncertainty look at what the next best step for them is. That's not focused on exportation, but it can include exportation. It can include things like relooking at your strategy: Where do you want to be present? What's your product? What's your operational efficiency? It can be quite broad, and it could include an aspect of exportation.

Adam Chambers: Thank you very much. That sounds to me a little bit more like consulting services. Is that fair?

Véronique Dorval: Pivot to grow has two aspects. There's the aspect of advisory services—consultation—and there's the aspect of financing also related to that.

Adam Chambers: Thank you.

Mr. Winterhalt, do you provide consulting services as well?

Todd Winterhalt: We do not.

Adam Chambers: Okay. That's where there seems to be a bit of a delineation, as I understand. You'll forgive me, because sometimes mandates are unclear in some of these organizations, and sometimes they seem to overlap from time to time. It would be entirely conceivable that both organizations would serve the same client. Is that correct?

Véronique Dorval: It's possible we serve the same client. We would serve them on different needs. BDC will help them start, grow and make a strong Canadian starting point. EDC will help them with the export part of their business.

Adam Chambers: Do you have a good understanding, between the two organizations, of where you might overlap? Have you done relationship mapping between some entities that you frequently deal with? I'm just trying to get an understanding of how you might operate in the market together.

Todd Winterhalt: I'm happy to address that one.

Absolutely, we do. We have standing meetings and engagements between our teams. There was also a committee put together called the BETR committee, which has us and a number of other Crown corporations on it, where we have open discussions around customer needs, where there are gaps in the market and how we make sure that we leverage each other's strengths as opposed to duplicating efforts.

The one area where I would say we often work together is in the equity space. EDC is more of a later-stage equity provider. As companies are ready to scale up and take advantage of new opportunities, we could complement existing BDC investment in Canadian companies, for example.

Adam Chambers: Thank you, Madam Chair.

The Chair: Mr. Naqvi, go ahead for five minutes, please.

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

Welcome to the witnesses. Thank you very much for making yourselves available for two hours for this very important conversation. You have my apologies that I wasn't here for the first half of the meeting due to some community events. I may be asking a few things that you may have answered, but hopefully it will be with a different take and you'll be able to still give some more information.

Through your presentation, I'm sure my colleagues are more aware of the roles of EDC and BDC in terms of how you support Canadian businesses. My colleague Mr. Fonseca was talking about the stated mandate for the government to double our non-U.S. exports. I recognize and know that you, as your respective organizations, are really stepping up to the plate to help facilitate that for Canadian businesses.

Can you give us some specific examples of what changes you have made in your operations, in your offerings and in your programs? Could you speak to some of the factors specifically? I know that in defence there's a lot of work going on to help the government meet the mandate and assist businesses to be able to pivot away from the U.S. or to add other non-U.S. jurisdictions as export markets as well.

Perhaps we'll start with EDC and then BDC. Thank you.

● (1230)

Todd Winterhalt: Maybe I'll just reillustrate a couple of quick points there.

Absolutely, the pivot to new markets has been fundamental to EDC's current strategic plan and our activities of the last two years. We've invested a great deal of additional resources—human and financial—into the Asian region. We're seeing real growth there—about 30% over the course of the last two years. It's so much that it has now actually achieved a level footing with European export support from EDC. That's something we had never seen previously.

We also do a fair amount of sharing of market intelligence. From the perspective of our international operations, we're helping Canadian companies that have maybe only ever exported to the United States understand some of the opportunities that are present outside of the U.S., whether that's in South America, Europe or Asia, as I suggested. We do that through a number of webinars and through information products that we're happy to share in partnership with the trade commissioner service to really amplify their efforts.

In particular, we are looking at a number of key, fast-developing sectors like defence and security, where EDC support has gone from zero last year to $1.6 billion in just one calendar year. There are also critical minerals, where we're investing in the development of new mine sites here in Canada, to help get them up to scale more quickly and eventually export and help change that storyline.

Through things like artificial intelligence and digital technologies, where we see absolutely incremental growth outside of Canada and the United States, it's investing in those companies and helping them to scale more quickly and then deliver incremental exports.

Yasir Naqvi: Ms. Dorval, go ahead.

Véronique Dorval: I would say that we've done four different things related to that.

I'm going to go back to the pivot to grow program. It's really about defining and helping entrepreneurs define how best to adapt to the environment, including exporting. Within that, we have increased our offering and the number of consultants we have in the sector of exportation.

We are helping with specific sectorial programs that are affected by tariffs for the exporter. This is helping more from a liquidity point of view in adapting to that environment.

We've put in place LIFT, which is a program to support entrepreneurs investing in AI and in robotization and automation, to help them become even more competitive and more productive, so they can go on the international stage and be competitive.

We are also putting more emphasis on some critical sectors that will provide opportunities to export, like defence. It's a big platform—$6 billion—that has been launched and that will develop around that sector.

Those are four things we're doing.

Yasir Naqvi: Starting with BDC, can you share information with us on what particular markets you are focusing on besides the United States? What steps have you taken?

In the case of EDC, I know you are opening new offices. Can you speak to the more tactical approach that you may be deploying to help Canadian businesses in the other markets, whether it's Indo-Pacific, Latin America, etc.

● (1235)

Todd Winterhalt: I'm happy to start.

It is really about the hands-on approach that helps make the difference.

It is, firstly, the identification of opportunities. My colleague spoke a little bit earlier about the key partnerships we have with major multinational corporations globally. Understanding their supply chain and helping to support their purchase of Canadian goods and equipment allows us to make connections that otherwise don't happen often with smaller or medium-sized Canadian companies. Those international networks and the hand-to-hand connections that are made in market and here in Canada are absolutely essential and establish presence in the supply chain.

We gave an earlier example where we had helped a Montreal manufacturer get into an EPC company. They actually took advantage of that relationship to land a multi-million-dollar opportunity in north Africa.

It is about relationships and introducing those kinds of tangible opportunities to each other.

The Chair: Thank you very much.

We'll go to Mr. Simard for two and a half minutes.

[*Translation*]

Mario Simard: Thank you very much, Madam Chair.

I would like to come back to a question that my colleague Mr. Chambers touched on earlier about the consulting services you provide.

When 25% tariffs were imposed on finished products containing aluminum, many small businesses that aren't used to dealing with this were forced to seek out external consulting services, often at a rate of $300 an hour. Those are significant costs for them.

However, this is probably information you have access to. Is this a service you offer? I don't know if it's possible, but could these people have access to some kind of hotline?

I'm telling you this because I know that, in our region, it was AluQuébec that took on the task of informing people. That organization received many calls from people who wanted to know the details of the tariffs and what the 25% tariffs would apply to.

Is it part of your role to provide this kind of information in a context like the current trade war?

Véronique Dorval: Our role is less about providing information to an entire sector and more about helping entrepreneurs one at a time. We've done this through the pivot to grow program.

On the consulting side, we've done two things. We're all well aware that the affected entrepreneurs are facing cash flow constraints. So we offered a 75% discount to make it easier for them to access consulting services in this context. In addition, we offered a very fast four-hour service with an expert. This offer is still available. The service includes explaining the tariffs that apply to a business, for example. At the end of the four hours, the company receives a one-page summary and specific recommendations.

We can therefore help entrepreneurs in that way, by making services affordable for them or by providing highly specialized assistance tailored to a specific need.

Mario Simard: I don't have much time left.

Mr. Winterhalt, earlier, during our previous discussion, we talked about the support provided to the oil and gas sector, and you said that this support was declining. I mentioned the years 2022 through 2025. If you could also outline this decline in your written response, I think it would be helpful. The goal remains the same: not only to understand which sectors are receiving assistance in the context of the tariff crisis, but also to see what the situation is across all sectors.

[*English*]

Todd Winterhalt: Sure.

[*Translation*]

Mario Simard: Thank you.

[*English*]

The Chair: Thank you very much.

We'll go on to Mr. McKenzie, please.

David McKenzie: Thank you, Madam Chair.

Madam Chair, is this round five minutes?

The Chair: Yes, it is.

David McKenzie: Thank you.

Ms. Dorval, did I understand correctly that earlier you said approximately 7% of BDC clients are currently exporters?

Véronique Dorval: That's right.

David McKenzie: Are you making active efforts now to increase that number, and what exactly does that look like? You've touched on some of the things, I think, already today, but I wonder if you could expand on that.

Véronique Dorval: Our mandate is not focused on exporting. Again, we have a complementary mandate to EDC related to that. Our mandate is to ensure that Canadian companies are strong and healthy.

All the actions that we have taken, and that I mentioned earlier, are about thinking from a strategic point of view. Does it make sense for them to export, and where? Would that make the company healthier? How can it become more efficient and productive and focus on some specific sector that we know has export potential? Our mandate is not about supporting them with the export part. Our mandate is about making sure they are strong and healthy and that they have the support for that.

● (1240)

David McKenzie: I understand.

Would EDC have anything to add to that, specifically?

Todd Winterhalt: Only that it is essential to work together and see it as a bit of a continuum, again. As companies scale and get ready to take advantage of international opportunities, the conversation is a live one, and we're able to kind of refer each direction.

David McKenzie: I'm looking at some data from the Canadian Chamber of Commerce, and its business data lab, specifically.

The heading here is “Diversification will require a broader exporter base”, and I'm wondering if you can assist us in sort of understanding that 7%. Does that tend to be fairly concentrated in specific industries? There's also some question about urban concentration versus smaller enterprises in smaller geographic locations in Canada.

I'm trying to understand how we're going to get to the very ambitious goal that our federal government is currently pursuing respecting exports.

Véronique Dorval: Pierre, maybe you can provide a perspective on that.

Our base of about 7% of entrepreneurs is slightly below the Canadian average. I think it's more around 10% of companies that are exporting, which makes sense given that we are generally a smaller company.

Pierre, do you want to comment on sectors and geographical dispersion?

Pierre Cléroux: Yes, actually, our clients who are exporting are present in many sectors of the economy. It's more about their size sometimes, the ability to do that, but it's also the leadership of the entrepreneur. Some entrepreneurs are more interested in expanding outside Canada than others.

In terms of regions, there are actually a lot of exporters who are not in big cities because a lot of exporters are in the manufacturing sector. Typically, these businesses are in the smaller areas, because that's where a lot of manufacturing is located. We find that a lot of our clients in smaller communities are exporting outside Canada.

David McKenzie: Thank you very much.

I wonder if you could comment on the goal of doubling Canada's non-U.S. exports in 10 years. From a BDC perspective, do you see a pathway? What does that look like? Where are we going to get that kind of growth?

Véronique Dorval: Pierre, do you want to answer that?

Pierre Cléroux: I think there are a lot of opportunities. The world is much bigger now than it was in the past. What is important is that, typically, our businesses are small in Canada. Now we have an opportunity. There's a lot of business transition right now because we have an aging entrepreneur population. There are a lot of opportunities to scale up because, often, a business needs to be a certain size to be able to export. I see a lot of potential right now. As businesses become a bit bigger, they will have more capacity to be able to export.

As Véronique said, one of the roles of the BDC is to help Canadian businesses be stronger. We help them to grow, and when they grow to a certain point, they want to explore markets outside the country.

The Chair: Thank you very much.

We have Mr. Lavoie, for five minutes, followed by Mr. Simard and Madame Lapointe, and then that's the end of the time that we have. We have 15 minutes remaining, and we'll split them that way.

Mr. Lavoie.

[*Translation*]

Steeve Lavoie: Thank you, Madam Chair.

I didn't think I would have any more time, but I'm happy to be with you.

Let's go back to what we were saying earlier. Do you have any concrete examples to share with us?

Your response wasn't quite at the 50,000-foot level; it was closer to a 10,000-foot view. In other words, you spoke in general terms.

I know that Ms. De Franco told us a story, but do you have any more specific examples to share, examples involving companies?

I also asked you for examples that would allow us to compare the situation before with the situation after. Is there anything you weren't doing a year ago? For example, are there sectors that you didn't provide financing to but you are today?

● (1245)

Pierre Cléroux: I can give you a very concrete example of a Manitoba company that I met with yesterday. It's a steel company. As we know, steel is subject to tariffs. BDC is helping this company offset the fact that it's having a harder time exporting its products due to the tariffs. We're helping it reposition itself in the Canadian market, including in the defence sector.

As you know, we have a mandate to help companies explore opportunities in the defence sector. This company manufactures steel parts, such as beams, and even equipment made primarily of steel. We will therefore help it gain access to the defence supply chain. This allows a company affected by the tariffs to reposition itself within another market. This company currently has no operations in the defence sector, but we're confident that by helping it obtain the certification it needs, and perhaps also the necessary financing, we'll be able to help it explore this opportunity.

Steeve Lavoie: Correct me if I'm wrong, but, if I understand correctly, at BDC, you haven't always been involved in the defence sector. In other words, you didn't necessarily provide financing to companies that had clients in the defence sector, but today you do. Is that correct?

Véronique Dorval: Absolutely. Defence wasn't a sector we systematically covered before.

Steeve Lavoie: What led to this change? Is it only because the government or the department has established new guidelines and asked you to follow them? Is it something that came from you? Is it a bit of both?

Also, are there sectors you decide to explore even if they don't stem from a government directive?

Véronique Dorval: Certainly, as an organization, we're always keeping an eye on what's happening in the market and what entrepreneurs need.

The shift toward the defence sector stems from a process of reflection that was initially started by BDC. We subsequently involved our shareholder in the process to ensure alignment.

We realized that the situation we were in required a much stronger and much more sovereign defence sector. As a development bank, we see that we have an important role to play in this sector.

Steeve Lavoie: I would like to ask you one last question before I turn it over to Mr. Winterhalt.

If the government hadn't moved in that direction, would you have?

Véronique Dorval: According to our mandate, we're able to move in that direction as well.

Steeve Lavoie: Okay. Thank you, Ms. Dorval.

Mr. Winterhalt, I'll ask you the same question. How do you determine that?

[*English*]

Todd Winterhalt: Certainly I would start at defence and security, where we received instruction from our shareholder, the Minister of International Trade, to reopen our support of the industry. As I mentioned earlier, in only a year that has led to over $1.6 billion in support for Canadian defence and security exports. That is a very significant and quite rapid change.

I'd also touch on our support for critical minerals. We talked a little bit about investment in domestic mine sites. What's very different there—and this is an EDC initiative—is to do what's called a pre-FID or a pre-final investment decision. This is to provide EDC equity or financial support much earlier in the process to help get those projects over the finish line and start production much earlier. That's a brand new space for us, and we see a lot of potential growth there.

The last example I would give is EDC's participation in the investment and financing of a spaceport in Atlantic Canada, the first that Canada will have. This is again tied a little bit to defence and security, where we see a lot of opportunity not only for space-related technologies and investment but also for those that are defence and security adjacent.

These are three simple examples of where we've seen new growth in a year.

[*Translation*]

Steeve Lavoie: I see that my time is up, but thank you for being here today. In a way, you are the government's financial arm. The role you play is important. I'll be looking forward to examples of things that you weren't doing before but that you are doing now. I would like to see you again in six months or a year to see how things have evolved and how you have supported businesses.

Thank you.

[*English*]

The Chair: Thank you.

Mr. Simard, you have four minutes, please.

[*Translation*]

Mario Simard: Thank you, Madam Chair.

Thank you very much to my Conservative friends for helping me with my lack of speaking time.

I want to come back to the forestry sector.

As we know, the crisis has been going on since 2017. The last time I checked the numbers, more than $13 million belonging to people in the forestry sector was sitting idle in the United States because of a combination of countervailing duties and anti-dumping duties.

The first thing I'd like to know is whether the government consulted you in any way following the announcement earlier this month about the task force. The government-appointed task force submitted a report that proposed $10 billion over 10 years. In my view, that technically falls under your respective purviews.

Were you consulted on that? Were you consulted by this task force? Did you have discussions with these people?

● (1250)

Véronique Dorval: I can't give a specific answer regarding the task force. What I can say is that we're having discussions with the government, which is our shareholder, regarding this sector and the support we can provide to it. However, I can't speak specifically to the situation with the task force.

Mario Simard: I don't know whether you have seen a certain proposal made by the people in the forestry sector. The combination of anti-dumping duties and countervailing duties has reduced the profit margin for people in the forestry sector by 45%. For a long time, there was a proposal going around that the government could give them access to liquidity using the money that was sitting in the United States and recover that money afterward, once the dispute had been settled. However, the amounts are too high. People came to a compromise: At the end of every month, perhaps through EDC, why not have the government absorb 50% of the combined anti-dumping and countervailing duties, in other words, 50% of the 45%? That way, people could still have access to the market. It wouldn't be a subsidy, since the government would be able to recover that money when the dispute is finally resolved.

Have you already been informed of this proposal from people in the sector and major unions? Are you aware of that?

[*English*]

Todd Winterhalt: I have not.

[*Translation*]

Mario Simard: You've never heard of it. In that case, I'd be happy to send you this proposal.

I'd like to talk to you about something else, and I'm eager to see how this plays out. I don't know if it's the same for you, but when a forestry company asks the government for help, the company is immediately referred to Global Affairs Canada. However, the argument is that if we were to support those involved in primary processing, we would be violating Canada's trade agreements.

I've seen cases in my riding where this made no sense. I'm thinking, for example, of social integration companies that don't even have a market in the United States—whose market is entirely within Canada—but which cannot receive federal government support because they're supposedly in violation of Canada's trade agreements, even though they don't do any business in the United States.

Are you aware of this situation? Before this year or last year, when a forestry company asked you for support, did you yourselves have to go through Global Affairs Canada?

Véronique Dorval: In our case, when a business owner asks us for support in the form of funding or consulting services, we do not go through that process. We assess the funding request on the basis of financial information, the company's project, etc. So it doesn't go through—

Mario Simard: Do I have any time left for—

[*English*]

The Chair: Monsieur Simard, I'm sorry. The time has run out.

We'll go to Madame Lapointe for four minutes, and that will be the end of the meeting.

[*Translation*]

Linda Lapointe: Thank you, Madam Chair.

I have a question for you, Ms. Dorval.

Earlier, you made several references to defence. We held an event in the Laurentians focused on defence and all the opportunities it can create. Our event took place on March 31 with Connexion Laurentides, an organization that hosts events related to economic activity in the Laurentians. Even before that event, we were told that BDC was the organization that helps businesses enter the defence procurement system.

Is that the information you have? It's because certification is required. To get into the defence sector, businesses must go through the acceptance process.

Véronique Dorval: That's a good question. To explain the role we play, I'll refer back to our consulting services, because they're important in the defence sector.

We help contractors in defence-related sectors understand what will be required to get into the defence sector. To enter this sector, there are, among other things, important prerequisites regarding quality and cybersecurity. When contractors are interested, we help them understand these prerequisites. However, we are not the gateway to the procurement system. We can help them adapt their business model and understand the requirements, but they do not go through us for the validation process that will subsequently grant them access to the defence sector.

● (1255)

Linda Lapointe: To that end, I met with BDC's CEO, Ms. Hudon. The process for a company to enter the defence procurement system is lengthy, but we were told that when you offer your assistance, it shortens the time it takes to get into the system.

Véronique Dorval: Indeed—we help entrepreneurs quickly understand what they need rather than having them flounder. Over the past few months, I've met with business owners who recognized the economic opportunities in the sector and were quite interested in it. We try to help them quickly understand the requirements so they can position themselves to become suppliers in the defence sector. However, we don't have a validation process per se.

Linda Lapointe: You agree with me that defence is a very broad field. It's not just about drones. As you said, it encompasses the entire supply chain. In the Laurentians, for example, there are many companies in the aviation sector. That said, there are other businesses that revolve around all of that. It's quite broad.

Here's an example. I went to visit the Bain Magique company. I don't know if this is a company you support, but Bain Magique has branches in the United States and in my riding. Just think about military bases—which are in great need of renovation. Surprisingly, companies that might not have considered it can get into the defence sector—which includes helping to renovate military bases. It's such a broad field. Business owners don't see that. They all think it's about drones and military equipment.

Is that something you're promoting?

Véronique Dorval: We're gaining more and more insight into it. We're realizing that a considerable portion of the defence sector is supported by companies that only generate 10% or 20% of their revenue…. That's the case with Bain Magique, for example, but I've also met with companies that make bunk beds or bolts. All of that is needed, too. The defence sector is quite broad, after all.

We have a significant public presence. We also look at defence-related industries to inform businesses of opportunities to expand their services or products into the defence sector.

Linda Lapointe: At the very least, we need to open their eyes and help them see that there are opportunities beyond the usual market.

Véronique Dorval: Absolutely.

[*English*]

The Chair: Thank you so much to our witnesses. It's been a very valuable two hours.

For all of the answers that are outstanding, please ensure that you send the information to the clerk for distribution to the committee members.

Thank you all very much. I will move adjournment.