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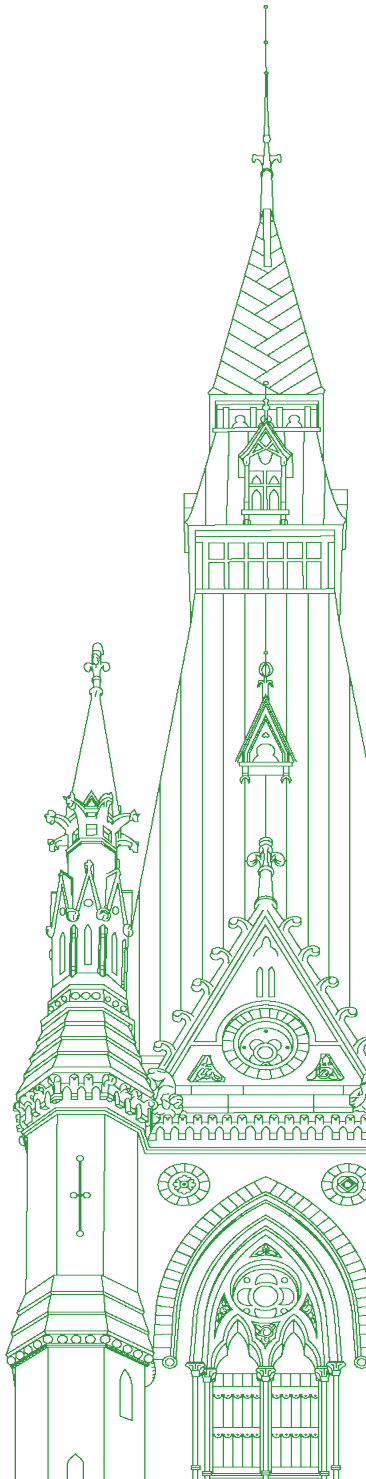
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Chair: Judy A. Sgro

Standing Committee on International Trade

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● (1535)

[*English*]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): Good afternoon, everyone. Welcome to meeting number 51 of the Standing Committee on International Trade.

As you all have heard, we are beginning a study on Canadian manufacturers. I need support to adopt a budget of $12,750 for this particular study.

Are there any questions or comments? Are we all in favour?

Some hon. members: Agreed.

The Chair: Thank you very much.

One thing I want to point out is that we are talking as a committee about possibly asking to do a trip, as international trade, to Indonesia and Singapore. If any members have any thoughts on this, or might want to add or share anything with the logistics people so that we have as much information as possible, would you please let us know or speak to our clerk?

Go ahead, Mr. Simard.

[*Translation*]

Mario Simard (Jonquière—Hébertville—Pays-des-Bleuets, BQ): Madam Chair, I'd just like to confirm something. In order for our leader to approve this, it would have to be when parliament is not sitting. I just wanted to reiterate that small clarification.

[*English*]

The Chair: Perhaps you could check with your leader to see. We still have a long process of figuring out what the trip would be involving and if we get support for it. It's for the logistics people to put forward what the tickets and hotels would cost and then to put a budget together. They will go to the SBLI committee to see if they get approval.

If there are any thoughts on that, please share them with me or the clerk.

Go ahead, Stephanie.

Stephanie Kusie (Calgary Midnapore, CPC): Thank you, Chair.

I want to float an idea with the committee. Given that the Auditor General this morning presented a report on CARM, perhaps we could have the minister or senior officials from the CBSA here to respond to the Auditor General report.

I will leave that here for your and the committee's consideration.

Thank you.

The Chair: Are there any comments on that?

We'll see how that goes with the committee. Thank you.

Our next meeting will be November 3, when we'll continue on with the Canadian manufacturers. On the order in council nomination, for the information of committee, the clerk is continuing to try to get that booked. It may be November 3 or November 17. We're waiting for confirmation. On Thursday, November 5, there will be no meeting because of the budget presentation.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, October 20, 2026, the committee is commencing its study of federal assistance for Canadian manufacturers' international trade activities.

We have with us today, from the Canadian Institute of Steel Construction, Amir Jamshidi, president and chief executive officer of Niik Steel, by video conference, and Rita Rahmati, director of public affairs, by video conference.

From the Excellence in Manufacturing Consortium, we have Raf Khan, director of manufacturing initiatives.

From STC Manufacturier, we have Martin Ouellet, chief executive officer.

Welcome to you all. I appreciate the fact that you're taking the time to join us today.

We will open the floor to Ms. Rahmati and Mr. Jamshidi.

Rita Rahmati (Director, Public Affairs, Canadian Institute of Steel Construction): Thank you, Madam Chair and members of the committee, for the invitation.

I'm joined by a member of our board of directors, Amir Jamshidi, president of Niik Steel, located in Nanaimo, B.C.

The CISC represents the downstream steel industry, including the fabricators who build Canada's vital infrastructure with steel. The steel construction sector directly employs close to 30,000 workers from Newfoundland to Vancouver Island. Over the past two years, our members have dealt with massive trade instability stemming from the unjustified U.S. tariffs on the Canadian steel industry. We appreciate the work the government has done to support the industry during this tumultuous period, including through such key measures as the buy Canadian policy, the steel derivatives surtax and the regional tariff response initiative, which has helped members like Niik Steel.

The CISC strongly supports strategic trade measures to address unfair trade practices and protect Canada's steel industry, including the producers. At the same time, trade measures must be regularly reviewed to ensure that they do not create unintended consequences for downstream users. Recent measures, including tariff rate quotas, have created significant supply challenges for the broader steel construction industry. TRQs are based on 2024 import volumes, which do not reflect today's demand, project requirements or domestic production capacity. These gaps have been further exacerbated by Stelco's recent idling of its cold rolling and galvanized steel operations, further reducing domestic availability of these products.

Fabricator members across Canada continue to report difficulty accessing critical products, including steel plate and coil, within the timelines needed to deliver projects.

I'll now turn it over to my colleague Amir Jamshidi, who will share the perspective of a business experiencing these challenges first-hand.

Amir Jamshidi (President and Chief Executive Officer, Niik Steel, Canadian Institute of Steel Construction): Thank you, Rita.

Niik Steel is one of the largest structural steel fabricators in the Vancouver area, employing more than 100 people. We fabricate the steel that holds buildings up: columns, beams, brace frames, stairs and platforms. The steel goes into commercial and residential towers, hospitals, schools, community facilities, affordable housing and industrial projects. It's mostly in British Columbia, with some work in Washington and Alaska.

I would like to show you what the issues Rita described look like on our shop floor.

The products that we struggle most to get are steel plate and coil. Plate goes into almost everything we build. A column cannot leave our shop without its base plate. When plate is late, the whole job waits.

For a fabricator in British Columbia, the problem is sharper. Canada's domestic mills are thousands of kilometres away, so every tonne carries weeks of transit time and real freight costs. Western fabricators have always filled that gap with imported steel. Today, the import quotas are often used up within hours of opening, usually by the biggest buyers and traders, which can commit to huge volumes on one day. Fabricators like us cannot win that race, so either we pay the higher tariff or we wait. Neither option works when we have signed a fixed price, a fixed schedule and a liquidated damage class.

Let me give you a real example to illustrate the challenge. There is a municipal project involving three towers and a community centre. When we signed the contract last December, steel was about 60¢ a pound. Within a year, with tariffs and TRQs, the same material reached $1.32, which is more than double. As a result, one of those three towers is now on hold. The demand for that building is still there. It has stopped because of what the steel now costs.

Fabricators work on fixed-price contracts, usually with no escalation or tariff clause to protect us. The mills sell at market price, so cost increases pass straight through to us. We are the ones absorbing them. At the same time, we are facing a real shortage of plate and coil. Every delay turns into commercial and legal risk for our companies. Over time, that weakens our ability to compete, and it's already shrinking our industry.

That brings me to my biggest concern. When owners face such risk and this kind of uncertainty, they don't wait. They redesign with other materials. Once a project switches away from steel, that work doesn't come back. It is lost to Canadian fabricators, lost to Canadian mills and lost to every worker these measures are meant to protect.

Thank you. I'll turn it back to Rita.

● (1540)

Rita Rahmati: To conclude, the CISC recommends that the government review domestic production capacity and downstream users' market demand needs to understand any gaps. It can then adjust TRQ levels to reflect current market needs, including potential exemptions for free trade agreement countries.

Canada must protect its steel industry from unfair competition while ensuring that downstream manufacturers have predictable access to central inputs, so they can deliver the infrastructure projects this country needs.

Thank you. We look forward to your questions.

The Chair: Thank you very much.

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

Raf Khan (Director, Manufacturing Initiatives, Excellence in Manufacturing Consortium): Madam Chair and members of the committee, thank you for the opportunity to appear here today.

My name is Raf Khan, and I'm the director of manufacturing initiatives at the Excellence in Manufacturing Consortium, EMC.

EMC is Canada's largest manufacturing consortium, working with more than 18,000 manufacturers representing 700,000 employees. Manufacturing employs 1.8 million Canadians and contributes roughly 10% of our GDP. The overwhelming majority are small and medium-sized businesses, many of them major employers in smaller communities. They're highly capable and innovative, but they often lack the resources to develop international markets. This reality needs to be central to a trade diversification discussion.

In preparing for today, I spoke directly with manufacturers, and their experiences reinforced three messages.

First, we need to make it easier for manufacturers to pursue international opportunities. Canada has valuable trade agreements and important supports through the trade commissioner service, EDC, BDC and others, but navigating unfamiliar markets, regulations and customer relationships can be daunting for smaller manufacturers.

A manufacturer in Walkerton, Ontario, is exploring Latin American markets. It received really good information from the trade commissioner service, but it's struggling to identify companies that need its specialized products. It needs hands-on help connecting its manufacturing capabilities with qualified buyers.

At EMC, we're addressing this through industry connect, an initiative to make Canadian manufacturing capabilities more visible and to connect businesses with opportunities. This is particularly important in strategic sectors such as defence and aerospace, in which manufacturers may have the capabilities but lack the certifications or relationships to participate.

Second, diversification requires practical supports and sustained relationships. An industrial tooling and automation manufacturer in London, Ontario, secured significant European business recently through relationships with multinational customers already operating in North America. This highlights opportunities to leverage foreign investment in Canada to create international business for domestic suppliers.

Another London manufacturer specializing in industrial lifting equipment recently established operations in Germany. It hired local staff and shipped equipment overseas, but it doesn't expect its business to be sustainable for another three years. When I asked what government could do to help, its answer was straightforward: financial assistance to offset the initial cost of entering a new market. This includes hiring a local salesperson, setting up office space and having a marketing plan. This would help reduce the financial risk of expanding internationally and give the company a better chance of establishing a sustainable business.

Third, international competitiveness begins with a strong manufacturing base at home. We're hearing growing concerns from our manufacturers about the impact of Canada's steel import restrictions. One manufacturer described being squeezed in the middle. It's facing steel costs that have nearly doubled while it's also dealing with significant U.S. tariffs on its finished products. It's facing higher production costs while becoming less competitive in its largest export market, with those pressures rippling through to its Canadian customers. A British Columbia packaging manufacturer recently raised similar concerns about essential materials that cannot be readily sourced domestically. These examples show why trade policies must consider the entire manufacturing value chain, supporting Canadian manufacturers while keeping downstream manufacturers competitive.

In closing, I'd like to offer three recommendations.

First, support industry-led platforms that identify Canadian manufacturing capabilities and connect manufacturers with qualified buyers, integrating these efforts with trade commissioners and procurement agencies.

Second, establish a coordinated national manufacturing trade diversification initiative that brings together government, industry associations and manufacturers to provide practical, accessible supports to small and medium-sized enterprises entering new markets.

Third, ensure trade and industrial policies strengthen the competitiveness and productive capacity of Canadian manufacturing at home.

For nearly 30 years, EMC has worked alongside manufacturers across Canada. We help them strengthen their operations and become competitive, and we connect them with opportunities. We know what their businesses can do, but we also know their challenges. By working together, industry and government can build a stronger, more connected manufacturing economy, one that's competitive at home and better positioned to succeed internationally.

Thank you, and I look forward to your questions.

● (1545)

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

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

[*Translation*]

Martin Ouellet (Chief Executive Officer, STC Manufacturier): Thank you very much, Madam Chair.

Members of the committee, thank you for giving us the opportunity to outline the current situation at STC Manufacturier and the supply challenges we are facing when it comes to sourcing satin coat steel, also known as galvanneal.

STC Manufacturier makes steel doors and frames. We've been in business since 1994. We are headquartered in Saguenay, Quebec, and we operate two plants, one in Saguenay and one in Longueuil. We employ 70 people across those two sites.

Our business relies on a steady supply of the steel needed for manufacturing. The availability of this material and the predictability of its cost are essential for planning production and meeting our commitments to our customers.

Our sector is critical to building and manufacturing steel doors and frames. Steel firebreak doors and frames are essential components in the construction of multi-occupancy, commercial and institutional buildings. Our sector therefore contributes to projects that meet the needs of local communities and comply with building fire safety standards.

STC Manufacturier is a member of the Canadian Steel Door Manufacturers Association, which represents 17 members across Canada, specifically 11 in Ontario, five in Quebec and one in the Maritimes. Our concern therefore relates to a Canadian manufacturing chain that extends beyond our company's activities.

Our message is that Canadian manufacturers must be able to count on a reliable supply of steel tailored to their needs.

I'd like to discuss the loss of a major Canadian source.

We are here today to bring to your attention a serious problem with the supply of satin coat steel. Based on our understanding of the market, two Canadian producers were supplying that segment: ArcelorMittal Dofasco and Stelco.

Stelco's parent company Cleveland-Cliffs confirmed in October 2026 that Stelco's galvanization lines would be shut down indefinitely. That means shutting down those specific operations, not the complete closure of the company. This decision threatens an important source of supply for Canadian users.

This situation gives rise to two concerns for STC Manufacturier, specifically a rapid jump in the cost of steel and a threat—

[*English*]

The Chair: Excuse me, Mr. Ouellet.

Could you just slow down a little bit? Our translators are having difficulty.

Thank you.

[*Translation*]

Martin Ouellet: Okay, I'm sorry.

This situation gives rise to two concerns, specifically a rapid jump in the cost of steel and a threat to supply continuity. Assuming we'd be able to absorb a higher price, we still need to be able to source the raw material needed for production.

I want to illustrate for you just how much steel prices have increased, to show you what we're dealing with in real terms. This is often used as a reference point. For a standard sheet of steel that cost $49.62 in May, we're currently paying $84. By January, it will cost $98. This cost estimate means that, every time we use 1,000 sheets of steel, it costs us $34,450 more because of the cost of steel. Using 1,000 sheets of steel sounds like a lot, but for us, that's two days of production. So, in two days, we have to pay $34,000 more in costs. We pass those costs on, but that's not always easy to do.

U.S. tariffs on steel are disrupting market access for Canadian producers and adding pressure on the entire supply chain. For the manufacturers that process this steel in Canada, this instability is affecting their supply options and cost predictability. Our concern is that these international trade issues will end up compromising the availability of the raw material we need. There is also uncertainty related to the tariffs that Canada has imposed on imports. Many importers are currently reluctant to source galvanized steel, satin coat steel from outside the country for a number of reasons, including the costs and tariffs that apply.

On top of that, galvanized steel does not travel well by sea. In our experience, satin coat steel coils are susceptible to corrosion when exposed to moisture and condensation in the holds of ships. Importing also carries the risk of receiving damaged material, incurring losses and delaying production. Sourcing steel abroad does not guarantee that it will be received in a condition suitable for use.

The cumulative effect of supply constraints, rising prices and uncertainty related to tariffs and transportation is complicating our procurement, tendering and production processes. A shortage could also affect deliveries intended for multi-occupancy, commercial and institutional building projects. In my view, we are currently losing sovereignty over our supply of satin coat steel in Canada. The security of supply for Canadian manufacturers and the predictability of trade rules should be at the heart of the review of this situation.

Thank you. I'm sorry if I spoke for too long.

● (1550)

[*English*]

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

I will now open it up for questions.

Mr. Guglielmin, go ahead, please.

Michael Guglielmin (Vaughan—Woodbridge, CPC): Thank you, Chair.

Thank you to the witnesses for your opening testimonies. Before being elected, I spent my career in the steel service centre industry, so I hear a lot of unanimous consent around the supply crunch. I've basically been hearing it across the board, especially related to coated products, and we're even seeing that in hot-rolled now.

Ms. Rahmati, I'm going to start with you. We know that the hot-rolled base and, really, the base of even coated products in this country has essentially doubled in a 12-month or less period, and there are also these supply constraints that everyone is speaking about. Are you seeing these supply constraints, and are you seeing them put projects of your members at risk?

Rita Rahmati: Absolutely. We're hearing about it from members from across Canada, coast to coast. Everyone is experiencing these challenges. I'd say some products have doubled even just within the last six months, not even a full year. If you went back a year, it has probably gone up even more than that.

We're certainly seeing it both for cold-formed products and hot-rolled. For our industry specifically, steel construction, plate and coil are the products that we have the most pricing challenges with, but then it's also with supply.

I have members who have not been able to bid on projects because of how much the price has increased, and we've certainly heard that also from the contractor side. You're hearing today from other witnesses who are in different sectors experiencing similar challenges in how it impacts their work and their ability to get done what they need.

Amir, I think, can also speak to some other projects that he has probably dealt with that have also—

Michael Guglielmin: Is there a risk here that people will start using different material other than steel and that they'll start turning away from steel products?

Rita Rahmati: Yes, that's our long-term concern, and by "long term," I mean even within the next year or two. Projects that have already been awarded are proceeding as is for the large part with steel, if that was already what was agreed upon, but we are concerned that future contracts will start to design for other materials because of how unstable the price and availability of steel is.

Michael Guglielmin: I want to talk about TRQs for a second. I think we can all appreciate the government's motivation here because we have a problem with countries, bad actors like China, dumping steel into our market. Obviously, in that sense, our mills have to be protected, but for the longest time in this industry, there has always been some sort of capacity issue where, oftentimes, domestic manufacturers and service centres alike were told to source offshore. We heard other testimony today about west coast companies and that because of the distance between our manufacturing steel industry centre hubs and the west coast, they often rely on imports.

This TRQ regime was erected and I'm hearing that it's very complex and there are problems with access and quotas being filled up within 30 minutes once they open. I just wonder if you could tell me what you're hearing from your members on this.

● (1555)

Rita Rahmati: We represent over 100 fabricators and I have not spoken with a single one in the last several months who has been able to access the TRQ program to bring in steel prior to the tariffs within that program. I don't know who is able to use it. It's likely the larger manufacturers and producers who are able to. Many of the small and medium-sized businesses, the businesses that need it the most, the Canadian-owned businesses, are not able to access it prior to paying the quota.

Michael Guglielmin: Do you suspect there's some gaming of the system, where people keep these products in warehouse, in bond, and they're there in quantity, and then as soon as that quota rate opens, they draw those down within hours of it opening?

Rita Rahmati: That's precisely what we're hearing. We're even hearing that there was a product for which within 30 minutes the entire quota was full.

Michael Guglielmin: You also said in your opening remarks that the TRQs are based off 2024 import levels, which really isn't sufficient when you're looking at volumes and production expectations in today's market. Do you think that should be reviewed?

Rita Rahmati: Absolutely, because 2024 was reflective of just one year. As we know, construction ebbs and flows. Different years have different project needs. We've always said from the beginning that it should at least be an average of a few years. Also, right now, the Canadian government—it's great to see—is investing more in large-scale projects here in Canada. We have the Major Projects Office. There's a lot of work that can be done here in the next few years, but we need to make sure that we have the supply available to complete those projects on time.

We think that number needs to be reassessed. We've had changes in the market. We've had some mills that have had to have some shutdowns and temporary changes, and then with Stelco leaving that line of business, that product alone needs to be fully reassessed.

Michael Guglielmin: Obviously, Stelco idling their coating lines has compounded this problem. Would you have a recommendation for the government for how they should approach TRQ review?

Rita Rahmati: They need to work with the entire industry, including the downstream sector, not just the primary side of the industry there. We need to look at what the entire domestic capacity is per product and then look at what the market demand is—not just what the market demand is right now but what it will be over the next year or two years.

Where there are any gaps in what the domestic market can supply and what is needed for the domestic market, we have to either increase those thresholds or look at some exemptions, whether those are temporary or long-term.

We have good trading partners in other countries. We have free trade agreement countries. I absolutely agree that we do not want to be opening up the market to any country that dumps steel, certainly not China. We have the Chinese surtax, which is separate from the TRQs. That could be further strengthened to address any concerns around the dumping of steel, but we have free trade agreement countries that we could be working with better.

Michael Guglielmin: Mr. Khan, [*Technical difficulty—Editor*].

The Chair: [*Technical difficulty—Editor*] next round.

Mr. Naqvi, go ahead, please.

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

I want to thank all the witnesses for being here today and for their valuable testimony.

The prime motivation I had for moving this motion was hearing directly from the manufacturing sector on how best to help diversify to other markets, given the effort by the Canadian government to diversify our trade portfolio and look at markets beyond the United States and Mexico.

My questioning will be along those lines.

I'll start with Mr. Khan.

Thank you for your testimony, for sharing what you are hearing from your members and for the recommendations you provided.

I want to see if we can parse a few of the details in terms of the three things you spoke about, the very first being making it easy to pursue international opportunities or international markets. I think you referred to hands-on help via an “industry connect” program. I'm assuming your organization provides that.

Can you walk us through what that program is? How does it work, and how does it help Canadian manufacturers access new markets internationally?

Raf Khan: Sure. EMC has been developing what we call “industry connect”, an application that's going to capture the process capabilities of manufacturers.

In order for a manufacturer to sell or even identify who can use their wares.... It's not just a matter of understanding what they sell. Process capabilities include the type of equipment, the type of technology and the types of processes used to do something. That's where it starts to open up opportunities with other countries or manufacturers, as they understand with more certainty how they can work together.

● (1600)

Yasir Naqvi: Was this a program that was created because you heard from your members, and it's being set up to provide a direct service?

The second part of the question is this: What's the metric you're using? How are you tracking the success of a program like that?

Raf Khan: I'll be honest. This application is probably in its infancy. We're just starting. We have fewer than 100 companies in Canada that have started to put their information in.

Long term, the ultimate metric will be how many of them generate new business from said platform.

Yasir Naqvi: Okay.

The second point you raised was around practical support to build those sustained relationships and, I think, the opportunity to have local sales.

Again, from your organization's perspective, what does that look like? Is it support from government so that companies can hire salespeople? Are the trade commissioner services in different markets not sufficient to provide that kind of service for companies that may be looking at entering a new market?

Raf Khan: First, I think the trade commissioner service does a really great job. I've gotten a lot of good feedback from some of our network over the past several months.

It comes down to the fact that we're talking about small businesses that don't know where to start. For instance, we are helping manufacturers navigate getting into defence. Some of those manufacturers are interested in transitioning. That is a very complex process. Quite frankly, people just don't know where to start.

Long term, if there's an opportunity to work with bodies like the trade commissioner service, EDC, BDC and so on, using a special focus to support some of these small businesses, that's what we're asking for.

Yasir Naqvi: It's about having more targeted support for small and medium-sized manufacturers.

As you look at the landscape, are there any particular markets that you think Canada should be focusing on, and is there an approach we can recommend the government create as part of this study?

Raf Khan: I think that's a hard one.

We already have trade agreements. We're not suggesting that we need to create new ones. It's about leveraging the ones we already have. Maybe we could go as far as having a concierge service to help manufacturers understand the business relationships they need to form in these markets.

Yasir Naqvi: Mr. Ouellet, do you have any thoughts on what Mr. Khan is suggesting? What kinds of supports could the Canadian government provide to our Canadian manufacturers to help them access new markets around the world?

[*Translation*]

Martin Ouellet: I wouldn't dare wade into that discussion, but that's our reality as a small business owner. Our company has 70 employees, and our sales are about $11 million. I guess our business is actually a medium-sized business, not a very small one.

Indeed, in terms of discovering or exploring new markets, we are in that situation, at least in Canada, in our case. We devote all of our time to our production and to serving our existing customers. To explore new markets, we would need external resources to support us. That's really where we could use some help, especially looking outside our borders. I look at markets like Europe, but for me to go to Europe, my team needs to be able to support that and adapt products, because products aren't the same in Europe as they are in Canada and the U.S. The products would need to be adapted, and that would require a whole team behind us to support us as an SME.

I think this is where government support would have the greatest impact, perhaps through the channels that Mr. Khan was talking about [*Technical difficulty—Editor*], but businesses need to be supported so that they can hire engineers, technicians and also people from abroad who will come and work for us, because we have to travel and we have to keep the business operating every day to serve our existing customers. We can't neglect our existing customers to develop new markets. So that's our reality every day [*Technical difficulty—Editor*] to do so, but in terms of the resources needed, it's harder.

● (1605)

[*English*]

The Chair: Thank you very much.

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

[*Translation*]

Mario Simard: Thank you, Madam Chair.

Since Mr. Ouellet has so much to say, we'll give him a little more time.

In your opening statement, Mr. Ouellet, you clearly explained the situation you are in. I understood that a sheet of satin coat steel cost $49 in May, that it now costs $84 and that it will cost $98 in January. This means that, by January, if we look at the difference between May and January of next year, the price of your inputs, specifically a sheet of satin coat steel, will have nearly doubled. So I understand very well what that means for your production costs over two days, and you've illustrated that very clearly.

From what I understand, Stelco is currently doing this in Canada, and the other manufacturer is ArcelorMittal. There are no other sources of supply for you.

Are there any sources of supply in the United States? Those sources would, in some way, be subject to tariffs. That's my understanding.

Martin Ouellet: That's correct. All imports from the United States are subject to tariffs, but the price of American steel is much higher than the price of Canadian steel in the same category. So, in addition to paying tariffs, we would be paying even more per pound of steel.

Mario Simard: I understand from a previous discussion we had that you manage to source supplies because you're a major consumer of steel sheets. So you have some history in that regard. However, a smaller player who still needs that satin coat steel in its production chain might be at a disadvantage because of the current shortage of supply in Canada.

Martin Ouellet: That's correct. Both small players and heavy users will each get a slice of the pie. If the pie is smaller, some people will end up with a smaller slice. We've already signed agreements, but that's not the case for everyone. In that scenario, there may be a shortage of steel on the market.

Mario Simard: I don't know if you have this information, but right now, when comparing what Stelco used to produce with what ArcelorMittal is producing, how much is being lost? Have we lost 50% of production?

You seem to be indicating that you're not in a position to tell me that.

Martin Ouellet: I can't answer that question. I don't know the volumes, but from what I understand, Stelco's volume was greater than ArcelorMittal's.

Mario Simard: Okay.

So Stelco and ArcelorMittal have to provide steel to all of Canada, including here?

Martin Ouellet: Yes.

Mario Simard: It's the same thing.

Martin Ouellet: There aren't that many steel door and steel frame producers. There's one in Edmonton, but most producers of fire-rated steel doors and frames are located in Ontario and Quebec.

Mario Simard: Producers are in Ontario and Quebec.

Martin Ouellet: The biggest players are mainly in Ontario, but there are some big players in Quebec as well.

Mario Simard: It's more of a local reality then. Theoretically, you pass the input costs on, as you just said, because you have no other choice.

Are some of your clients already trying to find alternatives to steel doors or reducing their orders?

Martin Ouellet: Yes, and they'll consider importing doors and finished products from other countries, including China. China produces doors and exports some to B.C. and a lot to the U.S. Some clients will definitely consider that as an option, because they have to source from somewhere.

It's important to note that if there's a fire door missing in a building, the door doesn't open. Whether it's a school, a hospital or a four-unit apartment building with a staircase, if the fire door is missing, people can't get inside.

Mario Simard: Because of construction standards, your products are essential. In the context of the government embarking on a massive house-building strategy with Build Canada Homes, you're quite the important player.

Is that correct?

Martin Ouellet: With frames and doors, it's simple: it's one door inside a frame. However, it's essential for security purposes. It's passive protection against fire spreading. If they're missing, there's simply no building. With a housing strategy aimed at multi-unit housing development to make sure everyone has a place to live, steel doors and frames are essential.

● (1610)

Mario Simard: I understand there's another challenge. You haven't talked about it, but I want to mention it because it's one of the many obstacles that the manufacturing sector is facing. I'm talking about temporary foreign workers and the time it takes to renew work permits.

Can you say a few words about that?

Martin Ouellet: It's one of many challenges. There was the COVID-19 pandemic, the labour shortage caused by the reduced numbers of temporary foreign workers, and the issues with work permit renewal.

On top of that, there's the rising cost of steel. It's been pretty rough in our sector for the last four or five years, that's for sure. The issue of temporary foreign workers is one that needs to be fixed quickly. The program has to be reinstated so that businesses can have some breathing room.

I think Madam Chair is signalling to me.

[*English*]

The Chair: We try to keep everybody with equal time so that everybody gets a chance to ask questions, and we're down to seven seconds.

I don't think you can get a question out there, Mr. Simard. You're good at it, but I don't think you can do it in seven seconds.

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

Tamara Kronis (Nanaimo—Ladysmith, CPC): Thank you so much. It's a pleasure to be here today.

It was a delight to find out that Mr. Jamshidi was going to be here. Niik Steel is such a wonderful representation of a significant employer from my riding of Nanaimo—Ladysmith that has a really dedicated and engaged workforce.

It is always a pleasure for me to spend time with his company. One of the things I really admire about Niik Steel in particular is that they use technology very well, and they make really thoughtful investments in both technology and equipment in order to improve productivity in a way that is always aimed at creating additional jobs in our community.

I really want to thank Mr. Jamshidi for the work that he's done to educate me on why the challenges that are facing downstream steel fabricators are not simply a matter of being able to find access to new markets, but are really a much more complex compilation of supply-and-demand problems that interact with each other.

I'm hoping, Mr. Jamshidi, that you might be able to elaborate a little bit on why the steel supply issues and the TRQs have a more amplified impact in western Canada than they might in other parts of the country.

Amir Jamshidi: Thank you very much, Ms. Kronis. I appreciate your comment. I always enjoy speaking with you about the challenges that we face in our day-to-day business.

When TRQs open at the start of the quarter, they are filled within minutes or hours. The quota is observed by traders, not us as fabricators. Fabricators, the companies that actually build Canadian infrastructure, cannot access competitively priced imports when domestic supply is unavailable. The result is longer lead times, higher costs and reduced competitiveness against U.S. fabricators, who have more reliable access to steel.

These issues are especially acute in western Canada and B.C., where supply constraints and transportation bottlenecks are putting major projects at risk.

We want to be clear. We support Canadian steel production. Our industry depends on strong domestic steel, but current policies unintentionally harm downstream manufacturers and fabricators. Without action, Canada will continue to lose fabricator work, fabricator jobs and our employees to other jurisdictions.

Tamara Kronis: Thanks so much for highlighting that.

I'm wondering if you could elaborate a bit on the importance of our north-south relationships in British Columbia—or if there's anything you want to highlight—and also our Asian relationships, because one of the things that's a feature of our life as westerners is that Hamilton is really far away. It takes a day to drive almost all the way to California, but it takes four or five days to drive across the country to central Canada.

I'm wondering if you could talk about how that impacts the economics and also the Asian trade routes.

Amir Jamshidi: Yes. As I mentioned in my statement, B.C. traditionally has always had access to imported steel. By putting in those TRQs and limitations, we don't have that anymore. What happens here is that the cost of steel goes up. The raw material goes up when it comes. As a fabricator, we have to absorb that. Keep in mind that we have liquidated damages that we have to absorb if we cannot handle that.

I'll give you one example. I think we've talked about it before: the 937 View Street project in Victoria. That's an affordable housing project with around 200 units. We've been working with this developer for more than two years. They made the deliberate choice to keep the work in Canada. They could have gone to China, but they kept the work here in Canada and hired a local fabricator—us.

Since then, they have faced an enormous increase of nearly $2 million due to tariffs and price escalation. On top of that, no one can tell us with confidence when the material will arrive. Affordable housing runs on fixed funding and very thin margins, so a cost increase like that has nowhere to go. If deliveries slip, we, as fabricators, are exposed to liquidated damages for delays we don't control.

Imagine if you want to bring steel from the east when there is no schedule. That takes months and months. As you clearly pointed out, the distance between Vancouver and California is much shorter than it is between Vancouver and Ontario.

● (1615)

Tamara Kronis: What you've highlighted—

The Chair: I'm sorry, Ms. Kronis, but the time is up.

Tamara Kronis: Thanks.

The Chair: Ms. Lapointe, go ahead, please.

[*Translation*]

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

I thank the witnesses for being with us today.

Thank you to Mr. Ouellet and Mr. Khan, and thank you to the witnesses who are participating virtually.

Mr. Ouellet, you said earlier that your company makes steel doors and frames. We understand that without a door, there's no building. You mentioned federal supports.

You said that any potential federal supports would need to go towards hiring engineers and technicians to help you design and export products.

Can you give us more details on what that would entail?

Martin Ouellet: I actually wanted to discuss this with Mr. Naqvi after the meeting.

To develop a new product, and even to export our existing products, we always have to adapt on the technical side. In our case, we have to obtain fire-rating certifications, and for many companies, there are other rules to comply with. For example, we sell products in Halifax, and the rules are different there because the products have to be hurricane-proof. So we have to adapt our products.

To be able to sell our products abroad, we need engineers and technicians. We need marketing people who go and learn what's being done elsewhere and who then bring the information back to the plant so that we can adapt our products and have them certified. There are a lot of things to do. It seems easy, and we could say that we just have to go and sell the products in Europe, but it's much more difficult than that, and it takes a lot more time.

We can always dream, but it would be great if we were eligible for financial assistance that we could start repaying three or four years later on royalties from our market and additional markets that have been developed. It would be at zero cost, initially, for us. We would take on the risk with the government, but we could repay the financial assistance three or four years down the road.

Even with local customers, it takes two or three years before the market can be developed and profitability becomes adequate. There could be, potentially, government assistance to hire staff and support that staff that we would have to start reimbursing three years afterwards with the additional sales that will be made with that export.

This type of program could be interesting for businesses and I think people would be much more interested from that perspective. Every day, we have to keep our business running and, at the same time, develop markets. For small and medium-sized businesses, or SMEs, it requires a lot of energy, so we have to look for outside help.

Linda Lapointe: I understand that you're having issues with commodity supply and with workforce recruitment, pricing and all the uncertainty.

Martin Ouellet: We're in deep water each and every day.

Linda Lapointe: I truly feel for you. I was also an entrepreneur, and—

Martin Ouellet: I wouldn't get another job, but there are a lot of risks involved. There's a lot of uncertainty currently, since our neighbour to the south started to play these little games.

We want to stay in business and we want to scale up. I think it's important to try to scale up. I'm doing it to increase the country's GDP.

● (1620)

Linda Lapointe: We're building houses. We need doors.

Martin Ouellet: We need doors, but we're building businesses and we want to contribute to the country's economic growth.

Linda Lapointe: You mentioned that your business started in 1994.

Martin Ouellet: In 1994, that's correct. I bought the family business in 2018. My children will take over in a few months, and I'll keep working with them. We want to continue to grow in that sector.

Linda Lapointe: You also said earlier that sending abroad products like galvanneal can create rusting because of transportation by boat.

Martin Ouellet: Inside the hold of a ship is different from inside a container. Transporting galvanneal inside containers is much easier. It's a lot less risky, because there's more humidity inside cargo holds. It's different.

Linda Lapointe: Okay, thank you.

Mr. Khan, my next question is for you.

You talked about automation. If you want your production to become automated, you need to train your workers.

Does federal support allow for a proper combination of equipment purchasing, integrating and training?

[*English*]

The Chair: Give a brief answer, sir.

Raf Khan: If I'm not mistaken, you were asking about the training required for automation.

That's a significant issue right now because manufacturers are implementing automation robotics at a rapid pace in order to be productive, but the training, quite frankly, is not there. We have a risk right now. We have a workforce that needs to be rapidly upskilled in order to keep up with the needs of the sector.

The Chair: Mr. Khan, I have to interrupt. Thank you. That's the time.

Mr. Simard, go ahead for two minutes.

[*Translation*]

Mario Simard: Thank you very much, Madam Chair.

Mr. Ouellet, you rightly pointed out that you are becoming a strategic element in the supply chain for house building. I know that it will probably appear in our report.

We talked about the situation with temporary foreign workers, which is one of the issues you have. I think the government could make life easier for the manufacturing sector simply by reducing costs and wait times when you apply for permits. I think you also agree with that observation.

Here's what I'd like to know. Basically, what we have to do right now is make sure you get through the crisis. Maybe things will stabilize. The government is in discussions with Stelco to see what can be done.

What short-term measures can help you overcome this crisis?

In terms of input costs and the difficulty of exporting to the United States, what short-term measures could help you?

We already proposed a form of wage subsidy, because we experienced a similar crisis during the COVID-19 pandemic. Would that be helpful to you?

Martin Ouellet: The wage subsidy could certainly help us, but when it comes to inputs, we need to find other sources of supply. The federal government could perhaps help us with that. It could set them up and support them. Ultimately, it could remove tariffs on galvanneal coming from the United States. We would pay more, but at least we wouldn't have to pay a 50% tariff.

Mario Simard: You wouldn't have any tariffs to pay.

Martin Ouellet: Exactly. I'm talking about countertariffs.

Mario Simard: It's about lifting the countertariffs on galvanneal.

Martin Ouellet: If we're really having problems with supply, we can find other sources. Over at Stelco, they say that they're not making money with the galvanneal they're producing, but they don't want to sell it. It's strange.

[*English*]

The Chair: Thank you very much.

We will move on to Mr. McKenzie for three minutes and then Ms. Acan for three minutes, which will end this round.

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

Ms. Rahmati and Mr. Jamshidi, I have to express my sympathies to both of you. The circumstances you've described in trying to do business, I do not envy.

I would like to ask you, with the direction of trying to get to what the road forward looks like, about the quotas. I think, Ms. Rahmati, you may have commented on those most expressly and how they're based on 2024 import figures.

Are you in conversations now with parts of the federal government about negotiations and making it clear, in ways other than just to this committee today, that you're facing these kinds of pressures and truly unenviable circumstances? Are you in those conversations? Is the federal government listening?

● (1625)

Rita Rahmati: We certainly are in conversations. These issues have been exacerbated over the last few months in particular. We were in Ottawa last week. We met with some of your caucus colleagues and with the government as well, and we shared these issues. Janice Charette's team is aware. Finance Canada is aware.

I hope we will see relief in the next few weeks or months. We need imminent relief in order to be able to get contracts signed and keep workers working.

David McKenzie: Would you expect that, with any quota increase, those products will most likely come from the U.S.?

We have touched on the fact that there's widespread concern about China's dumping of steel at below its cost of production. That's a destructive trade practice generally. Would the U.S. be your increased supplier?

Rita Rahmati: Historically, we have seen the U.S. be one of our top suppliers for many key products. I think it was reported today that half of the imports of galvanized steel continue to come from the U.S., and that's even with, I believe, the higher.... That's over the past nine months, but I think even with the 50% tariffs that we now have in place, we'll still see the U.S. Because of how much higher the tariffs are now, we may start to see some other markets coming in as well. There are certainly other free trade agreement countries and plenty of options, other than China, to be able to do that.

David McKenzie: Would those be Asian countries? Are there any that you're specifically looking at?

Rita Rahmati: There's South Korea, Taiwan and Germany. There are a couple of other key countries.

Amir, are there any that you want to highlight in particular?

Amir Jamshidi: There are European countries, Australia and New Zealand. I believe any FTA country that we have an agreement with would definitely support and help with the shortage we are facing right now.

David McKenzie: Thank you very much.

Mr. Ouellet, I have very few seconds left.

Did I understand that galvanized steel produced by Stelco is now a product that's going to be difficult...? If I understood that correctly, do you have other sources that you'll be pursuing?

[*Translation*]

Martin Ouellet: Stelco stopped producing galvanized steel. Actually, it's not galvanized steel. Galvanized steel and galvanneal are not the same thing. Galvanized steel has a shiny silver finish while galvanneal has a satin finish. Galvanneal is what Stelco stopped producing.

[*English*]

The Chair: Ms. Acan, you have three minutes.

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

Thank you to all of our witnesses for joining us today.

Mr. Khan, the EMC works directly with manufacturers to strengthen productivity, develop their workforce and adopt new technologies, which are all essential to competing at home and abroad. That work gives you a valuable perspective on how government support translates into practical opportunities for businesses.

I would like to begin with access to international markets. Trade agreements create opportunities, but businesses need to be able to use them. The federal government has made increasing their use a priority.

Based on the EMC's work with manufacturers, how do you assess whether companies are taking advantage of Canada's existing trade agreements? What are your findings?

Raf Khan: I think some are, but we don't think enough small businesses are. As I previously said in my opening, it's hard for manufacturers to understand what resources are available to them and almost, sometimes, where to actually start.

As I said, there are great programs offered, but I think there needs to be some extra attention put on how we can meet the manufacturers where they are and create some easy pathways for them to participate.

Sima Acan: What would be your recommendation for us to approach those businesses? Would it be through local trade organizations or our website? What would you recommend?

Raf Khan: Bring together some of the key organizations—the trade commissioners being one of them, along with EDC and BDC—with some of the provincial bodies and even some of the municipal ones.

There are a lot of different opportunities and resources that can be leveraged, but I think it's about making sure that it comes together in a way that manufacturers, quite frankly, can understand.

Sima Acan: That was actually my second question. Before I extend to that....

There is a range of programs from the federal government and provincial governments, as well as regional support programs, for a manufacturer looking to enter a new export market. Which part of the system, other than reaching the support programs, is the most difficult to navigate? How would you simplify it?

Raf Khan: I think the information the trade commissioners provide on the ground is super helpful and will provide a lot of insights, but it's about linking back to the actual business opportunity. That's where there's a gap right now. The trade commissioners cannot help to identify where that [*Technical difficulty—Editor*] can be sometimes.

● (1630)

The Chair: Thank you very much for your valuable information. It's very much appreciated and we know you're having a tough time. We're all listening and looking for solutions to help. Thank you very much for appearing here today.

We will suspend for a moment while we bring the other witnesses to the table.

● (1630)

_____(Pause)_____

● (1635)

The Chair: I call the meeting back to order.

For the second hour of our meeting, we have with us the president of Linamar Agriculture, Kurt Buehler, for the Association of Equipment Manufacturers, by video conference. From the Canadian Foundry Association, we have Fiona Cook, executive director, here in person. From Québec International, we have Rosalie Forgues, senior economist, by video conference.

Welcome to you all.

I need to remind witnesses that committee members may ask questions in either French or English. If you will need interpretation, please take a moment to get your earpiece. Everybody has their headset on, so everybody should be okay.

We will start with opening remarks from Mr. Buehler, please, for up to five minutes.

Kurt Buehler (President, Linamar Agriculture, Association of Equipment Manufacturers): Thank you, Madam Chair.

Madam Chair, members of the committee, thank you for the invitation to appear before you today on behalf of the Association of Equipment Manufacturers.

My name is Kurt Buehler. I am president of Linamar Agriculture. I’m here as a member of AEM’s agriculture sector board.

AEM represents more than 1,100 equipment manufacturers and suppliers across the agriculture, construction, forestry, mining and utility sectors. In Canada, our industry supports more than 147,000 jobs, contributes approximately $24 billion annually to the economy and generates $54 billion in sales and exports. Our members manufacture the equipment that builds roads, homes, ports, energy infrastructure and critical minerals projects, making the industry an essential contributor to Canada's economic growth and productivity.

Today, I would like to leave you with three observations.

First, AEM supports efforts to expand opportunities for Canadian manufacturers in markets around the world. At the same time, we believe trade diversification and a strong North American trading relationship should go hand in hand.

For off-road equipment manufacturers in Canada, the United States will remain our priority market. Since the 1965 auto pact, our supply chains have become deeply integrated, with components often crossing the border multiple times before final assembly. A robust and predictable CUSMA is therefore essential to providing manufacturers with the certainty they need to make long-term decisions about investment and jobs here in Canada.

At the same time, Canada's growing network of trade agreements creates opportunities for manufacturers to reach new markets. The focus now should be on helping more Canadian companies translate that market access into commercial success.

Government and industry can work together through coordinated trade missions, practical export assistance and continued efforts to address regulatory and non-tariff barriers. Investments in trade-enabling infrastructure are also important to ensuring Canadian products can reach customers efficiently and reliably.

Second, our ability to succeed internationally is closely tied to our competitiveness here at home.

Modern equipment manufacturing is increasingly advanced manufacturing. Automation, precision technologies, data and new production processes are not only changing the equipment we produce but also how we produce it. Canada has an opportunity to build on its strong manufacturing base by creating an environment that encourages companies to continue investing in facilities, machinery, innovation and technology.

People are equally important. Our sector relies on engineers, skilled tradespeople, technicians, machinists, welders and mechanics. We welcome efforts to strengthen apprenticeships, work-integrated learning and industry-led training alongside immigration programs that help address genuine skill shortages.

We also encourage continued collaboration between government and manufacturers on regulatory policy with the goal of achieving strong public policy outcomes while providing companies with the predictability needed to invest and innovate.

Third, we believe Canada can support a strong domestic steel and aluminum industry while also ensuring that Canadian manufacturers remain globally competitive. Our members value strong and reliable Canadian suppliers. At the same time, equipment manufacturing can require particular grades, specifications, components or quantities that may not always be available domestically.

This is an area where balance is important. Trade measures should protect Canadian producers from unfair trade while recognizing the needs of downstream manufacturers that employ Canadians, invest in communities and compete for customers around the world.

Where a commercially viable domestic alternative is not available, transparent and timely remission processes can help achieve that balance. Continued consultation with our producers and manufacturers can help minimize unintended effects elsewhere within the Canadian supply chain.

● (1640)

Canada's equipment manufacturers want to continue building in Canada, investing in Canada and exporting equipment made in Canada to customers around the world. A strong and predictable North American trading relationship, a competitive environment for manufacturing investment and practical efforts to diversify our international trade can all contribute to that objective.

AEM looks forward to continuing to work constructively with parliamentarians to support Canadian manufacturing, Canadian workers and the communities that develop our industry.

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

Ms. Cook, you have up to five minutes, please.

Fiona Cook (Executive Director, Canadian Foundry Association): Thank you, Madam Chair and members of the committee. It's a pleasure to participate in this important study on trade diversification and the competitiveness of Canadian manufacturing.

I am appearing today on behalf of the Canadian Foundry Association. We are the national voice of Canada's metal casting industry.

Canada's foundry sector is a foundational part of the country's manufacturing supply chain. Our industry transforms steel, aluminum and other metals into engineered castings and components used in automotive, aerospace, defence, shipbuilding, agriculture, mining, energy, construction, rail, municipal infrastructure and heavy equipment. Put simply, if something is built in Canada, there is a good chance a Canadian foundry helped make it possible.

To a lesser extent, that could also apply to a significant number of things manufactured in the U.S. We do export, or did export, close to two-thirds of our production south of the border. We've been heavily impacted by the U.S. measures that came into place this past April 1, when the derivative products were heavily tariffed. That applies, obviously, to aluminum and steel, and to copper as well, because bronze and brass alloys contain copper.

The sector generates about $3 billion in annual revenue, supports about 9,000 direct jobs and, with a multiplier of three, supports another 27,000 indirect and induced jobs. There are about 200 foundry establishments across Canada. That is a StatsCan definition. A foundry could be just two people, but they're not necessarily supplying the large manufacturing supply chains. Most are small and medium-sized enterprises operating in communities across the country. We do have a few multinational corporations, but the majority, probably about 95%, are SMEs.

Today, I'd like to make three points to the committee.

First, competitiveness starts at home. Canadian foundries compete internationally while operating within highly integrated North American supply chains. Our customers expect reliable delivery, competitive pricing and access to critical inputs. When trade disruptions occur, foundries feel the effect directly, but they also feel it, of course, downstream due to the reduced demand. For example, we supply steel mills, so we're suffering the extra impact of the tariffs that are applied to that sector in addition to those applied to our shipments south of the border. These increased costs reduce margins, delay investment decisions and make Canadian manufacturers less competitive against foreign competitors.

I'd just like to touch on the uncertainty aspect. We do have a large foundry in Quebec that was going to make a significant investment in a fairly remote area of the province, which would have really helped that community, and they've decided to put it off, of course, as many other foundries have done.

Second, tariffs and trade uncertainty, as I just mentioned, are hurting investment in jobs. Foundries are facing higher costs, reduced predictability and increasing pressure from international competitors. We see that in government procurement. There are a lot of foundry products that are not Canadian. We're hoping to see more of a buy Canadian policy in government procurement moving forward.

Again, as I mentioned, companies have had to reassess capital investments, productivity upgrades and hiring and expansion plans. Because foundries supply virtually every manufacturing industry, these pressures do not stop at the foundry door, and they move through automotive, construction, infrastructure, agriculture, mining, energy, defence and transportation supply chains.

Third, Canada needs a practical manufacturing and trade strategy. Trade diversification is important, and we do have members that are exploring markets in Europe as well as Southeast Asia, but diversification alone cannot replace competitiveness. One of our major issues, as I think you heard from the previous witnesses, is access to skilled labour.

● (1645)

Many foundries are located in remote areas, as well as in urban areas. Many in the more remote areas have been relying on the temporary workforce program. A lot of our members would like to see a path to permanence, because they bring people over, these people get trained—and it costs money to train these people—they get integrated into the community and then they have to go back.

The Chair: Ms. Cook, I'm sorry, but I have to cut you off so that we can get to the other witnesses.

Ms. Forgues, please go ahead.

[*Translation*]

Rosalie Forgues (Senior Economist, Québec International): Dear members of the committee, thank you for inviting me to speak today about federal assistance regarding international trade activities of Canadian manufacturers, a central issue that goes well beyond exporting companies only. This is fundamental to preserving and optimizing the competitiveness and sustainability of our businesses.

As the economic development agency for the greater Quebec City area, Québec International's mandates cover foreign investment exploration, productivity and innovation support, talent attraction and retention, business environment promotion, technological entrepreneurship and support for the two centres of excellence that are the video games and animation technocreative sector as well as the life sciences and health technologies sector. Last but not least, our mission includes market development, which is why I'm here with you today.

As a member of the regional export promotion organizations network known as ORPEX, Québec International benefits from a close relationship with businesses and a direct understanding of the challenges they are facing, particularly through on-the-ground initiatives, provincial webinars and round tables.

In a context of persistent trade tensions that precipitate supply chain reorganization and market diversification, economic development agencies play a strategic role. In 2025, through these market development initiatives alone, businesses supported by our organization generated $31.2 million in economic benefits, and our organization offered 2,112 hours of mentorship and supported 44 export and marketing projects.

Mario Simard: Excuse me, Madam Chair. When I see the interpreters smiling, it usually means someone is speaking too quickly.

That's our little code.

[*English*]

The Chair: Can you slow down a little bit, please?

[*Translation*]

Rosalie Forgues: Thank you.

Through our trade readiness, matchmaking and trade corridor development services, we act as a catalyst for business growth and diversification. This mandate is particularly important at the moment.

Historically, businesses in Canada and Quebec, including those in the greater Quebec City area and Chaudière-Appalaches region served by Québec International, have built more than 68% of their trade relationships along a north-south axis. While those relationships remain important, they clearly can no longer be the sole foundation for business growth. Greater support is needed to ensure that companies can fully capitalize on existing trade agreements. Moreover, while tariff threats may be targeted, uncertainty is not, and sometimes it can be more damaging than the threat itself becoming a reality.

There are nearly 48,000 exporting businesses in Canada. More than 80% of them have fewer than 50 employees. In the current geopolitical environment, market diversification has become a strategic necessity for these SMEs. However, accessing new markets takes time, capital and a capacity to take on risk, all of which can put pressure on cash flow and debt ratios. It's precisely in this context that government support measures become so important.

In that regard, support measures for Canadian manufacturers facing the cumulative effects of trade tensions since January 2025 are important. These measures are especially significant for strategic, advanced and emerging manufacturing sectors that are at the heart of Canada's efforts to diversify markets, foster innovation and increase productivity. When properly targeted, supports like these help address certain market failures and stop economic shocks from being felt throughout the value chain.

Indeed, these fluctuations can weaken a company's cash position, even when the business remains fundamentally viable over the long term. By facilitating access to financing and temporarily easing liquidity constraints, public support helps preserve productive capital, skills and commercial relationships.

The business community has also welcomed the new federal tax measures, especially the productivity mega deduction. At a time when companies must strengthen their competitiveness, diversify their markets and operate in an increasingly fragmented trading environment, measures that encourage productive investment are a particularly relevant policy tool.

In conclusion, market diversification, accelerated productive investment, support for business modernization and reducing barriers to growth are complementary, not mutually exclusive, levers. Together, when supported by targeted measures, they not only strengthen the resilience of Canadian manufacturers in the face of external shocks, but also enhance Canada's long-term ability to attract investment and support high-quality jobs.

Thank you for your attention. I'll be pleased to answer your questions.

● (1650)

[*English*]

The Chair: Thank you very much.

We will open it up to questions.

Ms. Kusie, you have six minutes, please.

Stephanie Kusie: Thank you very much, Chair.

[*Translation*]

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

[*English*]

Ms. Cook, did you want to make your third point, prior to me commencing the questions? You had three points and you were able to get through two. I thought I'd give you 30 seconds, perhaps, if you want to express the final point.

Fiona Cook: It was on trade strategy, particularly right now, to help our foundries navigate their way through this crisis. Looking at some of the programs that have been offered by the federal government, some of my members are reporting that the responses are not fast enough and it's very unclear what the requirements are.

In particular, under the regional tariff response initiative, there are things called liquidity assistance and pivot projects. Some members applied on September 8 when it came out, and they still haven't heard back. There's an issue there. It needs to be sped up. Companies need to understand why. Apparently, they're being asked for information that has already been supplied.

Those programs are very important and very appreciated, but I think they need to be fine-tuned a bit.

Stephanie Kusie: There's room for improvement, it would seem. Thank you very much for that third point.

Ms. Cook, it's nice to see you again, first of all. Secondly, how many workers are employed in the foundry industry in Canada, both directly and downstream, to your knowledge?

Fiona Cook: It's 9,000 direct and 27,000 indirect and induced. That would be induced, as in the community impacts, etc.

Stephanie Kusie: How have the American tariffs affected Canadian foundries to date?

Fiona Cook: It's been quite devastating, particularly for those that rely heavily on the export market. We do have some that supply waterworks or construction, which are mainly Canadian customers, but particularly in areas like automotive, there's a whole... The foundries are all part of those important clusters in Windsor and the Oshawa area that supply automotive. That has heavily impacted our members.

Stephanie Kusie: Roughly, what's the percentile of foundry products and exports that go to the U.S.?

Fiona Cook: It's close to two-thirds.

Stephanie Kusie: What are the potential consequences for the foundry industry if Canada and the U.S. don't reach some form of deal on products currently being tariffed?

Fiona Cook: The longer it goes on...you're losing customers. You lose those relationships and it's difficult to get them back. One statistic I like to emphasize is that most industries in Canada are about a tenth of the size of those in the U.S. It's similar to our population, 10:1. However, the foundry sector in the U.S. is 20 times the size of the Canadian industry. In large part, it's due to their military industrial complex, but still....

● (1655)

Stephanie Kusie: The need for certainty is something many industries have talked about regarding Canada-U.S. trade escalations. Do you or your members echo this sentiment about the necessity for certainty?

Fiona Cook: Absolutely...particularly for investment. Like I said, a lot of things are being put off.

Stephanie Kusie: Do you think the government should return to the negotiating table regarding CUSMA?

Fiona Cook: I think the government will go back when there's a deal that can be signed. I mean, we hope that it's sooner than later, but yes.

Stephanie Kusie: Thank you.

Mr. Buehler, first of all, I want to say that I'm a big Linda Hasenfratz fan. I've had the opportunity to meet her and work with her in the Trilateral Commission. If you're communicating with her, please say hello for me.

Your organization, Linamar, is part of a global manufacturing network with extensive ties to the North American market. The same can be said of the AEM. Can you please elaborate on some of the impacts that continued trade uncertainty between Canada and the U.S. is having on your organizations?

Kurt Buehler: I think there were a lot of more direct impacts on our customers. That lack of certainty has really resulted in a change in how our customers buy and the factors that they think about when they're buying. There is certainly a large impact from trade and trade with the U.S. If we look at our AEM companies on the agriculture side, about 46% of the equipment we produce here in Canada crosses the border and is exported to the United States. On the construction side, it's even higher, at 76%.

The impact, particularly on our business north-south of the border, is significant. Certainly we see uncertainty in all of our global markets, which is impacting capital investments and the willingness to spend across Linamar and across all of our industries.

Stephanie Kusie: How deeply integrated is the North American supply network when it comes to agricultural equipment?

Kurt Buehler: On agricultural equipment, specifically, I can speak to an example of a business like MacDon. Typically, 30% of our content comes from the United States. If you look at other companies, particularly smaller companies, that percentage can rise as high as 50% or 70%, with products moving over the border to be assembled at a higher level. It could be produced as a subassembly from Canada into the United States, and then the final whole good could be purchased here, or the other way around. We see significant levels of integration between the Canadian and the U.S. supply chains.

The Chair: Thank you very much.

Madame Lapointe, go ahead for six minutes, please.

[*Translation*]

Linda Lapointe: Thank you very much, Madam Chair.

I'd like to welcome all of the witnesses and thank them for being with us today.

My first question is for you, Ms. Forgues. By the way, my colleague from Quebec City, Mr. Lavoie, couldn't be here today, but he sends his regards.

Our government supports market diversification. Based on your analysis and experience, which poses the greater challenge: a trade mission or securing a first sale?

Rosalie Forgues: That's an excellent question.

The greater challenge likely arises at the first-sale stage rather than at the trade-mission stage. What we're seeing right now is that access to capital is not the primary factor holding businesses back. Rather, it's the strategic adoption of technology and the uncertainty that comes with it.

Once a company secures that first sale, it gains access to a broader audience and a larger platform from which to sell its full range of products. We've seen some companies struggle because we're not what would be considered early adopters of certain technologies or products.

Once a product has been adopted and proven itself in the marketplace, it becomes much easier to generate additional sales.

Linda Lapointe: Thank you.

My next question is for you, Ms. Cook.

Earlier, you said that two thirds of what we produce here is exported to the United States, but that the American market produces 20 times more than what we produce.

Does that mean that we don't use much of what we produce?

You're saying that the production in the United States is 20 times greater than ours, but you're saying that, despite everything, two thirds of our production goes to the United States.

Is that because our market isn't big enough?

● (1700)

Fiona Cook: That may be one reason, but there's also the integration of supply chains in industries such as automobiles, agricultural equipment and so on.

Linda Lapointe: Those are your figures, right?

Fiona Cook: Yes, that's right.

Linda Lapointe: Okay.

When we met not long ago, you told me that defence infrastructure projects would actually create opportunities for Canadian foundries, including in Quebec, of course.

What could we do to get more orders in our supply chain?

You mentioned the buy Canadian policy. I'd like to hear your comments on that.

Fiona Cook: Indeed, an option is to look directly at government procurement and the Buy Canadian policy. I think that's very important. Defence can develop dual-use products. It's important to look into that.

We would really like to see departments and agencies move in that direction.

Linda Lapointe: It's a matter of ensuring that Canadian purchases are found throughout the entire supply chain, then.

Fiona Cook: Yes, that's right.

Linda Lapointe: Thank you.

Mr. Buehler, you talked about agricultural machinery. Earlier, in response to a question from my colleague, you said that about 30% of the content was American.

Should we continue to work on the Buy Canadian policy and ensure that everything comes from Canada? Are we missing parts that come from Canada?

[*English*]

Kurt Buehler: It's interesting, because we've certainly adjusted where we buy our components. I think we've identified meaningful exposure to countertariffs, and there's been good activity from the government in terms of remissions.

As an organization, we've looked at reclassifications, sourcing and those types of things. Mitigation itself actually consumes engineering, customs, purchasing and all of those types of things, so those supplier changes can mean validation challenges, especially in the short term for agriculture and even in some types of construction equipment, to get through all of those items.

We certainly have alternatives that are available domestically, but not all items are. Whether it's specialty steels or specialty components, it takes time to build a Canadian supply base for those, and the economics for it may be difficult. Even if those are available, there is both a direct cost in terms of tariff avoidance and also a cost in terms of where we choose to invest our time and resources in building our Canadian suppliers.

[*Translation*]

Linda Lapointe: Thank you.

You're in the agricultural machinery business.

Has the productivity mega deduction had an impact on your sector, the sector in which you work?

[*English*]

The Chair: We need a brief answer.

Kurt Buehler: For us, not for our customers...? Is that the question?

[*Translation*]

Linda Lapointe: Yes.

[*English*]

Kurt Buehler: We certainly see significant investment in productivity and in our facilities as a requirement to competition in Canada. We are certainly, as a medium-sized and larger company, seeing the skills gaps and the need to be more competitive and international being driven by investment in automation, in cobots and in things that will make us more productive.

Certainly, things like the superdeduction and other programs that the government and previous governments have put in, and are continuing to encourage, allow us to compete internationally. That, combined with a lot of our strengths as Canadian businesses really focused on innovation and on bringing value from our Canadian and our domestic markets into those international markets, is really where we can generate—

● (1705)

The Chair: I'm sorry to interrupt.

Mr. Simard, you have six minutes, please.

[*Translation*]

Mario Simard: Thank you very much, Madam Chair.

Ms. Cook, in your opening remarks, you noted—as Mr. Ouellet did—that the issue of access to labour was a problem and that there may be work to do on the temporary foreign worker program. I'm saying this because I hope that the report we're going to prepare will include it as a potential solution for the manufacturing sector.

I would like to focus a bit more on the issue of aluminum with you. I come from Saguenay—Lac-Saint-Jean, where the major aluminum smelters are located. I sometimes get the impression that the government doesn't sufficiently distinguish between primary aluminum smelters and the aluminum processing sector. The problem right now is mainly for aluminum processors, who don't have the option of passing tariffs along.

In your opening remarks, you talked about the capacity of foundries. According to you, activity sectors usually have a 1:10 ratio, whereas foundries have a 1:20 ratio, in comparison with the Americans. That doesn't apply in the aluminum sector. We are the largest aluminum producers in North America, and without us, the Americans are unable to meet their needs, so they're captive. However, they aren't captive when it comes to aluminum processing.

I don't know if you're aware of the impacts of the premium called the Midwest premium. That's the premium that has to be paid on aluminum, which includes transportation and preparation costs. One tonne of aluminum costs the same whether it's consumed in my region, in Saguenay—Lac-Saint-Jean, where it's produced, or it's consumed in the American Midwest.

A number of people believe it would be possible to help aluminum processors by playing with that premium. I don't know whether that's something you have studied on your end.

Is your association working on that?

Fiona Cook: We are certainly in close contact with the aluminum sector, because we also supply its primary plants and processing plants.

What's interesting about the foundry sector is that we could call it the original recycling. We buy “ingots”, then. Is that what they're called?

Mario Simard: We say “*lingots*” in French.

Fiona Cook: It's recycled metal.

Mario Simard: It's remelted aluminum, then, and the auto industry buys that. The thing is that there are no tariffs on remelted aluminum in the United States.

I'd like to come back to what you said about the Pivot to Grow program from the Business Development Bank of Canada, or BDC. It would be good if you could document that.

This was successfully done for the forestry sector. Initially, sales had to be $2 million or more. That was brought down to $1 million, in response to requests from forestry contractors, who don't always have high sales figures. However, we realized that most people in the forestry sector didn't know the eligibility criteria. They were facing rejections without knowing why.

Is it possible for you to provide us with that kind of information about your members? What are the response times? What kind of rejections are they facing? Do they get an explanation for the rejection?

I think it could help the committee improve the tools that the federal government has given itself to address the crisis.

Is that something you could do?

Fiona Cook: Absolutely, it would be our pleasure.

Mario Simard: Thank you.

Mr. Buehler, you said something very important in your opening remarks, and I'd like you to speak to it more. Canada will remain dependent on the American market. Right now, the government is making a lot of noise about the possibility of developing new markets. I'm in step with that, and I agree. However, we know very well that developing new markets is not something that can be done in the short term. It's done over the long term, and replacement markets are going to be difficult to set up. Canada is somewhat captive to the American market.

Isn't our most viable solution to find a way to renegotiate the Canada-United States-Mexico Agreement so that everyone wins?

What does the American market represent to you? I'd like to hear your comments on that.

● (1710)

[*English*]

Kurt Buehler: I do not understand the issues directly on what I would recommend inside of CUSMA, but I would suggest that we need to preserve that certainty in North American trade, including a strong and durable CUSMA or post-CUSMA. I think any time that we talk about access to new markets, we have to remember that our base and the primary source of our trade and competitiveness is in North America. We have to find a way to do both. Negotiate an ambitious agreement but place an equal emphasis on implementation for our new markets as well as with our existing relationship with the United States.

[*Translation*]

Mario Simard: Thank you very much.

[*English*]

The Chair: You have 27 seconds.

[*Translation*]

Mario Simard: It's Quebec equalization.

[*English*]

The Chair: That's very good of you.

Go ahead, Mr. Mantle.

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

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

Ms. Cook, I will start with you.

What proportion of your members in the foundry industry would you say import critical components or inputs from the United States into Canada?

Fiona Cook: I don't have a precise number. I would have to get back to you on that. I know there are some machinery and equipment that come from the U.S., as well as some of those ingots I mentioned before.

We did have a company that managed to get the remissions for those because they couldn't find a Canadian replacement. I will come back with a more precise number, but I would say maybe about 30% of them do, depending on where they're situated.

Jacob Mantle: Okay. That's fair enough.

Would you say that the members that do are impacted by Canada's countertariffs or the surtaxes that Canada has imposed on U.S. goods?

Fiona Cook: Yes, but again, I haven't really heard a lot other than some of these specific cases. It's definitely yes for machinery and equipment.

Jacob Mantle: Thank you.

You mentioned in your opening comments that about two-thirds of your members export their products to the United States. Obviously, therefore, the U.S. tariffs on their goods are devastating. Could you give us a sense of where those businesses are at? Can they survive in these current conditions?

If not, what timeline are we looking at before there might be more permanent damage done to your industry?

Fiona Cook: I think we're going to see real impacts within the next six months. They're all just trying to hang on. A lot of them are trying to keep their workers as well. Again, this is skilled labour. They've invested in these people, and they're trying to hang on to them. There have been quite a few layoffs, but not complete reductions in production. I would say that within the next six months, we're going to start to see the full impact.

Jacob Mantle: Without a resolution to some of these issues, you expect more layoffs, slowdowns in production lines and things like that in the next six months.

Fiona Cook: I would say that it's inevitable, yes.

Jacob Mantle: Thank you.

Mr. Buehler, I have a few questions for you as well, in particular on the agricultural side.

I know Linamar is a large producer of agricultural equipment, if I have my facts right. Are you dependent on imports from the United States in the manufacture of those agricultural pieces or that equipment in Canada?

Kurt Buehler: You can look at it in a couple of ways.

When we talk about steel, whether you look at our Linamar companies or more broadly across the industry, we are certainly well supported for certain grades of steel. One of the challenges we have is that different specifications, strengths and specialty mixes are not readily available in Canada. This provides an immediate need to find ways to allow these businesses to carry on and access supply. I know this was a topic addressed at the previous committee....

That also exists when we talk about the interconnectedness of some other key supply items: technologies that are not necessarily fully developed here in Canada or related to specific industries. For some things around rubbers and some things around specific electronics, there is limited ability to develop, in very short order, a Canadian alternative. We certainly see that across all of our industrial businesses, and among many of the suppliers or networks we speak to, across AEM.

● (1715)

Jacob Mantle: Thank you.

Last question, can you give us a sense of how your company is affected—or not—by Canadian countertariffs or surtaxes on some of those U.S. goods?

Kurt Buehler: Again, we've taken good action to manage that exposure. There are, on the agriculture side, the U.S. chapter 98 provisions, which allow some agricultural equipment to flow across the border. Chapter 99 was introduced as part of the latest legislation. It allowed us to meaningfully reduce our exposure to countertariffs. Certainly, there was a lot of activity on remissions, classification, sourcing and all that type of stuff.

The mitigation itself consumes engineering resources. We have customs, all sorts of quality approvals and those types of things. You have to remember that we can mitigate those tariffs without really eliminating the cost. Again, it's much more difficult when an organization is a bit smaller because the skills and resources that are involved to keep that going for those businesses are certainly significant. When we talk about things like remissions and policies, we really need to keep contact between government and industry as much as possible, keep the dialogue up—

The Chair: Thank you, Mr. Buehler.

I'm sorry. It's just that everybody needs to get their time.

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

Hon. Ali Ehsassi (Willowdale, Lib.): Thank you, Madam Chair.

Thank you, also, to the witnesses. Your testimony has certainly been very helpful indeed.

I'll start off with Ms. Cook.

Thank you for your remarks. If I'm not mistaken, you were the only individual who brought up the issue of labour. I think it would be fair to say that insofar as this government is concerned, it's all about.... Our number one, number two and number three priorities are to build, build and build.

Could you elaborate on your concern about labour? Tell us if you have any suggestions as to how we can address that issue, and whether our labour force is big enough to undertake all of the projects we're considering.

Fiona Cook: Yes, it definitely is a concern as you look further out. Of course, with the existing labour force, companies are going to be competing for that pool of labour, so it makes it tougher.

As I mentioned, particularly in Quebec, a lot of our companies rely on labour from abroad. Again, anything that can be done to the temporary foreign worker program.... However, once that individual has been trained and has become part of a community, there should be, ideally, a path to permanent residency. That's not available in a lot of cases. I think that's something that needs to be looked at.

It's also asking, what is the definition of skilled labour? It's not always the skills in our minds. We need those trade skills as well. I have heard, too, that just the process of bringing somebody in is very long.

Hon. Ali Ehsassi: Absolutely.

Are your comments really focused on rural areas, or would this be of general application across the country?

Fiona Cook: It's mostly for more remote areas because, there, you don't have a lot of companies. Most of the labour supply has gone to a more urban area. Not everybody wants to work in manufacturing. Unfortunately, that is a reality that we face.

Our sector is constantly trying to show that we're upgrading in terms of technology, and people feel that they can make a difference when they're working. Again, when you bring people over from overseas, they need to feel *valorisées*, as we would say in French. Being able to offer...again, that's really important.

I have a member who had people from the Philippines, and they were just really excellent workers. They had to go back home.

● (1720)

Hon. Ali Ehsassi: I'm sorry to hear that.

If I could, I'll go to Mr. Buehler.

At some point in your opening remarks, you were talking about how it's great that we are focused on new markets, but the government could do a better job of explaining where there would be market access and of providing some practical guidance to Canadian companies. Would you care to elaborate on that, if you have any specific ideas?

Kurt Buehler: Certainly.

It comes down to the basis that our message really has to be to continue to negotiate those ambitious agreements, but to place equal emphasis on how we actually implement or utilize them. The government should make some programs such as duty drawbacks or duty deferral easier for manufacturers to access and help those companies manage those costs within the cross-border supply chains. Again, that's for all borders.

There are also the challenges of how you actually sign customers and enter those markets with competitive products, meaning technologically superior. In the case of agriculture, it's how you do things more productively in the field and increase yields. It is also how we have those relationships and the business plans that will support that in the EU or India and allow those businesses to really shine or succeed.

The Chair: Thank you very much.

We're on to Mr. Simard for two minutes.

[*Translation*]

Mario Simard: Thank you very much, Madam Chair.

I would like to come back to the labour comment that my colleague Mr. Ehsassi made.

You answered that question very well, Ms. Cook.

I'd like to see what the situation is for you, Ms. Forgues.

I know that your organization is similar to Promotion Saguenay, which has a similar mission to yours and is in my region. Promotion Saguenay is making the matter of temporary foreign workers a pet issue, because it's a major problem in my region.

You probably know, as I do, that the cost of living is lower in the regions than in large urban centres. When we talk about low-wage jobs in the temporary foreign worker program, we have to be aware that the wages offered to employees who have been there for more than 20 years are sometimes lower than the wages of those in positions that the department considers to be low-wage positions.

In Quebec City, do you have to deal with that same dynamic, which makes the Temporary Foreign Worker Program difficult?

Rosalie Forgues: Thank you for the question.

We do indeed face similar challenges in the greater Quebec City area—I'm including Lévis in there; it's in the major urban centre, but on the outskirts of Quebec City—particularly in certain sectors. I'm thinking not only of the manufacturing sector, but also of the construction sector, given all the major public and private projects under way in non-residential tangible capital assets. That inevitably puts pressure on our businesses, so we rely on the various supports available to address the challenges associated with the current context.

While the uncertainty comes from our neighbours to the south, it also arises in an endogenous way within our system. That's unavoidably part of what we're looking at. When it comes to labour force renewal in the greater Quebec City area, our area is the only one of the eight main Canadian census metropolitan areas that isn't meeting its renewal rate.

If we compare the number of young people who are about to enter the workforce with the number of people who will be leaving it, there are approximately 91 young people for every 100 retirees.

Challenges related to the renewal of temporary foreign workers, as well as their pay, inevitably put more pressure on businesses.

Mario Simard: Thank you.

[*English*]

The Chair: That's your time. Thank you.

We will have Mr. Au and Mr. Naqvi for three minutes each.

Chak Au (Richmond Centre—Marpole, CPC): I have a question for Ms. Cook.

You mentioned that two-thirds of your members export to the U.S.

Fiona Cook: Two-thirds of exports go to the U.S., yes.

Chak Au: What have been the negative impacts? How much have you dropped in terms of the volumes that you export to the United States right now? Has it dropped by 20% or 30%?

Fiona Cook: It would be about 25% to 30% so far.

Chak Au: Okay.

I have a second question.

We are all talking about diversification, but so far up to now, how much has that been able to compensate for the loss that you had in the States?

● (1725)

Fiona Cook: I would say that, to date, it's very little. I mentioned that quite a few members are working on developing those markets—again, in Europe and Southeast Asia—but it takes time. Also, they have to factor in transportation costs. Sometimes it just doesn't make sense to ship overseas given the current environment where the shipping costs are quite high.

Chak Au: I see.

Fiona Cook: Also, we have quite a few members in the aerospace area. Again, there's the question of certification, and getting the right certifications in Europe takes time.

Chak Au: The government said that no deal is better than a bad deal. From what I heard, from what you said in the testimony and from what many other witnesses said today, it sounds to me like no deal by itself is a bad deal. Am I right?

Fiona Cook: Yes. We're stuck between a rock and a hard place. Again, in a deal, you want to make sure that the deal is going to last and that there won't be any other measures that come afterwards. I don't know whether that's possible. Ideally, yes, we would love to have a deal, but again—

Chak Au: Uncertainty is the worst deal.

Fiona Cook: Yes, and uncertainty, for business, is a killer.

Chak Au: Thank you.

The Chair: Thank you very much.

Mr. Naqvi is next.

Yasir Naqvi: Thank you very much.

I again want to thank all the witnesses for their very thoughtful testimony.

I think it's clear in my mind, and when I speak to my constituents, that we all would love to have access to the United States and the North American market. We had a really good agreement in NAFTA. We had a really good agreement in CUSMA. We hope that all parties to the agreement comply with the agreement so that we can continue to do business.

In the absence of one, of course, we need to make sure that we are continuing to build other markets around the world. We can't just wait for that day and the door knock and somehow we have a good deal.... We will continue to try, but I really want to focus on what those other opportunities look like.

I will start with you, Mr. Buehler. It's good to see you again. Thank you for your testimony.

You identified three things in your testimony as necessary. One was the local success and the local competitiveness in Canada. The second was talent. Third, you were looking at the input products around steel and aluminum.

Can I get your thoughts on the first part as to what is required to make equipment manufacturers like yours more competitive in Canada? What kinds of supports or policy changes are you advocating for from the Canadian government that will allow your industry to explore markets beyond the United States and Mexico?

Kurt Buehler: Yes, I think there are some really good examples with Mexico where you can take that coordinated trade mission and leverage it. How do we develop those new customers? I think there already are some good programs, such as Export Development Canada's trade impact program. I mentioned earlier the need for innovation and for continuing to drive programs like CAAIN, SR and ED, and those types of activities so that we are building competitiveness on the skills within these organizations, including the engineers and the ability for those businesses to actually go forward.

To my mind, we have to be able to really provide that competitive edge over an existing product if we're going to break into a new market, or else we're just another one there. This is whether we're talking about agri-food or we're talking about something more specific and maybe capital-intensive, such as agricultural equipment or construction equipment.

Yasir Naqvi: Can you point to any precise challenges faced by your company or members of the association when they are looking at other markets beyond North America, whether it's in Europe or Asia? Where is the gap? Where can things be made better for Canadian manufacturers to be able to get that deal or that order so that you have a robust supply chain from Canada to those parts of the world?

Kurt Buehler: I think I would put it into two categories. One is that in any of those markets, certainly a trade mission is good, but it's about having that ability to understand the culture and how your business is actually going to deliver the value and return that value to Canada. It's more about those cultural challenges and what some of those threats might be, so it's improving some of the support from EDC and how we actually integrate and understand those economies.

On the other side, I believe it's infrastructure. If you look at 2024, the Vancouver port and the Montreal port being on strike did damage to Canadian business. Certainly there were some impacts to specific businesses, but it did damage in the sense that we were perceived as unreliable. Our infrastructure has to be able to be reliable and enable our businesses to do what they're best at.

● (1730)

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

Thank you to all our witnesses. This is very valuable information and very helpful for the committee members. Thank you all very much.

The meeting is adjourned.

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