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• (1535)

[*Translation*]

The Chair (Hon. Jean-Yves Duclos (Québec Centre, Lib.)):
Good afternoon, everyone.

I call this meeting to order.

In a few moments, I'll introduce the witness in the room and the two witnesses participating by video conference in meeting number 34 of the House of Commons Standing Committee on Public Safety and National Security. As you know, this meeting is about the role of the Canada Border Services Agency in the H2O highway corridor and port clearance practices.

We would like to welcome the three witnesses who are appearing in the first hour of our meeting.

I'll start by introducing the witness in the room. We're joined by Serge Auclair, vice-president of commercial and external relations for the St. Lawrence Seaway Management Corporation.

We're also joined by video conference by Neil Dubord, a retired chief of police and an officer of the Order of Merit of the Police Forces; and Jean-Paul Rodrigue, a professor at Texas A&M University.

I would like to welcome the three of you.

You each have five minutes for your opening remarks. We'll start with you, Mr. Dubord.

[*English*]

Neil Dubord (Chief of Police (Retired), Officer of the Order of Merit of the Police Forces, As an Individual): Thank you.

Honourable senators, members of the committee and fellow Canadians, I've spent 37 years in public safety leadership. As I reflect on the legacy we are leaving to the next generation, I see that the legacy we're handing down is a sovereign nation that is unwittingly surrendering its economic gateways to transnational organized crime.

Our national port system handles roughly 6.1 million shipping containers a year. It's a brilliant logistical engine, but it has been weaponized.

Let me paint a picture of what is flowing through these arteries.

Inbound, we are facing an epidemic of grief. We recently saw border officers intercept 6,330 kilograms of methamphetamine hidden in canola oil jugs. That's about \$1.5 billion of misery destined for overseas markets. We're not just consuming drugs anymore;

we're now manufacturing and exporting them. Meanwhile, the precursor chemicals for fentanyl flow into our ports, fuelling a crisis that has claimed over 50,000 Canadian lives since 2016. The victims are not just statistics. They are infants born into the agony of withdrawal, their tiny bodies shaking in hospital beds because the chemicals destroying our communities passed unchecked through our federally regulated docks.

Outbound, we're bleeding private property and subsidizing gang violence. Last year, 57,000 vehicles were stolen across Canada. Border agents intercepted under 3% of them. Of the 57,000 vehicles, we expect that somewhere in the area of 60% are sent overseas.

Consider a tourist who parked his Honda on a residential street in Montreal. It vanished overnight. Three weeks later, police found it being loaded into a shipping container at a local warehouse. The criminals packed it behind stacks of old mattresses. They loaded it on to a cargo ship at the port of Montreal, bound for the Democratic Republic of the Congo. They literally hid a family vehicle behind garbage and shipped it across the Atlantic Ocean with complete impunity.

They are using our children to do it. Cartels are recruiting kids as young as 15 to steal these cars. We've heard explicit police testimony that these young recruits are tortured if they fail. The profits from these stolen cars then buy the illegal firearms that are terrorizing our streets.

We cannot blame the dedicated officers of the Canadian Border Service Agency or the RCMP. They are trapped in a system designed for mathematical failure. The sheer velocity of global trade means that they can physically inspect only 1% or 2% of the outbound containers.

Worse still is the insider threat. In greater Vancouver alone, 30,000 people hold access cards to the ports, but only a fraction of them require federal security clearances. Fully patched members of outlaw motorcycle gangs are walking through the gates, operating the cranes and managing digital manifests. A physical fence is entirely useless when organized crime holds the key to the front gate.

We must act, and we must act today. I submit four actionable, innovative recommendations to reclaim our borders.

First, we must deploy a permanent integrated task force. We need to eliminate jurisdictional silos and adopt a multijurisdictional policing model. We need a highly visible uniformed presence on the docks backed by elite plainclothes investigators who can track a cartel from a local rail yard straight to the ocean.

Second, we must embrace private sector augmentation. We must empower trusted private companies to use advanced screening technology and analytics to pre-screen cargo. The government must retain all authority to arrest and seize, but we desperately need the private sector to act as a force multiplier to identify these threats. We need their innovation to turn the odds in our favour.

Third, we must mandate universal security clearances for all our port workers. If you work on a Canadian dock, you must be thoroughly vetted. We must mirror the rigorous credentials used by the United States to purge gang members from our logistical network.

Fourth and finally, we must fund this defence sustainably through a five-dollar sea can levy. Applying a tiny, five-dollar fee to each and every container is economically invisible. It is less than one-fiftieth of 1% of an average cargo value, yet applied across our entire shipping volume, it will generate over \$30 million annually. This money must be strictly protected by legislation to fully fund our integrated police forces and our new technology.

The absence of visible deterrence is an open invitation. We have the data. We have the blueprint. We have the funding mechanism. It is time to secure the sovereign gateway of this great nation and leave a legacy of safety and strength.

Thank you.

The Chair: Thank you, Mr. Dubord.

Now let's turn to Mr. Jean-Paul Rodrigue.

[*Translation*]

He's appearing by video conference.

You have the floor for five minutes, Mr. Rodrigue.

[*English*]

Jean-Paul Rodrigue (Professor, Texas A&M University, As an Individual): Thank you, Mr. Chair.

I'm going to talk about a view from south of the border, from the United States.

I was born in Montreal. I'm a Canadian who has lived in the United States for about 28 years. I've been dealing with the issues of container shipping, international trade and logistics.

For the next few minutes, I'll tell you what I am aware of with the cross-border mechanisms for container transportation and with the current predicament of the stagnation of the Canadian container port systems on the east coast. The figures do not look very good.

I'll discuss those two points in more detail, and there are a few observations.

First, we can talk about what's been working very well. Many of you are keenly aware of the customs pre-clearance system for air transportation with the United States. It has been in place for quite

a long time. It's effective. It's one of the most comprehensive in the world. Millions of travellers use it each year.

However, the pre-clearance system is based on a few preconditions. These involve designing areas for airports that are a form of extraterritoriality over which U.S. Customs and Border Protection has a form of jurisdiction in terms of admission. That's the first aspect. When this takes place, it allows Canadians to travel quite effectively through multiple airports within the United States. This is very well known.

What is less well known is that this agreement was expanded recently to involve cargo also, although it's not being used at this time, as far as I can tell. There have been a few pilot studies involving Prince Rupert and Montreal, but the mechanisms are in place to allow more effective movement of containers across the Canada-U.S. border. That's fair enough. That's good.

When I looked at the east coast system—or you could say the St. Lawrence system—all the way to Halifax, I noticed quite a few challenges.

The first one is strategically worrying. Based on my investigation, the most dynamic ports in North America require a draft of at least 45 feet. At the threshold of 45 feet, you start to have a significant level of container activity. Unfortunately, on the St. Lawrence, Montreal is below that threshold, so it creates a challenge. There are constraints in terms of the potential to use the east coast of Canada as a gateway to access the United States with cross-border arrangements. There might be a reluctance to invest in a system because of that.

The second point is that there is a complete divergence of the growth dynamics between Canada and the United States for the last 15 years or so. Growth rates in Canada have been at about 18% for a period of 10 years or so. In the United States, they are well above double that. There has been a divergence taking place between the dynamics of the U.S. container port systems and the Canadian ones. When this happens, the market share of Canadian ports with access to the United States gradually becomes eroded.

All the ports on the east coast, including Montreal and Halifax in particular, are declining in terms of their peak. Montreal peaked in 2019, and it has not recovered. As far as I can see, there's virtually no growth observed on the eastern seaboard. That creates a conundrum.

As far as I can calculate—this is subject to a lot of revision because the share's declining—something like 18% or 19% of the containers handled by Canadian ports are bound for the United States. Of course, it varies substantially. Prince Rupert is a very important gateway because it's a direct corridor to Chicago. It has around 65% of the volume, which are American imports, but the rest has been gradually declining for a variety of reasons.

In conclusion, what we call “cleared once, accepted twice” will have quite a few challenges. This means that once a container has cleared Canadian customs, it may be allowed to enter the United States without a second inspection.

The first challenge is that Canadian growth on the east coast is stagnant, as far as containerized traffic is concerned. There's not much of an incentive to look it up.

• (1540)

The second one is that the pre-clearance system we have in place underlines that you need customized facilities with personnel who are there to inspect. This means that for the container ports in Canada on the east coast, technically you will need a custom-bounded area—effectively, a foreign trade zone over which the United States will exert a form of authority, or at least a right of inspection. Again, we have a precursor to that. It's the system we have with air transportation. It will be an adaptation. Otherwise, I don't think this will be very effective, to say the least.

As well, the geopolitics are not very good in terms of the U.S.-Canada relationship—

• (1545)

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

Jean-Paul Rodrigue: Okay. That's fair enough.

The Chair: Fortunately, we'll hear more from you in a couple of minutes.

Let me turn now to Mr. Auclair.

You have five minutes, please.

Serge Auclair (Vice-President, Commercial and External Relations, St. Lawrence Seaway Management Corporation): Thank you very much.

Good afternoon.

My name is Serge Auclair. I am the vice-president of commercial and external relations for the St. Lawrence Seaway Management Corporation, a not-for-profit corporation under a long-term agreement with the Government of Canada to operate and maintain the Canadian assets of the seaway, a system of locks and canals between Montreal and Lake Erie.

There are 13 Canadian and two U.S. locks. In 2025, 37 million pounds of goods passed through the seaway to domestic and international markets. Key commodities include grain, sugar, fertilizer, iron ore, steel, aluminum, road salt and liquid bulk.

[*Translation*]

The St. Lawrence Seaway has the capacity to immediately double its volume, given that its capacity stands at only 50%. Container

transportation is currently an option, since the seaway's current traffic is almost exclusively bulk goods.

We're pleased with the Port of Montreal's Contrecoeur project. However, this project is designed for ocean shipping, not short-sea shipping.

Providing options to the shipping industry—particularly by means of short-sea shipping through ports such as Quebec City, Hamilton, Valleyfield and Thunder Bay—would, in turn, give shippers more options.

To this end, we need to see the Canada Border Services Agency as a driver of economic development.

[*English*]

We welcome the commitment by the Government of Canada in budget 2025 mandating that the Canada Border Services Agency, Public Safety, Transport Canada and Global Affairs Canada identify additional ports for container import and export designation, particularly in the Great Lakes-St. Lawrence region, such as Quebec City and Hamilton.

Moving containerized goods on the water through the seaway can help ease congestion on busy highways and rail networks across Quebec, Ontario and the rest of Canada. One Seawaymax vessel carries the equivalent of 300 railcars and close to 1,000 trucks. The seaway is part of a larger binational H2O highway network that includes Great Lakes and St. Lawrence ports. Altogether, the system generates \$66 billion in economic activity by moving 252 million tonnes of cargo worth \$157 billion. It supports more than 350,000 jobs and creates \$23 billion in wages.

Another recent study, commissioned by the Chamber of Marine Commerce, shows that enabling containerized traffic at Great Lakes and St. Lawrence ports could bring significant economic and environmental benefits while improving supply chain efficiency and resilience, diversifying trade and reducing infrastructure costs. Mayors from the Great Lakes and St. Lawrence Cities Initiative have also publicly called for the removal of barriers to trade and for the extension of CBSA container-clearing capacity at inland ports.

Currently, there are Great Lakes ports on the U.S. side of the network that already have, or soon will have, container-clearing capacity. These include the ports of Cleveland, Duluth-Superior, Monroe and Indiana-Burns Harbor.

[*Translation*]

Canada can leverage this type of trade-enabling infrastructure and the support of the Canada Border Services Agency in order to move more high-value containerized goods through its vast corridor.

[English]

The St. Lawrence Seaway is one of the original nation-building projects. We have a deep history and a future filled with possibilities. If we increase winter resiliency and expand container and energy movements, the St. Lawrence Seaway will bring added value to the economy of Canada.

Thank you for your attention.

• (1550)

[Translation]

The Chair: Thank you, Mr. Auclair.

We can now move on to questions from the members.

We'll start with you, Mr. Caputo. You have the floor for six minutes.

[English]

Frank Caputo (Kamloops—Thompson—Nicola, CPC): Thank you, Mr. Chair.

Welcome to all the witnesses. Thank you very much for being here. I found all of your comments interesting.

I want to focus on and begin with Dr. Dubord.

Dr. Dubord, I found your comments particularly interesting, because I was thinking about the role of organized crime in our ports before you started speaking. I've spent most of my adult life in the justice system, and I think this is widely known among law enforcement circles but is not widely discussed.

You talked about members of outlaw motorcycle gangs wearing patches on one day and then working in our ports of entry. Can you elaborate on that, please?

Neil Dubord: Absolutely. I certainly appreciate your comments.

My experience comes from working as the chief of police in Delta for nine and a half years and, of course, from having a larger container port in Canada at the Deltaport. That's where my experience mainly comes from: in first-hand intelligence and practical experience from there.

We know very well that the outlaw motorcycle gangs are heavily involved in the port system and in the ports union as well. We know they have all kinds of roles, right up to senior managers' roles, throughout the ports. Unfortunately, our system is quite different from what we see south of the border. The security clearances of people entering our ports are not maintained. Under 20% of the people working in our ports have a security clearance. That's a mandatory requirement for most in the United States. There are people with criminal records. There are people with all kinds of criminal activities and associations who are working in our ports and doing their job. As I mentioned, an exterior perimeter fence exists, but unfortunately they're already inside the fence and it becomes that much more difficult.

We are also aware of transnational organized crime being heavily involved in the fentanyl trade, in my experience, in the port of Vancouver and the Deltaport specifically. We know that ships come mainly from South America and Mexico directly into the port and

deliver all kinds of different materials and contraband. We become not only an importer, then, but an exporter of that once it's manufactured and sent out to other countries.

Frank Caputo: What I find most interesting about this is that it's not as though it's a secret. You're the chief of Delta. I used to work in British Columbia, so I'm very familiar with that jurisdiction. This is all very well known. It might not be well reported or publicly discussed, but it's something that I think most people in all facets of the port system or the justice system know about.

I think I know the answer to this, but is there any requirement to have a security clearance? For instance, if you work in a lot of roles, a clearance is required. You couldn't be a correctional officer, for instance, or work for CBSA if you had ties to the outlaw gangs that you were just describing. I'm mindful that they're government.

This isn't government, but access is the key. We often mandate requirements for people who have access to infrastructure, wherein criminality can flourish literally right under our noses. Do you know of any requirements for people, despite having such access, not to be involved in overt criminal behaviour?

Neil Dubord: Mr. Caputo, no, there is no requirement.

Frank Caputo: I don't mean to pontificate. It's just that if we know people are engaged in crime and we're allowing them into a place where crime flourishes, what do we expect?

All of you can weigh in on that. I know it's a rhetorical question, but I would imagine that this is quite frustrating to law enforcement.

Neil Dubord: When you look at airports or other major infrastructure, you can see the level of security required by employees there. You can think about just the pilots, who have to go through airports all the time. They require significant security clearance. It's unfortunate that a port isn't viewed in the same manner.

Frank Caputo: Yes, I would agree wholeheartedly.

I know my time is just about up.

We have bills that come through here. To me, this is a very non-partisan issue. I'm not sure if it can be tackled by way of a private member's bill. I have one that's being debated on Monday already. I apologize.

I encourage my government colleagues and everybody here to listen very well to this. One per cent of containers are being checked at the ports. I was at Deltaport, and it was a mechanism of, "Well, we do risk-based intervention." That is the way I would put it. Anybody with any idea of how things work knows exactly what the risk factors are. If you hang out there for three months, you will know those risk factors.

It's not working. I think we need more random searches.

I don't know if we have time, but any of you can comment on that, please.

Does no one think we have random searches?

• (1555)

Jean-Paul Rodrigue: Yes, if you wish, I can tell you.

In the United States, ports are considered, I would say, very secure facilities. You need a TWIC card, a transportation worker identification card, which is subject to review by the Department of Homeland Security.

About 1% of our containers, I would say, are inspected, but there are very good detection mechanisms in terms of bills of lading and scanning technologies, which allow us to fast-track the process. It doesn't seem to be too much of an issue as far as south of the border is concerned.

The Chair: Thank you, Mr. Caputo.

[*Translation*]

Mr. Ramsay, you have the floor for six minutes.

Jacques Ramsay (La Prairie—Atateken, Lib.): Thank you, Mr. Chair.

Mr. Dubord, unfortunately, I don't have time to ask you any questions. However, you did say a number of noteworthy things about the use of private companies and a special fund for technologies and automation. I would like you to send us a more detailed written description of the mechanism that you're referring to. The committee will certainly be able to look into all this.

I now have a question for Mr. Rodrigue.

You said that 18% to 19% of containers or goods brought into Canada are bound for the United States. However, you seem to believe that growth would be generated by using this mechanism to ship to the United States.

Don't you remember that 81% to 82% of trade is bound for Canada?

Jean-Paul Rodrigue: Please note that, when I say 18% of containers, I'm talking about containers imported from abroad. They go through the port and then on to the United States. I'm saying this to clarify your point of view. It's obviously part of the cross-border trade between Canada and the United States, but it's only a small part. As I said, it's an 18% share for the ports.

Jacques Ramsay: Okay.

To increase the activity at Canadian ports, should we consider that some of this growth will be secondary to the United States, or should we focus instead on growth within the country?

Jean-Paul Rodrigue: As I said before, the macroeconomic conditions in Canada have low multiplier effects on container volume compared with the United States, unfortunately. The United States, using the same processes, has twice the container growth rate as Canada.

Saying that we have the best access to American ports may be an alternative way to increase container capacity in Canada. It could generate traffic. However, on the east coast, it won't work well. The

latest generation of ships go through the New York and Hampton Roads ports. That's where they enter Canada. The process is being reversed.

Jacques Ramsay: You did mention Chicago. I guess Chicago doesn't have a 45-foot draft either, because the ships go through locks. That doesn't prevent the Port of Chicago from developing.

Jean-Paul Rodrigue: Again, there's always a niche market, if not for containers. It's very problematic for the St. Lawrence when it comes to containers.

We were talking about Cleveland, where there is a project, but it's a mixed ship. It's not a container ship. It's a ship that carries other goods at the same time.

Obviously, Mr. Auclair from the St. Lawrence Seaway Management Corporation could talk a bit more about all that. That said, even in the United States, there is no movement of containerized goods on rivers.

Jacques Ramsay: Mr. Auclair, we're talking about 250 million tonnes of goods and the possibility of doubling that.

Currently, how much of the 250 million tonnes of goods goes to the U.S. market and how much goes to the Canadian market?

Serge Auclair: The vast majority goes to the Canadian market.

• (1600)

Jacques Ramsay: Okay.

You told us about four ports that seem to have developed: Cleveland, Monroe, Indiana and Duluth. They've taken initiatives.

What would it take for our ports in Canada to follow those examples? What actions need to be taken quickly to ensure that we are as competitive as these four ports?

Serge Auclair: I'll give you an example that floored me. My trade team was in England six weeks ago. We met with a company that produces mining equipment. We were told about a case where they went through American ports to bring equipment to Sudbury. Going through the Great Lakes would have made a lot more sense, but that region doesn't have ports with clearance capabilities. This is very worrisome to us. When we think of the much-touted Ring of Fire project, we have to wonder whether the equipment will go through American ports. Basically, the company told us to contact them when there were customs clearance capabilities in the Great Lakes region.

As you know, containers create containers. If you don't have full containers arriving in the area, you can't send back goods on the return trip, because the containers aren't available, and no one will lend you containers, since it's an extremely important resource for businesses.

This is about creating opportunities. Ultimately, the more opportunities, options and choices the shippers, shipping lines and cargo owners have in the supply chain, the more they will find the optimizations that apply to them and that make sense.

Jacques Ramsay: Then that would facilitate operations.

I have one last question for you, Mr. Auclair.

Contrecoeur will be an international port. Will there be facilities to take things that arrive at the port of Contrecoeur and ship them further along the seaway, or will the port of Contrecoeur be a competitor of the seaway?

Serge Auclair: It won't be a competitor at all. It's a different project. Contrecoeur wants to receive and return containers. There might be a bit of what we call short-sea shipping. That said, a model like the one in Quebec City, for example, is probably more promising for short-sea shipping.

We also see that there are costs and models associated with each of the ports. Again, it's about giving people options to consider.

Contrecoeur is a great project for receiving international containers and exporting goods. However, when we talk to people in the industry, they tell us that it's not a model for generating a lot of short-sea shipping.

The Chair: Thank you, Mr. Ramsay.

Mrs. DeBellefeuille, you have the floor for six minutes.

Claude DeBellefeuille (Beauharnois—Salaberry—Soulanges—Huntingdon, BQ): Thank you, Mr. Chair.

I just want to say hello to the interpreters because they do a fantastic job and allow me to follow the discussions. I thank them very much.

Mr. Auclair, I have a question for you.

You gave us a small example earlier, in your remarks. You said that the fact that there are no small specialized ports on this side of the Great Lakes and the St. Lawrence River was losing us clients to the small ports on the American side.

Can you give us some examples? Sometimes we use broad formulas, but imagine what it would mean if the ports that took part in the study, such as Valleyfield and Hamilton, had customs clearance capabilities.

Serge Auclair: As it happens, ports around the world are magnets for economic activity. That's true across the board. It's not just that over 90% of Stanley Cup-winning hockey teams are from port cities. That certainly helps. However, ports are magnets that attract economic activity.

In the case of Valleyfield, there is already a company that is established and that has developed good capabilities for activity towards the far north, for example. What is to say that this expertise could not be used in the case of Greenland and Iceland, for example, which have been discussed at length? There are certainly trade routes that could be developed based on people's expertise.

There's something interesting about the Hamilton area. We've held discussions. People from the Niagara region told us that there

had already been experiments with exporting wine and icewine. If containers arriving at the port for import were available, that would offer opportunities, at attractive costs, to use the containers and return them. We're talking about availability of containers. However, there will always be someone to use them. What's also interesting is that it's a bit like the Port of Montreal model, which is a balanced port, meaning that it's 50-50 inbound and outbound. Since containers have arrived, in some cases, the shipping lines will do this at extremely competitive prices. The shipping line is very happy not to have to bring back empty containers. Therefore, we create activity. Local people can find ways to develop their own business.

Obviously, the key element here is the added value of the goods. We agree that, if we want to export recycled paper to a country that will handle it, it won't happen in the Great Lakes region. However, there are value-added products that can be containerized. I'm thinking in particular of critical minerals, some of which, even in small quantities, are worth a fortune. Ontario grain farmers would be very happy to be able to containerize their grain and ship it, especially in the case of quality grains that are value-added products. Every region has these products. Obviously, we'll start with small volumes, but it's all being built, that's for sure.

• (1605)

Claude DeBellefeuille: I am not an expert, I'm still gathering knowledge, but I've understood that what customers want is to have their goods transported at the lowest possible price with as little handling and as few stops as possible.

I'll give you an example. Again, I'm not an expert, but there are more and more vessels that have mixed cargoes, meaning both bulk, including ore, and containers. They don't necessarily have a large number of containers, but let's say they have to stop in Montreal to clear 10 or 15 containers. The containers are emptied and put on trucks, and then the trucks go on the road. Often, the trucks are unloaded at the Port of Valleyfield, which has storage capacity. We don't understand why the Canada Border Services Agency doesn't want to allow containers to be cleared at Valleyfield, because, from our perspective, it clogs up the Port of Montreal.

Do you think we should support small specialized ports to also relieve congestion at the Port of Montreal and the Port of Contrecoeur? That way, they could handle the big stuff and let the small ports handle mixed cargo, for example.

Serge Auclair: You raise an important point: highway congestion. Moving goods from the Port of Montreal at rush hour is not always easy. I drive on Highway 401 quite often, and I can tell you that it's not ideal. It's the same problem. If we could get trucks off the road, that would be a good thing.

I would add that there can also be direct services. We often talk about low-cost transportation. However, if these are value-added products, in some cases, cost is not the critical factor. For example, in the case of the company I mentioned, which sent a shipment to Sudbury, it was a value-added shipment. It's not necessarily the cost, in this case, that is important; it can be speed.

Let's give options to shipping lines and cargo owners. Then they'll make their decisions and they'll make it work.

Claude DeBellefeuille: You're absolutely right, Mr. Auclair. As we know, this is an observable phenomenon. There are ships that go straight past the Port of Valleyfield and on to an American port, while they could be accommodated if we could clear containers.

You told us about American competition. The fact that there is no customs clearance is causing business to be lost along the St. Lawrence River and the Great Lakes.

Serge Auclair: Absolutely. We are also losing containers that could be provided to local shippers for export.

Claude DeBellefeuille: Could you briefly give a recommendation to the committee about container clearance?

Serge Auclair: I think that studies have been done and lists have been drawn up. We're actually a bit agnostic. Basically, what we want is to have clearance and for the network to start building.

We're definitely going to miss the boat, so to speak, if we don't open the Great Lakes to that. We agree that large container ships or 4,000 or 5,000 20-foot equivalents are not going to go there, but there is a capacity and a market. Yesterday, I was with people from the industry, and everyone was talking about the new freight transportation that could be generated, particularly in terms of containers, if there were customs clearance centres.

Claude DeBellefeuille: Thank you.

The Chair: Thank you, Mrs. DeBellefeuille.

[English]

Next we have MP Au for five minutes, please.

Chak Au (Richmond Centre—Marpole, CPC): Thank you.

First of all, I want to thank Mr. Dubord for the presentation. I think Canadians would be alarmed if they knew what's going on at our ports.

I have a few questions.

I have in front of me a report completed by Mr. Peter German on the policing of the Delta port. The information in the report seems to be very serious.

Based on your experience, do you think there has been any improvement since this report was completed in 2023?

Neil Dubord: No. I was a party to that report as well. The report was, I guess, fashioned by the mayor of Delta at that particular time. There has been no improvement that I am aware of.

I left Delta as the police chief there in November 2024. During the course of that year, I did not see any improvement. I am currently in contact with the chief in Delta. He has not seen any improvement there.

• (1610)

Chak Au: Did it get worse?

Neil Dubord: From what we see, I don't think it's gotten any worse. I think there has been some attention paid to it. There was some media that was brought to that particular report, and it was brought to the public's attention. I don't think I've seen it get worse either. It's been fairly steady.

We must remember that we only know what we know. It's always what we don't know that scares us a little more.

Chak Au: Exactly. This is not something new. We know this has been going on for many years.

My follow-up question is, why is that the situation? How come there has been no change or improvement in all these years? Is it purely a lack of resources? Is it because of compromising security for efficiency? Is it a lack of political will?

Neil Dubord: I think it's all three.

I'll give you a bit of the history that the report will document.

In 1968, the port police was created in some fashion. It was changed to the port police name in 1983. In 1998, it was disbanded. When it was disbanded, it became very disjointed. I don't think we've ever had the will, funding or collective resources within all the organizations to come together with a strong, integrated team.

One of the things we mention in the report is the Combined Forces Special Enforcement Unit in British Columbia. It is an integrated team working with municipal, federal and provincial resources, one that comes together and does a tremendous job on the extortions happening in British Columbia, as well as the gang activity. This kind of model is necessary for the ports.

To depend solely on CBSA, which is not an investigative agency, or the RCMP, which has many priorities and vacancies across Canada, becomes very difficult. There is a role for both municipal and provincial police officers to be involved in this.

Chak Au: Thank you.

This is a situation that has been going on for some time.

Is there any way we can estimate the social cost we are paying as a community for this kind of situation? What are the economic losses, the costs of crime and other kinds of social costs we are paying because of this failure?

Neil Dubord: I've never seen a report that looks at the evidence on that, but I can tell you one thing I was tremendously surprised by.

I always thought we were a major importer of contraband, but I was surprised to see that we're a major exporter of it as well. This caught me by surprise when we did the report. I've been working in policing, as I mentioned, for 37 years, but I didn't recognize that Canada was taking these precursors in, producing the pills and then shipping them out to other people. That is a major part of the contraband leaving the ports.

Chak Au: My other question is this: Now we are talking about the west coast, but are you aware of a difference between the east coast and the west coast, in terms of inspection structure, staffing models and integration with law enforcement?

Neil Dubord: There have been some projects put forward on the east coast in relation to stolen autos. As we know, there were a high number of stolen autos being shipped overseas out of the port of Montreal. Several projects came forward with joint resources, and they were quite successful in doing that. The issue is whether those projects can be sustained or were just a push after a media story came out.

We hope we can get some sort of sustained enforcement in the particular area of stolen autos, because we believe as many as 60% of stolen autos are being shipped overseas.

The Chair: Thank you, MP Au. I'm sorry. We have to turn to MP Ehsassi for five minutes.

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

Thank you also to the witnesses, who've been very good.

I will start off with Mr. Dubord.

I have to say that what I heard from our colleague opposite was quite sobering. He said that this thing about the ports in B.C. is an open secret.

How long would you say this has been going on for?

• (1615)

Neil Dubord: I was a deputy chief in the Edmonton Police Service, where I spent 25 years. I came to B.C. in 2012, so I can talk specifically about 2012. It was well known in 2012, so it has certainly been known for the last 14 years.

Hon. Ali Ehsassi: You talked about the need for security clearances.

I understand that a security clearance can be undertaken for prospective employees, but given the state of things you have alerted us to, what needs to be done?

Neil Dubord: We thought about that with Mr. German's report. We thought about how to implement such a policy when there are already close to 30,000 employees working in ports. The thought is that it has to start from the beginning. When you're hiring new employees, it has to start there. Let's put in a policy that would see any new employee hired needing a security clearance or validation. As people move up or get promoted, they could also require a security clearance. There could be another opportunity to work inside as people move to different jobs or move up in the chain of command.

Hon. Ali Ehsassi: Thank you very much.

What would you say is the best report you could refer us to that talks about some of these challenges at the port?

Neil Dubord: It's very interesting that, when we did the research—the literature review on the particular report that you have in front of you now—we didn't see a tremendous amount of information. There was a report, back in 2001, that came forward in relation to the disbandment of the port police in 1998 that we referred to, and it had some information, but we didn't find any other significant reports that were done, sir.

Hon. Ali Ehsassi: Thank you very much.

Now I'll go to Mr. Auclair. Mr. Auclair, you were talking about how the St. Lawrence Seaway was a nation-building project. Would it be fair to say that the money we're now committing to ports and to harbours is the most ambitious thing we've done, on this particular end, since the St. Lawrence Seaway was created?

Serge Auclair: Well, as you know, I may be a bit biased regarding its importance and how great the seaway was as a project. However, in my understanding, building up our infrastructure—especially with the fact that we want to increase the east-west economy in Canada and that we want to increase export and imports—and, obviously, building up infrastructure that will be able to support and enable companies to participate is certainly a project that could be called nation-building. That's for sure.

Hon. Ali Ehsassi: I didn't mean to say it's as big as the opening of the St. Lawrence Seaway. I was just saying that, since then, this would probably be one of the biggest nation-building projects.

You spoke about this: How should we be using more ports that will ease pressure, not only on our highways but on railways as well? Could you elaborate on this so that more members are familiar with the facts?

Serge Auclair: Many years ago I was involved in the port industry. I was an executive. I remember a project that CN wanted to do in Milton. I'm not sure whether that project ever came through. There was a lot of opposition from the public.

Ports already exist. They have their footprints. In many cases, there is capacity. Would it make sense to use that footprint to bring things by ships, containers or other cargoes directly to ports? In that situation, you don't have to increase and increase the footprint of certain of these rail yards. Again, it's nothing....

Society has changed. I remember 40 years ago, when I was much younger, people didn't care much about things happening in their neighbourhood, but now, getting social acceptance is a huge issue. Before throwing new projects on the table and trying to do them, can we optimize the assets we have and try to see how we can use some things that already have social acceptance?

Milton is probably, to me, the poster child of what can be done in terms of rail. You can use these yards for products when you have no choice other than to move them by train.

• (1620)

The Chair: I'm sorry, Mr. Ehsassi.

Let me turn to Madame DeBellefeuille

[*Translation*]

You have two and a half minutes.

Claude DeBellefeuille: Thank you, Mr. Chair.

Mr. Auclair, we're going to continue our discussion.

You are very familiar with the sector I represent, the seaway and the Port of Valleyfield. We have a Glencore plant that processes ore. We're close to General Dynamics, which has received a lot of federal contracts to participate in the military effort. This is an area with a lot of economic development.

We feel that it would be inexpensive to support the Port of Valleyfield so that it can participate more in development. It also specializes in northern transportation.

How can you explain this kind of resistance from the CBSA and its refusal to do customs clearance? Do you think it's in the seaway's interest when the government resists serving small ports all along the Great Lakes and the St. Lawrence River?

Serge Auclair: I think that, in some cases, there may be a lack of information or data to look at that. I can give you an example. As you know very well, we own land in Sainte-Catherine. Private companies have set up shop nearby. Quite a bit of cargo transportation is generated in the sector. I'll give the example of de-icing salt. Given the winter we had, we didn't have an excess of that. We needed more. The facilities in Côte-Sainte-Catherine are sometimes an example of what we don't look at and what we aren't aware of. Of course, it may be less visible.

Salaberry-de-Valleyfield is a city with a glorious industrial past. There was processing, particularly in the textile sector. Therefore, there are some major companies. We're talking about rearming Canada and our commitment to spending 5% of our GDP on defence to meet the threshold set by NATO. There are going to be needs. It can't be concentrated in one region.

We tend to want to build a lot of infrastructure, but the problem is that it is sometimes too late to meet our needs. In this case, we're talking about an investment, first in equipment, then a little in personnel, that enables us to optimize an infrastructure that is already there. Once again, the idea is not to build infrastructure and say that the traffic will come afterwards. It is already there. The idea is, along with the players already there, to see how we can increase traffic and create opportunities for shippers. There isn't necessarily a one-size-fits-all model. In Europe, they use the river system a lot. I often cite the example of the Rhine system and the inland port of Duisburg.

The Chair: Thank you, Mrs. DeBellefeuille. Two and a half minutes always go by too quickly.

Mr. Lloyd, the floor is yours for five minutes.

[*English*]

Dane Lloyd (Parkland, CPC): Thank you, Mr. Chair.

Thank you to all the witnesses, both those here virtually and those here in person.

Dr. Dubord, it's a pleasure to have you here again.

We had a previous committee study in which a witness talked about the non-resident importer program being used to bring in precursor chemicals. As Delta's chief of police, did you have any experience with that program, and do you have any comment?

Neil Dubord: I have a short comment on it. We didn't have direct involvement with it, but we were aware of the program that was going on. It saw some success in relation to what the CBSA was doing along with the RCMP.

Dane Lloyd: The non-resident importer program....

Neil Dubord: I'm sorry. Something was half cut off there. Please say it again.

Dane Lloyd: My understanding is that the non-resident importer program allows people a streamlined basis to bring goods into Canada. Do you have any experience with that program and any thoughts on that?

Neil Dubord: I do not. I'm sorry. I couldn't comment on that.

Dane Lloyd: Thank you.

We had witnesses from Transport Canada at our last meeting, and they were talking about how, since the port policing program has been removed, there's been a streamlining of accountability. Do you have any comments about those statements from Transport Canada? Do you think the ports have become more accountable since the port policing program has ended?

Neil Dubord: The policing program provides a number of different things beyond enforcement. The visual presence of uniformed police officers within the port is something that we supported in the recommendations of the Peter German report and that we support now. This is something we haven't been able to see. I think the unions certainly disagree with it fully, as well as the port operators, because there's an immediate slowdown.

I can tell you our experience when uniformed police officers were going to the Delta port—and specifics in dealing with whatever the incident was—because we would deal with the 911 calls that would come from there. The ports would typically shut down during that time. They wouldn't operate during that time because the police were on site.

There need to be two investigative arms to a good enforcement program. The first one is the intelligence arm. Obviously, the CBSA works very hard at that, doing risk assessments, and that's the accountability, I believe, that Transport Canada would be talking about. The second piece is the uniformed presence. We all like to see the uniformed presence and the police cars in our cities, and that does something in relation to prevention.

• (1625)

Dane Lloyd: You sort of already answered this question, but can you tell us what the gaps are in enforcement and protection of the ports?

Neil Dubord: Absolutely.

The CBSA does not have the investigative ability to investigate this. It can find and seize, but it doesn't have the investigative ability. That goes over to the RCMP.

The RCMP has had a difficult time doing those investigations. At one point in time, there was what was called the waterfront unit, which was a unit that worked in Vancouver that allowed an integrated approach. It brought municipal officers into an RCMP-controlled and RCMP-managed program in which they worked on investigations together. That program was disbanded for some time and then brought back after the report in 2024 in a limited way. It's still not fully staffed, so the ability for the RCMP to fully investigate all the instances that are out there is impossible.

I can give you a specific example that happened with me. I had the DEA from the U.S.A. come into my office and say, "Can you help us with this investigation? We know it's happening. We know when it's going to happen. We want some assistance, and we can't seem to rally up enough resources from the RCMP to get it done." However, as it was federal jurisdiction, unfortunately, the Delta police weren't able to assist on that particular file.

Dane Lloyd: That's very concerning.

I'm going to move on to Professor Rodrigue. You talked about the stagnation of shipping numbers for our east coast ports in particular.

There has been a lot of talk lately about reviving the port of Churchill, and I am certainly very open to this project, but I want to make sure there's a strong business case, especially with the federal government getting involved.

Do you have any thoughts about revitalizing the port of Churchill and how this could impact the greater port infrastructure in Canada?

Jean-Paul Rodrigue: I've been asked that question quite a few times recently. I had a piece with the BBC yesterday about that.

The business case for Churchill is very difficult to find, because of, I would say, the accessibility to the major shipping lines. To go there, you need the ships that are certified for Arctic shipping. What can be moved used to be grain, but that's not the case anymore.

In the short term, there is currently a very limited business case that we can find for Churchill, outside maybe something that we are not aware of, maybe a support role as a resupply base for Arctic communities. It does not fit, I would say, the structure of the current container maritime shipping system around the world. Most of the major shipping lines in the world have declined to use the Russian sea route around the Arctic, because it does not fit their business model.

The Chair: Thank you.

I'm sorry, MP Lloyd, to cut you off.

We're moving to MP Powlowski for five minutes, please.

Marcus Powlowski (Thunder Bay—Rainy River, Lib.): Mr. Auclair, I'm one of the two members of Parliament for Thunder

Bay. At one time, one of our claims to fame was the fact that we had the greatest number of grain elevators in the world. Much of the world—Europe and Africa—after the Second World War was fed by Canadian grain going through the port of Thunder Bay, but the nature of cargo has changed in recent years. There's less bulk and there are more things going by containers, yet the Thunder Bay port basically takes almost zero containers.

Now, it would seem to me that this is very low-lying fruit if we want to invest in our infrastructure and diversify trade. I certainly read the report of the Chamber of Marine Commerce, which makes a pretty good business case for the fact that we ought to have CB-SA in some of these ports.

At the last meeting, the authors of that report were here, and we asked them questions. Afterwards, interestingly enough, we had Transport Canada here. We asked, "What do you think about their numbers?" They said they couldn't verify that economic analysis because they thought the data was incomplete.

However, having talked to the people who did the study, we know that Transport Canada didn't ask them to provide further data. Transport Canada did not indicate that they were going to do their own economic analysis. You, in working with the seaway, are far more intimately involved with this than I am. Where is Transport Canada going with this? I can't figure it out.

I hope they are going somewhere with it. If what they want is the business case to put Customs facilities in various ports, how are they making that decision? They didn't seem to be accepting the Chamber of Marine Commerce study, and they didn't seem to be doing their own. What's your impression of how they are going to decide where to put these customs facilities?

• (1630)

Serge Auclair: On our side, we like to talk to the shippers, those who have the cargo and make decisions on where that cargo should go, and we like to talk to carriers, those who will carry that cargo.

An economist will build a model, and usually it's very well built in the sense that they know everybody is going to challenge them and they don't want to lose their reputation. I'm not challenging the economics model, but when you start having conversations.... Yesterday, there was a meeting with the CMC. There was a lot of conversation from the carriers, who were talking about the potential cargo and what the shippers are telling them.

Some time ago, there were conversations about extending the navigation season at the seaway, and the conversation was about whether there would be cargo if we were to extend the season. Now the conversation is more about how we are being told that there is a lot of cargo that could move, and it's not cargo that should move during the summer but that's going to move in the winter if we extend the navigation season. It's new cargo that will become available.

Marcus Powlowski: Mr. Rodrigue, what about containers in a port like Thunder Bay? You certainly seem to be advocating for bringing containers to bigger ports like Prince Rupert, and then going to Chicago—which goes right through my riding as well, through Fort Frances—or bringing in really big ships with lots of containers to Halifax.

However, there seems to be profitability in smaller boats going directly from Europe. Splithoff is currently shipping directly to Cleveland or Duluth, not through Canada. They seem to find it profitable.

There would seem to be a market. There would seem to be opportunities for economic growth there.

In addition, what about transshipment? If you bring in a lot of containers to Halifax, why not put them on a smaller boat? In my understanding, Thunder Bay could take up to 800 to 1,000 TEUs at the port. If you brought three boats a week into Thunder Bay, that's like 3,000 trucks off the Trans-Canada Highway. There are all those savings for the infrastructure. There are certainly environmental benefits in not having trucks on the road, and certainly there are safety concerns. As somebody who drives a lot on the Trans-Canada for hockey tournaments and stuff, there are a lot of transport trucks on there that I'd like to get off of it.

Don't you think there's an economic model to shipping containers through ports like Thunder Bay and other smaller ports on the Great Lakes and St. Lawrence? I'm hoping you're going to say yes.

Jean-Paul Rodrigue: I can cautiously say there is a niche for everything. However, there's something called supply chain management, which is based upon the principle that you need a constant flow over a long period of time. If you interrupt these flows, you break the business model.

You could run your model and say it works perfectly well when the seaway is open, but as soon as you close it, the cargo needs to go somewhere else. When it goes somewhere else, it gets captured and does not necessarily come back. Otherwise, you would have seen these types of services for a very long period of time. It would have taken place. Containerization left the St. Lawrence-Great Lakes system, I would say, 40 years ago. It's coming back in little niches, as we mentioned with Cleveland, but that's a mixed ship.

I'm not too sure how good the business model is, because I talked with a guy at the port of Cleveland and he says it's fine, and they try to grow it, but it's not that easy.

The Chair: Thank you, everyone. Unfortunately, we need to finish this first hour.

Fortunately, it's with grateful words of thanks to you, Monsieur Auclair, Monsieur Rodrigue and Monsieur Dubord.

• (1635)

[*Translation*]

Thank you for participating in this meeting, either in person or remotely. I think all members really appreciated your testimony. I also want to thank you for taking the time to prepare all this. We wish you a good rest of the day.

We will suspend the meeting for a few minutes to allow the witnesses to leave the table and the next witnesses to settle in.

• (1635)

(Pause)

• (1635)

The Chair: We will resume the meeting and spend the second hour with new witnesses, whom we are pleased to welcome.

First, we have David Rivest, president and general manager, Desgagnés Transarctik Inc. We also have Robert Bellisle, president and chief executive officer, QSL International, by video conference. Finally, we welcome Saul Polo and Gabrièle Lavallée from St. Lawrence Shipoperators.

Thank you all very much.

We'll start with five-minute opening remarks.

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

• (1640)

[*English*]

David Rivest (President and General Manager, Desgagnés Transarctik Inc.): Mr. Chair and members of the committee, thank you for the opportunity to appear today.

I'm here on behalf of Degagnés, a Quebec-based maritime and logistics group with roots dating back to the 19th century. Our operations span the St. Lawrence, the Great Lakes, the east coast and the Canadian Arctic.

In 2023, our group acquired the Valleyfield operating activities and entered into a long-term arrangement with the port authority to operate the facilities.

Our issue is practical. Valleyfield can receive, and already receives, a range of cargoes. What it does not yet have is a clear, workable CBSA operating model for receiving international containers at the scale of a medium-sized port. We're not asking for a major capital project; we are asking for clarity on the compliant path forward.

The independent Aiseo study prepared by the Chamber of Marine Commerce notes that Valleyfield obtained a C/VESSE designation and, since publication, has also secured an SO licence. In simple terms, the C/VESSE confirms that the site meets recognized maritime cargo security requirements. The SO licence authorizes the port to operate as a customs-controlled facility for goods under CBSA oversight. In other words, Valleyfield is not starting from zero. The security and customs foundations are already in place.

The same study points to a secured, fenced and continuously monitored facility; recurring past CBSA screening operations; two regular liner services with Europe; and projected annual throughput of roughly 1,500 containers in 2023, before the operations were paused. It also confirms Valleyfield has a significant role in Arctic logistics. This is a real port with a real operating history.

We are already involved in the development of initiatives that include planned voyages to Greenland. This is not hypothetical discussion about future Arctic trade. It reflects real commercial activity now taking shape, with real planning and real cargo potential.

If Canada wants stronger Arctic supply chains, greater redundancy in the St. Lawrence corridor and better access to non-U.S. markets, then leaving a proven port with regulatory uncertainty works against these goals. The policy question should therefore be framed properly. The question is whether the CBSA can apply an existing risk-based approach in a way that is proportional to the operating reality of a medium-sized port.

The CBSA itself has told this very committee that imaging deployment depends on risk, infrastructure and operational requirements; that it already deploys mobile technology; and that it does not intend to install fixed large-scale imaging everywhere.

That points to a practical conclusion: The solution for Valleyfield should be adaptable, risk-based and proportionate to volume.

This is important because containers from international origins must be screened at one of five first ports of arrival, three of which are on the eastern seaboard. At the same time, based on what is publicly available, the Canada-U.S. treaty framework does not appear to contain any clear limitation that would prevent Canada from considering a compliant model for medium-sized ports such as Valleyfield. That suggests the issue is not fundamentally legal; it is operational.

That matters, because containerization is central to modern trade. Containers make freight movement more efficient, secure and scalable across marine, truck and rail networks. They are the standard logistics format that supports resilient supply chains. They should not be treated as exclusive to large terminals.

Aviso also estimated that under the costliest Valleyfield scenario involving mobile screening, the annual CBSA-related costs would be under \$50 per container. Against that, the projected annual benefit is more than \$5.2 million in GDP and about \$2.13 million in federal revenue. The federal revenue impact would offset the screening costs in roughly nine days.

- (1645)

Our request to this committee is straightforward: Recommend that CBSA undertake a formal implementation assessment for Valleyfield and define the conditions for a compliant, medium-sized solution, including staffing, infrastructure requirements, cost recovery and pilot parameters.

We're not asking Valleyfield to be treated as a major gateway. We're asking CBSA to show how a secure, proportionate, risk-based model can work at a medium-sized port. The asset exists. The demand exists. The rationale exists. What we need now is operational clarity.

Thank you.

[*Translation*]

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

I will now give the floor to Robert Bellisle, who is joining us by video conference.

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

Robert Bellisle (President and Chief Executive Officer, QSL International Ltd.): Mr. Chair, members of the committee, as president and chief executive officer of QSL, thank you for the opportunity to share our point of view on the essential role of marine transportation in the Canadian economy and, specifically, on the role that the Canada Border Services Agency can play in the H2O highway corridor and port clearance practices.

[*English*]

QSL has over 2,000 employees and is a major maritime company based and headquartered in Quebec, with over 65 terminals across North America. In Canada, we're active in Quebec, Ontario, New Brunswick, Nova Scotia and Newfoundland. From this vantage point, we see in real time how global economic shifts translate into both pressure and opportunities for Canada. We can clearly attest that maritime transportation is not just an element; it's a strategic pillar of our economy.

Nearly 80% of Canadian goods use the method of ship at some point in their journey, while only 5% of Canada-U.S. trade is carried by maritime transportation. Maritime shipping accounts for roughly half of Canada's total import-export volume. This includes finished goods, raw materials and critical industrial inputs, each of which are essential for productivity value creation and Canada's economic sovereignty.

Four major gateways structure trade flows to North America: the Atlantic coast, the Pacific coast, the Gulf of Mexico and the St. Lawrence-Great Lakes corridor, also known as Highway H2O. These corridors do more than move goods. They support entire industrial ecosystems across countries, provinces and states.

[*Translation*]

The recent federal programs to support port infrastructure are welcome. They were long overdue. Policy is going in the right direction. The challenge now lies in implementation, and that implementation needs to accelerate.

[English]

However, at present, CBSA has limited clearance of maritime containers at only five Canadian ports—Halifax, Saint John, Montreal, Prince Rupert and Vancouver.

Under current requirements, containers arriving in Canada must be inspected by CBSA, including radiation detection. Within QSL's Canadian operations, containers may occasionally be carried as part of general cargo, typically containing complementary components. Prior to 2023, exemptions could be requested, allowing CBSA officers to conduct on-site clearance using mobile radiation units. Since 2023, however, this is no longer possible.

This loss of operational flexibility has resulted in additional costs and significant logistical challenges for cargo owners and operators, with broader economic impact. One concrete example is our Bickerdike terminal, which is a container terminal but for domestic, as well as one of only a few terminals in eastern Canada to have a ro-ro ramp. It was recently forced to turn away a vessel carrying several containers. The cargo ultimately discharged in Baltimore, despite the shipper's preference to use Canada and the fact that the consumers were Canadian. Situations such as these reinforce the perception that Canada's ports lack flexibility and encourage shippers to favour U.S. ports.

[Translation]

Although the November 2025 federal budget mentioned the container terminal project at the Port of Québec, we are also still hoping for an imminent announcement.

The joint application from the Port of Quebec and QSL has been postponed since November. Such delays are concerning given the marine sector's critical role in our economy.

Expanding border services at the Port of Québec to support QSL's container terminal project would create significant economic and security benefits for Canada. Quebec benefits from a strategic positioning. Clearing containers closer to their port of entry and delivery point would help ease pressure on existing ports of entry, reduce congestion, decrease turnaround time and improve supply chain reliability.

To remain competitive, Canada must focus its federal investments on complementary strategic marine infrastructure, speed up approval processes and prioritize projects that generate quick and tangible economic benefits.

In conclusion, the Canada Border Services Agency has a key role to play in accelerating marine infrastructure projects. The agency can directly contribute to the country's prosperity. If we act more quickly, ensure greater consistency across modes of transportation and use the levers already under federal jurisdiction, we can generate immediate and lasting benefits for all Canadians.

Thank you for listening. I look forward to answering your questions.

• (1650)

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

I will now give the floor to Mr. Polo for five minutes.

Saul Polo (President and Chief Executive Officer, St. Lawrence Shipoperators): Thank you very much, Mr. Chair.

Good afternoon, members of the committee.

My name is Saul Polo, and I'm the president and chief executive officer of St. Lawrence Shipoperators. Our association represents carriers in the Canadian marine sector that operate in the St. Lawrence Seaway, from the Canadian Atlantic to the Great Lakes, not to mention the Arctic. With members ranging from shipowners to ports, terminal operators, ferries and tugboats, the St. Lawrence Shipoperators association is the gold standard for marine transportation in Canada.

To date, our association's members efficiently move dry bulk, liquid bulk and general cargo. However, a key component of our economy's resilience remains out of our reach: container shipping. The St. Lawrence Seaway, that impressive system of locks that connects the Great Lakes to global markets, is currently operating at less than half of its 1979 capacity. That is because the corridor has been unable to pivot to containerization because of the lack of Canada Border Services Agency services.

That delay isn't due to a lack of infrastructure, ships, expertise, port capacity or commercial interest. It's a structural problem. The Canada Border Services Agency is the only federal agency authorized to deliver clearance services, and it systematically rejects requests from private companies and regional ports. However, those stakeholders are prepared to make massive investments, hire staff and provide the required services. This service monopoly, coupled with administrative rejection, is currently depriving Canada of an essential safety valve for reducing congestion at its major ports and cultivating this potential to diversify trade corridors.

In its 2025 study on containers, Aviseo Conseil clearly shows that expanding the Canada Border Services Agency's services to new regional ports, beyond the five currently designated ports, is a national necessity and an economic opportunity to be seized. Canada's productivity growth is currently stagnant, and its ports are lagging behind its G7 peers in efficiency and performance, which is characterized by long vessel wait times and declining container volume. Opening new points of service would make it possible to process over 330,000 additional containers, generating \$131 million a year in added economic value.

If ship deliveries take place closer to the final markets, we could decrease road transport volumes, particularly between Ontario and Montreal. For example, containerized trucks make 42% of their trips between Quebec and Ontario while they're empty.

It should be noted that the new tax revenue generated by this initiative would enable the federal government to make the Canada Border Services Agency's operating costs profitable within a few days or months.

The initiative would also help the government achieve its market diversification goals. By expanding trade connections, Canada's ports would forge new commercial ties abroad and unlock new opportunities for Canadian businesses.

We therefore recommend that the Canada Border Services Agency transform its delivery model to gain more agility and flexibility.

The first step is to deploy mobile customs clearance units. The agency should establish mobile units capable of providing flexible and ad hoc coverage at regional ports. That would make it possible to meet demand effectively without needing to build costly, permanent infrastructure.

Second, the agency should allow the transshipment of uncleared containers. The idea would be to allow the transfer of bonded containers from large ocean-going vessels to our vessels in Canada, which would make it possible to ship the goods to secondary ports for final clearance and, as a result, reduce dockside delays at major ports in the country.

In conclusion, the agency's co-operation is necessary to enhance and maximize the use of the short-sea shipping network. We want to build for containers what already exists for bulk cargo: a system that makes it possible to move millions of tonnes of goods while being the most energy efficient and freeing up Canada's road network. To achieve the critical mass needed, access to the agency's services at the ports of Ontario and Quebec is an essential catalyst.

The marine industry is ready. We have the vessels, the ports, the investments and the know-how. Today, we are asking for the Canada Border Services Agency to become a partner in prosperity rather than an administrative obstacle.

• (1655)

Thank you.

I'm available to answer any questions the committee members may have.

The Chair: Thank you, Mr. Polo, for those first opening remarks.

Mr. Lloyd, you have the floor for six minutes.

[English]

Dane Lloyd: Thank you, Mr. Chair, and thank you to all the witnesses who are here.

We're here talking about traditional ports on water. I represent a landlocked area in rural Alberta, and there's been a lot of talk about inland ports.

I want to get some insight from any of you on how inland ports could be used to speed up trade at our regular ports. Has there been any study about that?

[Translation]

Saul Polo: Mr. Chair, who is the question for?

The Chair: You can answer it if you wish.

Saul Polo: Perfect.

[English]

Our members—our domestic shipowners—are key to the question you're asking. The closer you get to the origin of the production, the more you reduce costs and time, and you unlock the potential for additional exports because you're better at supporting different industries to export to new markets as well.

By unlocking the services of the CBSA to inland ports by relying on additional regional ports, you're basically also using the support of the domestic shipowners to better connect to the additional regional ports, not just in Ontario but also in Quebec.

Basically, by adding four additional ports with the services of the CBSA, with the support of the domestic shipowners you can then connect them to more regional ports as well.

Dane Lloyd: Thank you for that.

To summarize what you're saying, if there's a CBSA presence at an inland port closer to the origin of the production, it can speed up production. It can speed up the clearance of goods, so that when they're shipped to the ports, it's much more efficient.

Is that what you're saying?

[Translation]

Saul Polo: What I'm saying is that access to more ports that have this service, as well as greater use of short-sea shipping, would ultimately help reduce transportation. That would reduce both transportation costs and transport time.

It would also support a greater number of Canadian industries and encourage them to export more.

Above all, it would unblock the transportation system, which is currently experiencing a bottleneck, given that only three ports in eastern Canada offer this service. That significantly clogs up rail and road transportation, among other things.

We can do more, and we want to do so.

[English]

Dane Lloyd: This one may be for Monsieur Rivest.

What investments do you think need to be made to small and medium-sized ports so that we can avoid some of the congestion and bottlenecks that have been talked about, particularly given that you're dealing with Arctic shipping and we want to ship within Canada? We know there's a huge increased cost of living in the Arctic, partially because of the shipping costs.

What are ways that we can ease the supply chain so that we can bring costs down for Canadians who are living in the Arctic regions?

David Rivest: One aspect is that there's already a network of ports very much in place. A previous speaker, Serge Auclair from the Seaway Management Corporation, mentioned that maybe a first phase is to optimize the use of the existing port infrastructure. Valleyfield is one. There are others within the St. Lawrence and Great Lakes region that can be utilized.

In order to facilitate international trade and international corridors, it's having flexibility in terms of assets with CBSA to support screening at these regional levels. That would definitely facilitate aspects of this.

Valleyfield and others are key Arctic gateways. One of the projects we're working on right now is to develop Greenland. It directly ties into the federal government's incentives right now.

We are a Canadian port with Canadian shipowners and Canadian expertise. A project like Greenland development will be inhibited if we cannot receive containers from international origins. The rationale behind it is that once you've mobilized cargo for the construction and you start doing the resupply of the mine, cargo has to come back to its consolidation point.

Not having the ability to receive those international containers from a place like Greenland will inhibit our involvement.

● (1700)

Dane Lloyd: I think this has been identified. You can send full containers to locations, but if you have to send empty containers back, it's not that profitable for companies. We need to create new connections at the ports or somewhere along the way, so that we can ensure that we're bringing goods back in order to have profitable sea routes.

What sort of trading partners would we be talking about when we're talking about the Arctic?

David Rivest: As for your point with regard to the containers, if we ship full-load containers out to destination, the empties have to come back to the point of origin to then be what we call "restuffed". There has to be balanced trade. That would be impossible to do without the screening capabilities. Hence, the cargo of empty containers would have to go through an area like Baltimore, potentially, or east coast U.S. At that point in time, the shipper would completely deroute and not utilize a Canadian-based facility for their resupply operations.

There has to be balanced trade. You need to have the capability not only to export but also to import.

The Chair: Thank you, MP Lloyd.

MP Acan, you have the floor for six minutes, please.

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

Thank you to all for joining us today on such an important study at our committee.

We recognize that the private sector leadership from our major shipping firms and terminal operators is the engine of our maritime

economy. The government's goal is to ensure that CBSA services and infrastructure projects like Contrecoeur act as a strategic tailwind for the investments made by the companies across the corridor.

Mr. Rivest, your sector serves as the primary guardian of our Arctic supply chains, and the current CBSA footprint at the Valleyfield intermodal site provides a strategic foundation. How can we further align the agency's modernization plans with the leadership of major transporters to ensure that these secondary ports become gold standard gateways for northern sovereignty?

David Rivest: First, our group and other maritime Canadian organizations have been pioneers in developing and resupplying Arctic regions. We have unique capabilities. We have unique assets in terms of ships and in terms of lightering operations in the Arctic. We have that expertise.

International organizations are now turning to us to help them develop international resource sector operations. That is quite flattering and quite unique, but it is limited today by not having the ability to receive containers from international origins, as we talked about before, and such an agreement. We need flexibility, in terms of CBSA, to come on call when required in order to scan containers upon reception. That flexibility is key, as is the agility.

There are ways to do that. It's up to the CBSA to look at the operational model. Up to today, they've been very limited in terms of looking at different types of alternatives other than applying the current recipe, which is major gateway terminals' handling millions of TEUs per year.

Sima Acan: Thank you.

As someone who manages complex vessel rotations, I'm certain you value productivity, as well as flexibility in everything else. Doesn't the government's commitment to digitalizing and streamlining the CBSA's examination process present the most significant step forward in providing the operational certainty that the leading transporters need in order to thrive?

David Rivest: I think there was a speaker in the prior session who mentioned that there may be opportunities to do better pre-screening and utilize data that exists today in terms of electronic bills of lading. I believe there are elements in terms of technology that can be put in place to help CBSA to identify potential risks and to scope and deploy their assets accordingly.

● (1705)

Sima Acan: Thank you very much.

Mr. Bellisle, last year at the committee on international trade, you specified in your testimony the importance of expanding maritime infrastructure to “boost productivity”, with the “fluidity of goods” opening Canada’s “access to new markets”. The terminal operations sector has been a visionary in driving the fluidity of the goods through private investments. With the government’s massive expansion at Contrecoeur adding 60% more capacity, how does this public sector scale provide the necessary high tide that will lift all inland terminal operations along the seaway?

Robert Bellisle: I think there are two things. One is that we have to look at major container volumes that are going to come off the lines, and then there are add-on volumes, as I mentioned in my opening remarks, which are usually on other types of ships—smaller ships.

The ones on the major lines are more like scheduled clockwork rotations. The other vessels have a wider span of arrival times, and therefore you need that flexibility. Having the ability to take in vessels in some other ports will allow those major ports to become very efficient and reduce dwell times.

I was in the U.S. this week. The port of Long Beach in California turns trucks inside of 40 minutes. The delays, I guarantee you, are not that on our side of the border. If we help the larger ports in not having to deal with [*Inaudible—Editor*] on other volumes, then we would bring that fluidity faster.

For Contrecoeur, of course, there’s been a lot of work to be able to take in larger ships, but that doesn’t make the depth of the St. Lawrence any deeper. That’s why the Port of Quebec’s project is to lighten up and top off these types of volumes and then to support that type of growth as well.

Sima Acan: I will continue with you for my second question. We know that the U.S. ports on the Great Lakes have historically held a clearance advantage. Wouldn’t you agree that the government’s current focus on multiplying Canadian import gateways is the most effective way to stop economic leakage and ensure that the Great Lakes St. Lawrence Seaway System becomes the dominant trade route in North America?

Robert Bellisle: I mentioned in my opening comments that there are four gateways to North America—the east coast, the west coast, the Gulf of Mexico and the St. Lawrence. We’re privileged to have one of the key four gateways to North America right here in our country. Of course, we have the east coast and west coast as well.

All three gates are important, but one of the problems we have on the east coast is, as mentioned, water depth. Quebec helps subsidize this issue of being able to take in larger ships, or at least having ships come in at capacity, and then there’s the wealth of volumes that can come in through the Great Lakes and St. Lawrence Seaway.

Remember, the Great Lakes-St. Lawrence Seaway, if you take it as a whole, is the third-largest economy in the world. Definitely, having multiple ports being able to unload an amount of containers that would not necessarily be on dedicated container ships will help the economic growth of Canada.

The Chair: Thank you, Madam Acan.

I’m sorry, but we need to move to Madame DeBellefeuille for six minutes, please.

[*Translation*]

Claude DeBellefeuille: Thank you very much, Mr. Chair.

Thank you very much to our witnesses for their testimony.

Mr. Rivest, I like to use vivid language to help us understand better.

We know that your company is well known. Desgagnés Transarctik is very well known internationally, particularly in Arctic transportation, as you mentioned.

When you went to Greenland to pick up a load of ore a few weeks ago, you stopped in Nunavut, I believe, to deliver or pick up containers. However, all of a sudden, even though it was Canadian equipment, the Canada Border Services Agency still asked you to go and clear the shipment at the Port of Montreal.

Can you quickly explain why they asked you to do that, since those containers came from Canada? That doesn’t make sense to us. In any case, I don’t think it does, but I don’t want to put words in your mouth.

David Rivest: I’ll give you a bit of background.

This was during last season, when we were doing a resupply in the Canadian Arctic. Of course, we serve over 40 communities across the Canadian Arctic. On a return trip, to optimize the seaway, the client asked us to go and get a shipment from Greenland, in a completely uninhabited place. It was basically a place where old mining equipment was being recovered to be brought back to Valleyfield, where it would then be processed. We’re talking about a small volume.

When the ship returned to Canada, we were required to go to Montreal to unload the cargo of international origin. It was genuinely of international origin, yes. If we had had the capacity to do it at the Port of Valleyfield, we would have done so. However, we had to unload about 10 containers in Montreal. We reloaded the ship in Montreal. Afterward, the ship headed to Valleyfield to unload the rest of the cargo. That’s when the Canada Border Services Agency said that, to ensure good risk management, it might be appropriate to clear the entire shipment, even though it was of Canadian origin.

In such a context, what would need to happen? There would have to be flexibility on the part of CBSA officers. If you have to unload and reload 10 containers or so, that’s inefficient for the Port of Montreal. That doesn’t help the efficiency and flow of supply chains. There would also have to be support in more complex supply chains to make it possible to fully understand and absorb what’s being done, in order to make everything easier.

• (1710)

Claude DeBellefeuille: These aren't frequent shipments. Still, you asked the Canada Border Services Agency for an exception and flexibility to prevent the Port of Montreal from getting congested with about 10 containers.

Did you feel that the agency was flexible and open to the idea of helping you under the circumstances, especially to relieve congestion at the Port of Montreal?

David Rivest: I would say that, so far, the focus has been largely on the exclusive use of these five ports of entry. It's very limiting in that regard, because we're forced to use these sites. If we had more flexibility, it would definitely boost productivity, and not just for ships. Earlier, Mr. Lloyd talked about Arctic resupply. There's a cost associated with that. If we make it more efficient by reducing the number of days per ship, that will translate directly into lower costs.

Claude DeBellefeuille: I think I may be a great-grandmother by the time the agency can have border services officers who provide services at all ports, so we already know that that's impossible.

In these circumstances, what flexible, creative or innovative measures could we ask the agency to implement to think outside the box? Do you have any ideas? How could the agency modernize and adopt a more innovative approach to relieve congestion in the current circuit of the seaway and the Great Lakes?

David Rivest: I could give you an example related to port security. After the events that took place in 2001, the agency enhanced security protocols at port sites, and that's still the case today. That means there are officers who handle security, security plans are in place, and regulations have to be followed by both the port authority and the operators.

Could a decentralized approach be implemented? For example, could certified operators and port authorities delegate certain aspects of on-site presence? I think that could be an avenue to consider.

Claude DeBellefeuille: For example, we know that the Port of Valleyfield isn't in competition with the Port of Montreal, which has a vision of a continuum and co-operation.

Valleyfield is in a strategic position. It isn't far from Montreal; it's barely 50 kilometres away. It isn't far from the Lacolle border crossing either.

Do you think an option would be to ask Transport Canada and the Canada Border Services Agency to propose a pilot project to try to be more efficient and innovative?

David Rivest: Absolutely. The context of a pilot project would lend itself very well to this. All the parameters are in place. As of today, the Port of Valleyfield is a multimodal port. It's also a proven gateway to the Canadian Arctic and the international Arctic, and it already has capacity and know-how. Shipping lines are still using the port for supply services from Europe for delivery to Valleyfield. It's a proven model. Historically, the port received containers of goods from abroad. Why not repeat that and try something again in a way where not only is the risk managed, of course, but the model is also more flexible?

• (1715)

The Chair: Thank you very much.

[English]

MP Au, you have five minutes, please.

Chak Au: Thank you.

My first question is for Mr. Polo.

You mentioned a very interesting and inspiring point. If I heard you correctly, you mentioned in your opening remarks that some ports are operating at less than 50% of their capacity. You went on to say that it's not because of a lack of infrastructure; it's because of a structural problem.

You mentioned a CBSA monopoly on clearance. Are you implying that there could be some alternatives, such as using private service providers for clearance, instead of relying on a CBSA monopoly?

Saul Polo: As an industry spokesperson, I'd say that our position is to outline and identify the stumbling blocks and obstacles to unlock the full capacity or full potential of the Canadian economy. Our position with some industry partners has also been to engage with the CBSA. Our position is to work with CBSA, Canadian authorities and Canadian departments to find the best possible solutions.

I don't think it's up to our association to dictate whether it should be a public or a private service. We're saying that we need more flexibility and more collaboration from the departments, specifically the CBSA. So far, they have applied a one-size-fits-all model. We need a more tailor-made model to adapt to different secondary ports and to support regional economic development. We also need more involvement of Canadian domestic shipowners to unlock the full capacity and potential of the Canadian economy for more economic benefits for all Canadians and for Quebeckers as well.

Chak Au: In all your presentations, you have been asking for the same thing for quite some time: tailor-made and flexible services from the CBSA.

What did the CBSA say to you? Why are they maintaining their current position? What's the justification for not catering to your request?

Saul Polo: Mr. Chair, it is very difficult to answer the MP's question.

We've brought some numbers. We've put forward some studies. We've shown that we're also willing to invest, from a private perspective, and no matter the different solutions that we've put on the table, we haven't been able to come to a solution that satisfies different industry members.

We're asking for better collaboration, to work side by side, not in opposition. So far, we feel that we've been working with a very firm and closed position from the CBSA, and we're asking for better flexibility and collaboration.

Chak Au: I'll go back to the first question. Have you seen any other models that work in the situation you described? Are there other jurisdictions using private operators to do the clearance and other kinds of inspections, and does it work for them?

Saul Polo: My colleague's previous answer is one of the solutions. You have CBSA agents on the ground at different entry points in Canada. CBSA agents are at different airports and ports. We're asking for a more open-minded analysis of this.

We welcome and salute the fact that the current government will invest heavily. It has announced additional staff and resources. We're asking that we also benefit from those additional staffers and resources, from an open-minded perspective, to implement some pilot projects and to gradually implement some better solutions, not continue to apply the current one-size-fits-all model.

• (1720)

The Chair: Thank you, MP Au.

[Translation]

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

Jacques Ramsay: Mr. Rivest—

[English]

Marcus Powlowski: [Inaudible—Editor]

Jacques Ramsay: Yes, please go ahead.

Marcus Powlowski: I'm the MP for Thunder Bay, so I'm totally on your side on this. Maybe it was a mistake that I asked Mr. Rodrigue in Texas, who's a big container guy, about more containers going through the Great Lakes-St. Lawrence Seaway. His response was that maybe there's a niche market for containers on the seaway, and I don't necessarily agree with him on that. One thing that he said was part of the problem is supply chain management. He said that if you have only seasonal shipping, you interrupt the supply chains. I would have thought that's an argument for diversification. We have one port in Montreal, which we're totally dependent on; if there's a strike in Montreal, it interrupts your supply chain. Also, if there are lengthy delays, and it's unreliable how fast you go through Montreal, there too is a delay and you lose certainty. I'm not sure if he's right with that.

The second thing he said is that if there were a market for containers in the St. Lawrence-Great Lakes, then we would see it happening now. I would suggest that part of the response would be this: If it were up to the market, we would currently be shipping to Quebec, to Windsor, to Picton and to Goderich, all which have expressed the willingness to start receiving containers.

The problem has been that CBSA isn't there. If it were up to the market, they would be coming there already.

First of all, I want to pose a question to you: What is your response to Mr. Rodrigue in terms of whether there really is a market for it? Does this make economic sense? I'm sure it's not just him.

I'm sure you have other people, for example, in Transport Canada, saying no, that this isn't a good idea.

I'll start with Mr. Polo and afterwards go to Mr. Bellisle and then Mr. Rivest.

Saul Polo: Yes, the numbers are there. We believe that this particular solution, a gradual solution of specifically four additional ports in the Great Lakes and two ports in Quebec, would definitely benefit economic regional development.

Let's not forget, as I currently believe, that even the existing ports that have CBSA services are not happy with the CBSA services that they have because they are dependent on the slow service the CBSA is offering. Sometimes containers are stalled for 12, 14 or 15 days at those ports. Nobody's happy right now with the kind of service that CBSA is offering.

We need more collaboration from the CBSA. They need to look at themselves in the mirror, and we need to work together here to find solutions. We definitely believe that unlocking the services from the CBSA would mean more regions across Canada would benefit from that.

Marcus Powlowski: Mr. Bellisle, can you comment on the economic argument for containers and there not being a good business case?

Robert Bellisle: I'll start with one thing I mentioned earlier, and everybody needs to keep this in mind. If you take the St. Lawrence-Great Lakes corridor, which is Canada and the U.S. together, it's the third-largest economy in the world. If we can't make a business case within the third-largest economy in the world, we have a challenge.

I think one of the points was to drive major lines. It's a whole different market that we're looking at. We have to do the balance between the two.

I don't want to oversimplify the challenge in working with the CBSA, but if you can't simplify a problem, it means you don't understand it. I think there are some components. First is the radiation detection. That has to link with the systems that the government needs, but radiation detection is nothing new anywhere. Every steel plant that uses scrap metal has radiation detection at its input. We have it in Quebec City.

The second one after that is agents. Mr. Rivest said it well. Even in Quebec City, we have agents at the port today, but they're not authorized to clear containers. The market would come. In Quebec City, we have deep water. This is an ability to optimize ships, which the market would do, or take in larger ships. Even in a port like we have in Bickerdike, which is in the port of Montreal, that handles containers today and has rail and trucking, we're not able to clear containers because of the things that I mentioned before. The agents are already at the port of Montreal, but we don't have the radiation detection, so we need mobile radiation detection or some kind of in-between.

If we can get through these barriers, we should be able to develop the market much better, and then the goods will come and follow the route.

• (1725)

The Chair: I'm sorry. We'd like to hear from Monsieur Rivest also, but that may come later.

[*Translation*]

Mrs. DeBellefeuille, you have the floor for two and a half minutes.

Claude DeBellefeuille: Thank you, Mr. Chair.

Mr. Rivest, do you want to take 30 seconds to answer Mr. Powlowski's question?

It doesn't look like it, so we'll let that go.

Mr. Rivest, the CBSA enforces the law but it's the government, in this case the Minister of Transport, that guides the strategy, vision and direction. It's all well and good to criticize the agency, but the fact remains that the agency must have a directive, in my opinion. There must be a sense that the government intends to move in that direction and that the government is asking the agency to implement various initiatives to allow small ports to operate and to support their activities. Today, it should be noted that it is not just the CBSA's responsibility. This is a responsibility that is shared with the Minister of Transport and the government. The day the government says that enough is enough, that it wants efficiency and that it wants the agency to adapt, it will have no choice but to do so.

You should not limit your discussions to the CBSA. You should talk to the government so it can give the CBSA a directive and strategic vision. After your speech today, is there a final message you wish to send the government?

David Rivest: I'll start by answering Mr. Powlowski's question, because that will put things in context.

Just this week, an international shipowner asked me when Valleyfield would receive the necessary authorizations, because there is immediate demand to transport goods.

To answer your question about Transport Canada, I'm having a hard time understanding the current situation. We've appealed to the department and we've had discussions with them. We shared our business case and our context. The department referred us to the CBSA, saying that we had to speak with the agency. The agency then said that it is limited in its position because of a lack of resources or other aspects. Every time we ask the question, the answer is different. The agency told us to work collaboratively with Transport Canada, so we went back to Transport Canada and tried to explain the context again. For three years now, we've been playing ping-pong, and the ball is being sent back and forth from one person to the next.

What we want is to sit at the table. That's why our request is quite specific. We want an operational model that adapts to our risk management, our context and our needs as an existing medium-sized port, so that we can bring back a service, given that customer demand already exists.

The Chair: Thank you, Mrs. DeBellefeuille.

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

[*English*]

Jagsharan Singh Mahal (Edmonton Southeast, CPC): Thank you, Mr. Chair. This is my first time in this committee, so first of all, I want to thank all the witnesses for their time.

Mr. Polo, you made a good point that private agencies might take some of the load off the CBSA.

What made you think that? How did you come up with that suggestion? Is there an example in the G7 of other countries that are doing that to alleviate some of the burden on their main security agencies?

Saul Polo: Our position is that we need more flexibility. That's the basics of it. We need more flexibility to respond to the current demand of the six regional ports, and we need more collaboration from the CBSA. The demand is definitely there. The opportunities are there. My colleagues have mentioned it. The capacity of additional domestic shipowners to better connect with different regions across Canada and better service Canadians is there.

This is really the position we have.

• (1730)

Jagsharan Singh Mahal: I think you were also present for the first hour of testimony, and you would have heard Mr. Dubord say that 1% of the containers are inspected in Canada and that 60% of stolen cars are shipped out of Canada.

Do you have any comment to make on those assessments? Do you think CBSA is playing the role that they should play in checking out those vehicles and those numbers? Could you comment on that?

Saul Polo: We believe that better service from the CBSA would help grow the Canadian economy. It could better service the different industries, as well as the economic development of those industries.

QSL's past example of the port of Quebec—if I take this from a Quebec perspective—would unlock eastern Quebec regions like Beauce and Côte-Nord, specifically. Containers coming from those regions would have better service out of Quebec, instead of having some of those containers trucked back to Montreal and then exported internationally.

A better connection between the demand for better service from CBSA and proximity would benefit all different regions, specifically around those different ports.

Jagsharan Singh Mahal: Thanks for the answer.

Mr. Bellisle, in your statement, you commented that the CBSA is adding to delays happening at the ports—the processing times and all of those bureaucracies things have to undergo.

Do you have any examples of how the U.S. takes care of those delays and how they deal with those kinds of concerns? It's a common concern. Drugs that come from the Maritimes and water roads impact both countries. Can you add to that, please?

Robert Bellisle: In my opening remarks, I mentioned that not having border detection at the point of entry adds delays. Mr. Rivest gave a perfect example of a vessel that could have gone straight to its point of destination but had to go through the port of Montreal, in that case, and it added delays. By having multiple ports, we would have better controls in places of interest and get the goods to market faster. That's what Mr. Polo just said as well.

We'd get two birds with one stone. We'd have more speed and better controls because cargoes would not be going to places they don't need to. They would go to the port they need to get to and then get to the market. Controls around that could be done, of course, in a much more rigid fashion, because you would know what's expected in your port, in terms of goods or services.

The Chair: Thank you, MP Mahal.

We'll now move to MP Ramsay.

[*Translation*]

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

Jacques Ramsay: Mr. Rivest, earlier, you talked about Long Island, California, where containers are unloaded from ships in 40 minutes. Can you elaborate on that?

Robert Bellisle: I don't want to interrupt anyone, but it wasn't Mr. Rivest who made that comment. It was me.

Jacques Ramsay: I apologize. I'm looking at you, Mr. Bellisle.

Robert Bellisle: I don't want to stop Mr. Rivest from speaking, either. If he can answer the question, he may do so as well.

I attended a presentation by representatives of the Long Beach Container Terminal, or LBCT, a highly automated and modern port that controls all aspects of incoming and outgoing containers. Naturally, container ports in both Canada and the United States have both imports and exports. The LBCT manages a turnaround time for trucks of 40 minutes, whereas in many ports in the United States the turnaround time is about 80 minutes. It is able to achieve that by streamlining operational processes and controls.

So, if we eliminate all other problems, like how ships that primarily transport bulk goods have to stop at a port to unload five containers, we would come out ahead.

I imagine that we would want to see the same parameters in a project like the Contrecoeur project and that we would want to do what we do in Quebec City, which is to identify goods that need to come to the port and help get them in and out in a safe and effective way. We don't want to reduce the level of customs controls. Rather, we want to streamline it to ensure a smooth flow in the delivery of our services.

• (1735)

Jacques Ramsay: Thank you very much.

Mr. Rivest, if I understand correctly, the CBSA provided services to Valport for about 10 years or so. Then, a transaction happened

and things changed. Someone, somewhere, woke up and said that it wasn't working.

Were you made to understand that, for those 10 years, the CBSA provided insufficient service, or were you told that the work had been done?

David Rivest: Based on our experience and the information we gathered for that 10-year period, particularly from the port authority, there was a fluidity in the supply chains at the time. When there was a need to check goods in containers of international origin, the CBSA deployed mobile resources to ensure risk management. A proper search was done when there was any kind of suspicion. To my knowledge, there was never a risk—

Jacques Ramsay: There were never any security issues.

David Rivest: No, not to my knowledge.

Jacques Ramsay: Okay.

Mr. Polo, you talked about 330,000 containers. Can you tell us where you're getting those numbers from and which location you're talking about?

I also have a follow-up question. Do you believe that those containers could also transport materials on their way back? Professor Rodrigue seemed to say that there would be a problem if we wanted those containers to transport materials or equipment on their way back to their sender.

Saul Polo: What we mentioned are the results of the study, over time, which we discussed here.

Now, from an economic perspective, what we want to illustrate here is that the various sub-areas that are not currently served by the CBSA have the capacity to stimulate their economic development. We need to be able to benefit from being closer so we can increase exports. We need intake capacity but also improved export capacity. We believe this is a way to unlock not only services but also the ability of the Canadian economy to create wealth for all Canadians.

Jacques Ramsay: Thank you very much.

The Chair: Thank you very much.

That concludes our second hour. I want to thank the four of you, Ms. Lavallée, Mr. Polo, Mr. Rivest and Mr. Bellisle.

Mr. Bellisle, thank you for participating, even though it was by video conference. It went very well.

We wish you all a pleasant evening. Thank you again for everything you did to prepare for your participation and for your presentation today.

Members, we'll see you next Thursday, not next Tuesday. The meeting will include the appearance of two ministers for our study on foreign nationals.

Thank you and see you later.

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