



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

45th PARLIAMENT, 1st SESSION

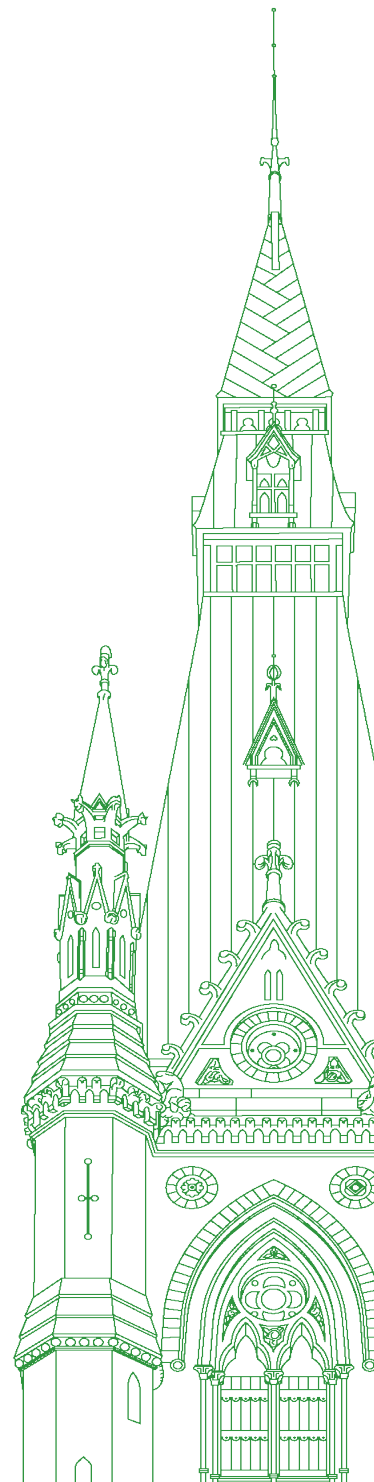
Standing Committee on Science and Research

EVIDENCE

NUMBER 031

Thursday, April 16, 2026

Chair: Salma Zahid



Standing Committee on Science and Research

Thursday, April 16, 2026

• (1105)

[English]

The Chair (Salma Zahid (Scarborough Centre—Don Valley East, Lib.)): Good morning, everybody. I call to order meeting number 31 of the Standing Committee on Science and Research.

Today we are commencing our study on the implications of the Canada-China preliminary joint agreement on Canada's electric vehicle sector.

I would like to make few comments for the benefit of the witnesses and the members.

Please wait until I recognize you by name before speaking. For those on Zoom, at the bottom of your screen, you can select the appropriate channel for interpretation: English, the floor or French. I remind you that all comments should be addressed through the chair.

With that, I would like to welcome our witnesses for the first panel today.

Today we are joined by Guy Saint-Jacques, former ambassador of Canada to the People's Republic of China. He's joining us by video conference. We are also joined by Michael Kovrig, the founder of the Global Network for Strategic Effects.

All witnesses will have five minutes for their opening remarks. Then we will go to the rounds of questioning.

With that, we will start with Mr. Saint-Jacques.

You will have five minutes. The floor is yours. Please go ahead.

Guy Saint-Jacques (Former Ambassador of Canada to the People's Republic of China, As an Individual): Good morning, Madam Chair.

[Translation]

Good morning, ladies and gentlemen. Thank you for inviting me.

Today I would like to discuss three topics: first, the fact that China has become a major source of high-tech products; second, Chinese electric vehicles in Canada; and third, lessons we should learn.

President Xi Jinping hopes to complete China's great rejuvenation in 2049, the Chinese Communist Party's centennial. Recognizing that the country was facing a demographic crisis with a shrinking workforce, he launched the sweeping "Made in China 2025" strategy in 2015, which aimed to increase manufacturing productivity in 10 technology sectors. The goal was to end dependence on

foreign countries, become a net exporter of these technologies and even eliminate foreign competition.

A 2024 study by the South China Morning Post confirmed that 84% of the targets had been met. These sectors include renewable energy, high-speed rail, telecommunications, aerospace, robotics, new materials, biomedicine, and, of course, electric vehicles and batteries. These achievements were attained through a combination of tax breaks, tax holidays, subsidies, forced technology transfers, and, of course, technology theft, including here in Canada.

The issue is that this policy has led to industrial overcapacity, particularly in the battery and semiconductor sectors. Heavily subsidized overproduction is now fuelling a massive trade surplus and exacerbating tensions with China's trading partners. For example, of the roughly 50 vehicle manufacturers in China, only three or four are profitable. In the first three months of this year, Chinese EV exports rose by more than 77%.

• (1110)

[English]

We have to recognize that China now makes high-quality products at very competitive prices. The decision of the previous government to follow blindly the Americans by putting 100% tariffs on Chinese EVs was ill-advised. We should have followed WTO rules and done a full study of the subsidies provided by the Chinese government. The result would have been tariffs more similar to those applied by the EU.

I can understand why Mr. Carney wanted to improve the relationship with China. It is too important a player to ignore. Getting rid of the Chinese tariffs on canola and seafood, two of our important exports to China, was important. The counterpart decision to allow 49,000 Chinese EVs per year into Canada makes sense and will also help to reduce our emissions of greenhouse gases.

Furthermore, attracting Chinese EV manufacturers to Canada will help to compensate for the loss of jobs resulting from U.S. car manufacturers moving their production to the U.S., following pressure by President Trump. When GM Canada went to Shanghai in 2009 to manufacture Buick Regal automobiles, China insisted that the Chinese content in those cars would have to gradually increase to 100% after 10 years. The Canadian government should impose a similar requirement on Chinese manufacturers that are willing to set up shop in Canada.

In terms of the lessons for Canada, the five-year plan adopted by the National People's Congress at its annual meeting last month calls for more investment in new productive forces like robotics, quantum physics, new drugs and manufacturing. This means that by 2030, 45% of the world's manufacturing capacity will be in China. This will lead to more trade friction and the gradual erosion of our own manufacturing capacity if we are not careful.

The government should therefore work with allies to make joint *démarches* to force the Chinese to open more of their markets to foreigners, as promised when they joined the WTO in 2001. We should also oppose the dumping of Chinese products here and launch WTO inquiries as required.

Finally, the government should also take more measures to prevent the theft of technology and adopt strategies to help our high-technology sector to progress. We also need to clarify rules on Chinese investment in Canada.

[Translation]

I would be happy to answer your questions.

[English]

The Chair: Thank you.

With that, we will now move to Mr. Kovrig.

Please go ahead. You will have five minutes for your opening remarks.

Michael Kovrig (Founder, Global Network for Strategic Effects): Thank you for this opportunity to advise the committee.

Opening Canada's market to electric vehicles from the People's Republic of China should be assessed not as a normal trade agreement, but rather as a tactical gamble that risks deep entanglement with an increasingly totalitarian one-party state. Unless this trade is tightly constrained, it's likely to undermine Canada's industrial base and technological development and weaken national security and policy-making autonomy.

EVs and batteries are a strategic industry. The Chinese Communist Party knows that very well and has been pouring enormous resources into the sector in a bid to achieve global dominance of advanced technology and manufacturing. Behind every Chinese-built EV is a state-directed financing model of over 300 billion Canadian dollars' worth of subsidies, tax breaks, cheap land and suppressed wages.

Distorted political incentives create far more firms than the domestic market can sustain and enable them to operate without profit for years, saturating the domestic market with chronic oversupply, unbalancing the economy and generating epic trade surpluses.

Many EV makers in this environment will fail eventually, but a few could become international giants, and their dominance will increase the PRC's geo-economic leverage, control of key technologies, and power to set standards and shape global governance.

The pattern is to flood, consolidate and weaponize. In stage one, Chinese firms flood markets and undercut and out-scale rivals. In stage two, profit margins collapse, competitors exit or never enter and Chinese companies consolidate market share. In stage three, the Communist Party can use control of inputs, production, exports and supply chains and pricing power for geopolitical leverage.

We've already seen variations of this playbook: solar panels, where PRC oversupply drove the collapse of western industry; steel, where China has created global overcapacity; and rare earths, where the party-state is wielding export controls in negotiations.

In several other countries, EVs are already racing through stage one and capturing significant market share. As China's overproduction gains increasing access to the Canadian market, it risks sabotaging the government's new automotive strategy.

A quota can limit import volumes, but it doesn't address the risk of connected vehicles running untrusted software or the entrenchment of imported Chinese brands that foster consumer loyalty and political pressure to expand the quota. Meanwhile, Canada will struggle to attract substantial investment, joint ventures or technology transfer. Instead, Chinese automakers are likely to use complete knockdown or CKD car kit assembly to circumvent trade barriers and create structural dependency, while Canadian consumers bear the moral cost of complicity in harmful environmental practices and human rights violations such as forced labour.

Canadians need to think strategically. The auto sector both sustains and depends on an advanced manufacturing ecosystem that in turn supports a defence industrial base and stable employment. If Chinese EVs achieve rapid growth in market share, it could trigger a rapid and irreversible collapse or capture of that ecosystem. In time, China's industrial gravity would pull Canada into stage three, in which economic subordination and ritualized political deference compound to create strategic risk. The economy could slide back down the value chain until Canadians are relegated to being suppliers of raw materials dependent on a predatory great power for imports of the technologies that are shaping the future.

I appreciate and share aspirations to accelerate the green transition, lower consumer prices, acquire technology and hedge an unreliable Trump administration, but deeper economic entanglement with China is not a long-term route to achieving any of those goals. It is a dead end, because that trade is inseparable from expanding the attack surface for the CCP's coercive economic statecraft.

To mitigate those risks and preserve options, the government should keep market access limited, conditional and reversible with snap-back provisions; conduct WTO-compliant anti-subsidy investigations to justify further countervailing measures; count any imports of CKD-assembled vehicles toward quotas; protect and develop domestic capacity in strategic sectors, including battery supply chains and critical minerals processing; and align with reliable partners on trade measures, forced labour bans, investment-screening criteria, cybersecurity regulations and technology standards.

● (1115)

Canada's automotive sector is at a fork in the road. If we take a wrong turn, an entire industrial ecosystem could be hollowed out or captured, which could lead to a dependency that erodes economic security, sovereignty and democratic values.

To avoid that, Canadians need to be resolute about setting terms and limiting the extent of trade with China in this strategic sector.

Thank you.

The Chair: Thank you.

With that, we will start our first round of questioning. We will begin with MP Baldinelli for six minutes.

Please go ahead.

Tony Baldinelli (Niagara Falls—Niagara-on-the-Lake, CPC): Thank you, Madam Chair.

Thank you to the witnesses for being here this morning.

Mr. Kovrig, it's good to see you again. Thank you for being here before our committee.

In January of this year, Canada's Prime Minister travelled to China to forge a new strategic partnership with the People's Republic of China, focused on energy, agri-food and trade. During that visit the Prime Minister said, "I believe the progress that we have made in the partnership sets us up well for the new world order."

What's your reaction to those comments?

Michael Kovrig: It's deep concern at the potential implications of that statement.

If it's simply short-term, tactical temporizing, I think that's understandable in a complex situation, but I would not support that particular choice of words. In effect, the critical thing to understand about that kind of scenario is that western countries, particularly democracies, may have policies and plans. The Chinese Communist Party has narratives. The narrative it is trying to build is of inevitable pre-eminence and centrality in shaping both its region and ultimately world order. Contributing to that narrative is essentially making a concession in negotiations without receiving anything in return. It's a very dangerous concession to make.

● (1120)

Tony Baldinelli: You've talked about the tactical gamble and thinking strategically. In your view, is it a mistake by the Liberal government to be moving Canada closer to China and the Chinese Communist Party at this time, considering its abhorrent track record in its neglect of human rights, its use of forced labour and the unjust imprisonment of not only yourself but others, including freedom and democracy advocate Jimmy Lai, who has family and hotel operations not only in my community of Niagara-on-the-Lake but throughout the province of Ontario?

Michael Kovrig: I think it's understandable tactically in a situation of geopolitical uncertainty and extreme pressure. I understand why the Canadian government is doing it. In fact, many governments are trying to do that.

I would distinguish between.... Trying to stabilize relations with China by establishing diplomatic mechanisms and channels to manage those relations in as orderly a means as possible, and using face-to-face communication to deepen understanding of Chinese and Communist Party perspectives, I think that is necessary diplomacy. The risk is that stabilization slides into normalization and leads to deeper entanglement, which in turn magnifies and increases the risks of the many things that the Hogue inquiry and many other Canadian reports and analyses, for example from our security agencies, have already made clear.

The fundamental problem is that the Chinese Communist Party has an agenda that is hostile to western democracies because it seeks to weaken our governance and our societies and divide us from each other. It is particularly interested in driving wedges between the United States and its allies. Currently, it's capitalizing on the obviously fraught relations. We shouldn't be leaning into that dynamic. We should be looking for ways to strategically resist it.

Hedging uncertainty with the United States by tilting toward China is a risky bet that is likely to carry more negative costs for Canada than the positive benefits that it could potentially bring. It magnifies risks rather than reduces them. Instead, Canada should be diversifying to other economies more.

Tony Baldinelli: During the last federal election, the Prime Minister indicated that China was Canada's biggest security threat. In fact, just the week after that, he was at a news conference in my community of Niagara Falls, and he said that Canada has to counter Chinese foreign interference threats. He also criticized China for being a partner with Russia in the war with Ukraine and said that it is a "threat" to broader Asia and to Taiwan, in particular. Carney said that China is the biggest threat "from a geopolitical sense" and that "we're taking action to address this."

Do you know what he means when he says that Canada is taking action to address this? What has changed?

Michael Kovrig: I think that's a question to direct to the government in terms of what policies they are pursuing, but my impression—and this is where you see different simultaneous activities—is that, for example, on the one hand, it's deeper economic entanglement in some areas. I think the measures would include being judicious about in which sectors trade and investment are allowed to increase. Secondly, it's increased spending and investment in defence, defence procurement and strengthening things.

The problem from a scientific and technological perspective for this committee is that more entanglement with China creates more risks, which in turn imposes costs on the government and the taxpayer to mitigate. It's questionable whether the economic benefits, which are likely to be narrowly concentrated in a few firms, and frankly a few individuals, are not outweighed by the cost of having to mitigate all those challenges and in particular by the risk of interfering with negotiations with the United States, which is still a vastly more significant relationship. The Americans have made it quite clear that they take a dim view of a deeper entanglement with China by Canada and its allies.

I think we need to take a longer view, keep calm and be more strategic in terms of the likely implications of that balance of power and not make moves that would jeopardize relations and negotiations with the United States for the sake of short-term economic benefits that are likely to prove ephemeral.

Tony Baldinelli: Thank you for your time.

The Chair: Thank you, MP Baldinelli.

We will go to MP Noormohamed for six minutes.

Please go ahead.

Taleeb Noormohamed (Vancouver Granville, Lib.): Thank you, Madam Chair.

Thank you to both our witnesses for being here.

Perhaps I can begin with you, Ambassador. One thing that I think is an important framing for all of us is that the Prime Minister described this moment in China-Canada relations as a "turning point". From your experience as the ambassador in Beijing, how significant is this reset? What doors does it open that have been closed? What safeguards and guardrails do you see are in place now to help make sure this relationship is one that respects the way in which Canada works to see the world right now?

• (1125)

Guy Saint-Jacques: I would say that the visit of Mr. Carney was a very important one. I can understand that he is driven by a sense

of urgency. He knows that the relationship with the United States could further deteriorate.

There's one thing I would like to clarify. Many people question this idea that we have entered into a strategic partnership with China. In fact, we are just resuming a strategic partnership. The strategic partnership was established when Mr. Harper was prime minister. Therefore, we are just going back to where we were. Furthermore, I would add that you have to engage with China. We know how close they are to Russia, to Iran and to North Korea. We have to use all opportunities to impress on them that, for instance, they have to speak with President Putin to agree on a ceasefire in Ukraine.

As well, I think the good news is that Mr. Carney is perceived by the Chinese leaders as a technocrat and a serious and competent leader. He is a technocrat as they are technocrats. They grew up managing villages, then provinces and then ministries back in Beijing. I think he has the capacity to raise difficult issues with them. I think he has chosen to raise cases like human rights and forced labour in Xinjiang and the case of Jimmy Lai. I think he has raised that in private. He doesn't want to antagonize the Chinese leadership by speaking publicly, but I think he has the capacity to speak the truth to the Chinese leader. They accept someone who is firm, and I think Mr. Carney can be firm with them.

China is already a much more important trade partner to us than most people believe. If you listen to Statistics Canada, our exports went up last year by 13% to reach some \$34 billion. In fact, if you look at the Chinese figures, it's closer to \$60 billion. Why is that? Well, the Bank of China has been buying Canadian gold in the last few years, but they have been buying this gold on the London market or the Zurich market. We have a challenge to capture the exports that go through third markets.

I think there's still very good potential to increase our exports, but at the same time, we have to do more domestically to counter Chinese interference and spying operations.

Taleeb Noormohamed: Ambassador, if I could, I'll turn to the issue of the EV sector.

One thing we've come to accept is that, thanks to the way the U.S. has taken decisions, there's been a massive impact on the auto industry in this country. Auto production, as my friends from Ontario would know, has gone from three million vehicles in 2000 to just shy of 1.3 million in 2025.

What are the ways to attract Chinese EV joint ventures? You're hearing some of the comments out of Magna and others. How is that going to potentially help employment and manufacturing in this country? How does it help bolster our manufacturing sector at a time when the reliability of the United States as a partner is diminished and may or may not return to the level it used to be?

Guy Saint-Jacques: You're right. We have to take Donald Trump at his word when he says that he doesn't want to buy Canadian cars. We know about all the pressure he is putting on U.S. car manufacturers operating in Canada. In fact, we are at the stage where we should organize a boycott of companies like Stellantis that have moved production to the U.S., just to make it clear that the auto pact was very successful.

As I said in my opening remarks, we set the rules here. We should welcome Chinese car manufacturers but set the rules. Similar to what GM Canada had to do when it went to Shanghai in 2009, we should say, "You are welcome to come to Canada, but after three years, you will need to have about 30% Canadian content. After 10 years, that content has to be 100%." This would help maintain jobs in Ontario and other provinces with regard to car part manufacturers and, of course, auto workers.

• (1130)

Taleeb Noormohamed: Can we take this a step further? We know Canada has the resources needed to compete in the EV market. We have ample access to zero-emission electricity. We have access to critical minerals.

How do we turn those natural advantages into assets for negotiating with Chinese automakers when it comes time to look at building in Canada?

Guy Saint-Jacques: I think the government should look at the whole supply chain.

I said that we have to clarify the rules that apply to Chinese investment in Canada. Of course, we know China has become a big investor abroad. Chinese companies have invested over \$100 billion already. This was mostly in the oil and gas sector, but I think they now want to expand.

The future, for us—

The Chair: I'm sorry for interrupting, but the time is up for MP Noormohamed. Please wind it up in a few seconds.

Guy Saint-Jacques: We have to move to green technologies. We could welcome Chinese investment in critical minerals and rare earths, provided that 70% or 80% of it stays in North America.

The Chair: Thank you.

Now we will proceed to MP Blanchette-Joncas for six minutes.

Please go ahead.

[Translation]

Maxime Blanchette-Joncas (Rimouski—La Matapédia, BQ): Thank you, Madam Chair.

I thank the witnesses who are with us today.

Mr. Saint-Jacques, on April 17, 2025, the Prime Minister of Canada, Mark Carney, said that the greatest threat to Canada's security is China. Now we are doing business with China.

Can you explain something to me? Based on your experience, has this security threat disappeared or diminished over the past year?

Guy Saint-Jacques: The threat has not disappeared. In fact, during the Hogue commission's work, we learned a great deal about the extent of Chinese interference activities, both in the political sphere and within the Chinese community, where, unfortunately, Canadians of Chinese descent are being harassed.

I think it's high time the government implemented the foreign agent registry. It should also reassure Canadians that more will be done to counter Chinese interference and to better protect Canadians of Chinese descent, so that if they report something to the RCMP, there will be genuine investigations to try to put a stop to this kind of intimidation.

China is conducting an extremely complex operation via its united front system, coordinated by its department of labour. A report by the Jamestown Foundation stated that, in 2023, 575 Chinese associations in Canada received funding from that department or were under its influence. The government has to combat this. As Mr. Kovrig said, China is actively engaged in disinformation to undermine our democracies.

So, on the one hand, we really do need to engage more with China. There are ways to do business with China while being cautious and protecting our intellectual property. However, on the other hand, we have to do much more. I hope that, during his discussions with Chinese leaders, Mr. Carney made it clear that these disinformation and interference activities are unacceptable to Canada and that there will be zero tolerance for them.

Maxime Blanchette-Joncas: Thank you, Mr. Saint-Jacques.

You mentioned reassurance. I, too, am trying to make sense of the rhetoric. The Prime Minister said that China is the greatest security threat, yet Canada is trading with China. This doesn't mean we should stop trading with China altogether, but what security guarantees do we have?

Won't this electric vehicle agreement make us more dependent on China rather than truly strengthening our technological independence? We've talked about our resources, our expertise and our potential. How can anyone publicly condemn an authoritarian and totalitarian regime that threatens Canada's security, then turn around and trade with that regime a few months later? Is trade an excuse for democratic and moral degeneration?

Guy Saint-Jacques: I disagree with you. I think it's possible to do both and have relationships. We know exactly who we're dealing with. At the same time, the government makes the rules to ensure this trade is conducted in accordance with Canada's laws and regulations.

There was a time when Canada invited Japanese manufacturers to set up shop here because they had more advanced technology than North American manufacturers. That's what's happening with EVs. All of the American manufacturers are losing interest in the sector, even as we face a growing environmental problem with greenhouse gas emissions.

We have to acknowledge that China has made tremendous progress. We know it handed out subsidies left and right, but now Canada can build on China's progress while ensuring greater economic benefits for the country through job creation and the establishment of manufacturing companies here in Canada—and in Quebec as well, I hope.

• (1135)

Maxime Blanchette-Joncas: You mentioned Japan, but I don't think Japan and China are comparable.

We can talk about Europe, which, in my opinion, is a much more reliable partner. There are trade barriers with the Europeans. I wonder why the Prime Minister didn't remove certain barriers to bring in European vehicles instead of taking risks due to the potential Chinese security threat.

I'd like to hear your thoughts on strategic positioning. I get the impression that the government is sending mixed messages. It says one thing in public but makes deals behind closed doors. At the end of the day, lofty speeches don't amount to much anymore.

Guy Saint-Jacques: We have to acknowledge that Chinese EVs are better quality and much better value than any other vehicles in the world, including Japanese and European models.

In fact, Chinese EV exports increased by 77% during the first three months of the year. A huge number are being sold in the U.K. The EU has imposed tariffs. Chinese manufacturers are setting up facilities in Spain.

I think both North American and European automakers are a bit complacent and lazy. They haven't developed high-quality, low-cost vehicles. I drive a Volkswagen ID.4, and I can tell you that it cost much more than similar Chinese vehicles.

We have to stimulate competition, and we have to do it while trying to create as many jobs as possible in Canada.

Maxime Blanchette-Joncas: From what you're telling me, I understand that the government's stance is to prioritize profit over safety.

Guy Saint-Jacques: No, that's not it. We're the ones who make the security rules here.

That said, the federal government does need to take action on some issues to reassure Canadians. One of those issues is forced labour, particularly that of the Uyghurs in Xinjiang. We know that Uyghurs are also being sent to other Chinese provinces. That's an issue that needs clarification. Mr. Champagne said he discussed this when he was in Beijing a few weeks ago.

The government does have some work to do to ensure that Canada's security is not compromised.

[English]

The Chair: Thank you.

Now we will start our second round of questioning. We will begin with MP Mahal for five minutes.

MP Mahal, please go ahead.

Jagsharan Singh Mahal (Edmonton Southeast, CPC): Thank you, Madam Chair.

Thank you to both witnesses for spending their time with us and for this testimony today.

I will start with Mr. Kovrig.

My question is this. Some Liberal voices, including Michael Ma, have downplayed credible reports of forced labour in Chinese supply chains. Based on what we know, is it responsible for elected officials to minimize those human rights concerns?

Michael Kovrig: No, it is not.

Jagsharan Singh Mahal: When Liberal MPs downplay forced labour concerns, are they weakening Canada's ability to scrutinize these supply chains properly?

Michael Kovrig: A critical problem with minimizing documented human rights abuses across China, which are extensive and deeply annotated, is that it sends a signal to the Chinese Communist Party that such activities will be tolerated and are permissible. Indeed, if Canadian companies or Canadian consumers engage in supply chains, buying products from China that are made with forced labour, we are, in effect, becoming directly complicit in the continuance of those practices. It's not legal in Canada, so why should we tolerate it in our supply chains?

Incidentally, it is, of course, a critical factor for Canadian values, democracy and what holds this country together. It is also a direct economic implication, because that kind of low-rights economy, through forced labour, poor labour conditions and generally bad labour rights as well as environmental violations, in effect becomes a price advantage for Chinese producers. The forced labour is much cheaper than competing labour in Canada. It has direct implications for Canadian workers and for the competitiveness of Canadian firms.

Of course, it's not the only reason why Chinese producers are so cheap, but it is an important factor and one that we should not accept. We need to factor those risks into our customs and border regulations and our legislation, and mitigate them. It's a responsibility of the government to assure the Canadian consumer that the goods they buy are not supporting human rights violations.

• (1140)

Jagsharan Singh Mahal: Given the impression or position that we have globally that we are a country where human rights are protected, that we are the flag bearers when it comes to human rights and giving labourers their deserving wages and their rights, I think your answer definitely sends chills down the spine.

To touch a nerve, Canada banned Huawei over data and national security risks back in the day. Given your warnings that EVs are effectively two-toned cellphones, how can the Liberal government allow justifying Chinese EVs with similar or greater collection capabilities when it comes to data?

Michael Kovrig: That's a very significant risk that needs to be properly assessed and regulated by Transport Canada with the support of the relevant security agencies in Canada.

All electric vehicles and, in fact, all modern cars now have that capacity for gathering information and data. The issue is whether we can assure how that data is handled, where it is held, who is able to access it and how access to it can be used. The same goes for the capacity to potentially remotely control electric vehicles. Let's be realistic. Within a decade, it's likely that many of these vehicles will also be operating autonomously.

There is already evidence that, for example, some vehicles from some manufacturers can be remote-controlled and used in hazardous ways. It's a multivariate threat, potentially. The crux of the matter is whether or not you are able to trust the government that regulates the countries that are providing those vehicles. It is not possible to have that trust with the People's Republic of China's government. If you're going to admit vehicles of that sort into the Canadian economy and let Canadian consumers drive them around, you are going to have to have careful regulation of them. Most likely you're going to have to require that any software they are running is not Chinese software, but rather is software either from trusted domestic Canadian providers or from other trusted providers. There may be technical means of mitigating that. I think that may be what the government has in mind.

I always come back to two questions. Once you factor in the cost of doing that, does it still make economic sense? Do you still have a price advantage? If the whole point is to drive technological development in Canada and provide consumers with lower cost products, if those benefits are offset by the costs of all these security measures, what's the point?

The Chair: Thank you.

With that, your time is up, MP Mahal.

We will now go to MP Rana for five minutes.

Aslam Rana (Hamilton Centre, Lib.): Thank you, Madam Chair.

Thank you to all the witnesses for their time.

Mr. Saint-Jacques, Canada's trade relationship with China has undergone significant changes over the past few years. How do you see this arrangement fitting into the broader trajectory of that relationship? What opportunity does it open up that was not there before?

Guy Saint-Jacques: There is a growing middle class in China. We know that these people like to buy Canadian seafood, Canadian lobsters. They also like to buy health products. They want to buy good consumer goods. Companies like Lululemon are doing good business in China.

In many areas, it's possible to benefit from trade opportunities. Of course, we have to protect our intellectual property. We have to protect our technology. We have been, unfortunately, naive and complacent in previous years, and we have lost a lot. The demise of Nortel is something that is very sad and, of course, Huawei has benefited from that.

We know that China has made a switch. They are moving to make their economy as electric as possible. They want to reduce their dependency on foreign suppliers of oil and natural gas, and they want to reduce their use of coal. They are years ahead of us, so I think we can benefit from some of the advances they have made, including in solar energy. On the other hand, there are also products that we have that we can sell to them.

I would say that when you look at all the G7 countries, they all want to strike good deals with China. President Trump will be there in a month. Guess what: He will also want to increase the sale of American products. In fact, that could affect us because there are many products, especially in the agri-food sector, where we compete with the U.S. He will want to attract Chinese EV manufacturers to come to the United States. Again, it's for us to manage this trade in an intelligent, systematic way and explain to the Chinese that they have to abide by international rules. We have to work with partners to make sure that they will respect these rules.

China has a level of development where they can now start to respect those rules a lot more. They need an international system that works to achieve their objectives. They know that what President Trump is doing right now threatens this. Xi Jinping has talked of chaos and going back to the law of the jungle. By working with our partners—and I don't include, unfortunately, the Americans in that—we can force China to behave more properly.

• (1145)

Aslam Rana: Also one thing is that China opened their market for our farmers to export our canola oil.

Guy Saint-Jacques: Chinese consumers really like canola oil, and canola seed also is used in the agricultural sector in China. I think there are good possibilities there. You know, we were the first country to sell wheat to China under the Diefenbaker government against the wishes of President Kennedy in the U.S. I think there are other areas where we can export more of our products. The government should work on removing tariffs on pork from Quebec. Again, because there's a growing middle class, we could export more seafood and more good-quality Canadian agri-food.

Aslam Rana: Thank you.

China is undergoing a shift in how it thinks about the domestic EV sector. How should Canada be reading those changes, and do they affect how attractive the joint venture opportunities under this arrangement are?

Guy Saint-Jacques: I said earlier that we have to look at the rules on Chinese investment in Canada. I think we are at the stage where we would benefit from attracting Chinese manufacturers to Canada, but we have to set the rules. We have to force them to gradually increase the Canadian content in their cars. For instance, after 10 years, they would have to have 100% Canadian content. This would ensure employment in Canada.

The Chair: Thank you. The time is up.

We will now proceed to MP Blanchette-Joncas for two and a half minutes.

Please go ahead.

[Translation]

Maxime Blanchette-Joncas: Thank you.

Mr. Saint-Jacques, on March 9, 2020, you told the Special Committee on Canada-China Relations that “no Chinese company can refuse a request from the Chinese government to provide information.” However, in 2024, the Communications Security Establishment Canada, the CSE, determined that China was the most active and sophisticated state-sponsored cyber-threat against Canada, particularly in terms of espionage and intellectual property theft.

As such, shouldn't we consider this arrangement to be a real risk—not only in terms of trade, but also in terms of security, data and technological dependence?

Guy Saint-Jacques: We make our own rules, but we also have to enforce them unequivocally. For example, when Huawei began exporting its products to Canada back in the 3G era, there was an arrangement with the CSE. It tested all Huawei products before they were put on the market to ensure that the Chinese government could not access the devices and, say, monitor conversations.

There are ways to prevent this kind of intrusion and data misuse. Canada has very sophisticated measures in place, but we must also be clear in our discussions with the Chinese and tell them that no threats or intrusions of this kind will be tolerated.

As I said earlier, more needs to be done to prevent Chinese interference and disinformation in Canada.

• (1150)

Maxime Blanchette-Joncas: Mr. Saint-Jacques, do you really believe that the government will get Chinese companies and the

Chinese government to guarantee that they won't engage in espionage or data collection, particularly when people are using electric vehicles?

Guy Saint-Jacques: We know that China's success is largely due to the technology theft it has engaged in brazenly in virtually all sectors. However, I would reiterate that it's up to us to make the rules. I believe Canada is capable of preventing this kind of theft.

As Mr. Kovrig said, for EVs, we can impose conditions requiring that data centres hosting the data collected by Chinese EVs be located in Canada.

Here's something to keep in mind: My insurance company, Desjardins, knows exactly how I drive. I got a discount because I'm a good driver and I follow the rules. Telecommunications companies—

[English]

The Chair: I'm sorry for interrupting. The time is up.

[Translation]

Maxime Blanchette-Joncas: That's because you consented to it, Mr. Saint-Jacques.

In China's case, it's the opposite: We do not consent.

[English]

The Chair: The time is up for MP Blanchette-Joncas.

Now we will go to MP Ho for five minutes.

MP Ho, please go ahead.

Vincent Ho (Richmond Hill South, CPC): Thank you, Madam Chair.

Mr. Kovrig, during the election last year, the Prime Minister said that Canada's biggest security threat was China. After he was elected, he went to Beijing and announced a new strategic partnership. In your view, did Beijing change that quickly, or did the Prime Minister change?

Michael Kovrig: I think Beijing didn't change at all. In fact, all of the evidence indicates that China is continuing on the same trajectory it has been on at least since Xi Jinping became general secretary in 2012. That is a trend toward deeper totalitarian governance, turning China into a police state with more egregious violations of human rights and more aggressive international behaviour.

For example, although China is perhaps not currently putting coercive pressure on Canada—although, as Ambassador Saint-Jacques noted, there are still barriers to pork and other products—it is aggressively bullying Japan, for example, and it continues to put pressure on other neighbours, such as the Philippines. No, it has not changed.

Vincent Ho: How should Canadians understand that leap, from the Prime Minister calling Beijing the top security threat to now calling it a strategic partner? Is that a coherent doctrine on the part of the Prime Minister, or is it just a political rationalization for the deal that was going to get done anyway with the Liberal government?

Michael Kovrig: There are certain realities that China's economy is sufficiently large and systemic enough that trade with it, in some form, is going to take place. The question is this: What are the terms, safeguards and protections in what sectors? I think that's really where this committee needs to offer guidance and support to the government and offer greater understanding for Canadian citizens, because you cannot have unfettered free trade with China. You need to have tight restrictions.

Vincent Ho: At Davos, the Prime Minister said major powers now use "economic integration as coercion." Do you think the Prime Minister was referring to Beijing?

Michael Kovrig: I don't know what was in his head, but I would imagine that he was focusing particularly on the United States—it's a bit of the phenomenon of focusing on the crocodile closest to the canoe. However, it's imperative that Canada does not forget that China has not become any less of a risk and that all of our policies with China keep that in mind.

The world is bifurcating into two technology stacks, realistically. One is centred on Beijing, and one is centred on the United States and other western governments that partner with it. It's not going to be feasible to be part of both of them, eventually. Decisions that Canada makes now about technology and industry are going to have long-term ramifications for that.

We should absolutely be working with other like-minded partners and diversifying, but we need to think strategically about what kind of limited association we continue to have with China, how we mitigate risks from that and how we manage that in the context of our relationship with the United States.

• (1155)

Vincent Ho: In Davos, the Prime Minister said, "But when we only negotiate bilaterally with a hegemon, we negotiate from weakness. We accept what's offered."

Do you think the Prime Minister simply accepted what he was offered on trade with Beijing, or do you think he should be standing up more for our values and sovereignty?

Michael Kovrig: I think he made a short-term political calculation to remove a short-term problem of pressure on vulnerable sectors in Canada, particularly canola.

I can understand the imperative to do that, but one needs to then have reversibility and step-back provisions. The problem is that the deal trades several months of restored trade in that sector for what is potentially a permanently embedded relationship. Once you have dealer networks, once you have consumer brand loyalty, if you start to have investment and so on, that becomes hard to reverse.

You need to factor into that Canadian values and the protection of human rights. These are not tradable items. You cannot simply choose between trade and human rights because, ultimately, the hu-

man rights situation in China is embedded in the trading relationship.

Vincent Ho: I have a final question.

During his visit to Beijing, the Prime Minister signed a memorandum of understanding on co-operation in combatting crimes between the RCMP and the Ministry of Public Security of the People's Republic of China.

Do you see an issue with that?

The Chair: Please provide a quick 15-second answer.

Michael Kovrig: Yes, I do see an issue with that because that organization is complicit in massive human rights violations, including against Canadians. You need to have some kind of dialogue with it, but you need to be very careful that it doesn't have any influence or that it doesn't serve as a back door to compromise Canadian safety.

The Chair: Thank you.

We will now proceed to MP Noormohamed for five minutes.

Taleeb Noormohamed: Mr. Kovrig, it's good to see you again.

Just to pick up where my colleague left off, you've been remarkably clear that despite what you personally endured, countries need to find ways to move forward and figure out where their relationships need to go. Given that framing, what would a well-designed reset with China look like in the context of where we are today, in the context of the reality that Canada is facing with the United States, where increasingly we are seeing that cleave continues to grow and not come closer?

Is there a version of a China-Canada engagement on EVs that you would be able to support, I suppose?

Michael Kovrig: First of all, going back to your colleague's point about Prime Minister Carney's statement in Davos, Canada should be doubling down on alliances and deepening relations and coalitions with like-minded countries, partners and allies.

Rather than trying to negotiate exactly that relationship you're talking about—a one-on-one with China—in a context where the Chinese Communist Party is going to have most of the leverage, strength and coercive power, Canada needs to be focusing on building coalitions with like-minded countries with similar and aligned trade barriers, cybersecurity standards, human rights, labour standards and so on. We should be presenting the Chinese Communist Party with a unified alignment of countries that have the same standards and will not backfill for each other.

That will help protect each other, and through that sort of mechanism, it will ideally align as much as possible with the United States. You can then have a stronger negotiating posture with China. You should be looking for policies that deliver certain benefits in sectors within Canada where it is still safe to have trade and investment. They're going to be strictly limited. These sectors should not be taking actions that in any way deliver benefits to a regime that is ultimately seeking dominance and centrality in the world in ways that are harmful to Canada.

Taleeb Noormohamed: If you were to dig into that and you were to look at these sectors where there are opportunities.... You've discussed some of those—for example, agriculture. There are opportunities around EVs, critical minerals, and so on and so forth.

In the context of the safeguards around Chinese EVs, Canada has effectively gone to where Europe has gone in terms of the safeguards and in terms of the issues relating to data protection. Would that not then align with exactly what you said in respect of working with like-minded countries to ensure that when we are trading, even though conversations may be bilateral, that the context is multilateral and the context is then predicated on what others with like-minded values and like-minded circumstances have actually either done or are doing?

• (1200)

Michael Kovrig: There is some scope for implicit, if not directly coordinated, but effectively aligned policy-making, and we need to see more of that. It doesn't always necessarily need to be an obvious trade bloc, but rather aligned policies and consistency, so that there are not back doors to circumvent the trade barriers that all of these economies agree are necessary.

I want to be clear that I don't think that Chinese electric vehicles can solve the problems that Canada and this committee are looking to solve. Ultimately, automakers that are in that sector are not competing simply with a rival corporation. They're competing with an entire industrial ecosystem that is designed to drive them out of business. That will deter other automakers, let's say, Japan, Korea or other more trustworthy countries, from entering the Canadian market and helping us build that ecosystem.

It's actually going to have, I think, a negative effect that hollows out the industrial base and weakens us. We need to protect against that and instead align with countries that are not only more like-minded in values but also in economic policy and a commitment to free market principles.

Taleeb Noormohamed: On that basis, going back to EVs because that is the topic of this study.... We could have a much longer conversation about geopolitics and the other challenges we face, but if we come back to this question of EVs and talk about like-minded countries, I don't think there's anybody in this room from any side who isn't clear about the desire of certain Chinese auto manufacturers and others in that ecosystem to ensure that they have global dominance. This is what we have seen with what the Americans tried to do with their auto sector in years past, and so forth.

Having spent time in Europe, I was shocked to see the number of BYDs on the road and the excitement with which people in those countries are using their Chinese EVs. How has Europe managed

this issue in terms of their own manufacturing and their own auto sectors? They seem to have found a balance, or they appear to have found a balance.

Michael Kovrig: I don't think they've found a balance at all, I'm afraid. I think they are in long-term structural industrial decline. How has Europe managed this? They have managed it badly and inadequately so far. Their duties and their quotas are not going to be strong enough, and their industrial bases are going to be hollowed out. If you look at the economic malaise that has gripped Germany, there are empirical examples of it. There have been 10,000 manufacturing jobs lost per month over the last year. It is going to be devastating to Europe, and they need a new strategy.

The Chair: Thank you. The time is up.

Before we end this panel, we will have two minutes with MP DeRidder, and two minutes with MP Rana. Then this panel will end, and we will have the second one.

MP DeRidder, you have two minutes. Please go ahead.

Kelly DeRidder (Kitchener Centre, CPC): Thank you, Chair.

Mr. Kovrig, a lot of members of my community have reached out to my office because they're worried about their jobs. They're a part of the larger ecosystem with auto manufacturing and what's happening with the decline in our auto industry right now. I am speaking on behalf of them when I'm asking you questions.

When we open the door to tens of thousands of Chinese Communist Party-linked EVs while our sector is already under pressure, does this risk weakening our local manufacturing ecosystems over time?

Michael Kovrig: It does, very much so. Realistically, I think Canada needs a plan A and a plan B. Plan A is one in which we are doing everything we can to preserve a North American automotive ecosystem to the extent that we can persuade the U.S. government to enable that, and then, we need a plan B if that fails, if that doesn't work. What is Canada's alternative, and how much of an industry can we preserve by looking to work with other partners?

I don't think Chinese electric vehicle companies are a solution in either of those cases.

Kelly DeRidder: Thank you.

Mr. Saint-Jacques, I'm going to challenge you on a statement you made on allowing Chinese investment into our natural resources. Wouldn't those then be Chinese-owned companies or Chinese Communist Party-owned companies that would be unearthing our minerals and therefore own the intellectual property to unearth our minerals? They'd then have the ability to charge us at retail for our own assets in the future.

Guy Saint-Jacques: That's a good question, but, you know, it's for the Canadian government and for provinces to set the regulations and to apply them. The reality is that we don't have enough capital to develop all the mining projects that are required. Furthermore, the Chinese companies—and they are not all state-owned; there are many private companies—have developed the technology to extract rare earth and critical minerals. Again, if we were to tell them, you have to—

• (1205)

Kelly DeRidder: Clearly, though, would they not own the intellectual property to unearth the minerals?

Guy Saint-Jacques: I think we set the rules, and we could manage that.

The Chair: Thank you. The time is up.

We will now end this panel with two minutes with MP Rana.

Aslam Rana: [*Technical difficulty—Editor*] ties well also with growing Canada's domestic EV sector. In your assessment, what does Canada need to get right to make that work?

Michael Kovrig: First of all, Canada needs to keep that arrangement as constrained as possible. Treat it as an experiment that needs to be ring-fenced from the rest of the economy and industry. See how it goes. Make sure it is reversible if it begins to have obvious negative effects, which, frankly, I think it's likely to. I don't think this strategy has the potential to drive investment or much technological innovation in the sector because it will deter companies in other countries from entering.

Most likely, what we're going to see with Chinese EV companies is them setting up knock-down kits, where all they're really doing is circumventing trade barriers. Unless you have an integrated North American market, I doubt very much that they're going to be seriously interested in building proper, full plants that would sustain a technological ecosystem and help us build that whole supply chain locally. The Chinese government is on record as wanting to restrict its EV companies from transferring technology and process knowledge. If you look at the limited examples in Europe or other...it's usually knock-down kit plants, or they are importing their own workers and not transferring any technology.

I don't see how Canada is going to have the leverage to do that. The only scenario where that might be possible is if you have an integrated North American market under CUSMA, in which the U.S., Canada and Mexico all impose the same standards and are then able to use that massive leverage to potentially oblige Chinese companies to come in and actually contribute in a way that is positive but carefully restricted and managed. Alone, I don't see how Canada can do that.

Aslam Rana: Where does—

The Chair: Thank you. The time is up.

With that, this panel comes to an end. I want to thank both witnesses for appearing before the committee and for providing their important testimony.

We will suspend the meeting for a few minutes so the witnesses for the second panel can come in.

Thank you once again.

The meeting is suspended.

• (1205)

(Pause)

• (1210)

The Chair: I call this meeting to order. Welcome back.

I would like to make a few comments for the benefit of witnesses and members.

Please wait until I recognize you by name before speaking. Those participating by video conference can click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. For those on Zoom, at the bottom of your screen, you can select the appropriate channel for interpretation—floor, English or French. I remind you that all comments should be addressed through the chair.

With that, I would like to welcome our witnesses for this panel.

We are joined, via video conference, by Ms. Joanna Kyriazis, director, policy and strategy, Clean Energy Canada. We are joined in person by the Privacy Commissioner of Canada, Mr. Philippe Dufresne. We are also joined by Lara Ives, director, policy, research and parliamentary affairs directorate, Office of the Privacy Commissioner of Canada.

The witnesses will have five minutes for opening remarks. Then we will go to our rounds of questioning.

I request Ms. Kyriazis to please go ahead.

You will have five minutes for your opening remarks. Thank you.

Joanna Kyriazis (Director of Policy & Strategy, Clean Energy Canada): Thanks so much.

Good afternoon, Madam Chair and members of the committee.

Clean Energy Canada is a national think tank at Simon Fraser University focused on advancing the country's energy transition.

The global auto sector is undergoing a rapid transformation. Driven by China's EV dominance, EVs are expected to make up 30% of new car sales worldwide this year and 40% by 2030. At the same time, the U.S., under President Trump, has destabilized the historically integrated North American auto market. In this new reality, Clean Energy Canada has consistently called for a nuanced approach to Chinese EVs that balances consumer affordability with industrial competitiveness. In our view, the recent Canada-China EV deal strikes that balance.

As gas prices rise above two dollars per litre in many parts of Canada, Canadians are rediscovering their interest in EVs as a way to save money on fuel. A typical Canadian driver can save between \$23,000 and \$32,000 over 10 years of ownership by choosing an EV over a comparable gas vehicle, according to new analysis released by my organization last week.

However, in 2025, Canada was one of the only markets in the world to see EV sales decline. A number of policy choices—imposing a 100% tariff on Chinese EVs in late 2024, but also pausing rebates and the EV availability standard—caused Canada to fall out of step with the global trend towards EVs, but 2026 is set to be a comeback year for Canada. The return of the \$5,000 federal EV rebate, combined with higher war-driven gas prices, has improved the cost calculus for EVs by a further \$12,000 almost overnight.

In short, Canadians are keen on EVs, but they're looking for models within their budgets. The Canada-China deal is one part of the broader package of policies that can help Canadians access affordable EVs. By allowing in a limited quota of EVs at a lower tariff rate focused on more affordable models, Canada is directly creating an affordable EV segment that we've been missing.

It will also have indirect benefits as a result of increased competition. In the EU, for instance, where lower tariffs are applied to Chinese EVs, consumers now have access to over 20 EV models under the price point of \$40,000 Canadian. Half of those are offered by domestic EU carmaker brands and only seven are offered by Chinese automakers. The EU is now the fastest-growing EV market in the world, with nearly 30% of new car sales last year being electric.

What's more, Canadians are enthusiastic about this change. According to our 2026 poll, among the 50% of Canadians who are open to buying an EV, 70% presented some level of interest in getting a Chinese one.

The Canada-China agreement also presents opportunities to ensure Canada's auto sector can remain competitive in this changing world. A strategy of relying on outdated partnerships with the U.S., where Trump is undertaking an assault on his own auto sector—pulling the rug out from under their EV plans, raising manufacturing costs with tariffs and now driving up gas prices, all while pushing consumers worldwide towards the EVs that he does not want to be making—will not set Canada up for success.

Canada needs to hedge, and this means placing bets on new partners who are positioning themselves strategically in the present, versus looking at what we did in the past. A two-pronged approach of selective exposure to Chinese EVs, plus preferential market access for domestic producers, is a better path.

Together, these measures could help Canada enhance its industrial competitiveness by incentivizing Chinese, Korean and German firms to build here, employing Canadian workers, using upstream Canadian inputs like critical minerals and engaging in technology and skills transfer to help Canadian companies catch up to their lead. We also have massive economic opportunities in producing the critical minerals, battery materials and other components that go into EVs, all of which go hand in hand with higher EV uptake.

• (1215)

This is not about being pro-China. It's clear that this will be a delicate and sometimes difficult relationship to manage, with risks and opportunities that must be carefully weighed, as we heard from the earlier witnesses today. This is about being pro-Canada, realizing that setting Canada up to compete in the auto market of the future no longer means betting it all on America. Survival will necessarily mean building something new.

Thank you for the opportunity to contribute today. I look forward to your questions.

• (1220)

The Chair: Thank you.

With that, we will go to Mr. Dufresne for five minutes.

Please go ahead. You can do your opening remarks for five minutes.

[Translation]

Philippe Dufresne (Privacy Commissioner of Canada, Offices of the Information and Privacy Commissioners of Canada): Madam Chair, members of the committee, thank you for the invitation to appear as part of your study on the implications of the Canada-China preliminary joint arrangement on Canada's electric vehicle sector.

As Privacy Commissioner of Canada, my mission is to protect and promote Canadians' fundamental right to privacy. My mandate is to oversee compliance with Canada's federal public and private-sector privacy laws, which set the ground rules for how federal government institutions and businesses handle personal information.

[English]

Many of the vehicles that Canadians now drive are connected to the Internet. This can offer significant convenience, such as real-time navigation, facilitated roadside assistance and seamless integration with mobile devices.

These connected features also raise important privacy considerations. Modern vehicles collect and transmit large volumes of personal data, including location history, driving behaviour and personal preferences, which also raises the issue of how this information is stored, shared and protected. In some cases, the data may potentially be transferred or stored in foreign jurisdictions, where different legal frameworks and data protection standards can increase the risk of access or use of personal information, including access by foreign courts, law enforcement and national security authorities.

Data flows underpinning the connected vehicle ecosystem can be complex and opaque. This is why my office has supported research into connected vehicles through our contributions program.

This year, my office has funded two related research projects. One is evaluating the privacy permissions and releases that automakers are requiring of their Canadian customers in return for access to on-board features and connected applications in new cars. Another is examining how privacy by design can be used to improve privacy protection when companies access identifiable information from connected vehicles. I expect that the results of this work will be published in the next few months.

[Translation]

The Personal Information Protection and Electronic Documents Act, or PIPEDA, does not contain separate and explicit rules governing trans-border data flows.

PIPEDA currently requires organizations to be transparent about their personal information handling practices, including when personal information is transferred to a third party or a foreign jurisdiction, and to make data available to the government, law enforcement agencies or the courts.

The legislation also clarifies that organizations remain responsible for personal information that is transferred to a third party for processing and must ensure, through contractual or other means, that a comparable level of protection is provided.

[English]

I've recommended that PIPEDA be amended to specifically address transborder data flows to ensure that Canadians' personal information is appropriately protected prior to leaving the country. This could include requiring privacy impact assessments before data moves beyond Canada's borders and providing for specific tools to ensure that data is afforded a comparable level of protection when it travels outside the country. This could be accomplished

through, for example, standard contractual clauses, codes of practice and certification programs.

My office also works closely with our international counterparts to help advance trusted, safe and secure cross-border flows of personal information.

This is one of my priorities as the newly elected chair of the Global Privacy Assembly. It is also a pillar of my work with my counterparts in the G7 Data Protection and Privacy Authorities Roundtable. Last December, the round table released a position paper on developing a strategic approach to the concept of data free flow with trust, and I look forward to continuing this important work under the French G7 presidency this year.

My office also supports the exploration of data transfer mechanisms that can provide businesses with regulatory certainty and that Canadians can trust, such as the Global Cross-Border Privacy Rules Forum certifications.

[Translation]

Privacy is, and must remain, a priority as we explore the implications of technology. This is to ensure that appropriate safeguards are in place to enable responsible innovation and protect Canadians' personal information.

I would be happy to answer your questions.

● (1225)

[English]

The Chair: Thank you.

We will start our first round of questioning with MP DeRidder for six minutes.

MP DeRidder, please go ahead.

Kelly DeRidder: Thank you, Chair.

Ms. Kyriazis, thank you for being here today.

I'm going to talk about the comments on having a more competitive option. Forced labour is part of the problem. It's why this is a more competitive option. Every aspect of the supply chain, through credible sources, is a contributing factor as to why these Chinese Communist Party EVs are more competitive here in Canada. Not only that, they're also being highly subsidized by the Chinese Communist Party in order to make them more economic.

How can you state that it is a pro-Canada choice to bring them into Canada when we're going against our own Canadian values by bringing them here?

Joanna Kyriazis: Thanks so much for your question.

Chinese EVs are so much lower in cost partly because China has had a two-decade head start on legacy carmakers transitioning to electric vehicles. Hundreds of Chinese EV companies started in the ecosystem and have been engaged in a very competitive price war to get down to the lowest-cost technologies. They have also been able to build out an entire battery supply chain in China that those companies have access to, so they are now able to produce batteries for under \$100 per kilowatt hour, which is a very important tipping point.

Kelly DeRidder: Can you state with certainty that forced labour is not part of that competitiveness or an aspect of what is going on?

Joanna Kyriazis: I want to be clear. Clean Energy Canada unequivocally opposes any form of forced labour. Canada has a legal framework in place. Canada has the Fighting Against Forced Labour and Child Labour in Supply Chains Act, plus we have measures under CUSMA specifically meant to address these issues.

Kelly DeRidder: How can we fight against it if we're allowing these vehicles to come into Canada because it's an economic option, when that's part of the economic option?

Joanna Kyriazis: I'm not a labour or human rights expert, but my understanding is that those legal frameworks would not allow products made with forced labour to come into Canada. We should be implementing and enforcing those requirements diligently, as well as strengthening them if necessary.

I also want to make clear that this is not an EV-specific issue. Our efforts to combat forced labour should apply to all goods coming into Canada from China and beyond, whether it's electric vehicles, iPhones, clothing or gas-powered vehicles. I think Canada should be taking a consistent approach to—

Kelly DeRidder: Do you not think a good first step in this EV agreement would be ensuring that there's no forced labour?

Joanna Kyriazis: Absolutely. If that's not already integrated through our laws in place, we can restate it as part of the agreement. Forced labour should not be part of—

Kelly DeRidder: Would you then go against allowing them into Canada if it was found? Would you state, as part of Clean Energy Canada, that it's not a good idea to bring them into Canada if they are part of a forced labour problem in China?

Joanna Kyriazis: Clean Energy Canada doesn't want goods coming in that have been made with forced labour. Banning all Chinese-made EVs from all companies coming from any part of China is not a targeted approach that specifically addresses forced labour issues. I think we need a more targeted approach to address the is-

sue we're concerned about without depriving Canadians of the low-cost EVs available in almost all other parts of the world.

Kelly DeRidder: Thank you.

Commissioner, I want to ask you a quick question before I'm out of time.

The United States is currently restricting CCP-linked EV technology over national security and data concerns. Do you think a potential consequence of this could be that a Canadian owning a CCP vehicle might not be able to drive across the border?

Philippe Dufresne: I would hesitate to comment on how the U.S. would interpret their practices in terms of border crossings.

What I can say is that data crosses borders all the time. That's why I'm flagging the importance of making sure Canadian privacy law takes this into consideration. It does to some extent, as I highlighted in my statement. Organizations have to ensure comparable treatment, but it's through contracts or other means. The problem with contracts or other means is that they are not going to bind the governments of other countries.

This is why one of my key recommendations for privacy law reform in Canada is that we should put in place transborder transfer rules that would require a more stringent consideration in these cases.

● (1230)

Kelly DeRidder: Thank you for that, Commissioner.

Have you received any assurances by the Government of Canada that there are safeguards in place to protect Canadian data from being collected and transmitted back to the CCP?

Philippe Dufresne: We have not engaged with the Government of Canada on this specific issue, but I have engaged with the department in terms of my priority recommendations. There are lots of discussions in terms of cross-border data flows. There's lots of work happening in the privacy community but also with governments and the OECD on pushing the importance of rule of law, necessity and proportionality. I'm continuing to advocate for those.

Kelly DeRidder: I just want to reiterate that, you, as the Privacy Commissioner of Canada, have not been consulted in this regard.

Philippe Dufresne: On this framework, no, I have not.

Kelly DeRidder: Do you think that the Government of Canada has an obligation to warn its citizens about the privacy and security risks that the CCP EVs pose?

The Chair: I'm sorry for interrupting, but your time is up. Maybe you can come back to that in the second round.

Kelly DeRidder: Can I get a written response to that question?

The Chair: If it's possible....

Kelly DeRidder: Is that okay?

Philippe Dufresne: On the question of transparency, sure, we can come back to that.

The Chair: Thank you.

We will now proceed to MP Deschênes-Thériault for six minutes.

Please go ahead.

[Translation]

Guillaume Deschênes-Thériault (Madawaska—Restigouche, Lib.): Thank you, Madam Chair.

Ms. Kyriazis, this is a meeting of the Standing Committee on Science and Research, so my questions will focus primarily on aspects of research and science.

First, I would like to know if there are any challenges specific to Canada that current EV research is not adequately addressing. In other words, what aspects of the EV sector in Canada are being studied the least? Are there any blind spots in the research at this time?

[English]

Joanna Kyriazis: Yes, Canada has a number of initiatives that are focused on battery innovation, research and development. We are leaders in many ways on battery technology. Dalhousie houses one of the global experts on battery technology.

I think that, historically, one of Canada's challenges is that we haven't been able to scale and commercialize the research that we have initiated here before it ends up either going to the U.S. or being exported abroad. One goal of this managed entry of Chinese EVs and the incentives that we're putting in place to try to attract Chinese investment is to bring some of that Chinese technology and know-how to Canada's manufacturing base so that we can learn from the market leaders and so that we can start to pursue joint ventures like we are seeing happening in the EU to focus on next-generation battery technology development here or shared EV platform development. That's the sort of thing we would be seeking in a partnership with Chinese companies coming into Canada. We want to set our EV battery sector up for our success in the future.

[Translation]

Guillaume Deschênes-Thériault: That kind of brings me to my next question.

Canada is investing heavily in innovation because it wants to attract a range of research talent. In your opinion, what are the most significant EV-related research areas that will emerge over the next decade?

You mentioned being involved in conversations as part of a think tank. If money were no object, what EV-related research would you prioritize?

[English]

Joanna Kyriazis: I think next-generation battery technologies that either minimize the use of raw critical materials or maximize the recyclability of those batteries and the raw materials would be one priority in light of critical mineral shortages and the huge portion of the supply chain that China currently dominates when it comes to refined battery materials and rare earth materials.

I think that next-generation battery technology would be one. It might be around performance, cold weather performance, something that's a little bit more specific to Canada's climate and the EVs and batteries that are rolling the streets in Canada. Another might be charging times. Chinese companies are leaders; they're looking at charging times of five minutes at this point, which competes with how quickly you fill up your car at the gas station. We'd love to see some more of the research and innovation around that being done here in Canada.

● (1235)

[Translation]

Guillaume Deschênes-Thériault: China is a leader in the EV sector, but we should also consider countries like Norway. We can't just focus on China. Other countries around the world are leaders and are doing different types of research.

You've already mentioned a few points, but is there anything else Canada can learn from other countries' EV research? What insights can we glean from their research to ensure we get things right in the coming decade?

[English]

Joanna Kyriazis: In addition to battery chemistry itself, I think battery production processes is another area where China is a leader. Ford Motor Company is actually licensing the Chinese company CATL's battery production technology to build its batteries in the Michigan plant in the U.S., which will then go into the more affordable \$30,000-pickup truck that Ford is working on.

Another area could be charging technology and ensuring interoperability of different charging standards. Vehicle-to-grid technology could be another area that Canada could focus on.

I think a lot of this would look at localizing production and developing EVs and batteries that make sense for the Canadian and North American market, because, really, there's a dearth of affordable options that integrate the best technology in North America right now.

[Translation]

Guillaume Deschênes-Thériault: You mentioned that the challenge we have in Canada concerns the commercialization of research results. How can we improve in this area?

[English]

Joanna Kyriazis: I think it's about leveraging our current research, innovation and development capacities here in Canada. Again, as I said, we have a lot of leadership, but we struggle to scale. We do need to have some of those anchor investments in manufacturing here in Canada. Ideally, we would not be satellite offices for car companies that are headquartered elsewhere and then just assemble the final products here. Ideally, we would be clustering Canadian universities and our research and development, along with some of these manufacturing facilities, whether it's final vehicle assembly, battery cell or battery materials. Canada has a lot of opportunities—

The Chair: I'm sorry for interrupting, but the time is up. Thank you.

We will now proceed to MP Blanchette-Joncas for six minutes.

Please go ahead.

[Translation]

Maxime Blanchette-Joncas: Thank you.

My first question is for you, Mr. Dufresne.

Thank you for joining us today.

Your office has already explained that connected vehicles act like real smart phones on wheels and are capable of collecting highly sensitive data. So, in this context, if this data can be accessed, transferred or even exploited abroad, is the current Canadian framework really sufficient to protect users?

Philippe Dufresne: What I would say is that we are using the current framework to the best of our ability. We do so for investments in research. We can also do so in the context of investigations. The principles are there and they exist: consent and appropriate purposes.

However, I would like to emphasize that the legislation needs to be amended to be modernized for these vehicles, but also in general. Gaps and shortcomings exist in the area of cross-border trade.

In my opinion, the framework should be strengthened, much like in Quebec, where there are stricter obligations in this regard, particularly the requirement to conduct privacy impact assessments when data leaves Quebec. This should potentially be the same for Canada. There should also be an obligation to conduct screening assessments when there are greater risks. We should also modernize our definitions of de-identification. Finally, the Office of the Privacy Commissioner of Canada should be given the power to issue orders and impose fines.

There are gaps in the current framework. I think there's an opportunity to modernize it, and, in this context, it would be very beneficial.

Maxime Blanchette-Joncas: I imagine that all these recommendations have been submitted to the government. What is the government's response? What is it doing?

Philippe Dufresne: To date, I can say that the Minister of Artificial Intelligence and Digital Innovation recently indicated that it was still in the works. So we're waiting to see what happens.

Maxime Blanchette-Joncas: Okay. We'll add that to the list of projects to analyze and monitor.

Can you tell us more about the data collected by these vehicles, particularly regarding location, habits and behaviours? What are the risks if this data is accessible to foreign entities?

● (1240)

Philippe Dufresne: The risks are that it can reveal a lot about users. It can reveal the vehicle's location and usage.

That's why we're funding research on this. We're looking into these issues to determine whether Canadians are really aware of the scope of the data being collected. Do they have the opportunity to give consent at the appropriate time? Also, are they aware that this data may cross borders and go to other countries, which may have different rules?

I think that, in this context and in many others, people are so inundated with technology in their lives that they don't necessarily have the time or the knowledge to really understand what's going on.

I think this is a responsibility for society as a whole. However, governments, businesses and my office need to be more user-friendly and transparent about this.

Maxime Blanchette-Joncas: That's an interesting point you raise. The office de la protection du consommateur—Quebec's consumer protection agency—had already emphasized the lack of transparency and limitations of consent in this area.

In your opinion, are Canadians and Quebecers properly informed about what their vehicles collect, how that data is used and who can actually access it?

Philippe Dufresne: So far, I would say that we can do better and that the research projects we will be releasing in the coming months or weeks will enable us to discuss this in more concrete terms. That is one of the issues we explored: how it is done, whether it is clear enough and whether there are improvements to be made. At that point, I will have the opportunity to make more concrete recommendations.

Maxime Blanchette-Joncas: You've already talked about consent. The current model is consent-based. In your opinion, is that sufficient in a context where the data flows are complex and often invisible to users?

Philippe Dufresne: Consent is important, but we also have to verify appropriate purposes. Safeguards must be verified. One of the major challenges, if not a scourge, is the fact that data can be stolen, which is an invasion of privacy. I think people need to know what's going on and understand the consequences, but companies also have a very significant responsibility. It's not enough to tell people that they have to manage this themselves and that, if they have given their consent, everything is fine. No, we must also consider necessity, proportionality and safeguards. Canadians should know to what they're exposing themselves.

Maxime Blanchette-Joncas: What additional safeguards do you think should be required before facilitating the entry or development of these technologies in the Canadian market?

Philippe Dufresne: I think the additional safeguards should include giving the regulatory body the power to issue orders. That's important because, at the moment, I can only make recommendations. I think we need to be able to impose financial penalties in cases where this poses a problem.

I have recommended that more be done to protect children's privacy. This may be less relevant in the context of motor vehicles, but I think that prioritizing privacy and making communications clearer, more transparent and more user-friendly are among the challenges and general recommendations I will continue to put forward.

Maxime Blanchette-Joncas: I understand. So you are a watchdog that can't really bite. You have powers of recommendation and observation, but you can't issue any penalties. That's pretty much it, isn't it?

Philippe Dufresne: For now, I can take the matter to court, but that's a long and costly process. I am counting a great deal on the fact that most companies will accept the recommendations.

You're absolutely right. In a situation where my recommendations are not accepted, the process becomes long and costly.

I'll give you a concrete example: the case against the company that runs Pornhub. We found that there were major problems related to consent for the distribution of extremely explicit sexual images, and we're still in court trying to implement the recommendations. That's why, in my opinion, the ability to issue orders would significantly protect Canadians.

[English]

The Chair: Thank you.

The time is up for MP Blanchette-Joncas.

We will start our second round of questioning, beginning with MP Baldinelli for five minutes.

Please go ahead.

Tony Baldinelli: Thank you, Madam Chair.

Thank you to the witnesses for being with us today.

Mr. Dufresne, in your opening remarks, you mentioned that there could be an increased risk of access to or use of personal information, including access by foreign courts, law enforcement and national security authorities.

Are you concerned that Canadian data collected by Chinese EVs could potentially be transmitted back to China and stored in Chinese government data centres, where they could be accessed by the Chinese state?

• (1245)

Philippe Dufresne: That is a possibility in this context. It's not only in this context. For example, when I investigated TikTok with my counterparts from Quebec, Alberta and British Columbia, that was one of the issues that came up, namely, that data could leave Canada and could be held in China and could be accessed by the Chinese government. We made a specific recommendation in that case to say that there needed to be more transparency and that Canadians should be told much more explicitly that this is a risk.

Tony Baldinelli: To follow up on that, you mentioned making the recommendation that PIPEDA should be updated to specifically address transborder data flows. Where is that recommendation? Has it been implemented? Is the government considering that now?

Philippe Dufresne: That recommendation has not yet been implemented. I'm looking forward to seeing what the government will do in its proposal for law reform of the Privacy Act. One of my recommendations is that it should be there.

Tony Baldinelli: When was that recommendation made?

Philippe Dufresne: This has been a consistent recommendation by my office for a number of years, but I've certainly reiterated it in the last few months to the department.

Tony Baldinelli: You also mentioned in your remarks, "My office also works closely with our international counterparts to help advance trusted, safe and secure cross-border flows of personal information." The Chinese Communist Party, the state of China—are they involved in those talks?

Philippe Dufresne: Those talks involve the privacy commissioners of those countries. China is not involved in that. I can say that amongst the privacy community, there is certainly a consensus view that we need data to cross borders and we need it to be done safely and with respect to the rule of law and privacy principles.

Tony Baldinelli: Earlier we had witness Michael Kovrig here. When he appeared in February at the international trade committee, he said, "It is absolutely necessary, if Canada is going to allow these vehicles into the country in any quantity, to consult the appropriate security agencies—the CSE and CSIS—to establish what parameters are necessary to make it secure."

Has the government talked to your office? Do you know that they've talked to some of the security agencies?

Philippe Dufresne: They have not talked to me about this specific arrangement. I am assuming that they're in communication with the security agencies. I don't know that for a fact.

Again, to give the example of the TikTok case I was directly involved in, the government and security agencies made some conclusions and made some directives that this could not be used by government employees and government devices from a security perspective. That was their responsibility. That continues to be their responsibility. When I hear these public conclusions, I act on them from a privacy standpoint.

Tony Baldinelli: Just following up on that, then, in terms of making recommendations, would you feel comfortable with government employees driving Chinese EVs and government cabinet ministers driving EVs? Would you yourself feel comfortable driving a Chinese EV?

Philippe Dufresne: That conclusion would be made by the national security authorities. Do they have concerns from that standpoint? In the case of TikTok, they did. They made that finding. They made those rules. Government employees could not use those devices. That's something that's within their purview. I would certainly act on their advice on that.

Tony Baldinelli: In your capacity, in your office, do you think Canada and Canadians are ready for or are even aware of the ability of these Chinese EVs to take data, store data and transmit data offshore, to such places as back into China? Are Canadians even aware of that issue?

Philippe Dufresne: We are going to do more work so that Canadians are aware of the issue of data generally used by cars and car devices. That's the research we've been sponsoring. I think there needs to be more awareness of that and also more awareness of the cross-border nature of it. I think that's something we'll be continuing to amplify.

Tony Baldinelli: Just to clarify, have any cabinet ministers or their staff approached and contacted your office since this announcement to vet or to consider these privacy concerns involving Chinese EVs?

Philippe Dufresne: No—not specific to this situation.

Tony Baldinelli: Thank you very much.

The Chair: Thank you.

With that, we will proceed to MP McKelvie for five minutes.

Please go ahead.

Jennifer McKelvie (Ajax, Lib.): Thank you, Madam Chair.

Mr. Dufresne, you have two studies under way that are both related to automobiles. Are EVs included in those studies? Would those recommendations also be relevant for electric vehicles?

Philippe Dufresne: They would, because one of them will be looking at what types of permissions and consent are obtained by Canadians when they're using the on-board navigation of their cars. That would apply to EV cars. It would also apply to non-EV cars. Is too much data being collected? Is it safe? Are the consents appropriate? These types of things would certainly be relevant to EVs and also non-EVs.

The second will be about how we can use technology to protect privacy. That's a really key issue for me and for my office. Data is useful to make decisions to make cars safer and so on, but can we take the data and make it so that it's not possible to identify individ-

uals? We call those privacy-enhancing technologies. They include technical tools to be able to use the data but not have it attributed to someone.

Again, I would think that the conclusions and the recommendations there would be applicable across the board.

• (1250)

Jennifer McKelvie: Recognizing that we are on the science and research committee and we will have a report from this, do you see or will the recommendations in your report touch on areas that need to be invested in—science or research that needs to be done on these important issues of privacy in both vehicles and on a wider scale?

Philippe Dufresne: In terms of the science, we have our contribution program so that we can fund research on given areas. One of the priorities last year was connected devices and the information that they're gleaned from Canadians. That's one way we can support science. Certainly, we'll make sure that this committee is kept informed of those results and those conclusions. We have upcoming ones on gaming, on video games and how information, particularly about kids, is being used. That's a real opportunity there.

The other area where I would say the science is very relevant is in my recommendation that the law should be amended to talk more directly about de-identification and anonymization of data. That's one of the key issues where we can use technology to say that we need to use data—we need to make better decisions, and it's good for the economy and safety, and so on—but we don't need to know who it's about. That's what those technologies do, and science plays a key part in that.

Science is also, of course, very relevant to AI, quantum and cryptography, which are key issues for the economy and for national security. We're involved in this field, and I'd be happy to update your committee as it progresses.

Jennifer McKelvie: Thank you.

My next question is for Ms. Kyriazis.

It is earth month, so we are recognizing all things environment this month. Certainly, electric vehicles are one of those initiatives that can green our planet and can contribute to action on climate change. I'm just wondering if you could speak beyond the electric vehicles themselves. With your organization—with clean energy, electrification and the expansion of electricity grids—what are those big investments that we need to be making as a country as we go through this transition?

Joanna Kyriazis: We want to work to electrify everything that we can in Canada, particularly because Canada already has a relatively clean grid, with over 80% of our electricity coming from clean sources.

Electrifying transportation is a priority, whether it's the personal vehicles that you and I drive, the delivery vans that roll through our communities, the transit buses or the large heavy-duty trucks. Electrifying heating systems in our buildings is another one. We just put out a major survey showing that heat pump owners in Canada love their heat pumps, and over 90% would recommend them to their friends. The household level is another key area where we should be looking. Both EVs and heat pumps help save Canadian households money on their energy bills on a monthly basis.

We also want to electrify our industries. Canada is already a leader in electrification in mining. We can produce electric vehicles and batteries that are some of the cleanest in the world. We are capable of producing green steel and low-carbon aluminum, and we already do. Those are investments we should continue to make. I should also mention transmission lines that connect the grid across Canada. Ultimately, if we want to enhance our energy security, we want to rely on homegrown Canadian electricity and increase the trade of that electricity across provinces as much as we can.

• (1255)

The Chair: Thank you.

We will now proceed to MP Blanchette-Joncas for two and a half minutes. Please go ahead.

[Translation]

Maxime Blanchette-Joncas: Thank you, Madam Chair.

Mr. Dufresne, here's a simple but very relevant question. Are Canadians being asked to trade their privacy for a cheaper vehicle?

Philippe Dufresne: What we can say is that privacy issues are now often part of the experience of buying a vehicle. That's why we need to address this issue. We have to make sure that Canadians' consent is obtained properly, that it's clear and that people shouldn't have to trade their privacy for discounts or anything else. That is a very important theme.

People often say that we need to sacrifice privacy in the name of national security, the economy or innovation. I disagree with that. Canadians can have both: innovation, the economy and rebates, on the one hand, and respect for their privacy, on the other. They deserve it.

Maxime Blanchette-Joncas: Another very popular topic right now is sovereignty, independence. We're being told that the goal is to build a more independent economy. I'd like to hear what you have to say about data independence. Who really controls access to this data, Canadians or manufacturers?

Philippe Dufresne: Actually, there are two points to be raised here.

It is important for the government to ensure that critical infrastructure related to national security or other matters is sufficiently protected, either by being located in Canada or by being subject to appropriate agreements and mechanisms. That is absolutely crucial from a public interest perspective.

From a private or general interest perspective, this ties back to my recommendation. When Canadians' data leaves Canada, it is important to ensure that Canadian principles follow that data and that Canadians know they are protected and not at risk. If our data

leaves our territory and there's no sufficiently robust mechanism in place, we lose our sovereignty over our data.

The legislation currently states that companies must do this through contracts, but, in my opinion, contracts are not enough to hold a government accountable. We need something more rigorous, and that is what legislation provides.

Maxime Blanchette-Joncas: Does potential access from abroad pose a concrete risk to the safety of Canadians, yes or no?

Philippe Dufresne: It becomes a risk to the extent that they can't control it. So, if the data leave the country, it's important to ensure that there's a protection mechanism in place, and legislation could be stricter on this point, as is the case in Europe and Quebec.

Maxime Blanchette-Joncas: Thank you.

[English]

The Chair: We will now proceed to MP Ho for five minutes.

Please go ahead.

Vincent Ho: My questions are for the Privacy Commissioner.

Modern electric vehicles collect and transmit significant volumes of personal and geolocation data. In your assessment, do current Canadian privacy laws and government policy adequately protect Canadians in this context?

Philippe Dufresne: I think they can be strengthened. I think they provide important protections for Canadians, and I'm going to continue to apply those laws as they exist. I am hoping that government and Parliament will modernize private sector privacy law on a number of fronts.

We need stronger enforcement rules. It's quite a notable gap that Canada, almost alone, lacks the ability for my office to issue orders or to issue fines. We lack a cross-border data transfer rule regime that is as rigorous as, say, that of Europe, Quebec or other jurisdictions. We rely a little bit too much on contracts for that.

There are opportunities to strengthen privacy's role as a fundamental right, as well as the privacy of children. Technical aspects like de-identification and anonymization are key things that can help fuel AI and innovation. I think there are opportunities there to strengthen the legal regime.

Vincent Ho: Have you, your office or your team conducted or commissioned any assessment of the data collection practices of foreign-made connected vehicles, including Chinese-made EVs?

Philippe Dufresne: We have not done research specific to one jurisdiction or one company, but we have funded research to look at the general practices right now in terms of Canadians buying cars and what type of information is being asked of them, how they consent and how it's being used, etc.

I'm looking forward to making those public very soon. One of them talks about the consent practices and the use of the data. The other talks about how we can use technology to further protect Canadians' data while allowing good decisions to be made with data use. Those are the recent projects that I look forward to sharing with you.

• (1300)

Vincent Ho: We certainly look forward to reviewing those findings as they become public.

Has the government ever consulted you or your office about the privacy concerns related to Chinese-made EVs specifically?

Philippe Dufresne: No, I've not been consulted on this specific file.

Vincent Ho: Do you think the Canadian public—the average Canadian—is sufficiently informed about the scope of the data being collected by these connected vehicles and where that data is ultimately stored?

Philippe Dufresne: I would say that, at a very high level, the answer is no.

Generally speaking, I find that the consent and the information sharing for Canadians in terms of their privacy in many cases could be stronger. That's a key part of our work in Canada and with international partners. We're trying to always encourage clearer, easier-to-understand consent policies.

We were in the Supreme Court with Facebook recently on the issue of how consent should be obtained and how transparency is done. I talked about my investigation of TikTok, which is an area where, again, we found it wasn't transparent enough with the fact that the data was going to China and could be accessed by the Chinese government. We asked this to be reinforced.

We're going to continue to push to make it easier for Canadians to have that awareness.

Vincent Ho: Have you worked with any Canadian security or intelligence agencies regarding the data risks linked to these vehicles so far?

Philippe Dufresne: We have not, in this specific context. We have discussions at a high level with cybersecurity authorities and national security in terms of the balancing of privacy and national security, but not on this specific topic.

Vincent Ho: To the best of your knowledge—of course, you're not an international law expert—can Canadian user data collected by foreign-made EVs be accessed by foreign governments under their domestic laws?

Philippe Dufresne: As a general proposition, foreign countries have laws that in some cases will allow them to have access to citizens' data, the same way that Canada does. Canada's laws also will allow foreign companies' data to be taken.

This is why there's so much work being done internationally. When we talk about “data free flow with trust”, the solution isn't to say that data cannot share borders.

Vincent Ho: Are you concerned about that potential extrajurisdictional overreach at all, yes or no?

Philippe Dufresne: I'm concerned in terms of the cross-border data transfers to the extent that I would want stronger Canadian transparency and other provisions in there—

The Chair: I'm sorry for interrupting, but the time is up.

We will now end this panel with MP Deschênes-Thériault for five minutes. Please go ahead.

[Translation]

Guillaume Deschênes-Thériault: Thank you, Madam Chair.

Ms. Kyriazis, I'd like to ask some more questions about research. I represent a rural riding and would like to know what the research tells us about the adoption rate of electric vehicles in rural areas compared with those in urban areas of Canada.

Next, how could the research help us determine how to put in place the necessary infrastructure for using electric vehicles in rural or remote regions?

We know that there are still challenges in rural areas that may be less prevalent in urban settings. So I would like to know your thoughts on that.

[English]

Joanna Kyriazis: One thing I might point to again is what's going on in the EU, as something that Canada can look to. We are seeing a number of investments in local production and partnerships on research and technology. For example, Chery, the Chinese EV car company, is starting to assemble cars in Barcelona through a joint venture with Spanish car maker EBRO. They are using a shared production platform and shared technology. Chery is also opening an R and D centre in Catalonia to design and adapt vehicles for Europe.

Another example is that SAIC-owned MG has opened an engineering centre in Frankfurt and has unveiled its new semi-solid-state battery that's developed specifically for the European market.

Lastly, Stellantis has partnered with Leapmotor, a Chinese EV company, where they're going to be building a compact electric SUV in Spain. They've created a new company called Lieder Automotive that's set up to supply the factory with European-made components. It's a joint venture between a Chinese technology company and a Spanish supplier.

These are some examples of the types of partnerships that we should be exploring in Canada to meet some of Canada's specific needs, including those in more rural communities.

• (1305)

[Translation]

Guillaume Deschênes-Thériault: Thank you.

I would also like to raise an issue you addressed in response to my colleague a little earlier, namely regarding electricity grids. What research exists on the impact of widespread adoption of electric vehicles on provincial electricity grids?

We know there are challenges in some Canadian provinces when it comes to grid capacity, particularly in New Brunswick, the province I represent. I'd like you to talk a bit about what the research tells us about that.

[English]

Joanna Kyriazis: Is it on the capacity of research that's being offered?

[Translation]

Guillaume Deschênes-Thériault: No, I would like to know what the research tells us about the capacity of our electricity grids, which varies from province to province. For example, in New Brunswick, work needs to be done to increase our grid's capacity.

So, to be able to adopt electric vehicles on a large scale, what remains to be done regarding the capacity of our electricity grids, in Canada and in our provinces?

[English]

Joanna Kyriazis: Each province has its own kind of regional specificity and strength. In Alberta, we're seeing emerging battery leaders that are finding ways to extract lithium from waste-water brines from oil fields. In British Columbia, there is leadership in battery recycling. In Manitoba and Quebec, we're seeing leadership on electric medium- and heavy-duty vehicle development. Yes, depending on the province, this is a pan-Canadian opportunity.

We should continue to invest in research, but I think we also need to be exploring partnerships with world EV leaders, whether it's China, Germany or South Korea. These are some of the other partnerships that the federal government is currently exploring. This makes sense as we're trying to diversify away from the U.S. and remain competitive in a global auto sector that's quickly moving towards electric.

[Translation]

Guillaume Deschênes-Thériault: Thank you very much.

[English]

The Chair: Thank you, everybody.

With that, this panel comes to an end. I really want to thank our witnesses for appearing before this committee and for providing their important testimony.

Is it the will of the committee to adjourn the meeting?

Some hon. members: Agreed.

The Chair: Thank you once again. The meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>