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• (1530)

[*Translation*]

The Chair (Ben Carr (Winnipeg South Centre, Lib.)): Good afternoon, everyone.

I hope you had a good weekend at home.

[*English*]

Pursuant to Standing Order 108(2), as adopted by this committee last week, we are commencing an emergency study of the economic and supply chain impacts of U.S. tariffs on Canada's metallurgical and advanced manufacturing sectors.

I want to welcome the three witnesses we have here in the room with us today. A few will be joining us in the second hour.

I also see that we have a few new members of the committee joining us today.

Mr. Lewis, welcome back to you, sir.

Just as a reminder to our witnesses in the room, if you are not using your earpiece, please place it on the sticker in front of you in order to protect the health and well-being of our interpreters. I can confirm that all audio for those joining online has been tested.

With that, colleagues, I'd like to welcome the following witnesses who are with us today. From the Canadian Association of Mold-makers, we have Nicole Vlanich, executive director. From Laval Tool & Mould Ltd., we have Jonathon Azzopardi, chief executive officer and president. From Liard Industries, we have Isabelle Liard, president. She is joining us online.

Witnesses, you will each have up to five minutes for opening remarks, at which point we will turn to our colleagues around the table for a preallocated slot of time to ask questions in order to be able to dive more deeply into this.

I want to thank members and their staff and the witnesses who are here today for a very quick turnaround. We did not have this discussion until Thursday of last week. It's very unusual to be able to make a committee meeting work as quickly as we did. Due to the coordinating efforts of the clerk, her office staff, members and of course witnesses, we were able to elevate the conversation on this very important issue in an expedited and timely manner.

With that,

[*Translation*]

Ms. Liard, you have the floor for the next five minutes.

Isabelle Liard (President, Liard Industries): Good afternoon, everyone.

Thank you for this opportunity.

I represent a manufacturing SME in the Joliette region. We've been in business for more than 50 years. We make specialized, custom-designed equipment using industrial steel. Over the years, we've built strong business relationships with large U.S. customers. More than 60% to 70% of our sales are in the U.S.

As you know, prior to April 8, section 232 of the Trade Expansion Act only applied to certain products, mostly structural products. For us, that represented only 5% of our sales, so most of our products were not affected. As you know, a 50% tariff was applied to non-U.S. steel content. For us, that represented about 5% to 8% of the value of a project once applied.

Since April 8, the situation has completely changed. Now, a 25% tariff is applied to the total value of the commercial bill for virtually all steel products. For our company, it's a direct increase of 25% of our export price, and we're unable to absorb that increase. We can't reduce our selling prices by 25%, so we're really losing our competitiveness in the U.S. market.

What I understood is that there may be some exceptions for certain products. There might be a 15% tariff until 2027 on certain products, but that's not very clear to me. There could also be a tariff of only 10% if 95% of our steel was American. It's almost impossible for our company to source exclusively American steel, especially for plate, which comes almost exclusively from Canada, not to mention that American steel is very expensive compared to Canadian products. That has a major impact on our business.

For the past year, we've been trying to build relationships with new customers in new markets. However, we're subcontractors for components manufacturers. We manufacture what our customers want, and that's custom-made equipment. It's a local market. It's difficult for us to export outside North America. Also, the Canadian market is still more limited than the American market. It's still hard to do without sales to the U.S.

Since tariffs were announced a year ago, we've been working hard to try to improve our productivity, but the 25% tariffs are having a major impact, mainly because they were applied quickly.

Thanks to Economic Development Canada, we've been able to invest. Through the regional tariff response initiative launched last fall, we purchased a machine to improve our productivity. We invested \$1.3 million in new digital equipment. However, the equipment has yet to be set up. That'll be done in the coming months. Since the productivity gain isn't immediate either, we wonder if we'll be able to make that investment profitable in the current context.

In the short term, the most important thing for our business is really to maintain our cash flow and our workforce. Obviously, we have highly skilled employees, but it's hard to replace them. Almost 30% of our workforce is made up of temporary workers, and they're essential to our business. If we lose them, we may not be able to continue our operations.

We definitely need an employment support program to keep our workers and maintain our cash flow. Quick and accessible support for market development should also be accessible, because it's costly for our business.

Also, we have to work constantly with tariff experts to stay informed and get support, and that's an extremely high expense for our business, from \$100 an hour to \$200 an hour. It's important for us to have access to help to better understand the rules and adapt. Flexibility is needed in order to keep our temporary foreign workers.

That's what I wanted to say in the five minutes I was given.

• (1535)

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

[English]

Mr. Azzopardi, we'll turn the floor over to you for up to five minutes, sir.

Jonathon Azzopardi (Chief Executive Officer and President, Laval Tool & Mould Ltd.): Good afternoon, Mr. Chair and committee members.

I want to say a special thank you for inviting me here today to speak to you about my briefing on the urgent response required for the section 232 tariffs and the impact on the Canadian mould-making and steel fabrication industry.

My name is Jonathon Azzopardi. I'm the owner and CEO of Laval International, and I'm also a board member of the Canadian Association of Moldmakers.

I feel it appropriate to give you the overview on the recent changes in the U.S. section 232 tariffs, including their expanded application to the full value of Canadian-made goods containing steel. They represent a significant escalating threat to Canada's mould-making and broader steel fabrication industry. These measures should not be viewed as an isolated, temporary trade action. They reflect a deliberate, structured policy direction that risks systematically weakening the Canadian advanced manufacturing base over time.

Unlike the initial proposed tariff increase of 50%, which would have caused immediate severe disruption, the current phased tariff structure of 10% to 15% in 2026 through 2027, increasing to 20% to 25% thereafter, presents a strong and strategic sustained challenge. This phased approach creates predictable, long-term cost pressures. It enables a gradual erosion of Canadian competitiveness and encourages incremental relocation of production and sourcing decisions to the United States. This should not be interpreted as a short-term negotiation tactic. It is a structured mechanism designed to influence long-term industrial investment decisions.

There is a clear precedent for this policy approach. The United States has previously implemented trade and industrial measures that have had the intended effect of shifting automotive production and capacity. The current application of the section 232 tariffs suggests that the attention is now shifting beyond the final assembly plants to the remaining upstream supply chain, including mould-making, tooling and steel fabrication. The implications for the Canadian industry are wide. The consequences extend well beyond mould-making to mould-makers, steel fabricators, automation and fixture builders, steel mills and broader manufacturing supply chains.

The application of this tariff to the full value of finished goods rather than just to the steel inputs disproportionately impacts high-value engineered products, penalizing Canadian labour, engineering and innovation. That's the industry we're in.

Efforts to diversify away from U.S. markets may provide some short-term mitigation, but they do not resolve the structural disadvantages created within North America. The mould-making sector employs approximately 58,000 within the MTDM sector, which contributes well over \$2.5 billion directly to the GDP. What is more alarming is the broader supply chain that supports hundreds of thousands of jobs, about \$16 billion in GDP, and this industry supports about 12% of the total GDP of Canada.

Ongoing trade frictions in North America create a strategic vulnerability. It weakens the integrated continental supply chain, increases the resilience of the offshore, low-cost producers, and risks enabling external competitors to gain market shares within North America. Canada, the United States and Mexico share a mutual interest in maintaining a strong and competitive manufacturing base.

Given the urgency and the scale of the risk, immediate federal action is required. We respectfully urge the Canadian government to engage with U.S. counterparts to address the application of the section 232 tariffs on the full value of the goods, advocate for an exemption for moulds and tooling, advocate for tariff applications limited strictly to the steel content, reinforce the importance of integrated North American manufacturing under the USMCA or CUSMA, recognize the cascading impact across all steel fabricators and supply chain industries, and prepare a targeted support measure should resolution timelines be extended.

Commercial decisions are being made immediately in response to this pricing pressure. Market losses are difficult to reverse once production has shifted. Supply chain impacts are widespread and compounding, and workforce displacement risks are imminent.

On April 4, overnight, our industry went from being profitable to not being profitable.

In conclusion, the current implementation of the section 232 tariffs represents a structural and strategic challenge to Canada's manufacturing base. Evidence from the automotive sector demonstrates how this sustained policy pressure can reshape the industrial geography over time. The extension of similar pressures to upstream industries now places Canada's remaining manufacturing ecosystem at risk.

Thank you.

• (1540)

The Chair: Thank you very much.

Ms. Vlanich, the floor is yours for up to five minutes.

Nicole Vlanich (Executive Director, Canadian Association of Moldmakers): Thank you for the opportunity to appear before you today on behalf of the Canadian Association of Moldmakers and our members.

CAMM represents Canadian mould-makers and a broader network of tooling, machining, automation and advanced manufacturing firms that support production across Canada and North America. I'm here today because the current U.S. tariff environment, particularly section 232, presents a serious and immediate concern for our sector and for Canada's manufacturing competitiveness.

Our industry may not always be visible to the public, but it is foundational to modern manufacturing. Moulds, dies, fixtures and other precision tooling are the production tools required to manufacture products in automotive, aerospace, medical devices, packaging, consumer goods, construction materials and industrial equipment. Without tooling, manufacturing programs do not launch, production lines do not run and supply chains slow down.

This is also an industry of real scale. Canadian mould-making exports approximately \$7 billion annually to the United States. Approximately 75% of Canadian mould-making is in Ontario, within which Windsor-Essex is home to the largest cluster of mould-makers in North America, exporting \$2.4 billion annually.

This sector is also deeply tied to cross-border trade. When we discuss mould-making and related tooling, we are not discussing a niche issue. We are discussing a critical enabling industry that sup-

ports downstream manufacturing on both sides of the border. Our supply chains are deeply integrated and reliant on each other. We are manufacturing partners, and the issue before you today is not theoretical. Commercial decisions are being made now. Projects are being quoted now, and customers are deciding where future tooling programs will go now. Canadian firms are evaluating whether they need a U.S. operating footprint simply to remain competitive, and this is why urgency matters.

A central concern for our members is that current tariff treatment does not reflect the true nature of these products. The value of a mould is not simply the steel it contains. Its value comes from engineering, design, CNC machining, software, polishing, testing, project management and highly skilled tradespeople developed over decades. When tariffs are applied to the full finished product value rather than the steel content alone, they disproportionately penalize value-added manufacturing activity. That creates a structural disadvantage for Canadian firms competing in an integrated North American market.

There is also significant uncertainty in administration and compliance. Even experienced customs brokers are reporting confusion regarding classifications, documentation requirements and treatment of certain products. Many small and medium-sized companies do not have the internal resources to manage rapidly changing and highly technical border requirements. That uncertainty becomes a cost in itself.

I would also note that moulds and dies are closely related industrial tooling categories. They often serve the same customers, use similar materials, rely on the same skilled trades and are manufactured using many of the same advanced processes. Where different treatment exists between closely related tooling sectors, it would be appropriate to review whether policy is aligned with the industrial reality.

At the same time, Canada is not the source of the problem these measures were intended to address. Canada is a trusted ally, a CUS-MA partner and part of an integrated manufacturing economy. Many Canadian firms purchase U.S. steel, components, coatings, software and services. Likewise, many U.S. manufacturers rely on Canadian tooling capacity for quality, speed, engineering, expertise and responsiveness. Weakening this relationship does not strengthen North America; it weakens it. It also risks driving sourcing and investment towards offshore competitors outside of our continent.

Our members are looking for continued and urgent engagement with U.S. counterparts regarding section 232 treatment of moulds, tooling and other value-added manufactured products. There is also a strong need to pursue exemptions or revised treatment where products are clearly part of the integrated North American supply chain. It is also important that closely related tooling sectors, including moulds and dies, are treated consistently where their manufacturing processes, materials and end uses substantially overlap.

Finally, if resolution timelines extend, temporary domestic support measures would help viable Canadian firms manage current uncertainty while longer-term solutions are pursued.

Members of the committee, this is about more than tariffs. It is about whether Canada retains specialized industrial capability developed over generations. If capacity leaves, if investment pauses or if skilled people exit the sector, recovery will be difficult, costly and slow. We have the opportunity to respond now, strategically and in partnership with industry.

• (1545)

Thank you.

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

Colleagues, we're going to enter into our first round of questions.

Mr. Lewis, the floor is yours for six minutes, sir.

Chris Lewis (Essex, CPC): Thank you very much, Mr. Chair, and thanks so much to the committee for having this very important emergency discussion here today.

I will start with Mr. Azzopardi.

What's the immediate impact if we don't get a resolution to the tariffs on industry? I don't even want to talk regionally. I'm talking about Canadian industry. What's the immediate impact? How quickly are companies going to close? How many jobs are we going to lose? What's the fear factor on that front, sir?

Jonathon Azzopardi: That's a twofold question. The first impact is what we're feeling immediately. Any product that we have on our shop floor that we would have already received contracts for is not quoted nor does it have any provisions for this 10%. We're hoping that it will be 10%. It could be 15%. Because of the ambiguity, it might be 50%. There's no industry in Canada that could sustain that type of hit to the bottom line.

Most manufacturers operate at single-digit net profits, so anything greater than 5% is going to make them unprofitable. If they're in a position to look at sourcing in the United States, they'll explore that. The small to medium-sized businesses will not. They will just close. At the end of this, you will likely see that the industry will

shrink or leave Canada quite quickly, because there's really no incentive at that point to stay in Canada.

• (1550)

Chris Lewis: Thank you, Mr. Azzopardi.

You mentioned in your opening remarks potential support programs. Are those support programs for three months? Are they for six months? Are they for a year? How do we save industry today, so we don't lose it? I believe that once industry is gone, it's gone for good. It's gone forever.

Can you please expand on the comments that you had made earlier on in your initial remarks?

Jonathon Azzopardi: MP Lewis, you're absolutely right. When industry leaves, it doesn't come back. We've already seen that in the automotive industry. Once these plants close, they very rarely re-open.

The idea that you're going to be able to change the minds of these companies once they move is likely not going to happen because it's too expensive for us to move industry, especially with what we do, which is with very highly technical, specialized machines. I tell most people that one machine in my shop costs more than the entire plant, building and land that it sits on. That's not easy to move around, so once it leaves, it's gone.

To answer the rest of your question, I don't necessarily think that there's a good opportunity for us to try to save this business if we are looking at something longer than two or three months. You have to understand that this is an aging industry. Most of our owners are 65 years old. They're not going to stick around to try to fight this and go around again. Most of them will look at either closing their companies, moving them or trying to sell them.

The problem is that immediately, overnight, the multiples for these companies were cut in half, if not more, because they are no longer profitable. Nobody's going to buy a business now that's not profitable. It will just close or relocate.

Chris Lewis: Thank you.

Again, I'll go back to you, Mr. Azzopardi, and then I'll move on to Ms. Vlanich.

Mr. Azzopardi, how many employees would be at Laval?

Jonathon Azzopardi: Currently, we employ 132.

Chris Lewis: If there are 132 employees and we say that many of those employees have potentially two people in the house—probably more, potentially—that's a lot of food on Canadian tables and a lot of food on local tables that wouldn't be there otherwise. Is that correct?

Jonathon Azzopardi: That's correct.

Chris Lewis: All right. Thank you, Mr. Azzopardi.

I'll move on to Ms. Vlanich.

In your opening testimony, you spoke about Michigan. I found that very interesting. I loved it. Of the members, how many are Michigan members and how many are Canadian members? How many are U.S. members and how many are Canadian members?

Nicole Vlanich: It would be about 80% to 20%. Canadians make up 80% of our membership. We do have about 20% in the U.S., in Michigan.

Chris Lewis: Obviously, there must be a lot of integration between the 80% and the 20%. Those moulds are going back and forth. Whatever that tool is, it's going back and forth.

Ms. Vlanich, this weekend, the Prime Minister delivered an address to Canadians. Among other priorities, he spotlighted his government's deepening strategy of divorce from the U.S., Canada's largest trading partner and the world's richest economy. In that address, Mr. Carney suggested that regard for the deeply integrated nature of the North American supply chain was merely nostalgia.

The jobs of your members right now depend on this relationship. Is that just nostalgia, or is it the painfully real reality that you and your members, whether you like it or not, must contend with?

Nicole Vlanich: I'm not sure what Prime Minister Carney thinks or what President Trump thinks. On behalf of our members, I know that these are real businesses, real jobs and real families being impacted. They need a solution.

Chris Lewis: About a month ago, our leader, Pierre Poilievre, was in Windsor, calling for an auto pact, and that was turned down.

With that, sir, I'll cede the remainder of my time.

Thank you very much.

The Chair: Thank you, Mr. Lewis.

Mr. Bardeesy, the floor is yours for six minutes.

[*Translation*]

Karim Bardeesy (Taiaiaiko'n—Parkdale—High Park, Lib.): Thank you.

I'm just going to ask a few questions to better understand what's going on in the witnesses' sectors and businesses.

Ms. Liard, could you tell us using round numbers how much of your sales are in Canada, in the U.S. and abroad?

Isabelle Liard: Yes. We have \$5 million in sales. Multiply that by 0.7, that comes to \$3.5 million in sales to the U.S. The rest of our sales are in Canada.

• (1555)

Karim Bardeesy: Nothing outside of North America?

Isabelle Liard: No. We're really a mechanical manufacturing subcontractor, so it's virtually impossible for us to sell outside of North America.

Karim Bardeesy: Mr. Azzopardi, I'll ask you the same question: How much of your sales are in Canada, in the U.S. and abroad?

[*English*]

Jonathon Azzopardi: By region, we could make a valid argument to say that over 90%, either directly or indirectly, will land in the United States. What I mean by that is that even if I'm shipping product to Mexico or I'm shipping it in Canada, it will likely have a final destination of the United States, so we could easily say 90%. For sales by volume, I'd say that probably 80% is U.S. The other 20% is Canadian.

Karim Bardeesy: Mr. Azzopardi, what are your American customers saying about what happened and the kinds of decisions they're now faced with?

Jonathon Azzopardi: It's a complicated question, MP Bardeesy.

I've taken it upon myself to call every one of my clients, every month since the tariffs started, to make sure that we're staying in contact, not only to discuss what's being said on that side of the border but also to understand what's really being said behind closed doors. Our clients want to do business with Canada. It's been increasingly difficult to do business in this uncertain environment. The uncertainty is as bad as the tariffs. Now, the uncertainty has been backed up by tariffs that make it unfeasible to do business with Canada.

We see that even the CEOs and presidents of these corporations in the United States are drinking the Kool-Aid, while admitting that the Kool-Aid is poison, if that makes sense. They have no choice.

They're actually doing something far worse. They're not even putting that work in the United States. That work is not going to Canada, and it's not going to the United States. I've given six reasons for that, and you can see those in my brief. Most of it is going to Mexico. Once it's sourced in Mexico, it's not coming back to the United States and it's not coming back to Canada.

Karim Bardeesy: You mentioned 130 employees or team members. What are you saying to them in this moment, and what are they saying to you?

Jonathon Azzopardi: We've been through this before, but not to this magnitude. We are going to continue to diversify our customer base and find ways to mitigate this as much as we can, but we can only do so much.

We have proposals and mitigation tactics that will buy us between three and six months. However, if this remains unchanged, in the next 12 months, we will be staring at a bill of about \$5 million in tariffs going to the United States. We only make about \$2.5 million, so we will have to take some type of action between now and 12 months from now.

[Translation]

Karim Bardeesy: Ms. Liard, I'll come back to you briefly.

Over the last 12 months, there have been support measures to help deal with tariffs. Apart from an agreement on the tariffs themselves, what kind of support are you looking for from the government?

Isabelle Liard: For now, I'd certainly like some support to keep my employees. That's what's most concerning, because I don't want to lose them. These are highly skilled workers. If the work decreases, by the time we reorganize, find solutions or Canada negotiates with the United States, workers may leave. We can settle everything, but if I lose my employees, I won't be able to keep going. We must keep our employees. That's my priority.

In the last six months, the work has diminished somewhat because of tariffs. Although they weren't high, there was still uncertainty in the U.S., which meant there was less investment in U.S. businesses. I've managed to keep all my staff since the beginning of the crisis last summer. We often make them work on plant improvements or things like that. In concrete terms, since last summer, almost half of my employees haven't been working on products that I am going to sell. We're relying on our cash flow right now, but that won't be sustainable in the long term.

Karim Bardeesy: Thank you.

[English]

Mr. Azzopardi and Ms. Vlanich, I would ask you the same question. What kinds of supports, in addition to the resolution of the trade issue itself, are you looking for from both the company and the sectoral perspective?

Jonathon Azzopardi: Besides what my colleague already said, I'm going to take it from a different and higher level. I'm going to answer on behalf of my industry. We understand that our role is going to be one of a sacrificial lamb, a meat shield, for this government and this country in the short term and long term, but you need to grant us the grace and the respect to tell us what the plan is. Is this a two- to three-month plan? Is this a six-month plan? Is this a one-year plan? My answer would be different for each one of those scenarios.

You have to admit and come up with the reality that what you're asking of us is to stand at the front line of a trade war with the United States. We are the front line. As we prepare for this, we are preparing for the risk to our businesses. We are playing and gambling with the futures of our employees, and we don't really know how long this is going to go.

You asked me for an answer on what supports. I'm asking you to tell us what the plan is. You're asking us to toe the line right now, but we really don't know how long it's going to be. If you tell me it's July, we'll probably be okay. If you tell me it's going to go much longer than that, then we need to come up with some serious measures to be able to support these companies. Right now Canada and the United States, for all the reasons I've put down, are the two ugly sisters. What's leaving is never coming back.

How long do you want us to hold the line?

• (1600)

The Chair: We're over time, Ms. Vlanich, but I'll afford you 30 seconds to respond to that question, if you'd like.

Nicole Vlanich: Okay.

I'll just quickly say that in reality, beyond the CUSMA agreement, a fair trade agreement between Canada and the U.S. and the ability to return to doing business as usual, there's no long-term strategy beyond that. With regard to the short term, I would say the same thing: It depends on how much time we're looking at here. If we're looking at a couple of months or if we're looking beyond that, then what we're asking for will be a little bit different.

The Chair: Thank you, Mr. Bardeesy.

[Translation]

Mr. Ste-Marie, you have the floor for six minutes.

Gabriel Ste-Marie (Joliette—Manawan, BQ): Thank you, Mr. Chair.

Good morning, colleagues.

Thank you, witnesses, for joining us to discuss this issue, which still doesn't seem to be given enough consideration by the government. Let's hope this study helps the government understand the seriousness of the situation and the importance of taking action.

Ms. Liard, thank you for your opening remarks. To summarize, your company has been around for several decades. It's a family-owned SME in the field of metallurgy. Exports to the U.S. represent 70% of your sales. I remember when President Trump announced the imposition of tariffs a year ago, you had a lot of concerns and you weren't the only ones. There are a number of SMEs in the field of metallurgy in your region, and also throughout Quebec and Ontario.

Based on what you've told us, most of the products you exported were not subject to the tariffs, but now, a much longer list of products has been added as an annex to the new order. As a result, all the products you export are subject to tariffs, and the new way of calculating them is no longer based on the steel or aluminum component of the product, but rather on the overall final value of the product. Is that correct?

Isabelle Liard: Yes, that's correct.

Gabriel Ste-Marie: I think it's really important for my colleagues to understand that. Even though they were steel and aluminum products, they weren't subject to the tariffs until the order issued in early April. You said the old tariffs for your company were around 5%.

Isabelle Liard: Yes, that's exactly it. The tariffs were about 5% because the previous list focused a lot on structural steel, so all the mechanical equipment and machined parts. We supply a lot of parts machined only as replacement parts to the U.S. Those were not affected by tariffs at all. My understanding is all parts containing steel will now be subject to a 25% tariff. Now, every week, every piece I export will cost 25% more.

Gabriel Ste-Marie: What you're saying is if nothing's done, your company won't be able to sustain that. If the situation created by the new order doesn't change, your business will no longer be viable.

Isabelle Liard: That's correct, and that's what worries us the most. We don't know yet how U.S. businesses are going to react. We haven't received any feedback from our American customers on that yet. I don't even think they themselves understand what's going on. That's why there's always a disconnect between what's said and what's done.

We've had close relationships with some of our American customers for over 20 years or 40 years. However, when loyalty means it'll cost you 25% more, customers are a little less loyal, especially when it comes to machining. They're able to do that in the U.S.

All that to say, yes, I think it puts businesses like mine at risk. In fact, in Quebec, there are thousands of businesses like mine. I have a lot of processing and steel subcontractors that are also going to be indirectly at risk, because they supply exporting companies.

• (1605)

Gabriel Ste-Marie: Yes, it's very concerning. The fact that your business, a family-owned small business that has been in operation for several decades, is being hit hard by this new order is representative of what's going on.

You told me about an article in *Les Affaires* that was based on a study which said that, in Ontario and Quebec, more products exported to the U.S. that contain steel or aluminum could be subject to these tariffs.

There are SMEs like yours across Quebec that have customers in the United States, who export and who, overnight, find themselves hit by these new tariffs. It's really concerning.

Isabelle Liard: That's a real concern, yes.

You know, 15 years or 20 years ago, we were growing our U.S. market. That was always the goal. We had to export. As time went on, we exported more of our products.

Now we have to deal with a shift in sales that is no longer sustainable. We have to turn around and try to find Canadian customers, but they're already in high demand.

Often, my Canadian customers export to the U.S. They too will be affected by this. It's my subcontractors, my clients and companies like mine that are affected. That's a lot of businesses and a lot of jobs.

Gabriel Ste-Marie: Thank you very much. That's very concerning. Your presentation is very clear.

The order states that, if only American steel is used, the tariff will be 10%, not 25%. You said that's impossible for you, because

the U.S. doesn't produce all types of steel. Also, American steel is much more expensive. Finally, we also have a steel production industry here that must continue to operate.

Isabelle Liard: We have a great steel production industry. Canadian steel is an affordable, quality steel. Eighty per cent of the steel I use in my products is Canadian. If I ask my suppliers to no longer supply me with Canadian steel, but with American steel, they'll tell me they don't have any or that it's difficult to get.

The U.S. isn't a big steel producer; it's not as big as we are. They keep the steel for themselves because they have to pay to import it. Obviously, they export less.

It's difficult for us. There's no way I can have American steel in my Canadian products. That's not going to be possible.

Gabriel Ste-Marie: Yes, it's very clear. Thank you very much.

The fact that there's —

The Chair: Mr. Ste-Marie, unfortunately—

Gabriel Ste-Marie: Okay. I can ask my questions in another round.

Thank you very much.

The Chair: Yes, there will be another round.

[*English*]

Ms. Borrelli, the floor is yours for five minutes.

Kathy Borrelli (Windsor—Tecumseh—Lakeshore, CPC): Thank you very much to all the witnesses for being here today on such short notice. As we all know, this is a really huge problem within the mould industry, any industries dealing with metals and any industries shipping to the States.

Mr. Azzopardi, how critical is a long-term trade agreement to the survival of the mould-making industry?

Jonathon Azzopardi: It's essential. It's critical. I think we're fooling ourselves if we think there will be a manufacturing industrial sector in Canada without the United States.

Kathy Borrelli: What is the approximate value of the goods your company ships to the United States? What is the ratio of your products? How much do you sell to Canada and how much do you sell to the United States?

Jonathon Azzopardi: Again, I go back to what I said before. It's probably 90%.

I'll give you an example. We make jet skis. They come to Quebec, and Quebec takes those and turns them into the final product. They will probably sell one in every 10 in Canada. The other nine will go to the United States. Whether we want to admit it or not, even when we ship to Canada, those products still depend on the U.S. consumer.

Kathy Borrelli: What can the government do to support your business? I know you listed several things, but what is the most important thing, or the top two or three things, it can do to support you right now?

Jonathon Azzopardi: Besides the obvious—get us an agreement—if we're dealing in the short term right now, these companies are losing money every day, which means that banks will likely start to withdraw their support. These companies rely on lines of credit to run their businesses. They're going to have to be shored up immediately through EDC or BDC. That would be the first thing.

The second thing is this: If we're not going to get a trade agreement with the United States, we need to be able to reduce their bottom line so they can afford to absorb the 10% today. As I said before, these are single-digit profits. The 10% will now make them not profitable. You now have to convince them to stay in Canada, which can be through subsidies or ways to support their business outside of that. Right now, they are considering moving or closing.

• (1610)

Kathy Borrelli: Thank you.

Ms. Vlanich, the same question is for you.

How critical is a long-term trade agreement to the survival of the mould-making industry?

Nicole Vlanich: It's absolutely critical. There will be no mould-making industry in Canada without the trade agreement. That impacts the manufacturing supply chain. Mould-making is the first step, so not having it would be detrimental to Canada's manufacturing sector.

There are impacts on both sides of the border, so it is mutually beneficial to come to an agreement.

Kathy Borrelli: You have many members. Do you have an approximate value of the goods your members ship to the United States yearly?

Nicole Vlanich: I can get that to you. I don't have that specifically, but we know 80% of what they produce is sent to the U.S.

We also know the nature of our industry requires these goods to go back and forth multiple times. The way the tariffs are set up right now, in our current understanding, means that every time a good goes across, all the value that's been added to it is now tariffed.

Kathy Borrelli: What would you ask of the government in order for your members to get support for their businesses?

Nicole Vlanich: Come to an agreement. Go to the table with our friends in the United States. They're our partners. When it comes to manufacturing, we operate more or less as one. Go to the table and come to an agreement so we can put this past us and get back to business.

Kathy Borrelli: Thank you.

I'd like to ask you the same question, Ms. Liard.

How critical do you believe a long-term trade agreement is to the survival of mould-making, and thus to your business?

[*Translation*]

Isabelle Liard: A long-term agreement is obviously essential. We must negotiate with the U.S. to reduce tariffs. It's difficult for SMEs like ours that export to the U.S. to survive by selling their products only in Canada, so, yes, we need a long-term agreement with the U.S.

[*English*]

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

Ms. O'Rourke, the floor is yours for five minutes.

Dominique O'Rourke (Guelph, Lib.): Thank you very much.

We all want the same thing here. We all want a strong, advanced manufacturing sector. I'm the member of Parliament for Guelph. We are a hub of advanced manufacturing. We all want a trade deal with the Americans.

With respect to steel and aluminum, the large enterprise tariff loan facility is already available. Would that be suitable, for the short term, to create a bridge until we have some more certainty? I'm curious about whether that or the strategic response fund can respond, and about whether you're having those conversations with the minister.

Jonathon Azzopardi: I think I'm probably best placed to answer that question.

Yes, we have already accessed the strategic response fund and we are using it. I can tell you how we're using it. It is to increase our competitiveness to try to take some of that work back that we've lost to the EU. It's not really getting anything back from the United States, and I'll tell you why that is. It's because the tariff is now the problem. It's not our competitiveness and it's not our efficiencies. Now the burden is on our clients. The burden is that as soon as they buy a mould from us, either they're going to pay the 10% tariff or we're going to absorb it.

We're trying to be more competitive in a world that has nothing to do with competitiveness at this point. It's not going to solve the problem. Will it allow us to push the problem down the road a little bit? It will, maybe once we get this behind us, but right now the major problem is that clients are asking us every day to not only match the price but beat the price, and now we have this 10% or 15% tariff on top of us.

One thing that we haven't talked about during this meeting and you have to understand is that for us to get to the 10% tariff, we have to buy U.S. steel. U.S. steel comes at a premium because of all the bad decisions that our American friends have made, but we also get penalized for bringing in that U.S. steel. This government ignores the fact that this continues to put us at a disadvantage. It's punitive. They're not countertariffs; they're punitive tariffs. They only continue to erode our position in trying to be in a competitive world. Buying new machines and making our plant beautiful, we're doing that, but at some point, we have to deal with the fact that if we're not profitable, we're not profitable.

Those decisions are coming down sooner and quicker. I honestly think the decision here is that we need to start to dive into the problem. There are solutions. We need the Canadian government to fight on our behalf. It's not going to happen here in Ottawa. It's going to happen in Washington. We need a timetable. We need to start to work together.

I'm going to be honest with you. We are already looking at hiring consultants ourselves because we don't think we're getting anywhere.

• (1615)

Dominique O'Rourke: It's certain that everyone wants to get to a place of more certainty for all of our manufacturers and especially for the sectors that are most affected—steel, aluminum, copper, automotive and advanced manufacturing. We're all on the same page on that.

The question was around the large enterprise tariff loan that was used to support steel and aluminum and continues to do so. Then there's the strategic response fund. There's the regional tariff relief, which I suspect is the one you're talking about, and then liquidity through EDC or BDC would be possible as well.

Another tactic that I'm curious about is whether the industry is supporting businesses to look at their HS codes. It's my understanding that large organizations like Martinrea and Linamar were able to review their HS codes and put them in a marginally better position.

Is that a support that the industry can offer to the small and medium-sized businesses, understanding that it's so difficult for the small and medium-sized businesses to be able to do all of this and work on the business?

Nicole Vlanich: As an association that represents an industry, we have provided that information. We've done a lot of sessions. We brought in custom brokers and other experts to help our members ensure that the HS codes they're using are correct.

The issue is the additional cost when it comes to the tariffs. They need to be able to do business. Many of our member companies have 10 or fewer employees, so they don't have big offices that are able to address things like this that come up. They just need to be able to do their work. All of the supports that are available and conversations about diversifying to new markets will never touch the business that we have with the U.S., ever. There's no way, from anywhere else in the world, that we are going to match the business we get with the U.S. There's no way around it.

Our members do take advantage of the supports that are there. As an association, we help them around HS codes and stuff, but they continue to voice that they need an agreement. There has to be a CUSMA.

Dominique O'Rourke: We all agree.

The Chair: Thank you, Ms. O'Rourke. Unfortunately, you're out of time.

Dominique O'Rourke: Oh, the best one was coming up.

The Chair: Maybe one of your colleagues will be generous and give some of their time over to you.

[*Translation*]

Mr. Ste-Marie, you're up again. You have the floor for two and a half minutes.

Gabriel Ste-Marie: Thank you, Mr. Chair.

Ms. Liard, in two minutes, can you tell us again about the importance of temporary workers? You were saying they represent 30% of your workforce. These are skilled workers: welders, machinists or operators, just to name a few. Why can't we find these types of workers here?

Is the government's decision to extend the duration of work permits by one year enough? If not, what does the government need to do?

Isabelle Liard: Temporary workers make up 30% of my workforce. It's hard to find skilled workers in Quebec. The training centres are practically empty, so there are no skilled workers graduating in these trades. When I advertise jobs, I hardly get a CV. When I receive them, they're from candidates who are abroad, so it's practically impossible to find any workers. We try every year. I continue to advertise jobs all the time. I recently advertised for welding positions, and I received janitor CVs. Unfortunately, in Quebec, there's a big labour shortage in skilled trades.

Yes, there was a one-year extension, but that's not enough. A year from now, what's the government going to do? Is it going to extend the permits for another year? A year goes by quickly. It often takes six months for workers to apply for a licence renewal. That's six months gone, right there. Then you have to start over and reapply for a licence renewal. That's a problem.

We have enough stress related to the U.S. and the tariffs, and we don't need the added stress of trying to keep our temporary workers. As a woman entrepreneur who's been around for two years, I'd say it's quite complex. We don't need to be stressed by our government about temporary workers. If the government could help us, we'd appreciate it.

• (1620)

Gabriel Ste-Marie: Yes, there's the whole issue related to the U.S.

However, regarding temporary workers, the government could act quickly, and not just extend the permits for one year and, perhaps, the following year, extend them for another year. It could provide some stability.

In your presentation, you talked about the need to continually communicate with customs experts about all the changes, which is expensive. You said support in this area would be welcome. With the remaining 30 seconds, can you expand on that?

Isabelle Liard: Things are quite complicated right now. I run a small business with about thirty employees, and I think many companies like mine find themselves in the same situation every time new measures are announced.

Last Monday, I read in *La Presse* that there would be 25% tariffs on my products. I immediately panicked. We do research, we reach out, and we didn't really understand. The only way out is to consult customs experts who charge \$200 an hour. It's been like this since last summer. I have to spend about five to 10 hours a week trying to figure out whether I have the right harmonized system codes, making sure my products qualify, and filing my steel and steel content declarations.

Therefore, it's not easy. I would have liked the government to set up a hotline for contractors, to answer their questions and support them, instead of making them pay people \$200 an hour to tell them how to do things and what's going on.

Gabriel Ste-Marie: That's quite clear. Thank you very much.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Ste-Marie.

Mr. Gourde, welcome to the Standing Committee on Industry and Technology. You have the floor for five minutes.

Jacques Gourde (Lévis—Lotbinière, CPC): Thank you very much, Mr. Chair. I'm pleased to be here.

Ms. Liard, yesterday, the Prime Minister addressed the public. He seemed to be saying that exports used to be an opportunity, but now they have become a problem.

Do speeches like the one we heard yesterday reassure you?

Isabelle Liard: That's all well and good. I understand that we need to try to reduce our dependence on the United States, but in that case, what do we do? Where do I turn? What do I do? Where should I sell my products?

Last fall, the Quebec government and the Canadian government made major announcements regarding mining and hydroelectricity. These are large-scale projects that I would like to see come to fruition in the short term, because such projects could help Quebec's metal-processing industry. In fact, when you build a mine or expand a power plant, you need mechanical equipment and suppliers. There should be regulations ensuring that Canadian companies are the ones supplying this equipment.

I believe this is an opportunity that Canada should seize quickly. If we want to stop depending on the United States in my sector, we'll need to stimulate the Canadian industry through investments.

Jacques Gourde: Has the government put in place a viable solution in the short, medium, and long term, or is it just a stopgap measure—or, worse, will it make your financial situation worse?

Isabelle Liard: Pardon me, I missed the start of that sentence.

Jacques Gourde: I was talking about the loan program the government has set up to help businesses. Could this be a viable solution in the short and medium term, or could it actually make your financial situation worse if no other solution is found?

Isabelle Liard: Right now, I don't want to take out any more loans. If the government lends me money, I'll have to pay it back. That's not what I need. I don't want to take on more debt when sales are down. I also have loans to pay back to the bank, so ideally, we wouldn't go down that route.

Jacques Gourde: Thank you.

Mr. Azzopardi, could the loan program help you, or would it make your company's financial situation worse? I think the government has already made concessions in the new negotiations with the Americans to remove tariffs.

[*English*]

Jonathon Azzopardi: I agree with my colleagues. The loan is not a good option.

What we just talked about is that we are looking to protect our profitability. The less profitability we have, the less money we have to pay for the loans. We also still have to demonstrate to the government that we are a profitable and viable company. By these measures, we will not measure up to that standard, so the loans aren't necessarily going to help and we'll be lucky if we get them.

Again, as I said before, you're trying to build a business, but somebody has to take that product. Competitiveness is only going to get us so far. The 10% to 25% we're going to see doesn't get us there. If you figure it out, in 18 months from now, with the 25% tariff, there is no industry in Canada that will survive a 25% tariff. I don't care how much you invest, how many machines you buy and how many things you do in your plant to try to make your business viable. Nobody survives 25%. There's no plan.

The automotive industry already showed you that even they cannot find a solution for this. How are small and medium-sized businesses going to find it?

It's good. Don't get me wrong. You asked me what I'm telling my employees. We are paying the building.... I just bought a brand-new machine. I just took a loan from the federal government because I'm planning that the sun's going to come up tomorrow. I'm planning for that, but if it doesn't come up and we don't have an agreement, there are likely going to be a lot of companies that are going to have no choice but to move to the United States, and it's not great there either. Mexico is the next alternative.

• (1625)

[Translation]

Jacques Gourde: Ms. Vlanich, do you feel that the government and its partners are doing everything they can? Is the Prime Minister willing to put his neck on the line to defend your industry? The negotiations will come to an end one way or another, but the outcome needs to be positive.

[English]

Nicole Vlanich: I'm not sure what meetings and conversations the Prime Minister is having and I don't want to speak to that, but what I do know is that our industry is relying on our government to get something done for them so that they can continue existing.

On the topic of loans, for example, the companies cannot afford to use loans to keep themselves going. They made that mistake at the beginning of the EV transition, and then contracts were cancelled. They were still stuck paying for equipment that was purchased specifically just to build the EVs, and they never ended up building the parts. I can understand that they have a little hesitancy in taking loans again for something when there's no guarantee that they'll be here a year from now.

[Translation]

Jacques Gourde: Do you feel—

The Chair: Thank you, Mr. Gourde. Unfortunately, your time has expired.

[English]

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

Parm Bains (Richmond East—Steveston, Lib.): Thank you, Mr. Chair.

Thank you to our witnesses for joining us today.

We've talked quite a bit about the tariffs and the challenges they're posing. We also heard today that the Supreme Court in the U.S. is starting to pay back some of the tariffs, but I think the real solutions we've talked about here still need to be.... The negotiations need to happen.

I wanted to talk a bit, maybe with you, Ms. Vlanich. You talked about Canada's mould, tool and die machine sector, and you mentioned aerospace. I have a background in aerospace. I'm curious. Could you talk a bit about the \$16 billion that has been mentioned?

The industry exports \$6 billion to \$8 billion annually from the mould, tool and die machine sector to the U.S. Do you have other figures for the remaining \$10 billion, broken down between domestic consumption and non-U.S. exports?

Nicole Vlanich: I don't have that with me, but it's from the Trillium machine network report. I can get that information for you, with more numbers.

Parm Bains: Yes, please, and then maybe give the ripple effects you're talking about with the various sectors—automotive, of course, being the biggest and one we've talked a lot about here—and how these effects will ripple through supply chains to consumers, sector by sector. Are there others? I mentioned aerospace.

Nicole Vlanich: Mould-makers are intertwined in most things. Anything plastic that you own started with a mould. When we're talking about mould-making, yes, automotive is a big part of it, especially in Windsor-Essex. In packaging, consumer products, medical devices, aerospace, defence, glasses and cellphone cases, everybody has something that was created with a mould. It would have an impact across all industries.

• (1630)

Parm Bains: Again, we talked a bit about the tools and the various sectors. It's hitting all these different sectors. Maybe you can talk a little bit about past difficulties dealing with tariffs. Has that happened? How has your industry responded to that?

I'm also wondering how vocal your organization has been and what you're doing right now on the ground in Washington, D.C.

Nicole Vlanich: Our members were always CUSMA-compliant. Tariffs were never a concern prior to 2025. In 2025, they were hit with tariffs. As an example, one of our members was hit with tariffs last year, and it was \$1,500 on that mould crossing. Now it's on the full PO value, so now they're paying over \$30,000 for that same exact product. It has been very impactful to them.

Prior to that, they were always CUSMA-compliant, so they didn't have to worry about being charged tariffs on the goods they were crossing with. That's ultimately the goal that we need to return to.

Parm Bains: Maybe I'll switch to you, Mr. Azzopardi. You talked about being at the table in Washington, D.C. I would ask you a similar question with regard to what you're doing right now. You said you talk to people you're working with. You're calling your clients. Have you gone there? Have you had some discussions? Are they supporting those discussions at the table?

Jonathon Azzopardi: Surprisingly enough, we're getting a lot of support in the United States. As I said before, they're drinking the Kool-Aid, even knowing that it's poison Kool-Aid. They don't like what's going on. They're trying to find alternatives. We are finding alternatives, but I'd rather not talk about them in this forum. In a one-on-one meeting, we can talk about those.

There are HS code opportunities. We know that the dies that are crossing the border today are exempt. Moulds should be exempt as well. These are low-hanging fruit opportunities. We can work with the federal government to get in front of the right people at USTR to be able to make these decisions and help us with these immediate actions.

We need the federal government to listen. That's why we're here today. The next step is that we need to sit down on a one-on-one basis with those ministers who can help us and who can actually go to work for us in Washington, although I did tell you that we are hiring consultants. We are seriously looking at consultants. We're being asked to do that so that we can get representatives in Washington to start to fight on our behalf.

Parm Bains: Thank you.

The Chair: Thank you, Mr. Bains.

Colleagues, that brings us to the end of the first hour.

I very much want to thank the three witnesses for being here today.

We know that it's a very challenging time for you personally, for all those you represent and, by extension, for their families and surrounding communities. I appreciate the fact that you've taken some time to be with us today to deepen our understanding of the challenges before us. Feel free to keep in touch, always, if you have reflections or other correspondence you'd like the committee to evaluate as time goes by. We'd certainly be happy to have that.

Colleagues, we'll suspend temporarily. Then we'll come back for the second hour.

● (1630)

(Pause)

● (1640)

The Chair: All right, colleagues, welcome back. We are going to continue with the second hour of questions here on the conversation surrounding section 232 tariffs and particularly the impact on mould-makers and direct and indirect manufacturing in Canada.

We have a few new witnesses with us here today. Cyrus Jebely, the president of Cap-Thin Molds, is here with us today in the room. From Cavalier Tool & Manufacturing Limited, we have both Chris Vander Park, the international business manager, as well as Diane Ricci Woodiwiss.

Mr. Vander Park, if I'm correct, I believe you're going to be speaking on behalf of the organization.

Joining us online and just confirmed on very short notice about an hour ago—thank you very much—is Madame Catherine Blanchet, the vice-president for business development from Prexor Inc.

Madame Blanchet, perhaps we will start with you. You have up to five minutes for your introductory remarks.

[*Translation*]

Catherine Blanchet (Vice-President, Business Development, PREXOR): I am speaking to you in my capacity as an engineer, co-owner of PREXOR Optimoule, and member of the Board of Directors of the Canadian Association of Moldmakers.

PREXOR is a Quebec-based company with over 40 years of expertise in the design and manufacture of high-precision moulds for strategic sectors such as the medical and defence industries.

The manufacturing industry, including the mould-making sector, has been threatened with extinction for nearly 25 years due to direct and unfair competition from low-cost countries. These ongoing threats—and sudden ones in the case of the United States—continue to erode the sector.

PREXOR, which employs only 30 people, is now the largest mould maker in Quebec, a position it attained following the successive closures of many of my peers. Our domestic capabilities are eroding, and our independence will be affected. Just as food self-sufficiency was established after the two world wars, manufacturing self-sufficiency is now a vital necessity.

Sixty per cent of my company's production is destined for the United States. Our customer base allows us to stay in business. With these new tariffs, our customers are increasingly uncertain about doing business with Canada, and they may turn to other countries that offer lower costs and fewer tariffs.

PREXOR cannot afford to hire lobbyists or relocate its workforce. We will have to close our doors in the medium term if nothing changes. Our industry relies on expertise that requires years of specialized training and apprenticeship on complex, high-value equipment. Once these skills and investments are lost, these production capabilities cannot be restored overnight.

To guarantee a sovereign supply chain and ensure its defence, Canada must be able to rely on an independent manufacturing industry, whether it involves the production of bulletproof helmets, tank tracks, or radar systems adapted to the cold of Canada's Far North.

The manufacturing industry demonstrated its agility during the pandemic by urgently producing protective equipment. It is the foundation of every product made in Canada. This industry needs immediate government support to survive, to retain its workforce, and to ensure that Canada does not depend on third countries for its security.

● (1645)

The Chair: Thank you very much.

[*English*]

Mr. Vander Park, I'm going to turn the floor over to you, sir, for up to five minutes.

Chris Vander Park (International Business Manager, Cavalier Tool & Manufacturing Ltd.): Thank you, Mr. Chair and members of the committee, for the opportunity to speak with you today.

My name is Chris Vander Park. I'm the international business manager at Cavalier Tool & Manufacturing. I'm joined by Diane Ricci Woodiwiss, our chief financial officer.

Cavalier Tool is a family-owned plastic injection mould manufacturer based in Windsor, Ontario. We have been in business for 50 years, designing and manufacturing precision plastic injection moulds—upstream tooling that enables production across automotive, commercial goods, agricultural goods, recreational vehicles, construction, aerospace and advanced industrial markets. Simply put, we make things that make things.

We operate three facilities in Windsor, Ontario, with our third plant completing a major expansion in January 2025. That investment was based on the expectation of stability, long-term growth and continued participation in integrated manufacturing supply chains from January 2025 and beyond. We are proud to be part of Canada's advanced manufacturing base and highly integrated North American supply chain, built on cost, quality, reliability and predictable execution.

Manufacturing depends on rules that are clear, durable and consistent over the life of a project. Over the past year, that consistency has eroded. Since February 2025, the rules governing the shipment of Canadian injection moulds into the United States have changed seven separate times. At Cavalier Tool, we have been operating in an environment of continually shifting requirements, despite full compliance with CUSMA. These changes were not confined to a single action or policy. They included tariffs being imposed, enforcement pauses, exceptions being restored, scope expansions, the termination of tariffs imposed under the IEEPA authority, the reclassification of injection moulds as derivative products under section 232 and, most recently, a fundamental change in how the tariff value is calculated—again under section 232.

Each change has required manufacturers like us to reprice work, revisit contracts, reassess delivery schedules and manage commercial risk. Often, these projects were already well under way.

Injection moulds are not commodity products. They are custom-engineered capital assets designed and built over many months and thousands of skilled hours. Pricing, scheduling and capacity planning are committed long before moulds ever ship. When trade rules change midstream, commercial risk shifts primarily to the manufacturer, customers delay decisions or reopen negotiations, projects are paused or slowed, and planning becomes defensive rather than strategic.

As a direct result of repeated rule changes, at Cavalier Tool, we have been forced to alter how we conduct business. Every quotation we issue today includes the following language: “Tariffs, duties, or government-imposed surcharges are not included in this quotation. Any such charges applicable at the time of shipment shall be the responsibility of the customer.” That language did not exist in our business before. It is not a legal precaution. It is not a negotiating strategy. It reflects the reality that we can no longer confidently state what the rules will be when we ship a tool.

When our customers see conditional pricing, they hesitate. It's not because they doubt Canadian quality or capability, but because they can no longer clearly quantify their financial exposure or delivery risk. When that hesitation becomes common, orders slow, programs are deferred, investment decisions are delayed and work migrates elsewhere. Once that work leaves and once industrial ca-

capacity erodes, it is exceptionally difficult to rebuild, even though we are working within CUSMA.

Ours is a resilient industry. We have adapted for decades, but what has fundamentally changed is the uncertainty. Imagine negotiating the purchase of a new car. You agree on a price, you arrange financing and you return to the dealership to pick it up only to find out they have raised their price by 15%. You would object, you would look elsewhere and you would not return. That is how repeated rule changes feel to our customers.

Thank you.

• (1650)

The Chair: Thank you very much, Mr. Vander Park.

Mr. Jebely, the floor is yours for up to five minutes.

Cyrus Jebely (President, Cap-Thin Molds): Thank you, Mr. Chair.

My name is Cyrus Jebely. I'm the founder and president of Cap-Thin Molds, a manufacturing company in Mississauga, Ontario.

Good afternoon, members of the committee. I would like to thank you for the opportunity to speak with you with regard to the current Canada-U.S. business tariffs, and specifically section 232.

Cap-Thin Molds is a major supplier of high-precision injection moulds, serving the food and beverage, medical and personal care industries. Our company has been significantly impacted by newly implemented U.S. tariffs affecting both our products and our services that we provide to our customers in the United States.

To illustrate the real economic impact of this situation, I would like to share a concrete example of a recent project. A 72-cavity injection mould, valued at \$900,000 U.S. and used to produce plastic caps for beverage packaging, was shipped to a U.S. customer back in November 2025. As a result of tariffs imposed on August 15, 2025, an additional cost of \$35,000 U.S. was added to the cost of the project. Notably, the contract for this project had been signed prior to the announcement of these tariffs, making this cost entirely unexpected and not accounted for in the original project pricing.

An identical 72-cavity mould was shipped to the same customer on April 14. Due to the implementation of new section 232 tariffs, effective April 6, this project had a significantly higher tariff of \$135,000 U.S. This example illustrates a nearly fourfold increase in the tariff burden on the same product within a span of less than six months, highlighting the significant and unpredictable financial impact of recent trade policy changes on cross-border manufacturing projects.

StackTeck is another Canadian company, in Brampton, Ontario, and a member of the Canadian Association of Moldmakers. It is also a major supplier of injection moulds for the food and beverage industry, medical and personal care products and industrial containers. StackTeck ships approximately \$42 million U.S. in moulds and automation to customers in the U.S. on an annual basis. StackTeck employs 281 employees in the greater Toronto area and purchases over \$30 million U.S. of goods and services annually from local businesses in the GTA.

We have all seen a negative impact on our business volumes as a result of the section 232 steel tariffs imposed last year. A typical project can range from \$500,000 U.S. to \$2.5 million U.S. A 15% tariff is far beyond the contingency funds our customers can typically absorb. With the new tariff of 15% set to increase to 25% in 2028, we will be extremely challenged to remain competitive over our European and Asian competitors. If these higher-level tariffs are not reduced, we believe this will significantly reduce our order volume and ultimately result in our having to move a significant portion of our operations to the United States.

• (1655)

Our supply chains—

The Chair: Mr. Jebely, I'm going to take the opportunity as you sip that water to let you know we are over the time. I'll give you 20 seconds to conclude your opening remarks.

Cyrus Jebely: Okay. I'll make it quick. Let me get to the very last point.

I would like to emphasize that during the COVID-19 pandemic, our industry was designated essential and remained fully operational throughout the shutdowns to support the continuity of critical supply chains, including food packaging and medical products.

Thank you.

The Chair: Thank you very much.

[Translation]

We will now move on to questions.

Mr. Gourde for six minutes.

Jacques Gourde: Thank you, Mr. Chair. I will be sharing my speaking time with Ms. Borrelli in 2 minutes and 55 seconds.

Ms. Catherine Blanchet, I get the impression that we are currently in a race against time to save industries like yours. You mentioned immediate government support. Can you elaborate on what you need to save your industry?

Catherine Blanchet: What we need is for this uncertainty to end. We must negotiate with the United States so that our manufacturing industry can survive. It is surprising to see that manufacturing accounts for only 15% of the economy, but it is still the foundation of the economy. Negotiations with the United States must resume.

If I told you that I want subsidies, financial aid—yes, I'd be happy to receive money to survive—but what I want is for the uncertainty to end. We want to do business. That's what we want to do.

Jacques Gourde: Yesterday's address to the nation by the Prime Minister seemed concerning. He said that the United States has become a problem rather than a source of business opportunities.

Are you worried about what will happen next?

Catherine Blanchet: I've been working on diversifying my markets for years. However, diversifying into other markets isn't something that happens overnight. Before we can say we're going to change our approach and sell our products in Europe, it's going to take several years. Moulds are very heavy and bulky. It's difficult to break into a new market, and if we have to ship our products to Europe, it will be challenging. We can't change our business model overnight, because it takes years. Even though manufacturers are known for being agile, it takes years to break into new markets and enter new countries. We won't be able to achieve that so quickly.

• (1700)

Jacques Gourde: Do you feel the government has abandoned you?

Catherine Blanchet: Look, if I were to answer that question, it would be playing politics. I'm here to describe what's happening and to tell my government that we need help. As for my thoughts on what it is or isn't doing, I'd rather not comment on that sort of thing. I'm sorry.

Jacques Gourde: Thank you, Ms. Blanchet.

That's all from me.

[English]

Kathy Borrelli: Thank you, Chair.

Mr. Vander Park, how critical is a long-term trade agreement to the survival of the mould-making industry?

Chris Vander Park: We won't be around without it.

Kathy Borrelli: Mr. Jebely, I have the same question for you. How critical is a long-term trade agreement to the survival of the industry?

Cyrus Jebely: It's the same answer. The industry will not survive without it. There's no question.

Kathy Borrelli: Mr. Vander Park, we've heard that tariffs can reach up to 50% on the full product value. How does that affect your ability to quote competitively, and are you seeing customers willing to pay the upcharge?

Chris Vander Park: That's a loaded question. Right now, we have not changed our quotes. We have not raised our prices. Our quotes are still the same numbers. We submit a quote based on our numbers.

The problem is when we go to ship. On August 18, 2025, when the first steel tariff went into place, our price went up 50% on steel, and then on April 6, when the latest tariff was implemented... When we move to buy U.S. steel, we're tariffed on top of the U.S. steel that we paid a premium for. We're double-dipped, if not triple-dipped, and now we're going back to our customers and saying, "We need 15% more." It's not realistic. It's not a long-term plan. It's very short-term.

It's a conversation that Diane, my ownership and I have every single day with our customers. We talk about the dollars and cents, how long they can survive having to pay that or how long we will have that customer for.

Kathy Borrelli: Are you seeing customers delay, cancel or redirect orders? If so, where are they going instead?

Chris Vander Park: They are delaying, for sure. Our industry last year—again, Nicole might know exact numbers—was down 15%, 20% or 30% in sales in mould building. Where are they going? Again, they're going offshore. The section 232 tariffs that have been put in place really support a low-cost country outside of Canada.

Kathy Borrelli: Can those countries provide the level of quality that you do in your shop?

Chris Vander Park: I'm going to say no, but every day they get more competitive.

I'll put it this way: I travel the world constantly. We reinvent our finish line every day. We do it with technology. We do it with automation. We do it with RFID chips. We do it with smart people doing smart things.

We reinvent our finish line, and when I go to a low-cost country and I tour a shop, I know what their finish line will look like, because we've already built it. Every day they're chasing what we do, and every time there is a negative impact on our industry or something like section 232 that causes our steel prices to go up, their steel prices are a fraction of what we pay.

Kathy Borrelli: Thanks very much.

The Chair: Thank you, Ms. Borrelli.

[*Translation*]

You have the floor, Mr. Ste-Marie.

No, I apologize, I skipped too far down my list.

[*English*]

Mr. Ma, the floor is yours for six minutes.

Michael Ma (Markham—Unionville, Lib.): Thank you, Mr. Chair.

Welcome to all the witnesses. My questions will be open to all of you, so feel free to jump in to respond.

This series of questions is for us to evaluate the immediate economic impacts you may face. The first one is this: Can you quantify the direct financial impact these tariff changes have had on your operations, whether in terms of input costs, lost contracts or margin compression?

Ms. Woodiwiss, you can go first.

• (1705)

Diane Ricci Woodiwiss (Chartered Professional Accountant, Cavalier Tool & Manufacturing Ltd.): We cannot accept a 15% additional cost on any of our jobs. Our margins are very tight. We are in a very competitive industry, and because of that, absorbing 15% is just not feasible.

What happens here is that when the tool ships to the U.S., within 10 days we have to pay that tariff. Then I have to invoice our customers. I'm waiting for that, so it puts a lot of strain on us financially, because we have to monitor our cash flow.

Michael Ma: Mr. Jebely, go ahead.

Cyrus Jebely: Aside from the cash flow, from my perspective, I cannot quantify losing a customer with whom I established a relationship over 20 years for something that had nothing to do with me, my team or my company. I cannot quantify that. I cannot tell you what the dollar value is, because once they go, they're gone.

Michael Ma: Go ahead, Madame Blanchet.

[*Translation*]

Catherine Blanchet: I'll echo what my colleagues have said: 15% is higher than our usual profit margin—it's actually even higher than that. Once a customer has left, winning them back takes 100 times more effort than acquiring them in the first place.

[*English*]

Michael Ma: Thank you.

Here is my follow-up question.

What operational adjustments have you been forced to make, such as delaying capital investments, reducing shifts or reallocating production?

I'll start with either Mr. Vander Park or Ms. Woodiwiss.

Diane Ricci Woodiwiss: We were originally looking at a \$4-million expansion this year. We had to pause that. We were looking at purchasing additional equipment, and we stopped that as well.

As for our employees, we are moderating our shifts, but we are not hiring new employees right now. That has stopped as well. We have to make sure.... We need such skilled trades that it's difficult to find employees. We're trying to keep them on as long as we can, but it's going to be difficult if this continues.

Michael Ma: Go ahead, Mr. Jebely.

Cyrus Jebely: That's a very tough question, because as business owners or entrepreneurs, we are constantly trying to better our services and products. When there are such uncertainties that, like I said, have nothing to do with our operation, making decisions for next year when we have no idea where next year is going to take us is very difficult. We are in that sad reality of not knowing what to do for the future because we haven't been told what the future will be.

Michael Ma: Thank you.

Madame Blanchet, I'll put the same question to you.

[*Translation*]

Catherine Blanchet: We, too, had already made investments—even last fall, despite the uncertainty—to ensure we always remained at the cutting edge of technology. That's our strategy for survival: always having the best possible employees, the best-trained ones. We did that, but it still dates back to April 1. It came very suddenly for all of us, but we didn't cancel those orders.

What an entrepreneur loves in life is investing and improving. Now, for the first time in our lives, we're unable to do that, unable to have a vision for the business. We don't have one anymore. That's never happened before.

[*English*]

Michael Ma: I understand. Thank you.

I would like to follow up on what Ms. Woodiwiss said about the workforce.

Can you speak to any workforce impacts you're already seeing or anticipating, including layoffs, hiring freezes or reduced hours?

The question applies to everybody, but I will start with you.

Diane Ricci Woodiwiss: Right now, we're more at the hiring freeze level. We have not done any layoffs. Like I said, it's very difficult because it's hard to find good skilled employees in our trade, so we never want to have to resort to that. Unfortunately, if this were to continue, it would be very difficult to....

• (1710)

Chris Vander Park: If I can add to that, on the immediate impact right now, we don't have it because it just came out. We have work in progress. We have to finish our contracts. We have to build the tools we have.

What we're afraid of is that we don't know what's beyond it. Our salespeople right now call me every day to ask what we are doing: What's next? What are we telling our customers? How do we quote a job?

The immediate impact is that we have work. We don't want to lay the people off, but we have three or four months' worth of work. Beyond that, we don't know.

Michael Ma: It's the uncertainty. Is that correct?

Chris Vander Park: Yes.

The Chair: Mr. Ma, unfortunately, we're out of time, but there will be plenty more time to circle back to witnesses for additional commentary.

[*Translation*]

Mr. Ste-Marie, finally, you have the floor for six minutes.

Gabriel Ste-Marie: Yes, finally. Thank you very much, Mr. Chair.

I welcome all our distinguished witnesses. Thank you for being here and for sharing your experiences with us. This is truly concerning. Let's hope we can find a solution so that your industry can continue to do business successfully, with certainty.

Ms. Blanchet, I would like to know what percentage of your revenue comes from exports to U.S. customers.

Catherine Blanchet: Actually, it's 60%.

Gabriel Ste-Marie: Okay. That's a lot.

Before the order was issued in early April, what was the average tariff on the products you exported?

Catherine Blanchet: The answer is zero per cent.

In fact, there were no tariffs if we used American steel. There's always a loophole in the system, and we all took advantage of it: we bought American steel. Even though American steel couldn't supply everyone all the time, we managed to get some. It was becoming increasingly difficult, however, because there wasn't enough for everyone. Furthermore, defence products took priority, which meant that all other products had to come second.

There was still always uncertainty. Every time a new customer called us, there were questions about tariffs. All that talk in the background, all that noise, also created a lot of uncertainty.

Gabriel Ste-Marie: Thank you.

For over a year now, we've managed to keep it at zero per cent by finding ways to do it. However, the uncertainty remained.

Now, since the executive order, as you understand it, the tariffs will be 10% even if we use American steel. Is that correct?

Catherine Blanchet: No, that's no longer the case.

Our products were tariffed at 50% of the cost of the steel used in the mould. Moulds can cost anywhere from \$50,000 to \$100,000. They are extremely valuable goods. Steel could make up a portion of the total, for example, 20%. Our moulds were therefore tariffed at 50% on steel, unless it was American steel.

However, today, tariffs are applied on the value of the mould—that is, to the \$50,000 or \$100,000. They amount to \$15,000 if the mould is worth \$100,000. There are no longer any loopholes in the system. There is no way to circumvent the rules.

Gabriel Ste-Marie: Okay, thank you.

So, the tariffs are 15%, because your products are classified as machinery or industrial equipment. This will remain the case until the end of 2027. After that, they will be 25%, according to the U.S. executive order.

Am I understanding this correctly?

Catherine Blanchet: Yes.

Gabriel Ste-Marie: It's really discouraging.

How did you learn about the changes made to the April 2 order, which took effect on April 6?

Catherine Blanchet: Since I serve on the board of directors of the Canadian Association of Moldmakers, or CAM, I was notified. A major mouldmaker in Windsor found out and called. Even the association's board of directors didn't know about it. It happened over the Easter break. On the Wednesday before Easter, word got out somewhere, and on Easter Monday, we received a call. It happened overnight. I found out because I sit on the CAM board of directors.

Gabriel Ste-Marie: Thank you very much.

Indeed, your association acted very quickly. From what I can tell, there are a lot of economic sectors and industries affected by this, and you were by far the first to step in and draw attention to it because the order affects you.

So far, the Government of Canada does not seem to be fully aware of the impact of these new tariffs, which, for the first time, no longer comply with the Canada–United States–Mexico Free Trade Agreement. In fact, the U.S. government had committed to and signed a treaty to adhere to agreed-upon rules, but then, indirectly, it ended up no longer respecting them. The Americans say it was to simplify the calculation, that it would have been too complicated to calculate the tariffs, which would go up to 15% and then to 25% on the entire product. By doing this, the effective tariffs skyrocketed. I'm a bit discouraged.

Do you think it's possible to reach an agreement with the U.S. government to quickly abolish these tariffs?

• (1715)

Catherine Blanchet: You tell me. We are counting on Canadian diplomacy to result in an agreement.

Gabriel Ste-Marie: I don't see any encouraging signs.

As far as I can tell, this proclamation seems to contradict two previous proclamations. It doesn't comply with CUSMA. It imposes tariffs on the full finished product value, which conflicts with the proclamation imposing 50% tariffs on steel and aluminum. The effective rate is now much higher.

During Mr. Trump's first term, that tariff sparked legal challenges, and the U.S. stopped imposing it after CUSMA was ratified.

Are you in touch with your U.S. customers? How are they reacting? Are they planning to take the U.S. administration to court in response to the latest proclamation?

Catherine Blanchet: It depends on the customer. I haven't spoken to all of them. We're a small business, so we can't be everywhere at once.

I can't answer that right now.

Gabriel Ste-Marie: All right. Thank you.

I'll have more questions in the next round.

The Chair: Thank you, Mr. Ste-Marie.

[English]

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

Chris Lewis: Thank you, Mr. Chair.

Thank you to all the witnesses. I know that you're all wildly busy just trying to keep your companies afloat. The very fact that you're here means a lot to this committee. It's very important.

Mr. Vander Park, I love the tag line of “make things that make things”. It's a brilliant tag line. As a committee here, we're trying to fix the things that make things that make things.

In your opening testimony, you said that you haven't changed a quote. Therefore, you are stuck with everything you dealt with a year ago. Either you deliver that tool, whatever that tool is, or you keep it on your shop floor. I can't even imagine how many man-hours, maybe up to 1,500 man-hours, for one tool. Consequently, you just never ship it and you don't get paid. Obviously, the majority of the companies where you ship to in Michigan wouldn't get paid.

I understand you do much more than just automotive. I'd like to really break this down for the committee. I understand you had one tool with about 1,500 man-hours that you were going to sell for \$244,000, roughly. You were going to pay tariffs of \$1,500 U.S. on this tool. Subsequent to the section 232 tariffs that came down, it's now around \$36,000 on one tool.

Is that a fair statement, sir?

Chris Vander Park: That is an exact statement.

Chris Lewis: Is that the reality today—because this is maybe a couple of weeks old? Is there something new you'd like to share with committee?

Chris Vander Park: Sure, that was the first one. If we would have shipped that tool on Good Friday or the Thursday before, it would have been \$1,500 and no conversation. On the Monday, the tool was still sitting on our floor. Today, it has not shipped.

Since then, obviously, we have had other projects. Today, I have a full-time tariff girl now, which we didn't have before. She sent me four tools that our customer asked to ship this week, which we negotiated last May. We said we would absorb all tariffs—this is how we got this—based on what the rules were in May. We expected, based on the steel tariff that went in on August 18, there would be a \$25,375 tariff on these four tools. That tariff, if we were to ship them leaving today, is now \$130,347.

• (1720)

Chris Lewis: Okay. Thank you.

Chris Vander Park: Can I just add to that?

Chris Lewis: Please do.

Chris Vander Park: My owner, as I was talking to him on the phone today, said, “Chris, I don't know what to do. We negotiated in good faith with a very good customer we've had for a long time and said we would take the tariffs.” He said, “Do I ship the tools, pay the tariff and he's not going to give us any more work? Do I keep the tools, make him pay the tariffs and he's not going to send us any more work? I don't know what to do.”

Chris Lewis: Thank you, Mr. Vander Park.

Those numbers are mind-boggling and scary as heck. My heart bleeds for the industry, but for you specifically.

Ms. Ricci Woodiwiss, as somebody in finance with the same company, how do you keep the company afloat? What are you doing? What's your magic to even navigate through this mess?

Diane Ricci Woodiwiss: I have to work very closely with our program management team and our sales team, because, unfortunately, in order for us to survive, these tariffs have to be paid by our customers. We have to send them off to them. Right now, we're talking to customers. We're working out payment terms. Unfortunately, it looks like we have to make the first payment and, hopefully, the customer will reimburse us later on.

Like I said earlier, it does take a toll on us, because we have to stop any reinvestment within the company because we have to conserve cash.

Chris Lewis: Thank you for that answer.

I did hear what you said very loudly and clearly about your labour force. There is that uncertainty. The uncertainty is on everybody's minds, right from the top of government straight down to the person who is working on the shop floor. The skilled trades are so wildly important to that industry and it does not go unnoticed.

Mr. Jebely, I would like to go to you, sir.

The Chair: Mr. Lewis, unfortunately, we are past time. I apologize.

Chris Lewis: Am I done? Oh, my goodness.

Perhaps in your next one, you could talk about how it's not only auto. It's everything else.

Thank you, Mr. Chair.

The Chair: Thank you.

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

Parm Bains: Thank you, Mr. Chair.

Again, thank you to the witnesses for joining us and sharing the troubles that are happening right now in the moulding industry. We've heard from the second panel that there's a lot of uncertainty and unpredictability in planning, and that there are challenges around that.

I want to first go to Mr. Jebely.

Could you talk about how far in advance you have to place orders for your inputs when you're doing a project and getting an order, and how the tariffs have affected the predictability of your input costs?

Ultimately, I want to get to recommendations. We heard a bit from previous witnesses, who shared some recommendations they have for government. Maybe build on some of the things you can share.

Cyrus Jebely: I gave you the example of two moulds within six months. One had \$35,000 U.S. in tariffs, and the second had \$135,000. I have no idea what the third one will be. How am I

supposed to plan my business going forward? If a customer has to pay this, obviously, it's a completely different set of negotiations. That certainty is crucial in our business. We can't provide a quote for a project without knowing what additional costs will be there by the time it's finished.

There is one thing I want to let everybody here know: This is not isolated to automotive. We're talking about the entire manufacturing industry in Canada. My company specializes in moulds that make those caps for food packaging—products that everybody uses and takes how they're made for granted. That's how it should be, because we work on efficiency. Our customers love our products. The moulds we make produce plastic products used in the U.S., Canada and Mexico. It's all interconnected. It's been like that for the last decades.

These tariffs, this lack of negotiation and this lack of clarity are detrimental to businesses.

• (1725)

Parm Bains: In July, the U.S. and South Korea reached a trade deal. It was aimed at avoiding high tariffs before an August 1 deadline. South Korea agreed to invest \$350 billion in the U.S. and open its markets. Despite that, we saw Donald Trump announce another 15% tariff on many South Korean imports. Again, the predictability they may have negotiated ultimately did not materialize. We understand this is the type of challenge we're facing as a nation.

Again, I want to get some potential recommendations—some low-hanging fruit regarding things we can do.

I will switch to Mr.—

Cyrus Jebely: I could give you one. I'm sorry to interrupt.

I was in Washington last week. One thing I learned there—U.S. customers and U.S. counterparts in Washington told us this—is that, when it comes to aerospace and defence, the U.S. looks at Canada as a vital partner. We have to leverage that. I have it written here that if one sector—whether it's automotive or mould-making—in the manufacturing ecosystem goes down, it will impact the entire manufacturing sector. It will impact the capabilities of companies specializing in aerospace or defence. We have ways to negotiate, but we have to show up at the table. We have to tell the U.S., “You are our biggest customer. We're not going anywhere. We're here to make a deal.”

That is my recommendation on behalf of my company and the Canadian Association of Moldmakers. Our government needs to go there and not leave until we have a deal, whatever that deal may be. We need certainty. Dragging this along for months and years, just talking, is not going to save the manufacturing industry. That's the sad reality.

Parm Bains: I'm going to switch to—

The Chair: Be quick, Mr. Bains. There are about 10 seconds. I'll let you sneak a question in.

Parm Bains: If we're looking at diversifying into other markets, are you optimistic that there's an opportunity to do that now?

Chris Vander Park: Do you mean to sell to other markets?

Parm Bains: Yes...to non-U.S. markets.

Chris Vander Park: For us to sell outside of the U.S., to sell a tool to China, it's impossible. To sell a tool to India, it's impossible. For us to sell the tool to Europe, it is highly unlikely. Our world is U.S.-integrated. This is what CUSMA has done. This is what we built our business on. To put a 10% flat tariff on it, no matter what, no matter if I can do 100% U.S. steel, totally circumvents our trade deal now.

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

[Translation]

Mr. Ste-Marie, you may go ahead for two and a half minutes.

Gabriel Ste-Marie: Thank you, Mr. Chair.

I encourage the witnesses to reach out to their U.S. customers and remind them that a group of American small businesses launched the legal challenge to have the sweeping tariffs overturned, a legal challenge that went all the way to the Supreme Court. We've also seen the government back down on fertilizers in the face of pressure from U.S. farmers. Unfortunately, those things take a long time, but perhaps negotiating with a U.S. president who doesn't even comply with CUSMA isn't our only option.

Ms. Blanchet, this fall's mid-term elections will probably change things, but that's a long way off, months down the road. The issue of skilled workers is an important consideration. How do we hold on to them as we navigate the storm, if the worst-case scenario comes true and this goes on until the mid-term elections, months in the future? Would a targeted one-time wage subsidy help? I know that's not what you're looking for, but would it make a difference until things stabilize with our neighbour to the south?

Catherine Blanchet: That's a good point. We absolutely have to find a way to keep our workers. Many of my employees are foreign workers. We have to find a way to hold on to them, because tool and die skills take years to build. Mould-making contracts cover two or three months, as was mentioned. We have another two or three months ahead of us, but after that, we're going to have to find a way to keep those jobs here.

• (1730)

Gabriel Ste-Marie: All right. Thank you.

I'd appreciate it if you could answer this next question in 30 seconds. If the government rolled out big projects or its defence industrial strategy quickly, in the short term, do you think it could award contracts to your industry, helping you get through these tough times?

Catherine Blanchet: Yes. I already work in the defence sector. I can take, and want to take, more such work. If the government undertook projects quickly, we could get back on track right away and take those contracts.

Gabriel Ste-Marie: Thank you very much. My time is up.

Thank you to all the witnesses. Feel free to follow up with the committee in writing, to keep us informed and share any other ideas or situations you'd like.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Ste-Marie.

[English]

Mr. Lewis or Ms. Borrelli, the floor is yours. I'm not sure if you are going to split some time. You have five minutes between the two of you.

The floor is yours.

Kathy Borrelli: Mr. Vander Park, what can the government do to support your business? What would you ask for? Would you ask for clarity? Would you ask for some successful trade negotiations? Would you ask for financial support for these extra tariffs you're required to pay?

Chris Vander Park: I can't give you the perfect answer. I can tell you that, immediately, I need stability. I mentioned a little while ago that I don't know what's coming. I don't know how to sell. We have work in progress now. We don't have an answer for our sales team. We don't have an answer for our customers who are asking why they would give us a project that we quoted at, let's say, \$1 million, if in six months, when we ship it, we can't say what it's going to cost them. They can't put their capex or their structures in place. I need stability. I need to get rid of the uncertainty.

Again, to put it perfectly—and I can't speak politics, because I don't want to talk about the United States or anybody else—we do have a CUSMA deal. We have a policy. We have something in place. We just need to be able to somehow honour that properly. Without that, it will be very tough for Canadian manufacturing as a whole.

Kathy Borrelli: I've heard conversations regarding companies that are already looking into establishing operations in the United States. Have you heard news like this amongst your peers?

Chris Vander Park: For sure. We absolutely are doing the same thing. We have to. It's inevitable that we have to look at that. I heard Jonathon saying the same thing earlier. They're looking at other places.

I have an owner who's invested and committed millions of dollars and he says every day, "Chris, with a swipe of the pen, my world has changed." It's one proclamation.

Kathy Borrelli: Thank you so much.

Mr. Lewis will take the rest of my time.

Chris Lewis: My first question is a follow-up from the last round. It's for Mr. Jebely.

I've heard you say, I guess in a roundabout way, that this isn't just about automotive. This is so much larger than only automotive.

I've heard a lot of this. It might even affect, as silly as it might sound—but it's not silly—kitty litter boxes, moulded garbage pails, bins that you buy at Home Depot and all of those things.

This is my question for you: Is there anybody from the United States who can pick up the pieces to continue the entire industry, or does the United States wildly need Canadian manufacturers—mould-makers, tool and die, and auto manufacturers—to keep them going sustainably?

Cyrus Jebely: There is no immediate replacement in the U.S. for Canadian companies. If the business relationship between Canada and the U.S. comes to an end or stops, the companies in the U.S. most likely are going to go to Asia because of the cost. That would be the sad reality. It's not that they want to, but they don't really have a choice. It's that or they are trying to convince Canadian companies to move to the U.S.

• (1735)

Chris Lewis: Thank you. I have just under one minute left. I'll go back to Mr. Vander Park for one moment, please.

I really do appreciate the conversation. Across the table, everybody spoke about uncertainty. You talked about stability.

I have about 30 seconds. How long can your company sustain itself under these current 232 tariffs?

Chris Vander Park: I can't speak on the cash flow or the dollars and cents. All I can tell you is that the sales team's uncertainty can't sell a tool.

I use the analogy of the car. Keep being the dealership that raises prices 15% every time and you can't sell the car. That uncertainty causes no stability in our business. It doesn't matter if it's the person next to me or our competition, there's no stability. We don't know what it looks like. We don't know where tomorrow will be. We need help.

The Chair: Thanks very much, Mr. Lewis and Ms. Borrelli.

Ms. O'Rourke, the floor is yours for five minutes.

Dominique O'Rourke: Mr. Vander Park and all of the witnesses today, we came to this meeting with the full intention of a non-partisan conversation because I think all of government is seized with what you're facing. You said that you negotiate in good faith with your customers. I think Canada also negotiates in good faith with its American counterparts. That partner is not acting in good faith.

Mr. Jebely, you said that at the stroke of a pen, it's all changed. We all know whose pen that is, so I would invite us to collaborate to find solutions for you and your workers.

I represent the riding of Guelph, where advanced manufacturing is 16,500 jobs, so I'm totally with you. *De tout cœur* is what we say in French. We all want the stability. We need a deal that will be a good deal and a deal that is respected by our American counterparts. We all want the same thing.

I'm curious to know, are you working with FedDev and looking at large liquidity loans, the strategic investment fund and the regional tariff relief initiative? They're all things that were brought in a year ago and have been entrenched in budget 2025. Are any of those tools useful?

If so, great. If not, what other tools would you need immediately? We'll go to bat for you. What would you need in the medium term?

Diane Ricci Woodiwiss: We have looked into FedDev. I believe they have a project that will expire or be paused on May 1. We're looking into that.

If there's anything that would help with wages, that would be one thing, but unfortunately, this hurts our customer base. We're losing our customer base. It's so difficult to have to rebuild. If our orders are going to China, it's difficult to win back that work. We need some kind of immediate action now that will help us.

Dominique O'Rourke: I'll ask you to clarify what that looks like. Do you have evidence from the past couple of weeks that the orders are going to China? We all want to avoid that. What does that help look like?

Diane Ricci Woodiwiss: As Chris said before, right now we have some work in progress. We're working. We are keeping our employees employed. We're working away. It's just unclear. We don't know what's coming up. When tariffs were first introduced in February 2025, it took six weeks to get a customer purchase order. Is that going to happen again after all of this work in process gets cleaned up and shipped off? I'm not sure.

Everything is so uncertain. Nothing's clear. It's difficult to say what will help us in six weeks when we don't know right now.

• (1740)

Dominique O'Rourke: I'll cede my time to MP Bardeesy.

Karim Bardeesy: Mr. Vander Park, you wanted to jump in. Then I'll ask my question.

Chris Vander Park: I was just going to say that this is so new that we don't know the impact yet.

The FedDev money is there. It's great. A loan doesn't help us, because if we don't have work, we can't pay a loan. FedDev was paused last Friday. It has been extended. Thank you for that. We are looking at some stuff there, but to say there's an answer, I just don't have it for you right now. The uncertainty behind....

Diane, it totally went past my mind that we didn't get a PO for six weeks in February last year, in 2025, when the tariffs were announced. That's six weeks. We get 10 POs a week.

Karim Bardeesy: I have a question or remark for Mr. Jebely.

It was really impactful that you shared the extent of the sectors your company serves. Do you think there's an awareness among the public, who are the end-users of those products, of where you sit in that?

Cyrus Jebely: There's very little. Do you mean awareness for the products or what we actually do as an industry?

Karim Bardeesy: Yes, the products.

Cyrus Jebely: There's very little. That awareness is not where it should be.

Karim Bardeesy: I just wanted to say, on behalf of the government members on this side, that today we have heard you and the earlier panel. This is very serious. We're hearing from the concrete evidence that you've provided some very specific things that we can take back, with our colleagues here across the floor and within government.

We know that this is a three-meeting study, but we intend to be championing the very measures that can help in the immediate, while being mindful that we simply don't have control of the tools on the far end that are making this so difficult. For everything that is not across the table with the United States, we're going to work very hard to make sure we can support you during this very difficult time.

The Chair: Thanks very much, Mr. Bardeesy.

Colleagues, I am going to use my prerogative as chair for a brief moment to ask a question.

Mr. Vander Park, I'll direct it to you.

The purpose of a tariff, ostensibly, is to reduce costs for the domestic consumer. In this case, that's in the United States. What will these tariffs, based on the discussions you've had with your American counterparts, do to the cost of these products for them? It would seem to me that what will likely occur is that they're going to stop getting it from you, which might be higher quality and might be cheaper value. It's going to become exclusively American if we continue to see the drop that you're talking about in your forecasts, and then it won't be long before those prices go up.

Can you speak very briefly about whether the decision by the administration in the United States is going to have a positive or negative impact on the American consumer?

Chris Vander Park: Our obvious main commodity in injection mould is steel. We purchase mill-direct. There's a mill in Sorel, Quebec. There's a mill in Chicago, and there's a mill in Pennsylvania. The price of steel since the tariff announcements—from February 2025 to the steel tariffs—has gone up by 25%. The price of the moulds have gone up by 25%. It's exactly as you were saying: The U.S. price is going to go up to the point where the tariffs don't do anything. How long does that take? I can't tell you. You have it dead on the money: It's counterproductive.

The Chair: My hope certainly would be that our American friends and counterparts will be able to help tell that story about why it is that free trade is beneficial to both sides of the border.

Witnesses, thank you very much for making yourselves available to us. As I said to the previous panel, we understand that it's a very difficult time personally and professionally, not only for you and your organizations but also for those whose livelihoods are dependent upon your success. We appreciate the insight that you've lent to us here. If there is more information that you would like to have the committee take into consideration, you are always welcome to provide that information through the clerk. We will be happy to review it.

Witnesses, at this time, I'm going to let you go. We have a couple of very small pieces of committee business that we have to deal with very quickly. Again, thank you for making yourselves available to us.

Colleagues, here is one quick thing. We've done this before. Because we have these three meetings, we just have to pass a budget. Remember that these are very high predictions and not what we're actually going to spend. We have a quote of \$21,500. We won't be anywhere near that. We just need approval to have that room.

Some hon. members: Agreed.

The Chair: I see unanimous consent. We're going to call that budget approved.

Mr. Guglielmin, it's unusual for me to grant the floor following proceedings, but I understand you have a question you want to ask me, so I will permit you an opportunity to do that.

• (1745)

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

I would just like you to update the committee. On March 12, we passed a motion to have the Minister of Industry appear here on both the main and supplementary estimates for two hours. We were going to report the votes back to the House by March 26. That time has come and gone. I'm just wondering if you could update the committee on the minister's appearance.

The Chair: It just so happens that I can, Mr. Guglielmin.

There are a couple of things. The first to note is that, unfortunately, Minister Solomon is going to have to reschedule that May 4 appearance. However, his absence provides the ability for Minister Joly to appear. We have two dates on two separate issues that she'll be appearing on. The first confirmed by her office is the minister and her officials from 3:30 p.m. to 4:30 p.m. on May 4 in relation to our EV study. Then, a few weeks later, on May 25 from 3:30 p.m. to 4:30 p.m., Minister Joly, again with her officials, will appear to discuss the main estimates and the subject matter of the supplementary estimates (C).

Does that answer your question, Mr. Guglielmin?

Michael Guglielmin: Yes, it does.

However, the motion that we passed said that she was going to be appearing for two hours. Is that still the case? I heard one hour there.

The Chair: Those are the current times I have before me. We'll take it back to the minister's office. As you know, the committee doesn't have the ability to mandate that ministers adhere to the provisions of a motion that a committee passes, although I can certainly emphasize to the minister's team, through the clerk, that the committee did request a certain window of time and that we would encourage the minister and her team to do their best to accommodate that. For now, what I have are those two dates before us.

Michael Guglielmin: Thank you.

Perhaps in those remarks you could just let the minister and her team know that it would be very important to Canadians that they appear for both hours. Given everything that we're facing and all the different pressures, I think Canadians want to hear from her.

The Chair: That's noted. Thank you, Mr. Guglielmin.

Colleagues, that brings us to the end of today's meeting. We'll see you again on Thursday.

The meeting is adjourned.

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