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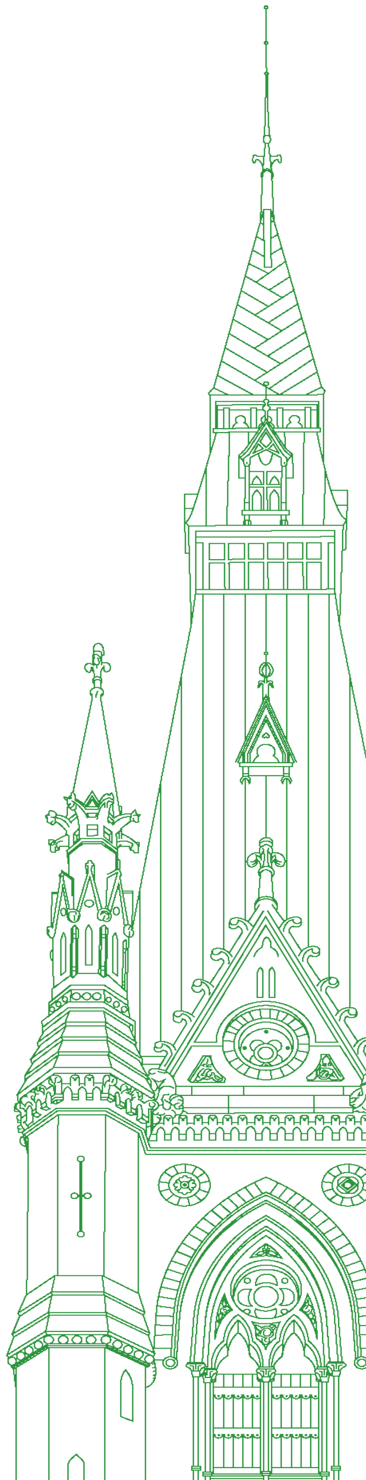

Chair: Ben Carr

Standing Committee on Industry and Technology

Thursday, April 23, 2026

• (1100)

[*English*]

The Chair (Ben Carr (Winnipeg South Centre, Lib.)): Good morning, everybody.

[*Translation*]

Welcome to the Standing Committee on Industry and Technology.

[*English*]

We are continuing the conversation we began last meeting in an emergency capacity in relation to the impact that changes to section 232 tariffs are having on domestic industries here in our country.

This is a reminder to witnesses in the room that if you're using your earpiece and it's plugged in but not on your ear, please ensure that you place it on the sticker in front of you to protect the health and well-being of our interpreters.

[*Translation*]

I can confirm that the sound tests have been successfully completed.

[*English*]

We have three witnesses joining us for the first hour here, colleagues.

From the Canadian Institute of Steel Construction, we have Keanin Loomis, who is joining us by video conference. From the Windsor Essex Chamber of Commerce, Ryan Donally is here as the chief executive officer. He's in the room here today. From the Saskatchewan Industrial and Mining Suppliers Association, we have Eric Anderson, who is the executive director.

Because I chair the government's prairie and north caucus, it would be probably inappropriate of me to not provide the floor to a fellow prairie colleague, so I'm going to give Mr. Anderson the opportunity to begin here, as a proud Saskatchewanian.

We look forward to hearing your testimony, sir. You'll have up to five minutes, at which point I'll then pass the floor to Mr. Loomis, followed by Mr. Donally.

The floor is yours, Mr. Anderson.

Eric Anderson (Executive Director, Saskatchewan Industrial and Mining Suppliers Association): Mr. Chair and members of the committee, thank you for the invitation to appear today to discuss the impacts of U.S. tariffs on Canada's metallurgical and advanced manufacturing sectors.

As you heard, my name is Eric Anderson. I'm the executive director of the Saskatchewan Industrial and Mining Suppliers Association, or SIMSA. The acronym's much easier to use. We represent more than 380 Saskatchewan companies that support the mining, energy and industrial sectors. Together, our members generate over $18 billion in annual sales and employ more than 36,000 people.

Our message is straightforward. Saskatchewan has what the world wants, especially when it comes to minerals and metals in advanced manufacturing. Canada is fortunate to have abundant uranium, potash, rare earth minerals and other critical resources, and Saskatchewan is home to many of them. Saskatchewan's advanced manufacturing and industrial companies are also hard at work innovating and building in the nuclear and defence sectors, and many more.

The supply chain companies I represent are essential partners in developing these resources. We work with the governments of Canada and Saskatchewan, indigenous partners and the private sector to help unlock economic potential.

We know first-hand how important the mining, critical minerals and advanced manufacturing sectors are to our economy. We are working to ensure our members and the people they employ can fully participate in and benefit from that growth. We want to do even more to help build a strong Canadian economy, a thriving mining sector and a more economically resilient country.

When it comes to CUSMA, we are aware of the ongoing discussions and the broader trade environment. Many of our member companies are closely engaged in their own sectors and are best placed to speak on the specific issues they face. At a broad level, our members support stability and predictability in any future agreement. We are optimistic an agreement will be reached, but we are concerned that companies that SIMSA members work for—the mining and oil companies—could be affected if there are impacts to exports to the United States and Mexico. If SIMSA's customers—the mining and oil companies—face higher costs or new barriers, it could trickle down through the supply chain and the impact would be significant for our members.

However, we are concerned about the impact of higher tariffs on our members and our supply chain. For example, several SIMSA members manufacture heavy mining equipment in Saskatchewan using local innovation and technology. If steel tariffs rise, that could increase their costs and make it much harder to sell that equipment into the United States. In some cases, those added costs could make contracts uneconomical.

We are also watching the risk of new tariffs. At present, CUSMA-compliant critical minerals are generally exempt from U.S. tariffs. If that were to change, there could be impacts across the supply chain. Those impacts are difficult to predict, but higher tariffs generally mean higher costs and greater uncertainty. There are challenges we face, but our members want to be part of the solution.

SIMSA's perspective can make our position stronger, and our voice matters. We urge the government to work with SIMSA and its members to ensure that supply chain issues and opportunities are included by groups, like the Major Projects Office, that are working hard now to make the Canadian economy stronger and more resilient.

I'm looking forward to sharing our perspectives with you today. Thank you again for the opportunity to appear. I look forward to your questions.

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

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

Keanin Loomis (President and Chief Executive Officer, Canadian Institute of Steel Construction): Good morning.

Thank you to the chair and the committee for inviting me to present on behalf of the Canadian Institute of Steel Construction, representing one of the foremost sectors impacted by the U.S. section 232 tariffs.

Last week we held our day on the Hill and had the opportunity for our members from across Canada to meet with many of you. Thank you for your time then and for today's opportunity to further discuss policies to support our industry. Thank you as well for allowing me to do this from an Atlanta hotel room, where I'm attending the North American Steel Construction Conference.

CISC is Canada's voice for the steel construction industry, representing the steel manufacturers, fabricators, suppliers, constructors, engineers and architects who are building Canada's infrastructure with steel. As we were able to share with you last week, the steel construction sector directly employs 30,000 workers from Newfoundland to Vancouver Island and supports 100,000 jobs in total.

As of April 2, the U.S. government is tariffing steel melted and poured in its own country if additional work is done in Canada and then it is sold back into the United States. Now, the entire value of the product is being tariffed, not just the value of the steel. This further increases costs and challenges for our industry. Let me be clear: These measures also harm America's own self-interest.

For decades, we had established, reliable supply chains between our two countries that benefited businesses and communities on both sides of the border. The United States does not have the domestic supply and capacity to meet demand. Costs for primary and fabricated steel are rising in the U.S. as a result of the President's unilateral actions, just as they did in 2018. Lead times for projects are increasing rapidly. The U.S. is putting the entire North American steel industry at a disadvantage, while also performing the single greatest act of dishonourable conduct as neighbours, allies and business partners in our long-standing relationship. While they appear to be happy to make a deal with the devil, compromising long-held free market principles to fatten their profit margins, the harm in their encouragement of a megalomaniacal President will have long-term consequences.

The ever-shifting tariff policies, with no clear end in sight, have created significant instability for the sector and made it difficult to plan for future projects on both sides of the border. The U.S. is Canada's largest export market for fabricated steel, and the loss of this market has a substantial impact on the industry. Since the heightened measures were announced earlier this month, we've already heard from members that large contracts in the U.S. are now at risk.

We appreciate the many measures the government has enacted to support the steel sector and other impacted industries, including the formation of the steel task force, trade measures and the buy Canadian policy. As this committee reviews policies to support the industry, the CISC recommends doubling the 25% derivative surtax against non-FTA countries, applying the buy Canadian policy to all taxpayer-funded projects and considering introducing a steel investment and jobs fund.

As we are seeing in the prices of jobs we're bidding on, the current 25% derivatives surtax does not come anywhere close to levelling the playing field between the domestic fabrication sector and countries like China, who continue to dump steel into the Canadian market that is far below the cost of raw domestic steel. It's for these reasons that we recommend the government double the steel derivative tariff on non-FTA countries to 50%. This would be in line with the 50% tariff rate quota on non-FTA countries for primary steel. This measure will also support us in our long-term relationship building with the U.S., which wants to ensure that Canada is not a back door for dumped steel entering the North American market.

Our second recommendation is that our best growth market is our own, so CISC applauds efforts to support manufacturers through the buy Canadian policy. It is estimated that if the U.S. export market were entirely lost, our industry could lose between 3,500 to 5,200 jobs, including upstream and downstream employment effects. The potential job gains from replacing imports with domestic production would range from 10,700 to 16,700 jobs. Currently, the buy Canadian policy only applies to projects where the federal government is the procuring party. When the federal government provides funding to provinces and territories and municipalities for projects such as new schools or hospitals, the buy Canadian policy, or an equivalent provincial policy, should be applied as a requirement to receive federal dollars. The federal government should also work closely with the provinces and territories to align legislation, funding agreements and first ministers' commitments to establish consistent buy Canadian and local steel requirements on all taxpayer-funded infrastructure projects.

Our final recommendation, should we continue to face trade challenges, is to develop a fund via tariff revenues to finance retooling and capacity expansion, workforce training, R and D in advanced and low-carbon steel, and business development initiatives so that increased demand is met by Canadian production—not imports. This is a recommendation of last resort. Let me be clear about that. Our members just want to work, so we believe that implementing recommendations one and two should suffice on their own.

Once again, thank you to the committee for inviting me to appear on behalf of the Canadian Institute of Steel Construction. I look forward to answering any questions you may have.

● (1105)

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

Mr. Donally, the floor is yours for five minutes, sir.

Ryan Donally (Chief Executive Officer, Windsor Essex Chamber of Commerce): Thank you very much, Chair, vice-chairs and members of the committee.

I am here on behalf of the Windsor Essex Chamber of Commerce, representing over 40,000 employees in Windsor-Essex and 775 businesses.

I want to start with a very simple point. This is not a theoretical trade issue. This is an immediate industrial capacity issue. In a region like Windsor-Essex, my hometown, this means something very real. If this industry weakens, every household in the region will feel economic pain. The revised section 232 tariffs have national implications for jobs, growth, defence readiness, and Canada's resilience and long-term prosperity.

Why does this matter nationally? Windsor-Essex is one of the most intensive manufacturing regions in Canada. We have 48,800 jobs, so one in five employees in Windsor-Essex are in this industry. We have Canada's most intense and largest tool and die and mould cluster, valued at approximately $2 billion, with approximately 85% of that heading to the United States. Unemployment currently sits at about 8.5%, down from 11.2% in mid-2025. Manufacturing here in Windsor-Essex is not peripheral. It is foundational to the region and to Canada's economy.

What has changed? This is no longer a steel tariff. It's a tax on Canadian manufacturing. Our companies don't ship raw steel. They ship finished value-added products. What's being taxed now isn't just the inputs. It's labour, engineering and innovation. The impact is immediate. We're seeing tariff exposure multiply overnight. What used to cost a few thousand dollars is now in the tens to hundreds of thousands of dollars as tariffs. At that level, contracts don't adjust. They become unworkable. When contracts become unworkable, production decisions must follow.

The damage is not just at the end of the supply. It's upstream where the work begins. In Windsor-Essex, that means the machinery manufacturing industry. NAICS 333 represents 8,000 jobs across 188 firms, with average wages of nearly $80,000. Extrapolating that to Ontario, we're looking at 62,000 jobs. At the national level, it's 149,000. When you use standard economic multipliers of approximately three, it's 25,000 jobs in Windsor-Essex and a shocking 450,000 nationally. This is just one of the potential industry codes being affected.

This is where the issue becomes bigger than tariffs. The Windsor-Detroit corridor is one of the most integrated manufacturing regions in the world. For decades, our region and a large part of Ontario have been deeply integrated with purchasers, suppliers, colleagues and, oftentimes, family on the United States side of the border. Although this relationship is currently challenged, it's vital to recognize the deep and mutually beneficial ties our two countries have had and will continue to have.

Parts in this industry cross the border multiple times. That system depends on predictability. Right now, this is not predictable. A mutually beneficial trade deal with the United States allows for this predictability. Without predictability, if this continues, the results are straightforward. Production will shift, investment will follow and jobs will move.

At the same time, the Government of Canada has been clear about its priorities. Through recent defence and industrial strategic frameworks advanced by Prime Minister Carney, our country must—and I agree—rebuild domestic industrial supply, strengthen allied supply chains, reduce dependency on non-aligned offshore producers, and treat industrial inputs as strategic assets.

Here's the contraction: Section 232 tariffs are actively weakening the very upstream base those strategies depend on. The tooling and advanced manufacturing industry is not optional infrastructure. It is the enabling layer beneath defence manufacturing, automotive and EV production, aerospace components, energy, critical minerals and infrastructure projects. If we lose tooling capability, we do not reshore defence production, we do not control timelines, we do not control costs and we do not control security of supply. If we lose that capability, we lose more than production. We lose control of our national and economic security.

What we are asking for right now to support this industry is not a permanent resolution, it's a bridge. Reinstate a temporary blanket remission framework for the affected industries. Provide short-term cash-flow relief. Urgently resolve section 232 within the CUSMA framework. Ensure federal trade responses measure upstream impacts, not just finished goods.

I will close with the bottom line. Behind every number I've shared is a real decision being made as to whether they absorb the losses, walk away from contracts or move companies somewhere else. These are not large multinationals. They are Canadian manufacturers employing skilled tradespeople, engineers and apprentices across this country. These are Canadians working hard to build Canada strong.

We have a narrow window to act. If we do, we protect jobs, preserve industrial capacity and stay aligned with our long-term economic and security objectives. If we do not, this market will make the decisions for us. We built our economy getting this right, and we can't afford to get this wrong.

● (1110)

Thank you. I'm open to any questions.

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

Colleagues, we'll enter our first round of questions.

Mr. Epp, welcome back to the industry committee. The floor is yours for six minutes, sir.

Dave Epp (Chatham-Kent—Leamington, CPC): Thank you, Mr. Chair.

Thank you to the witnesses for appearing today.

Business hates uncertainty. That's why I think the sectors that are testifying today, and indeed the Canadian public, breathed a bit of a sigh of relief or had some confidence when they were promised by the Prime Minister that there would be a deal with the U.S. by last July, but here we are today, eight months later.

The plan now is for trade diversification away from the American markets. In fact, the Prime Minister has indicated that our relationship with the U.S. is a weakness. As further proof, in a flyer from the member for Ottawa Centre that landed in my mailbox this week, the U.S. isn't even highlighted under the heading of expanding Canada's trade partners.

I'll begin with Mr. Loomis.

Mr. Loomis, do you agree that our trading relationship with the U.S. is a weakness? How long would it take for your members to replace U.S. demand with alternative export markets?

● (1115)

Keanin Loomis: Thank you for that question, MP Epp, and it's good to see you again. Thank you so much for all your support for our industry.

Getting back to free trade with the U.S. is the most important thing that we can have as an industry. That's where we do all of our export work. Very little goes overseas. It's very difficult for us to see us doing any work overseas, given some of the protections that other countries have, including the European Union, which does a really good job of keeping foreign steel out of their projects, even if we have a free trade agreement. For us, we want to get back to doing that.

Steel is also very heavy, and that's the other aspect of not really being able to work in markets other than the U.S., so we want to get back to that. That's why I say it's really important.

However, there are more jobs to be gained if we protect our own domestic industry and we are able to ensure, especially on taxpayer-funded projects, that we are using Canadian steel and Canadian-fabricated steel. That's the most important aspect—that the value-added work be done here. If you're using Canadian steel, you're probably guaranteeing that all the value-added work will be done here in Canada as well. That's really important to us. There are a lot of opportunities to be gained by having our own market.

The private sector is also seeing a lot of jobs going overseas. We're seeing that happening primarily with the big projects, a lot of the resource projects and then a lot of the taxpayer-funded large projects here in Canada as well, such as bridge projects. When you're using a multinational engineering or general contracting company, that's where all the leakage is going in terms of jobs and work going overseas. It's really important for us, especially on taxpayer-funded projects, but it's also important for the private sector. We should be applying pressure to the private sector to be using Canadian steel and Canadian value-added work here.

Dave Epp: I have one more quick question, and it's for a short answer, please.

How long can your companies continue to operate under the current tariff regime before permanent cuts come, before closures?

Keanin Loomis: I would say that's something that's going to happen over the course of this year. Before this 10% levy on the total value, we were allowed to continue doing work in the U.S. as long as we were using American steel. Now, this is probably the single most harmful thing the United States has done over the last two years to our fabrication industry. I expect that we will have job cuts over the course of this year if we don't do the things we're recommending in terms of domestic procurement.

Dave Epp: Can you plan six to 12 months ahead right now or not?

Keanin Loomis: No, it's hard.

Dave Epp: What's the urgency of a response from the government to the challenges you're facing right now?

Keanin Loomis: It's very urgent, absolutely. Our order books are not filling up, so we're running out of.... We're now getting to the jobs that we earned a couple of years ago, and we have had very few jobs added to our order books over the course of the last year. As I said, this newest move will cause even more harm to this industry.

Dave Epp: What's the single most important thing the government could do in the next 30 to 60 days?

Keanin Loomis: It would be to apply the domestic procurement policies to all federally funded projects; to encourage the provinces, where there isn't federal money, to do the same; and for the provinces to require the municipalities to also support domestic, buy domestic and fabricate domestic.

Dave Epp: Thank you.

I'm going to switch over to Mr. Donally.

I know that the downstream aluminum industry has faced some of the same challenges that the downstream steel manufacturers did. I know there were some short-term TRQs, tariff rate quotas, put in place for manufactured steel products coming in, but none of that came in for the aluminum industry.

Mr. Donally, can you comment on the effects specifically on aluminum and on some of the others that aren't protected by the dumping that's occurring from third party, non-market economies coming into the country?

● (1120)

Ryan Donally: I can't get too specific on it, but I can say that in the data package I provided to you, it very likely fits within the NAICS code 331, which has, again, significant impacts as it relates to this current tariff policy.

Business would like to always have an equal playing field, so if it is impacted from the steel perspective, the aluminum perspective should also be considered.

Dave Epp: To finish, I'm going to ask you the very same question. What needs to happen now for your members to stay viable, to be able to plan and to be able to survive?

Ryan Donally: It is vital that a free and comprehensive trade deal be established. To your point earlier, MP Epp, what's important as it relates to diversification is not just taking the pie and splitting it different ways.

You heard me talk about the relationship between Canada and the United States, and Windsor-Essex and Detroit. It's vital that we don't just take the pie and split it different ways with other countries. I would love to see the relationship with the United States continue and even grow, but also to diversify away from that. It's important that we have a bigger pie to share and not just take the same pie and split it different ways.

It's vitally important that everybody in this room hears that.

Dave Epp: Thank you, Mr. Chair.

The Chair: Thanks very much, Mr. Epp.

Ms. Gould, welcome to the industry committee. The floor is yours for six minutes.

Hon. Karina Gould (Burlington, Lib.): Thank you so much, Chair.

Thank you to the Liberal members for allowing me to join them today.

I come from Burlington, Ontario, and steel and manufacturing are really important for us in the Burlington and Hamilton area. I read a report recently out of the University of Calgary that actually looks at the percentage of U.S. imports by province and how they're impacted by section 232 tariffs. In Ontario, 20% of our GDP is reliant on trade with the United States, and 60% of that trade to the U.S. is impacted by section 232 tariffs. Ontario is the most impacted province in the country when it comes to section 232 tariffs because we are big producers of steel, aluminum or value-added aluminum, as well as autos and auto parts, so I particularly appreciate my colleagues from Hamilton and Windsor for being here today.

Perhaps I'll start with you, Mr. Donally, because my question has to do with what you were talking about.

In Burlington and Hamilton, we have thousands of people who work in the steel and auto sectors. There are tens of thousands of people who are indirectly employed by those sectors. When I talk to manufacturers in my community, they are often family-owned SMEs, with upwards of 70% to 90% of their business in the United States, but they have chosen to stay in Canada.

Mr. Donally, what would help your members and companies like those in my riding that are so reliant on the U.S. market to diversify? Do you have some examples for us?

Ryan Donally: I briefly touched on it, but right now the industry is facing a 10% tariff on finished goods. My members—and I can speak to southwestern Ontario, specifically Windsor-Essex—recognize that within the next three to six months, they are going to face very dire cash-flow issues. That means, as I alluded to earlier, they're going to have to make decisions. Those decisions may be to close their shops, because many of the owners of these companies are in their fifties or sixties and are ready to close them up. They've been dealing with multiple challenges over the past decades. That being said, they are getting requests to move to the United States. That is a question that is out there, and it occurs quite regularly from some of the purchasers.

In order to maintain this industry, and likely the industries you're speaking about also, I do believe there is an immediate need for cash-flow support to make sure these companies continue to exist in six months to a year. I've had conversations, and I can say that people are looking to diversify, and many companies have done this already. It's not just auto. It applies all throughout the industry. They're looking to make those changes. They can't make those changes under this type of cost pressure, and this type of intense pressure. An immediate cash-flow reserve that helps support those industries when they ship that product across the border, for example, a bank account they could draw back against the cost of that tariff, would be vital.

I know multiple companies are working on becoming defence-certified, and there are multiple steps along the way, as I alluded to earlier. That's to grow their pie. That's to diversify their own portfolio. Diversification is vital.

● (1125)

Hon. Karina Gould: Great. Thank you so much, Mr. Donally. I really appreciate that. I think it applies to the same kinds of companies I have in my riding as you have in Windsor. I really appreciate it.

Mr. Loomis, it's great to see you, as always.

You said a couple of things that I wanted to touch on. Obviously, the government has done a lot when it comes to supporting the steel industry and steel fabricators in Canada, and steel derivatives. You talked about two things I'd like you to expand a little bit more on. You talked about increasing the tariff on non-FTA producers. I'm hoping that you can discuss what impact that would have on domestic producers of steel and jobs in our country.

The second is encouraging the federal government or requiring the federal government to encourage provinces, territories and municipalities to use domestically produced steel. I'm hoping you can talk a bit more about what that would mean for jobs in our country. You talked about the fact that this latest 232 tariff is really drying up the order books for Canadian companies, and this will have an impact on thousands of jobs in our community and across this country.

Perhaps you could also talk about what some of the barriers are for provinces, territories and municipalities to access domestic steel, and what the federal government can do to alleviate some of those barriers.

Thank you.

Keanin Loomis: Thank you so much, MP Gould. It's good to see you again as well.

First of all, when it comes to derivatives, we're happy there is a broad recognition in Ottawa that there is far greater breadth and depth to the Canadian steel industry than just the primary production of steel. That's a big, important part of the economy for my hometown of Hamilton and your hometown of Burlington as well. Just in structural steel—and there are far more derivative steel fabricators and manufacturers in this country—we employ 30,000 people across Canada, so we really appreciate the extension of the protections of the Canadian steel industry, down through the value chain to the derivative industries.

What we're seeing, however, is pricing right now that is far below that, particularly coming from China. I'm not trying to be xenophobic here. This is not about that. It's just the whole situation, and the reason for the 232 tariffs in the U.S. is the over-capacity of production in China. What we're seeing and what I'm hearing is that we would need a derivative surtax of 300% to put us on an even playing [*Technical difficulties—Editor*] steel.

It's important to recognize that, yes, we have to protect our free trade agreement [*Technical difficulties—Editor*] and the 25% does a really good job of putting us on a level playing field there, but it is not the case when it comes to one country in particular. More needs to be done there.

When it comes to domestic procurement, as I said, right now it only applies to situations in which the federal government is the procurement agency. In the grand scheme of things, the federal government only purchases a small amount of steel compared to the provincial governments and the municipal governments. The federal government provides a lot of funding to projects in our provinces and our municipalities. I think it would be easy to leverage in the funding agreements the requirement to buy Canada. That shouldn't mean that municipalities and provinces are going to be paying more.

The other note is that all the—

The Chair: Mr. Loomis, I'm afraid I've let it go about 90 seconds over. I'm very appreciative of the insight, but I have to keep us a little bit on track. I'm sure there will be another opportunity for you to finish that thought.

[*Translation*]

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

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

Good morning, witnesses. Thank you for being with us. I also thank you for your presentations, which have taught us a great deal.

My first questions are for Mr. Donally.

As you said, the latest executive order from President Trump, from the American administration, puts a tariff on the total value of a finished or intermediate product exported to the United States, not just on the steel and aluminum that were previously targeted.

In your opinion, does this seem to contravene the rules of the free trade agreement, the Canada—United States—Mexico Agreement? In that case, it would be illegal.

In your opinion, does that also seem to contradict the previous order applying a 50% tax, or customs duty, on steel and aluminum, whereas now the percentage is much higher?

● (1130)

[*English*]

Ryan Donally: I'm not a trade lawyer by any stretch, but what I can say is that the feedback from my members who deal with this on a daily basis is that they believe that this is something that has extended beyond the notion of what the 232 tariffs were. This does extend into, essentially, a tariff on the value-added, the labour, the intelligence and the person-hours that are brought into any of the products that are shipped throughout the United States.

I won't speak specifically on the illegal nature of that, but it does seem to extend beyond the notion of what the 232 tariffs should be instilled for.

[*Translation*]

Gabriel Ste-Marie: The federal government is trying to negotiate the executive order and reach an agreement with the U.S. administration, which is clearly acting in bad faith and does not seem to want to reach an agreement that is mutually beneficial on both sides of the border. As we wait for the outcome of the negotiations, do you think it would be useful for Canadian chambers of commerce to talk to American chambers of commerce, for Canadian worker groups to talk to American worker groups, for provincial governments to talk to American state governments and for Canadian elected officials to talk to American elected officials? That would help maximize pressure on the U.S. government and ensure that Americans take legal action against the U.S. government to determine whether the measures it has adopted are illegal. Do you think that's a good idea?

[*English*]

Ryan Donally: This is quite recent. These are approximately two weeks ago. Especially with the folks I was talking about, the tool and die mould-makers, these are projects that are just finishing up. These projects right now are not the projects that are putting a headlight on a 2026 Ford Fusion or 2027 Ford Edge. This is something that will be installed in 2028 or 2029, down the road.

I suspect that the pain has not yet been felt by the purchasers in the United States on these products. I firmly believe that. I think it's too soon. Once that happens, I expect those conversations to be filtered up.

I can tell you right now that I have a very strong relationship with the Detroit Regional Chamber, the Downtown Detroit Partnership and a number of other of my U.S. counterparts. These are conversations that I've had already and will continue to have.

I believe that over the next month or so, as these projects are not fulfilled.... As I alluded to on Monday, there are projects that are on the shop floors in Windsor-Essex right now that are not shipping. I know one company specifically that has four projects done; they're ready to ship over tools. They're not going to do it because they're not willing to pay the cost of the tariff. They're going to wait it out. In a month, when that doesn't come through, and the OEM is putting pressure on the supplier, that's when I think this tipping point will happen in the United States.

I'd say to make sure that we are seasoning the folks in the United States that this challenge is going to be coming for them. I do think that any type of cross-border relationships are extremely important. I think it is incumbent on Windsor chamber of commerce, other border chambers and also the Ontario and Canadian chambers of commerce to build and maintain those relationships. At the end of the day, we're not selling our house. We are always going to be neighbours with the United States, and they currently are the largest economic power in the world.

I think having those conversations early to build those relationships will serve us nothing but positively as we move forward.

[*Translation*]

Gabriel Ste-Marie: If it took time to see the impact of the order and to put in place a new agreement that would benefit domestic industries, a temporary solution would have to be found. Small and medium-sized businesses have come here to suggest that, if it lasted several months, it might be useful to reinstate a targeted and temporary wage subsidy to help businesses retain their specialized labour until it is resolved. They also suggested that a government hotline be set up to answer questions from small, medium-sized and other businesses about customs duties so that they didn't have to use consultants who charge between $200 and $300 an hour. What do you or your members think of those two suggestions?

● (1135)

[*English*]

Ryan Donally: Thank you again. Those are very interesting ideas. I do think right now that anything related to cash flow is important. This is not a “let's figure it out in a year” type of situation. We need, in the next three to six months, for this to be hammered out and understood. That's the reason for the request right now, and the urgency.

I thank everybody involved for listening to us last Monday, today and next Monday, because you all recognize the urgency of what this means for many of the manufacturers, the 8,000 in Windsor, the 60,000 in Ontario and the 140,000 across Canada. Anything that can allow those people to continue to employ their skilled, talented labour and continue to put food on their plates is very important right now because, regardless of how this plays out over the next year, these folks are going to be the basis for the future industry of Canada. Making sure that they don't disappear over the next three, six or nine months is vitally important.

[*Translation*]

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

Mr. Chair, before my time is up, I want to remind you that the University of Calgary study cited by Ms. Gould pointed out how much the sector contributed to the Quebec economy, slightly behind the Ontario economy. It was also a significant contributor, although less so, to the Manitoba, Nova Scotia and British Columbia economies.

Thank you.

The Chair: I'm always happy to get behind a report that highlights the interests of Alberta, Manitoba and Quebec, Mr. Ste-Marie. Thank you for referencing that.

[*English*]

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

Kathy Borrelli (Windsor—Tecumseh—Lakeshore, CPC): Thank you to all of the witnesses for coming here today to be part of this important study.

My first question is for Mr. Donally.

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

Ryan Donally: I would say that it is supremely important. Approximately 85% of the products that are manufactured in our region, if not more, go to the United States, and even more go through Ontario and then eventually end up in the United States. A continued long-term relationship with the Americans is vital for my region.

Kathy Borrelli: We've heard that manufacturing represents roughly one in five jobs in Windsor-Essex, which would be about 4,800 or 4,900 jobs. What would be the outcome for our regional economy if this sector is disrupted? Do you have an estimate of how many indirect jobs would be affected as well?

Ryan Donally: It's 48,800 jobs, which, again, is one in five jobs.

The economic multiplier, as it relates to that NAICS code 333, is generally accepted to be 3:1. That's quickly 150,000. With 240,000 or so employees in the Windsor-Essex region, basically every other person will be directly impacted. That doesn't even trickle down.

We represent 775 members across the Windsor Essex Chamber of Commerce. Approximately 40 of those are manufacturers, starting at the OEMs—Stellantis, Ford, etc.—and going all the way down to the lowest level, where it's a single employee sole proprietor. It would be impossible for that type of economic impact in our region to not impact every single one of those.

Kathy Borrelli: That's a lot of people to worry about. There are a lot of children in those families, and I worry about those families putting food on the table and paying their mortgages every month if we don't come to a resolution for this.

Can you explain, please, for everyone here, how integrated the Canada-U.S. manufacturing supply chain is, particularly in tooling and mould-making, and why it's so crucial that we get a deal?

Ryan Donally: Yes.

Oftentimes right now, the original steel block is brought in from the United States. They have specialized steel. That has been used for decades. I'm looking forward to working more with Mr. Loomis to make sure that's Canadian steel.

That is transformed into essentially what makes things. In Windsor-Essex, we make things that make things. We are the upstream. All the way down the road, you're going to get a plastic bucket somewhere from—you name it—the home goods store. The tool that made the plastic bucket very likely came from Windsor-Essex. That product likely crossed the border multiple times before it was perhaps finally assembled or moulded in the United States. A case in point that I can use is the Chrysler Pacifica, proudly built in Windsor for upwards of seven years. There are parts that go into that vehicle that have crossed the border seven to eight times.

It's hard to unscramble that egg, to use Doug Ford's term. Windsor-Essex folks don't want to unscramble that egg. We want to make more eggs. We want to make sure that the industry can be diversified, but also that in its reliance on the United States the long-term economic relationship continues.

● (1140)

Kathy Borrelli: Have you heard from any of your mould-makers that they plan on moving their companies to the States? If they do, will we ever get them back?

Ryan Donally: I have heard from them directly that they are being asked or are very much considering it. To the point that the minister made on Monday, when and if an industry moves.... This is a multi-million-dollar industry. These are tools that make the things that make the things that cost millions of dollars: time, effort, energy, labour. The ability to move people is very difficult, but they are being asked and they are considering. Right now, the industry has gone from single-digit profitability to single-digit and double-digit unprofitability because of these current tariffs.

Kathy Borrelli: Thank you so much.

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, Mr. Chair.

Just to be clear, all Canadians, all parties, want stability. We want to review CUSMA and get back to a predictable trading relationship with our American counterparts. I think the flyer that was held up was talking about new opportunities to reduce the overreliance on the United States. In fact, we have very similar cities, Mr. Donally. Guelph is very vulnerable to American tariffs from an agricultural and also auto parts perspective. In my riding, 16,500 jobs rely on advanced manufacturing.

I want to come back to your recommendation. You said we need to protect the Canadian tooling capability. I could not agree with you more. What does the bridge look like? You also said to reinstate a temporary blanket remission framework. What does that look like specifically, for you?

Ryan Donally: I'll echo your sentiment that our communities are very similar. I alluded briefly to what I believe that support looks like—essentially, a bank account—and the nuances of how that is related, with the federal government, the provincial government and the company itself absorbing some of this risk and tariff cost. However, when a company is bidding on a project today and they don't know what it's going to look like six months from now, they want to be able to have stability or at least have the knowledge that should something like this come into force—maybe it's 20% by then, although it's supposed to go up to 25% in 2028, by the way—they know full well that they can still be profitable when they bid on this project.

What's also important, and most people might not know this nuance, is that in order to win these projects six months to a year ago, especially against U.S. competitors, they had to confirm that whatever the landed cost would be, it would be absorbed by the seller. In this case, in the last two weeks, that increase is 10% on the total value. When they bid on it six months ago, they didn't know that was going to happen.

It's about having an ability, or some sort of account, so they know they can continue to be profitable, or at least break even, for the foreseeable future—I say foreseeable, but that's six months, nine months, 12 months or whatever that looks like—so that they can continue to bid on jobs, so they can continue to back-flow the finished products that are going to be off the floor in the next three months, and so they can put new stuff on the floor to keep people employed.

Dominique O'Rourke: Is that different from the cash-flow relief you're talking about? There's regional tariff relief. There are BDC loans. Are you talking about something different in terms of cash-flow relief?

Ryan Donally: Yes. I would suggest that this is slightly different. Companies are applying for the regional tariff response and the regional defence initiative. I know that some are being successful. This is something they are actively pursuing. That is a strategic decision they're making. These are strategic loans or strategic initiatives to help diversify our economy. What's happening right now is not a strategic thing. This is an immediacy thing. Companies need to be able to pay the bills. Three months or six months down the road, they may not.

● (1145)

Dominique O'Rourke: Thank you.

Mr. Loomis, you are sitting in Atlanta right now at the North American steel conference. What are you hearing from your American counterparts? Obviously, the U.S. Department of Commerce supports their section 232 actions, and some metal associations in the United States have also expressed it. What are you hearing on the ground? Do they realize the cost drivers that this involves?

Keanin Loomis: Part of the great disappointment we've had over the last couple of years as a Canadian steel industry is that it's our colleagues down south who have been advocating for these policies. They finally have their grievances being addressed. The primary producers, and in our case the American Institute of Steel Construction, have first of all been out-competed by Canadian firms, especially in particular regions of the United States. Through this President—because it is the person who can pay the Mar-a-Lago membership or get into the ear of the right people—they've been able to get their grievances addressed.

I want to underscore that it's all the other derivative downstream companies and associations in the United States that are suffering. I've heard this repeatedly from many others. Just because of how tightly integrated we are, it has been very difficult to navigate this new world. You need to have customs brokers, lawyers and so many other professional services surrounding you. Most companies in the steel industry here and in the United States in, again, the derivative steel industry would like to return to a tariff-free regime between our two countries.

Dominique O'Rourke: Wouldn't we all? There we go.

Thank you.

The Chair: Thank you very much, Ms. O'Rourke.

[*Translation*]

Mr. Ste-Marie, you have the floor for two and a half minutes.

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

Mr. Loomis, my question is about Chinese steel. You referred to it in your presentation and in your answers.

As we know, the construction sector in China has declined significantly in recent years, which has led to an overcapacity of structural steel and dumping. Increased safeguards on Chinese steel imports, which you referred to, seem entirely reasonable. I would add that it doesn't require legislation, since the government has full authority to do this by order in council through the Special Import Measures Act. The World Trade Organization agreements allow for this if the measures are temporary, meaning for a maximum of five years.

Are you confident that there will be an order in council, or are you afraid that the government's latest diplomatic and political rapprochement with China will make it reluctant to put anti-dumping safeguards in place?

Keanin Loomis: Thank you for the question, Mr. Ste-Marie.

[*English*]

I'm under no illusion that this is easy for the government. There are all kinds of other voices and industries in this country that need to be heard. This is very difficult, for sure.

I think that, when it comes to steel in particular, however, steel is perhaps unique in all of the world in terms of a commodity [*Technical difficulty—Editor*]. It should be understood that we're not the only ones. Again, as I said, the whole kernel of truth in the 232 tariffs is that. In fact, the capacity of steel in China only continues to grow, despite these issues and the fact that the rest of the steel world is pointing to them and asking them to play by the rules, so we're not alone.

I think that, in this case, it should be an international effort. This is what we're encouraging, to work with the United States to form a “fortress North America”. We think that, if we could do that, it would have more benefit to the North American steel industry than what the U.S. is doing right now in the imposition of the 232 tariffs.

[*Translation*]

Gabriel Ste-Marie: Thank you.

I have other questions for you, but my time is up. Next time.

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

[*English*]

Mr. Gill, welcome to the industry committee. The floor is yours for five minutes.

Harb Gill (Windsor West, CPC): Thank you, Chair. Thank you for holding these hearings. I truly appreciate it, and so do the people in Windsor West.

Mr. Donally, we are hearing some remarks from the current government, when it comes to trade, that indicate there is a binary choice between the U.S. and the rest of the world. However, the people we speak to in Windsor want to make sure Canada's strong enough at home to compete, both with the U.S. and with the rest of the world, without sacrificing our workers.

As you have said before, tooling is not optional. This is the essential layer that is foundational for autos, industrial production and defence. If tooling leaves, then everything else follows. Based on the current reality, what are the future prospects for our region, our country and our future partnership with the U.S.?

● (1150)

Ryan Donally: Thank you. That's an interesting question

I'm perpetually an optimist. If I think of our current situation in Windsor-Essex, three weeks ago we just landed a third shift at Stellantis, but I recognize that's not the case everywhere. The NextStar battery plant just opened. The Gordie Howe bridge is finalizing. We're about to break ground on a new acute care hospital. I remain very optimistic for Windsor-Essex.

Going back to my point earlier, I do think it is important to grow the pie and not just split the pie different ways. Do I think diversification is important? It's extremely important. I also think that the diversification of customer and supplier is extremely important. That can't come at the expense of one country versus another, in my opinion, so I believe in maintaining and growing that relationship with the United States. However, growing relationships with other countries, destinations and suppliers all throughout the world is also important. That positions us best to ensure that there's a long-term economic viability of our community and businesses.

It cannot be underscored enough how important the current relationship—and I say “current” meaning the past 70 years—has been in establishing the deep relationship and deeply integrated supply chain between our two countries, and that can't be unravelled. If it is, then the 85% of products that are headed to the United States.... That is a pretty grave situation for many of our regions if that disappears.

Harb Gill: True.

We have seen significant impacts based on our unemployment rate. If this current model continues, what do you think the prospects are for future generations? Are they going to become economic refugees as well? Are they going to have to go elsewhere in the world to find opportunities? Give a quick response if you could.

Ryan Donally: I started the week after Donald Trump was elected to office. I have seen the ebb and flow. I have seen, in my first few weeks on the job, when 25% tariffs were threatened across the board and not allowing CUSMA to continue. With the threat and panic of what that looked like at that point, we saw unemployment rates go up. Once that CUSMA relationship was upheld, the unemployment rates in Windsor went back down to 7.9% over the summer, which for us is not a bad number.

What's happening right now, over the past few weeks, is the first real tangible significant direct impact to our businesses. This is what's different. It's not a threat anymore. This is a tariff that is directly impacting the economic viability of thousands and thousands of people in Windsor, Ontario and Canada. With an economic multiplier of at least three, we're talking about tens of thousands of jobs in southwestern Ontario.

Harb Gill: Chair, if it's okay Mr. Lewis can have the rest of my time.

Chris Lewis (Essex, CPC): Thank you.

Thank you, Mr. Donally. I think I'm going to call you Captain Donally instead. I understand that you were the captain of the Windsor Spitfires. Obviously, you got drafted by the Calgary Flames and played in the AHL for quite some time. I know when you were playing with the Spitfires you were likely playing against the Plymouth Whalers, the Flint Firebirds or the Erie Otters. I realize that were you in the corner—because you are a big strong man, sir—you had elbows up, you absolutely had elbows up, but at the end of every game you went to centre ice and you shook hands with our friends from Michigan and Ohio, as an example, our hockey friends.

For the sake of the industry, for the sake of the jobs, how important is it now for our government to meet with the U.S. government at centre ice, shake hands and get a deal done?

Ryan Donally: I didn't know where you were going with that.

Voices: Oh, oh!

Ryan Donally: Forty pounds ago, I was a hockey player.

If we think about the past year and a bit, and this is all a lead-up to July 1 and the formal review of CUSMA, and we think of all of this as posturing for the past little while, I do think it's extremely important that we recognize that our adversaries can also be our friends. Shaking hands with a deal that benefits both sides, I think, is very important. I look forward to that day.

● (1155)

The Chair: Thanks, Mr. Lewis.

Mr. Donally, I'm glad I'm not the only here who can reference 40 pounds ago. I appreciate that.

Voices: Oh, oh!

The Chair: Mr. Bains, you are going to close us off with five minutes.

The floor is yours.

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

Thank you to all of our witnesses for joining us today on this important and vital discussion on industry.

I'm going to go to Mr. Anderson, to include him in the conversation.

Earlier in April, the Saskatchewan Industrial and Mining Suppliers Association, the Organization of Canadian Nuclear Industries, and the Southeast Techhub received close to a million dollars in federal and provincial funding to support advanced nuclear supply chains in Saskatchewan. Could you talk about supply chains and advancing innovation and sustainable energy solutions in this whole context of the tariffs that are being applied?

Just shed some light on what your thoughts are.

Eric Anderson: It's an interesting world here. We've been largely insulated, thanks to the great work of the Government of Canada over the past years. I'm thinking of potash and uranium, the critical minerals we produce. That's our major business, and it was somewhat insulated. The threats of new tariffs could drastically change that and make things different. We've had some members have some significant impacts.

One of the things that we have been doing is.... Nuclear power begins in Saskatchewan. We are the uranium mining capital of North America and pretty much the world. Our members, as we look at nuclear power and nuclear builds, have some federal funding there. We've hired some incredible persons—the former chief engineer of Westinghouse now works for us—to help our members evolve and become equipped in the nuclear power sector. We are also now working in the defence sector and the accreditation and funding there.

We look towards the Major Projects Office. For example, if we could get a procurement office in Saskatchewan to help our members engage in these programs it would be wonderful. We can build big things here. Our members are the people responsible for helping BHP build the largest mine they have ever built, the largest mine in the world. It's $18 billion.

We can build big things here. We're looking forward to engaging and going further.

Parm Bains: I think the rest of the mould-making and tool industries can benefit there, definitely.

I will go to Mr. Donally.

The war in Iran has caused a significant surge in prices for many of our commodities here—aluminum in my home province of British Columbia as well as Quebec, potash in Saskatchewan, and oil and gas in Alberta. Can this strengthen our position for the CUSMA review, in your view?

Ryan Donally: If I look at the natural resources, physical resources and labour resources we have in our country, I think we are positioned extremely well to be an economic powerhouse for a long time. If we think of Canada and the United States—as Mr. Loomis alluded to—as one region, we have potential. We already have economic strength, but I think we could be an economic superpower.

Thank you for that.

Parm Bains: I will continue with the Windsor Essex Chamber of Commerce.

You have strong relationships with businesses and chambers across the border. You probably have strong relationships through your history of hockey too. What are your thoughts on the actions of the Trump administration and the effect it's had on their local economies? What are you hearing from your counterparts on the other side?

Ryan Donally: To a person, the folks I meet with feel sad because the relationship has been threatened and has devolved over the past year. Very few people I've met with have said, “This is great for our business and our country.” It really is a situation where, a year and a half ago, we were best friends, neighbours, colleagues, allies, etc., but here we are with the Trump administration placing a tariff on industries. Tens of thousands—if not hundreds of thousands—of people's jobs are at risk, which also undermines their own economy.

● (1200)

Parm Bains: Have they shared measurable impacts on their local economies?

Ryan Donally: We will be getting more of those impact statements over the coming weeks, as they specifically relate to that, when these products start to not hit the floors.

Parm Bains: There has been a lot said and a lot of news about the Gordie Howe bridge.

Again, it's a similar type of question: What's the reaction in the community regarding the bridge coming online pretty soon? I believe the testing is happening right now. What are they talking about on the other side regarding good faith or the lack of good faith, potentially?

Ryan Donally: This is a discussion that has happened for over 25 years, from the initial idea of a Gordie Howe bridge to where we're at today with the opening in the coming weeks, hopefully, if not months. This is a piece of infrastructure that will span generations. This is a literal or figurative bridge—whatever you want to call it. Let's hope that, this summer when it opens, we're crossing that literal or theoretical bridge with open arms, ensuring that two countries that have been best friends, neighbours and allies for generations come together to work in harmony again. I'm looking forward to that opening day.

Parm Bains: Thank you.

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

Witnesses, I very much appreciate your being here with us today. We understand it's a challenging time for your industries and your employees, and for you, both professionally and personally. Availing yourselves to us on short notice is not only very helpful in regard to the insight it provides but also something we greatly appreciate. Thank you for making yourselves available.

Mr. Loomis, if you find yourself getting into Mar-a-Lago while you're down in the United States, make sure you put in a plug for us.

Keanin Loomis: I will do my best.

Thank you so much for the opportunity.

The Chair: The meeting is suspended while we turn over.

● (1200)

____________________(Pause)____________________

● (1210)

The Chair: Everybody, welcome back. We're going to head into the second hour of our testimony here today. I'm sure it'll be a continuation of a very important conversation.

We have three new witnesses with us. The director of sales from Diemould Service Company Canada Limited and the director of the Canadian Association of Moldmakers, Michael Hicks, is joining us virtually.

Mr. Hicks, I understand that there's some choppiness on the Internet connection. We'll do our best to navigate that as necessary.

From the Chemistry Industry Association of Canada, we're joined by its president and CEO, Greg Moffatt. Joining us virtually, from Energy Futures Lab, is Alison Cretney.

Mr. Hicks, we'll test this right off the top. I'm going to give you an opportunity for your opening remarks for up to five minutes. If we have some challenges, I'm going to go to Ms. Cretney next.

Be ready, in the event that we have to do that on short notice.

Mr. Hicks, the floor is yours for five minutes, sir.

Michael Hicks (Director, Canadian Association of Moldmakers): As I mentioned to you, I have an unstable connection. It's also saying something about bandwidth as well. I'm sorry that I'm having technical problems. Hopefully everybody can hear me.

My name is Michael Hicks. I have been a CAMM board director for 42 years. I've been with DMS—the company that I work for as a director of sales—for 45 years. Our headquarters are in Windsor, Ontario. We have a branch in Chicago. I have extensive North American and global tool and mould business and travel experience. I have also participated in three previous committee hearings, including the 2006 hearings on challenges facing the Canadian manufacturing sector. I see some parallels in 2026. I would be happy to elaborate, if requested.

I was also involved in the 2002 USITC investigation on the global tool and mould industry where Canada was deemed to be a fair global trading partner. I would be happy to elaborate, if requested.

On Monday, April 20, fellow CAMM board members, representing their individual companies.... You have those transcripts. You heard the impacts. You heard statistics. Ryan was just on the previous panel as our chamber CEO. You have previously heard that, obviously, there have been devastating effects because of this section 232—unannounced with two days' notice—tariff revision.

I would also be happy to elaborate on the last 10-year timeline, if that's something of interest to this group.

It has mostly caused uncertainty throughout the industry. That's what has been happening, really, with the advent of moving from ICEs to EVs. Obviously, the tariffs themselves are horrible, but it's the uncertainty that they cause that causes many companies to pause programs and so on and so forth.

The saddest thing about this is that we survived these uncertainty periods, and our industry was about boom. It was going to have a great time period for the next two or three years. You heard earlier about all of these new projects that are coming out now that there's a defined...back to combustion engines, to ICEs. That's what's really sad about this. Unfortunately, these new revised tariffs may cause a kaboom if something is not done immediately.

My goal today.... Again, I've participated in these in the past. I think it's vital for Prime Minister Carney to get down to Windsor ASAP to take a tour of these tool and mould shops and to take a tour of other manufacturing facilities.

Again, this is obviously not about politics, but Mr. Carney is a great prime minister. Obviously, he's well-versed in other sectors, but maybe he's not so much in this manufacturing sector. He needs to get into our shops to see what he's dealing with so that he can actually support and go to bat for us and come up with a plan. I think that's vital. He needs to get down here ASAP—and, obviously, get to Washington, but that's another story for another day. I also have some ideas to get things going in that regard, if questioned.

I believe it was mentioned on Monday, but this is worth repeating. It's regarding COVID. When the country was shutting down, our tool and mould shops and our manufacturing sectors remained essential. They remained open. They were building a lot of medical-related products. Obviously, they were creating revenue and contributing to the GDP. I think we should go back and look at that. Obviously, that's back.... However, now our sector needs the help of the Canadian government, if you will. We were there when you needed us. Now, hopefully, you can step up for us.

Again, you have heard that our industry is a mature industry. We are also world class and best in class at what we do. We were firing, mostly, on all cylinders prior to this sneak attack on April 6.

The majority of our work is based in the U.S., and our shops can't pivot. Our shops do go to trade shows globally and so on and so forth, but they can't pivot to those markets. Again, when they do these global trade shows, it's mostly to deal with zone partners who are actually running manufacturing in the United States. Mexico is a bit of an option for us because there's a lot of production running there, but that's another story for another day.

● (1215)

Obviously, when our shops are doing business in the United States, where it might be hundreds and thousands of miles away, again it illustrates how good they are at what they do. We are very fortunate here in the Windsor area that we have some younger, aggressive, good business people who are willing to reinvest in their industries, so it's not like they're just running them into the ground and, okay, we'll see where this goes. Again, they have business plans, and we need more stability here.

We appreciate all the work of both parties involved in this task and, again, I will elaborate as needed.

Thank you very much.

The Chair: Thank you, Mr. Hicks.

Ms. Cretney, I'm going to turn to you now. The floor is yours for five minutes.

Alison Cretney (Executive Director, Energy Futures Lab): Thank you, Chair.

Thank you to the members of the committee for the opportunity to appear today.

My name is Alison Cretney. I represent the Energy Futures Lab and the Future Materials Alliance, a multi-stakeholder coalition focused on western and northern Canada's role in critical materials supply chains.

I want to be clear about my expertise. I'm not a trade policy expert, and I can't speak to the specific mechanics of U.S. tariffs on steel and aluminum, but what I can speak to is the structural vulnerability that makes Canada exposed to this kind of pressure and what a more durable response could look like.

This committee has convened around addressing the immediate crisis of tariffs threatening Canadian jobs, but the deeper problem your mandate points to is structural and long-standing. We've been hearing a lot about the integration of Canadian steel and aluminum sectors across shared value chains, which, of course, has huge benefits, but it has also created a structural dependence and, when trading relationships shift, Canadians pay the price.

For many of Canada's other mineral and metal resources, the problem, at least for now, is somewhat different. For decades, Canada has extracted and exported raw and semi-processed materials while other countries capture the value-added stages: the refining, processing, manufacturing, high-skilled jobs and the economic and geopolitical leverage that comes with controlling critical supply chains. What we're seeing in steel and aluminum should be understood as a cautionary tale.

When we think about the full value chains that are now in the process of being built for critical minerals and other metals, we need to think ahead. We need to consider how Canada can build integrated metallurgical materials and manufacturing ecosystems that support resilient and sustainable domestic value chains and how we can produce the electronics, batteries, defence systems, clean energy infrastructure and other products that Canada and our allies need while also being more resilient to policy changes south of the border.

We have an advantage in that, for critical materials, we are still early enough to make choices. This is the system-level challenge that the Energy Futures Lab is working to address by creating the Future Materials Alliance. The alliance is bringing together industry, indigenous nations, governments and investors to build alignment around how Canada can move beyond extraction to sustainable, resilient value chains for critical minerals and metals. This means that Canada will have to address that missing middle of refining and processing capacity, but it also means that we need to build the coordination capacity to make it happen.

If we're serious about sovereignty and supply chain security, we must be just as serious about the ecosystems that make industrial strength real. A centralized lithium processing hub in the Prairies is a good example of what coordination can unlock. No single brine producer in Saskatchewan or Alberta can justify a refinery alone, but collectively these projects could justify a shared facility that enables the economics for all of them while anchoring a new industrial cluster that could serve producers from Manitoba to the Northwest Territories over to B.C.

That kind of outcome doesn't happen project by project. It happens when someone's holding the system view, building the shared intelligence, aligning the stakeholders and making the connections that no single company or government department can make on its own. Other jurisdictions have recognized this. China built its dominance by coordinating refining, chemicals, technologies, equipment, power, logistics, skills, finance, policy and incentives over decades. More recently, Europe created the European Raw Materials Alliance, and the U.S. created the critical materials alliance. These are not project-funding vehicles. They are coordination platforms designed to build the ecosystems that make projects viable in the first place. Canada has not yet made that investment, so that is the challenge and the opportunity that we now face.

In summary, we hope that Canada has learned the lesson that project-specific investments and targeted industrial incentives on their own do not necessarily lead to resilient supply chains. There are numerous examples where substantial world-class resources and determined project proponents did not translate into facilities, jobs or competitiveness, in part because the surrounding ecosystem was missing. In the absence of an aligned strategy and coordinated ecosystem, even well-funded projects can stall or never reach a final investment decision.

As we see it, there are three areas for this committee to consider. None of them will solve today's problems of tariffs on steel and aluminum, but they may help us avoid repeating this conversation in the future.

The first is building out midstream metals and materials processing capacity so we capture more value domestically and reduce exposure to external shocks. The second is better aligning critical minerals, metallurgical and advanced manufacturing policies, which today often sit in silos. The third is using procurement, industrial strategy and cluster development approaches to strengthen domestic ecosystems and not just individual projects, because coordination is in itself a form of intervention.

Chair and members of the committee, the pressure Canadian workers and industries are facing right now is real, and the committee is absolutely right to take this seriously.

● (1220)

Beyond short-term tariff relief, the most important response will be the one that reduces the likelihood of facing the same vulnerability again. The lesson from steel and aluminum is not to retreat from integration, as we've been hearing, but, rather, to pair integration with greater domestic capacity and value creation. That creates industrial resilience, leverages Canada's high environmental standards and creates high-skill jobs. That gives Canada genuine leverage in the supply chains the world is reorganizing around right now.

We have the resources, the talent and the industrial capacity to do that. The gap is definitely not capability. It's coordination—work that the Future Materials Alliance is focused on.

Thank you. I look forward to your questions.

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

Mr. Moffatt, we'll go to you now for up to five minutes.

Greg Moffatt (President and Chief Executive Officer, Chemistry Industry Association of Canada): Thank you, Mr. Chair and members of the committee, for the opportunity to appear today.

I'm the president and CEO of the Chemistry Industry Association of Canada, and I'm here to speak to the essential role chemistry and plastics play in Canada's economy generally but specifically in the metallurgical processing sector, and to highlight the risks posed by recent U.S tariff action.

Chemistry is not adjacent to metallurgical processing. It is foundational to it. Across the value chain, chemical inputs are indispensable. They are used to separate minerals from ore, refine metals to exacting specifications and ensure operations are safe, efficient and environmentally responsible.

When we talk about critical minerals, I often like to say they are rocks without chemistry, because, to a certain extent, that's exactly what they are. You can see this across Canada, from Sudbury to Fort Saskatchewan to Montreal, and across Ontario's steel and mining sector. Chemistry enables the production of nickel, cobalt, aluminum, steel and other materials that feed into manufacturing supply chains.

This integration also extends into plastics and manufacturing, where Canadian companies produce the moulds and materials that underpin thousands of everyday products, both consumer and industrial.

These are not separate sectors. They are part of a single, integrated industrial system, and that system is now under pressure. Canada’s chemistry and manufacturing sectors are deeply integrated with the United States. Each year, nearly $120 billion in chemistry and plastics products cross the border, often multiple times during production. Metallurgical supply chains function the same way. When tariffs are introduced at any point in that chain, the impacts compound: Costs rise, delays increase and uncertainty spreads.

While those impacts are immediate, supply chains cannot be reconfigured quickly. These are highly specialized inputs and longstanding relationships built over decades. The result is clear: Investment slows, competitiveness erodes and, over time, Canada’s industrial capacity is at risk.

We cannot control U.S. trade policy, but we can control how Canada responds. This is not just a trade issue. It is a competitiveness issue, a resilience issue and a jobs issue.

To respond effectively, I would highlight four areas for focus.

First, strengthen industrial competitiveness. We need policies that attract investment through competitive capital, efficient regulation and support for innovation.

Second, build more resilient domestic supply chains. Integration with the U.S. is a strength, but recent tariffs highlight the need to expand Canadian capacity, particularly in chemical production, metallurgical processing and critical minerals.

Third, use the upcoming CUSMA review strategically. CUSMA enables highly efficient North American value chains. The review is an opportunity to reinforce investment certainty, secure access to key inputs and ensure the smooth movement of goods.

Fourth, improve trade and transportation infrastructure. Reliable ports, rail and border systems are essential. When they fail, supply chains feel it immediately, and our reputation as a reliable trading partner is diminished.

As Minister MacKinnon said recently, “Canada has everything it needs to succeed...but none of that matters if we can’t move our goods efficiently, reliably and affordably.” We should all agree with that statement.

In closing, chemistry and plastics sit at the core of Canada’s industrial economy. They enable the transformation of raw materials into high-value products, support advanced manufacturing and underpin the supply chains that connect our economy. Investment decisions in these sectors are long-term, and they depend on predictability in trade, regulation and infrastructure.

The more certainty Canada can provide, the more successful we will be in maintaining and attracting investment and building resilient supply chains. This is a moment to focus on what we can control to strengthen our industrial base, improve our competitiveness and ensure Canada remains a reliable place to do business.

Thank you. I look forward to your questions.

● (1225)

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

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

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

Kathy Borrelli: Thank you, Chair.

Thank you to all of our witnesses for being here today for this important study. My first question is for Mr. Hicks.

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

Michael Hicks: Thank you very much, Ms. Borrelli.

Obviously, a long-term agreement is vital. We talked about uncertainty. We've had a lot of uncertainty, but when there's a trade agreement in place that's also being applied, that creates stability. We don't want to go short term and give away the farm. Obviously we want to negotiate a great long-term agreement, but in the short term, as I said, we need to do certain things to get to the long-term agreement.

Kathy Borrelli: Thanks so much, Mr. Hicks.

Michael Hicks: You're welcome.

Kathy Borrelli: I've heard from mould-makers in the Windsor-Essex area that some of them are trying to get into the defence procurement stream.

If the current pressures force Canadian mould-makers to exit the industry, what would that mean for Canada's long-term ability to sustain sovereign defence production and avoid reliance on foreign suppliers?

Michael Hicks: The reality is to switch markets, obviously, in my mind. Again, I'm representing our mould-makers. I don't have a mould shop. We're just a supplier to the industry. To pivot to other industries is great, but I don't want to call it a windfall. It's more of a bonus situation.

The reality is that many of our shops are geared to the current climate that's out there, and it may take a year, two years or three years. I know our shops try to diversify into other sectors, but it's not a reality, especially with the crisis we're facing right now. They are pursuing it, and it's great to hear that.

To answer your question, it's not a short-term solution for us. That's a long-term type of plan, in my mind.

• (1230)

Kathy Borrelli: I realize that's long-term, but can we say we won't be able to supply our own defence equipment if all of these companies are closing or moving to the States?

Michael Hicks: I apologize to this group, because I only got half the question.

Our shops do have some facilities. Some of them have facilities in the States, and some have facilities in Mexico. The bulk of the builds are built here in Windsor, and because of the skilled labour force that's needed and things like the equipment, they can't just get up and move tomorrow. That's not a reality.

A reality could be to do a merger and acquisition of an American shop, if you will, but to actually have a shop leave Windsor and relocate to the States is really not going to happen.

Kathy Borrelli: Mr. Moffatt, do you have an answer?

Greg Moffatt: We have to think about the supply chain that's linked to key areas of focus. You talk about defence, critical minerals and battery technology. Sometimes we focus on the end product without thinking about the value chain required to make that a reality.

Critical minerals is an example. There's lots of focus on lithium, but where's the focus on the enabling chemistries that are going to allow that lithium to be concentrated at the mine site and then refined into a usable product? The clean technology investment tax credit is focused on the mine, and enabling chemistries are not included within that mechanism. That's a great example of where we're focused on a very specific point, but we're not thinking about what we need to do to enable that to be built out.

Kathy Borrelli: I haven't asked you this question, and I have asked it of every witness I have talked to: How critical is a long-term agreement to the survival of the mould industry in Canada?

Greg Moffatt: A few of our members are very active in the moulding business and are building the moulds that allow for the conversion of plastics into usable products.

With the tariff structure that's in place now, there is obviously a cost to import the die if you can't get the material here in Canada, which, in certain instances, is the case. The folks I have talked to can't pass those costs along. It reduces the margin and the profitability of the product. It's a material question, for sure, but the government is going to have to think about how it can provide some support to industry.

Kathy Borrelli: Thank you so much.

The Chair: Thanks very much, Ms. Borrelli.

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

Michael Ma (Markham—Unionville, Lib.): Welcome to all the witnesses. My first question is for Mr. Hicks.

You spoke about seeing program stoppages. Are you tracking any early indicators of firm distress, such as increased insolvency risk, deferred investment or contraction in capacity?

Michael Hicks: What I can say to you about programs stalling is that they get launched, but they don't get firm dates to be released to start the work. The problem is that, really, for the last two, three or four years, especially in the ICE to EV situation and with the advent of tariffs, a lot of programs have been put on hold because budgets change and there's uncertainty. Vital things come out. It's really hard to quantify or measure it. I don't have those statistics.

On Monday, our executive director Nicole was here. I am a volunteer board member with CAMM—I just wanted to mention that. I've been on the board for 42 years. I used to be a chair. We deal with all the tool and mould shops in North America, including many in Windsor.

As I said, this unstable situation sometimes does cause programs to be cancelled. You have probably read about the latest one, which was the Honda EV program, which we anticipated was happening, but every one of our shops were impacted. It really had nothing to do with the tariffs. It was just the direction of the auto industry, and that caused a little hiccup.

Most of the major companies, now that they have affirmed we are going back to ICE-powered cars and vehicles, are starting to release a lot of programs, and they want to get them out there as soon as possible, but as Ryan mentioned to you, we are building into 2027, 2028 and 2029. We're not building current products.

Hopefully that helps answer some of the question.

• (1235)

Michael Ma: Thank you, Mr. Hicks.

My next question is for Mr. Moffatt.

What system-wide supply chain disruptions are you observing across your membership, particularly in terms of cross-border integration with U.S. manufacturers, and what do you suggest strategically to address this?

Greg Moffatt: For the most part, the products of chemistry and plastics are rules-of-origin compliant. In the early days, the most favoured nation rate was zero. Some companies didn't do the paperwork, and they were caught, but anybody that is producing a compliant product has done the paperwork and the goods are moving freely.

What is in play is demand weakness. You've heard about the automotive industry and the construction industry, and these are the industries that the products of chemistry and plastics are sold into, so the impacts are secondary. You could talk about broader global effects around the Iran conflict and supply chain disruption. North America is actually very uniquely well positioned because we have the feedstock and we have domestic production to meet domestic demand.

I made a comment in my remarks around rail transportation and port transportation. Our Achilles heel in Canada is that we continually allow our transportation system to be impacted by labour disruption. That's not just a labour problem; that's a government, industry and labour conversation that needs to be had. We need to find a way to make sure that system is resilient and can meet the requirements of the existing U.S.-Canada trade objective. If we are going to double our non-U.S. exports by $300 billion, we need to solve our transportation problem now.

Michael Ma: Thank you.

My next question is for Ms. Cretney.

You spoke about structural exposure. What structural changes would you recommend for the resilience of Canadian supply chains in your sector against similar tariff shocks in the future?

Alison Cretney: I'll maybe build a little bit on the recommendations in my presentation. To the degree that we can be really well planned and thinking ahead around onshoring the value chain within Canada and broadening our trading partners and allies in relation to that, the big opportunity you really see in our sector is that missing middle. It's that midstream processing, which I think Greg alluded to as well. We have such competitive strength here—the skills, the resources and the chemical industry expertise—to do this.

Of course, as I mentioned in my talk, China and some other jurisdictions in the world are a lot further ahead, so we have a lot of work to do here to really lean into where we have unique strengths. Lithium brine, given the level of resource that we have in western Canada, is one example, and copper smelting is another with some really strong potential.

It's looking at the full value chain and then looking further downstream as well. We're really focused on western and northern Canada as a significant gap—in large part because it requires working across the provincial and territorial borders there—and linking that to our really impressive manufacturing capacity in Quebec and Ontario.

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

[*Translation*]

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

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

Good afternoon to the three witnesses. Again, we're learning a lot from your remarks.

Mr. Hicks, I won't ask you any questions, since your colleagues were here earlier this week and the connection is poor right now. That said, I want to point out that the entire committee is very sensitive to the struggles your particular sector is experiencing. We'll continue to talk about it and make sure you're supported.

My first question is for Mr. Moffatt.

You pointed out something that I think is very important. Your industry is not directly affected by the tariffs because it is tariff-free, yet it is so integrated with a sector that is being hit by the tariffs that you bear the brunt.

Are the criteria for the support measures put in place by the government for industries that are struggling designed to support your industry, which is suffering indirectly as a result of the tariffs?

● (1240)

[*English*]

Greg Moffatt: We're very aware of the measures around anti-dumping, countervailing duties and tariff relief. I have not heard from our members that those are not meeting the measure. Again, the majority of what we produce in the chemistry and plastics industry is rules-of-origin compliant. We've been able to work very well with the departments to be able to create a line of communication with our members. You get a level of sophistication in our industry. You get multinationals, and you get small, medium-sized and family-owned enterprises.

That would be my response to that question.

[*Translation*]

Gabriel Ste-Marie: That's very clear.

Do you think that if the repercussions of the U.S. administration's latest executive order early this month were sadly to last a long time, if the U.S. government had no intention to resolve the situation in July and if we had to wait until after the mid-term elections in the United States, could your members, including small family businesses, suffer?

[*English*]

Greg Moffatt: Again, I think we've heard—as I would have said in my testimony, and as you would have heard from others—that it takes a long time for supply chains to reorient themselves. These aren't short-term actions. I think it depends on the sector you're in and the degree of differentiation in the products. Chemistry and plastics are not cement and they're not steel. There's a whole basket of products that fit into that broad definition. There's no one size that fits all.

I would say that the biggest harm to our sector in general is the uncertainty that has been created around trade and tariffs. Ultimately, trade agreements are negotiated between governments, and that's going to take place, but companies trade. That's who trades. Companies trade. For our sector here in North America, it's highly integrated.

I've been joined this week by my colleagues from Mexico and the American Chemistry Council. We had a workshop earlier this morning, and the degree of integration is what makes manufacturing so strong. It's a North American strength, and we would hope that this continues to prevail. Hope is not a strategy, but we would hope that it would continue to prevail, and we're trying to do our part to make sure that there's awareness of how important that integration is.

[*Translation*]

Gabriel Ste-Marie: I think everyone here agrees that this is very important. Thank you.

I'm going to direct my next questions to Ms. Cretney.

You say that to build strength, Canada needs to fully develop the integrated strategic and rare minerals industry. Do you think that if we were to do that, would the Canadian industry's demand for these minerals be sufficient to maintain the whole industry or should the industry also focus on an export strategy? If so, do you think the U.S. market could remain a reliable export market? Also, what are the prospects for doing business with Europe in terms of opportunities if the entire industry had to be redeveloped?

● (1245)

[*English*]

Alison Cretney: I have two points on this. One is the opportunity for a strategic industrial focus here, really looking at what those needs are within the country so that we can then prioritize some of our efforts around them as we're looking at that full value chain, such as graphite needed for defence. There was a question earlier about mould-making, as an example in parallel.

Also, we need to be integrated into the global supply chains. One of the big opportunities there—given my comment earlier that we're early on this and can therefore look at the bigger picture—is looking at diversifying to Europe, certainly, and the U.S., one would hope.

This is a turbulent time. Things can settle, but we can't put all our eggs in that basket, of course. It's been too easy for us to do so. Therefore, we should be looking at those global supply chains and where we're uniquely competitive within them. There is lots of opportunity there.

[*Translation*]

Gabriel Ste-Marie: Thank you.

[*English*]

The Chair: Thank you.

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

Harb Gill: Thank you, Chair.

Mr. Moffatt, BASF has a plant in Windsor and one right across the river, as was mentioned earlier. They're a company present in Mexico as well.

How is the current trade uncertainty impacting their confidence in our country and their willingness to invest here, rather than just having a minimal presence here while investing in other parts of the world?

Greg Moffatt: That's a good question. It's best to ask BASF that question. I can't speak for them. I can speak generally about the sector.

I mentioned earlier that we were doing a CUSMA-USMCA team workshop here in Ottawa this morning, and BASF was one of the few companies that had representatives from Mexico, the U.S. and Canada at the workshop. That's more just to pop out and point out to you how important this is to them.

I spoke to the integrated nature of chemistry and plastics, and BASF would be a great example. They have over 100 facilities in North America. These facilities produce inputs that are brought together and find their way into many of the critical supply chains you hear about. It's very important. This is a highly integrated sector. I talked about $120 billion of trade for Canada to the U.S., and a lot of that is intercompany.

It just speaks to the potential impact here, to the importance of this CUSMA process as a review and to finding ways to operationalize what exists within CUSMA to make sure that we continue to generate the benefits in North America from an integrated industrial platform perspective.

Harb Gill: Based on your talks with your own industry folks, is there a willingness to invest more in our country, or is there some sort of disincentive so that people are looking at moving to the U.S. or the EU because it's more competitive over there?

Greg Moffatt: When you think about global chemistry, a lot of these companies are highly complex. They function in multiple countries in multiple markets, and there's a competition for capital within the companies.

As an industry, we always focus on competitiveness. It's a Canadian government issue. It's a provincial government issue. It's a municipal government issue. If we're going to maintain what we have, we need to make sure we're competitive. If we want to grow, we need to make sure we're competitive. Again, that means competitive access to capital and regulatory processes that make sense.

Dow has signalled a very strong investment in Fort Saskatchewan. That's going to be a project that's upwards of $10 billion. They did it here for a reason. You have to maintain your competitiveness. Competitiveness has to be the lens through which you look at every issue when it comes to industrial manufacturing.

Harb Gill: Is the regulatory process competitive enough to attract more investment?

Greg Moffatt: Chemical manufacturing projects are mostly exposed to provincial regulation. Again, industrial chemical manufacturing in Canada is focused in Alberta, Ontario and Quebec. Generally speaking, it's been very competitive.

● (1250)

Harb Gill: Ms. Cretney, I have a quick question for you.

Are there any additional regulatory burdens or barriers in Canada compared to the U.S. or the EU that are impacting our competitiveness—

The Chair: I'm sorry, Mr. Gill. The wrong microphone was highlighted. Could you start your question again? I won't take the time away.

Harb Gill: Okay. Thank you, Chair.

Ms. Cretney, the question I had was about barriers, the regulatory burdens and barriers relative to the U.S. or the EU, and comparing them to Canada. Is that impacting our competitiveness here in terms of attracting new investment and building our reliance on ourselves as compared to other countries?

Alison Cretney: It's certainly a factor. One of the common examples shared is the length of time it typically takes in the mining sector, for example, to get permitted, like up to.... Ultimately, it's a 15-year process, not for the permitting but for moving from initiation to full operation. That's a huge factor when we're looking at this value chain, given that our natural resources are part of that.

It's encouraging to have attention on this issue, because it is certainly one of the sticky points. I don't have in front of me the comparison to other jurisdictions, but I think we recognize that there have been some sticky points in Canada.

One of the things I'll also say are really key to this in this sector is indigenous engagement, and early engagement around these projects as well. When I talk about the ecosystem approach, I think one of the big advantages is starting early on that, so it's not.... Once the project is already thought through, that's often happening way too late in the process, and that is one of the dynamics that needs some attention as well .

Harb Gill: Yes, I don't know of too many companies that would wait for 15 years to turn a profit, but thank you for that answer.

Thank you, Chair.

The Chair: Thank you, Mr. Gill.

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

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

I'm going to try to ask questions of each of the witnesses. I appreciate their appearance here today.

Maybe I'll start with you, Mr. Hicks. You referred to your long experience in this sector and your engagement in different kinds of conversations on this over 20 years. Could you talk to us a bit about the diversification you have seen in the sector and what this moment could do to encourage even more diversification?

Michael Hicks: Again, I'm sorry. I only caught half of that question but I know that it's about diversification of the industry.

Primarily, in the plastics industry, the biggest part of the pie is automotive. It's always going to be automotive. Our shops do try to do medical, and they try to get into other sectors, absolutely. Again, as I mentioned to you, it's mostly a bonus and a windfall that primarily auto drives our industry. If you look at a plastics chart, you'll see the biggest piece of the pie is automotive. Again, most of our projects are $1 million, $2 million, $3 million or $5 million. These are not $100-million projects.

I've been on an India delegation. We went to India to see if we could do some joint ventures and possibly do some tooling for them, and that type of thing. The Premier of Saskatchewan was there, Premier Moe. It took them about five years to get a $100-million potash contract. There were five years, but the reward was $100 million. Again, our companies just don't get into that level of sales, if you will. It's mostly that $1-million to $5-million sweet spot. That's why there are some other situations that are happening.

I apologize, again, that I'm freezing here. If it's possible, I'd like to get a couple of things in if I could, just a couple of closing remarks so that you can have some more things recorded. Again, I'm very sorry that I'm having technical issues.

Karim Bardeesy: Mr. Hicks, I'll suggest something. We would love if you could provide a written submission so that you won't get interrupted.

I'll move on to the other witnesses, if you don't mind.

● (1255)

Michael Hicks: Sure. Thank you.

Karim Bardeesy: Ms. Cretney, I wanted to ask you a couple of questions.

You mentioned the critical minerals strategy and how it needs to be linked to the value-added work. Can you talk to us a bit about what you see in the strategy now that helps do that?

Alison Cretney: That comment was really coming from the perspective of in the west and north, in particular, where the Future Materials [*Technical difficulty—Editor*].

I'm so sorry. I thought I had hit the button.

My comment around that was largely coming from the perspective of where the Future Materials Alliance is initially focused, which is on supporting the west and the north, because the value chain cannot exist within the border of a single province. In Quebec and Ontario, there are much more integrated aspects of the value chain.

What we're seeing is that each jurisdiction has its own critical minerals strategy, and of course there's the federal strategy as well. There's this lack of alignment across those provincial and territorial strategies. That's what we're really trying to build the alignment on in relation to the federal strategy, so we can have an integrated national approach.

Karim Bardeesy: Thank you very much.

Mr. Moffatt, you mentioned that your sector's a main consumer of moulds. Can you share with us some of the latest of what's happening with some of your members and what their purchase decisions are right now, whether they're delaying purchases or doing other things in this current context?

Greg Moffatt: Especially in the plastics sector, where they're taking plastics and converting them into end-use products, they're using that equipment. The equipment is very expensive. In that conversion sector, there are some large companies, but it is dominated by small and medium-sized enterprises of less than 100 employees, privately owned. The activity continues. It's a question of what the products are that you're producing and where you are selling.

What I would say, just generally, is that this is mostly in the plastics sector. There was a question earlier about the regulatory approach. I think that's one place where there is an opportunity here in Canada to take a little bit of a different perspective. In that particular industry, the federal government has taken a very punitive approach towards plastics in how its approached the file. I think we should be much more outcome-based focused. We should be thinking about allowing the innovation and the investment to take place, to drive the sustainable solutions that society is dependent on.

I'm sorry. That was a long answer.

Karim Bardeesy: Thank you.

The Chair: Thanks, Mr. Bardeesy.

Colleagues, we're a little bit over, so I'm going to have to cut a little bit of time off.

[*Translation*]

Mr. Ste-Marie, you have the floor for one minute.

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

Mr. Moffatt, my question is for you, but please answer briefly.

You reminded us of how integrated your industry is with the American industry. I would like to know how you are working with the American chemistry industry association to exert pressure to bring tariffs down to little or nothing and to have actual free trade.

[*English*]

Greg Moffatt: I did signal close collaboration with the Mexican and American chemical associations. We collaborate. My responsibility with the Chemistry Industry Association of Canada is to engage the Canadian government. The American Chemistry Council engages with the U.S. administration. They are strongly supportive of a continuation of CUSMA or USMCA—or T-MEC in the Mexican context. I have no concerns that they're not trying their best to make sure that the U.S. administration is aware of how important free trade is when it comes to the chemical manufacturing and plastics sectors in North America.

[*Translation*]

Gabriel Ste-Marie: Thank you.

The Chair: That's great.

Thank you, Mr. Ste-Marie.

[*English*]

Mr. Epp, you have two minutes and 30 seconds.

Dave Epp: Thank you, Mr. Chair.

Mr. Hicks, I picked up on your comment on boom to kaboom in your testimony. Boom was what the industry was looking forward to with trade stability as assured eight months ago. Here we are. Trade uncertainty has been the theme that we've heard from all of the witnesses here. Can you comment?

My basic question is whether the American strategy is working. Unless countered effectively relatively immediately, how big is the risk to jobs and livelihoods?

● (1300)

Michael Hicks: It's immediate. It's happening as we speak. It's sort of like you're on the track at four o'clock and the train is coming at 4:30. You have about half an hour to get off the track. That's about where we're at. Again, I think we'll also see at the end of April, when our companies have shifted things to the States, if they have been able to do that, how their tariff bills with their custom brokers are going to be adjusted. I think that's going to be big. You might want to circle May 1, when the custom brokers bills come in. I think that could be a big issue, and it's very urgent.

Again, I will do a written submission, and I apologize for the nature of this connection.

Our Conservatives in Windsor have been in our shops. We need Prime Minister Carney in our shops to see what he's fighting for. The urgency of this is to get Prime Minister Carney in Windsor at our manufacturing shops and tool shops if nothing more comes from my participation today. We've had many other politicians in our shops so they can see what they're fighting for. I would just like to close with that.

Dave Epp: Thank you.

Ms. Cretney, in your testimony, we heard that we shouldn't retreat from integration. We hear you on upstream value-adding here in Canada. The reality is that concerning our mould-makers, our steel fabricators and our aluminum extruders, it isn't practical for them to integrate upwards into the OEMs that they sell to. Can you comment on that?

I know Mr. Moffatt also talked about integration.

Alison Cretney: I can't comment on the steel and aluminum mould-maker sectors specifically, because that's not where we spend our time on the challenge of integration. I think what we have seen in studying critical materials is how to take advantage of the opportunities here. That requires both vertical integration but also horizontal integration to truly be competitive. That's really what we're working towards.

Dave Epp: I know that my time is up.

The Chair: Thank you, Mr. Epp.

Ms. O'Rourke, you have two minutes and 30 seconds.

Dominique O'Rourke: I only have two and a half minutes, so I'm going to ask Mr. Moffatt and Mr. Hicks to work with me to keep it tight.

Mr. Hicks, I can assure you that there are 16,500 manufacturing jobs in Guelph and I've been in a number of those factories, but your point is well taken. I would be more than happy to come to Windsor. We have met with the chamber. We were there in the summer visiting the region.

You described this new application of section 232 tariffs as unannounced, as a sneak attack. I would just like to confirm with you that these tariffs apply globally, not just to Canada, and they also apply to countries that already have a deal with the United States. Is that your understanding?

Oh, no. I think we lost him, so I'm going to move to Mr. Moffatt.

Mr. Moffatt, I'm curious to know, with respect to the 232s, if the industry is sharing information about revised HS codes and how that could be helpful to the industry. That's my first question.

Canada had the highest foreign direct investment in 2025 since 2007. In budget 2025, we had the productivity superdeduction bring our effective tax rate to the lowest of the G7 countries. There are the new SR and ED credits and also massive investments in ports, roads and airports.

Do you believe that those align with the vision that you've put forward for improving and supporting the manufacturing sector?

Greg Moffatt: As an association, we've been asking for accelerated capital cost provisions. I would note that these continue to be temporary and not permanent. We should make them permanent.

On the investment tax credit side, those supports are required. I would suggest that we need to continue to take a broader look and make sure that the enabling sectors that allow these technologies, especially critical minerals, are included in those mechanisms. We're focused on the mine but not on the chemicals that are required for the mineral to be processed.

There are lots of examples where the government is doing the things it needs to do to incentivize industrial activity, but there's always room to improve. Generally speaking, if it's not helping, it's hurting. That needs to be a mindset. That competitiveness lens needs to be the mindset through which we look at a broad sector of policy action when it comes to industrial manufacturing in Canada.

● (1305)

Dominique O'Rourke: That's certainly the focus of this committee.

Thanks.

The Chair: Thank you very much.

Mr. Hicks, I note that your hand is raised. Unfortunately, I'm not going to be able to take any more time.

In addition to that, I want to give significant credit to our interpreters, who have powered through some pretty choppy waters today.

Unfortunately, sir, I'm not going to be able to afford you a response to Ms. O'Rourke's question, but you are more than welcome, through the clerk, to provide any follow-up testimony in writing, as you see fit.

Mr. Moffatt, Ms. Cretney and Mr. Hicks, thank you very much. We appreciate that it's a difficult time for the industry now. We know this was an accommodation you made on particularly short notice, taking time away from the important things before you. We are grateful for that and for the guidance and insight you provided.

Colleagues, that was another good discussion. We have one more meeting on this, which will take place on Monday.

[*Translation*]

I hope everyone has a good weekend.

We'll see you on Monday.

[*English*]

The meeting is adjourned.